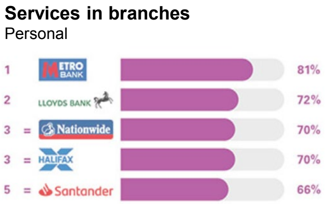
FY21 RESULTS PRESENTATION

23 February 2022

Key achievements: 2 years into turnaround plan

Continued, relentless focus on customer service

Recognised by customers



#1
high street bank for overall service quality[1]

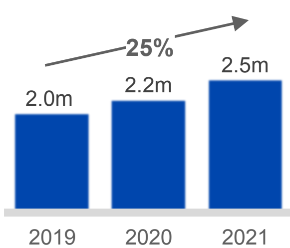
Recognised by the industry

Moneyfacts 2021
5-Star rated Business Bank Account & Business Current Account

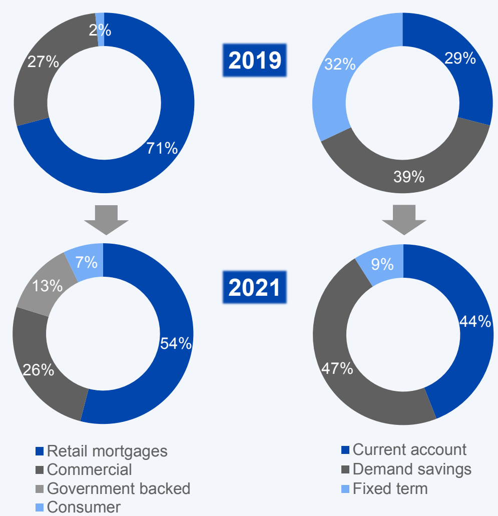
2020 MoneyAge
'Bank of the Year'

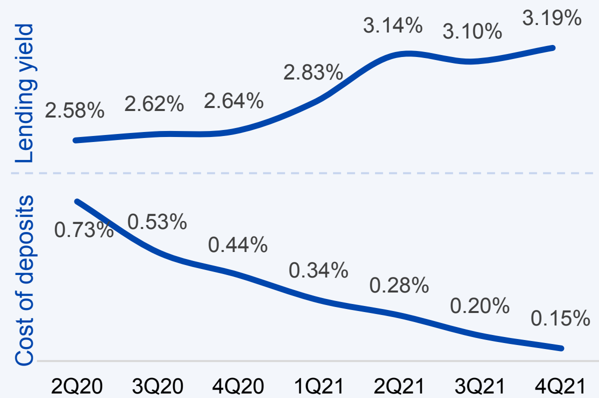
Moneynet 2021
'Banking Brand of The Year'

Drives continued customer growth[2]



Shifting the balance sheet mix to deliver higher yields and lower cost of deposits





Concluded a number of significant outstanding issues

Balance sheet actions taken

- ✓ £3.1bn mortgage portfolio ***sold***
- ✓ RateSetter acquisition ***completed***
- ✓ RateSetter back book ***acquired***
- ✓ AIRB application ***progressing***

Legacy issues progressed

- ✓ PRA RWA investigation ***concluded***
- ✓ FCA Investigation provision ***recognised***

Resilience enhanced

- ✓ New regulatory reporting system ***initiated***
- ✓ AML infrastructure ***improved***
- ✓ Cyber resilience plan ***implemented***
- ✓ Digital upgrade ***implemented***

Cost growth contained

- ✓ Underlying Opex down HoH ***reduced 1%***
- ✓ Property costs ***reduced***
- ✓ Headcount[3] ***reduced***

(1) Competition and Market Authority's Service Quality Survey in February 2022
(2) Includes RateSetter back book acquisition from 1H21
(3) Period end

Near term focus on path to profitability

Containing cost growth

Headcount ↓ **3%** YoY[1]

BAU RTB cost **3%** YoY

CTB spend ↓ **15%** HoH

Desks **310** added at store locations

Optimising property footprint

- Closing 3 stores
- Rationalising call centre sites from 7 to 3
- Exited a central London office
- Freehold purchase of 7 leasehold stores

Improving efficiency

- Central headcount rationalisation
- Adopting robotics, automation and digitalisation
- Reducing store headcount

Exceptional costs reducing

- Expect 2022 less than 20% of 2021

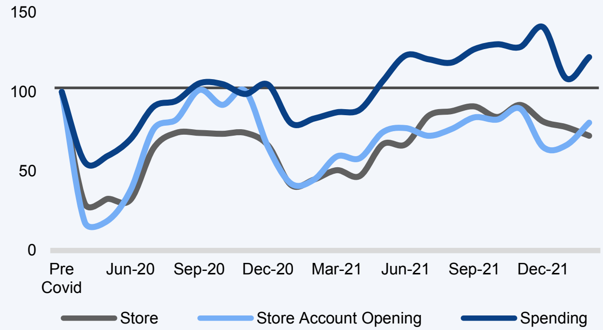
Operating leverage

Recovering from COVID 19

Operations

- Maintained customer focus throughout
- Community bank
- Hybrid working model adopted

Activity gradually returning to pre-pandemic levels[2]



- Fee growth up 18% YoY

Cautious approach to credit risk

- Economic scenarios remain volatile
- Management overlays in place

Outlook and activity stabilising

On-going execution

Roll-out new products and services

- Digital lending to SMEs
- Auto lending

Continued asset mix shift

- Consumer lending
- Specialist mortgages
- Transactional commercial real estate lending rolling-off

Favourably positioned for rising rate environment

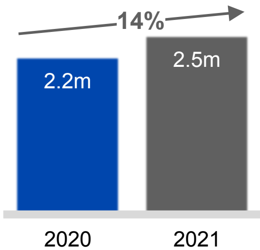
Actively managing our capital position

Revenue growth

(1) Period end
(2) Activity levels shown as a percentage of pre-pandemic levels in 1st week commencing each month. Metro Bank customer activity only. Store activity relates to footfall into Stores; counter transactions, Store ATM transactions and SDB visits. Spending activity relates to card transaction volumes.

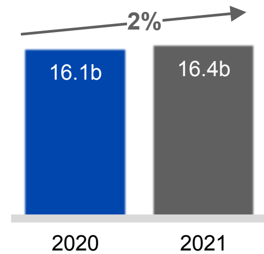
2021 Key performance indicators

Customer accounts[1]

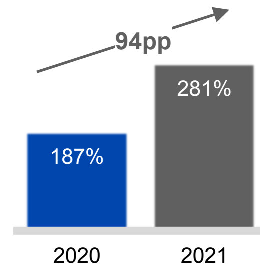


Customer deposits

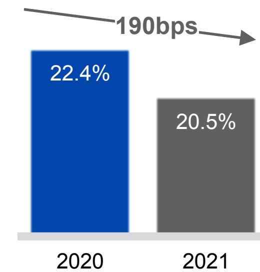
£



Liquidity coverage ratio

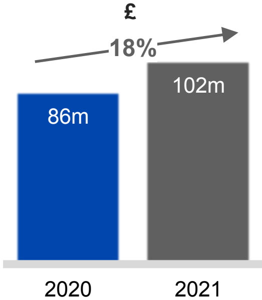


Total capital + MREL ratio

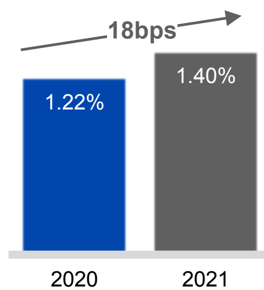


Net fee and other income

£

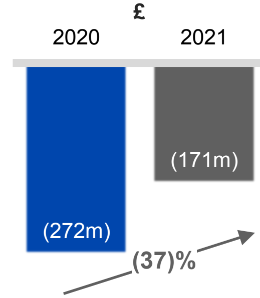


Net interest margin



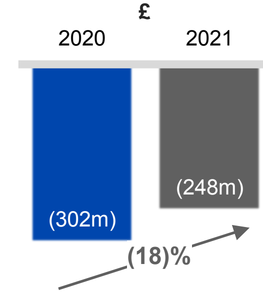
Underlying loss before tax

£



Statutory loss after tax

£



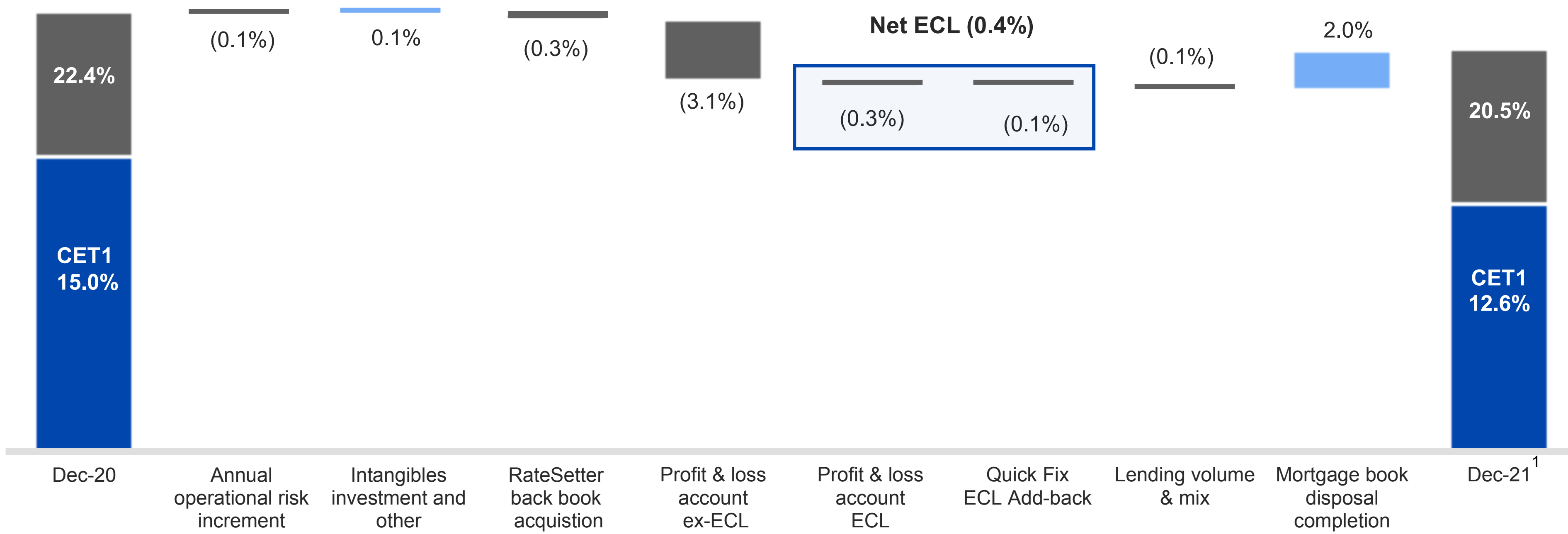
- Customer accounts increased in 2021 with incremental growth from RateSetter and personal current accounts offset by managed reduction in fixed term deposits
- Deposit growth continued trend towards higher quality mix
- Capital above regulatory minimum, comfortable operating in buffers

- Adjusting for the £3.1bn portfolio sale completed in February: net interest income (NII) increased c.56%; revenue increased c.42% and underlying loss improved c.48% YoY

(1) Includes RateSetter back book acquisition from 1H21

Capital

Total capital + MREL ratio bridge



Regulatory changes 2022

- Including the following adjustments MREL ratio 19.5% at 1 Jan 2022 (CET1 11.5%):
  - EBA software adjustment reversal (0.7%)
  - Amortisation of IFRS9 transitional relief (0.3%)
- Countercyclical buffer to increase from 0% to 1% in December 2022

Capital management

- Operating within buffers and will remain above regulatory minima
- Balance sheet optimisation remains a priority, proven ability to execute
- AIRB progressing
- HoldCo implementation expected by June 2023

(1) Interim MREL requirement of 20.5% comprises of 18% RWAs plus 2.5% current Combined Buffer Requirement

Progress across all strategic pillars

1 Costs

Tight cost control through back office efficiencies, organisational simplification and disciplined property footprint

- Customer service transformation
- Colleague and store rationalisation
- Automation and simplification for scalable growth

Scalable growth

2 Infrastructure

Investment in integrated channels and core infrastructure

- Delivering products in store and digital
- Enabling efficient growth
- Improving security to protect customers and the bank

Protecting the bank

3 Revenue

Meeting more customer needs and development of new capabilities

- Extended product offering (specialist, consumer, insurance)
- Enhanced existing products (specialist, SME)
- Improving digital journeys

4 Balance sheet optimisation

Enhanced focus on risk-adjusted returns and growing tangible book value

- Consumer unsecured and specialist mortgages
- Run off Commercial real estate back-book
- Progressing AIRB

Improving mix, margin expansion and NII growth

5 Internal and external comms

Improve our approach to communication

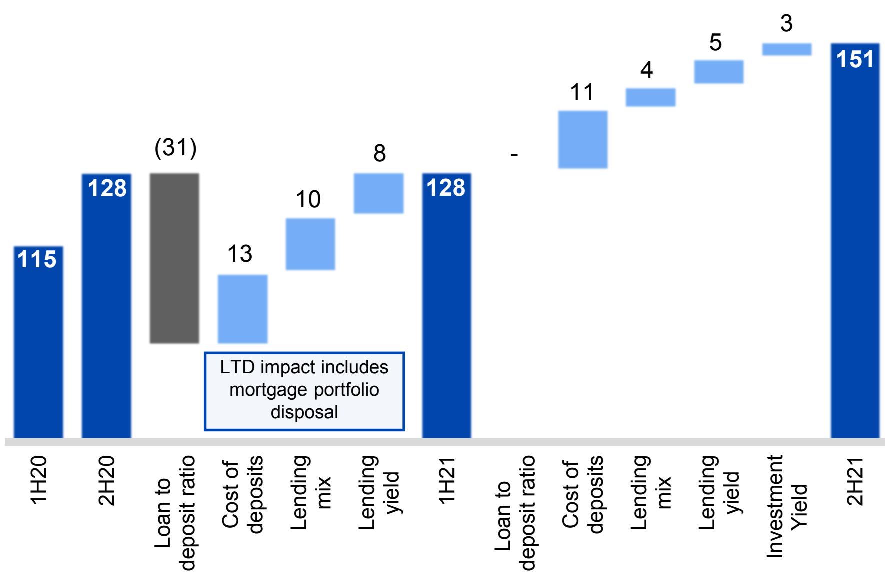
- Return to work support for colleagues
- Community support
- Hyper local brand and PR campaigns
- Digital marketing

Delivering clear messages

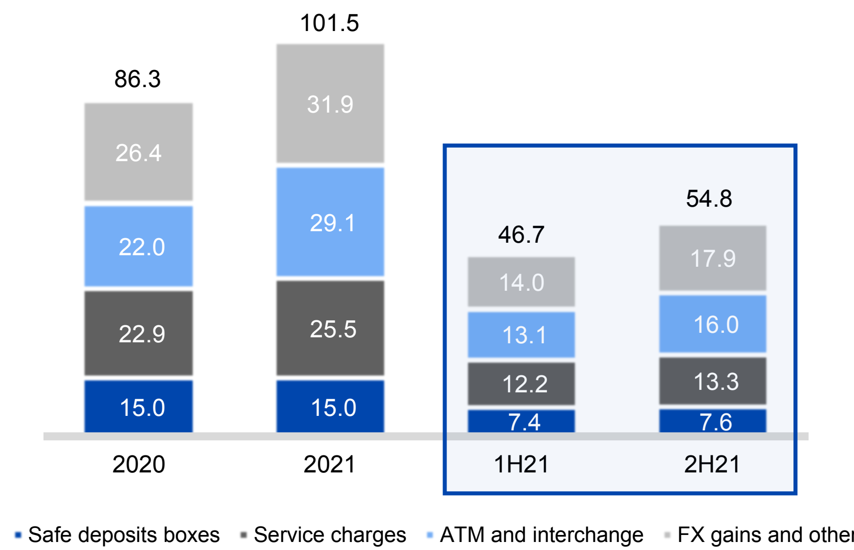
Becoming the UK's best community bank

Improving revenue and NIM reflect balance sheet shift

NIM bridge
bps



Fee and other income
£m

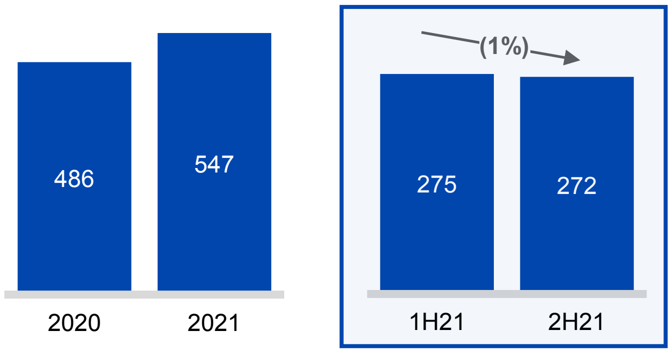


- NIM growth driven by actions taken to reduce cost of deposits, improve lending mix and increase lending yield, and despite income foregone from the capital accretive mortgage portfolio disposal
- Investment yield in H2 driven by the deployment of excess cash into liquid investment securities
- Momentum built through H2 with a Q4 NIM of 1.56%

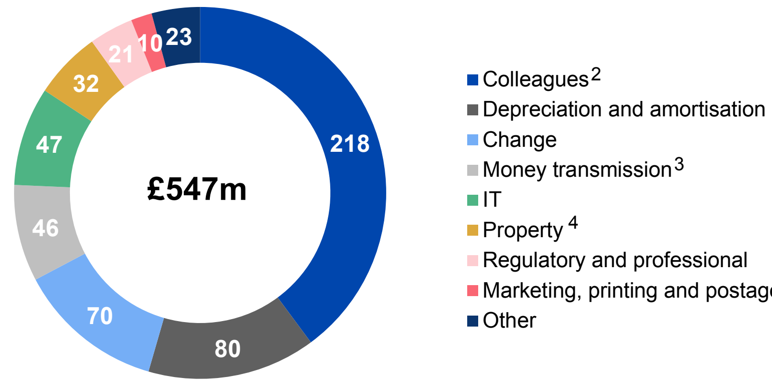
- Lifting of public health restrictions for much of H2 led to growth in transaction-driven revenue streams. Specifically, FX benefitted from higher volumes from commercial and partnership customers and following the launch of the new online FX tool for businesses

Operating cost discipline

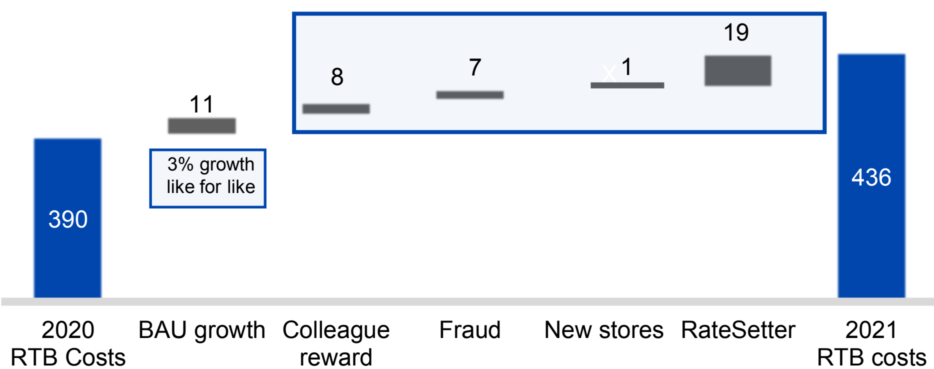
Total underlying costs reduced 1% HoH



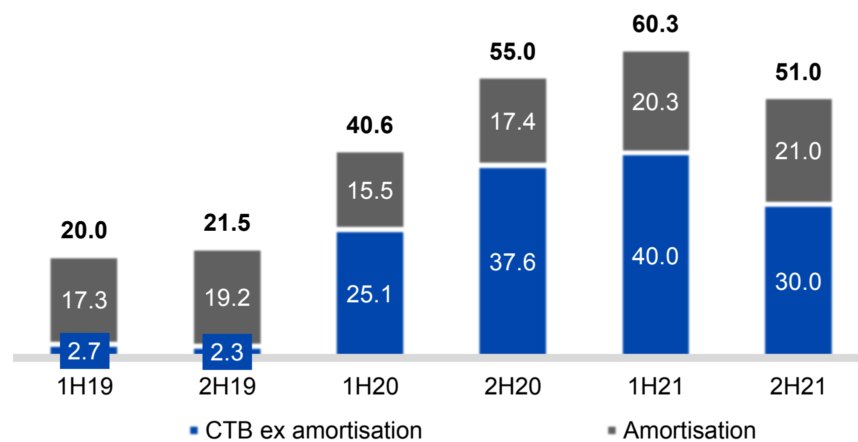
Total underlying spend by category[1]



Run the Bank (RTB) costs increased 3% like for like



Change the Bank (CTB) spend reducing

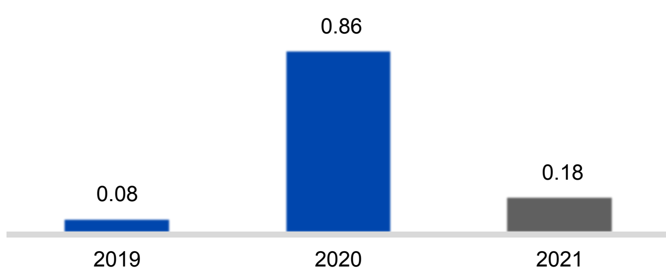


(1) Operating expense only
(2) Includes non-permanent colleagues and travel expenses
(3) Cards, payments and other banking related costs
(4) Leases and running costs

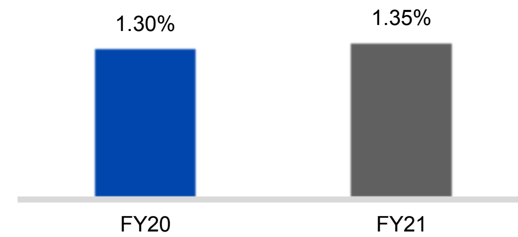
Expected credit loss expense and asset quality

There continues to be volatility in economic scenarios so we are maintaining a cautions approach to releasing overlays.

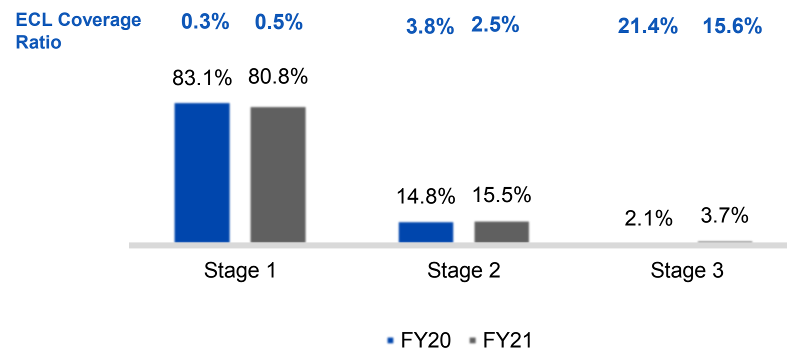
Cost of Risk[1]



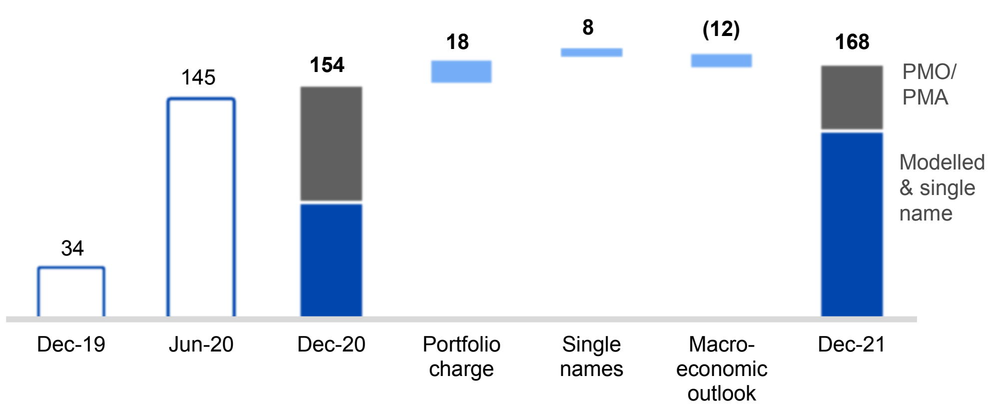
ECL coverage ratio[2]



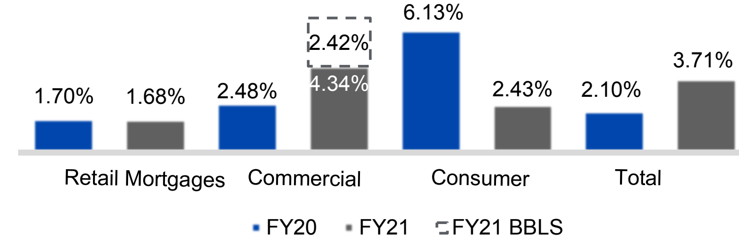
Balance by IFRS9 stages



ECL provision movement
(£m)



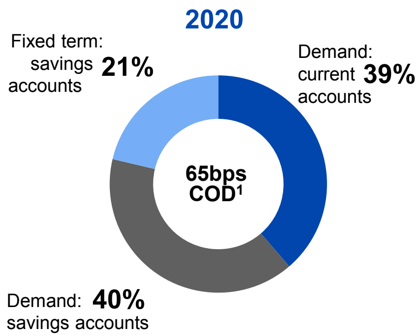
Non-performing loans

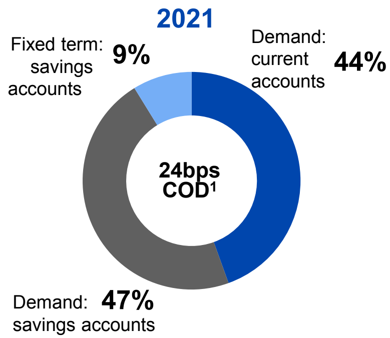


(1) Cost of Risk (CoR) is the annualized credit impairment charge, expressed as a percentage of average gross lending
(2) Coverage Ratio is the calculated as stock divided by the gross lending balances

Favourable deposit mix

Deposit mix shift





£m	31 Dec 2020	31 Dec 2021	Change
Demand: current accounts	6,218	7,318	+18%
Demand: savings accounts	6,430	7,684	+20%
Fixed term: savings accounts	3,424	1,446	(58%)
Total deposits	**16,072**	**16,448**	**+2%**

Favourably positioned for rising rate environment

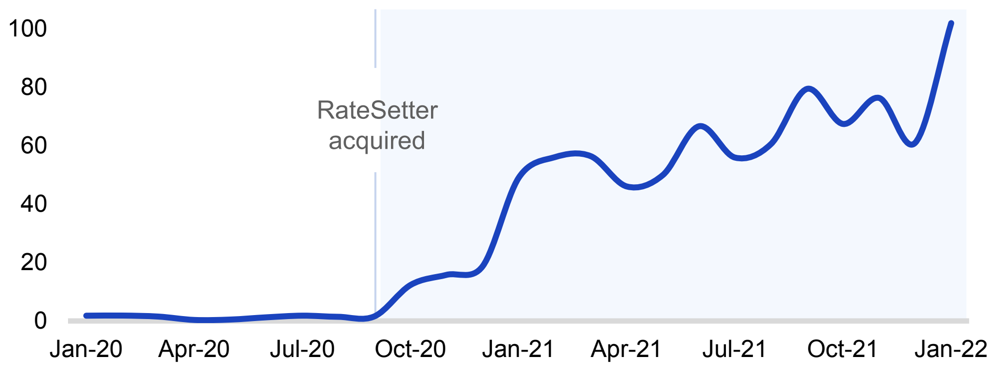
	Year 1	Year 2
+100bps	c.£4m	c.£32m
+50bps	c.£2m	c.£16m
+25bps	c.£1m	c.£8m
(25bps)	c.(£1m)	c.(£8m)

- Income impact of parallel shifts in the interest rate curve (assuming 60% pass through)

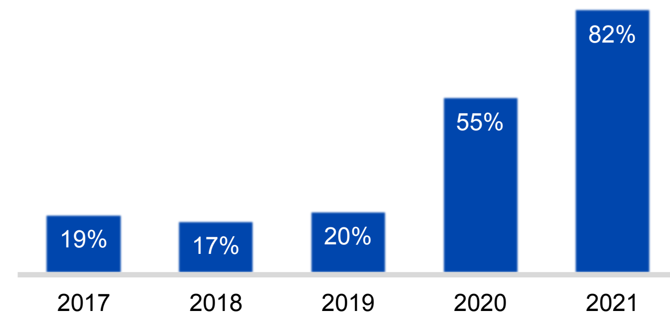
(1) This sensitivity is calculated using a constant balance sheet. As at 31 December 2021. Actual pricing decisions, which will depend on the competitive environment, may differ from the illustrative example shown. For example, for a 0.25% parallel shift in the interest rate curve, passing 40% of the rate change (rather than the 60% assumed) to admin depositors would result in an additional income benefit of c.£10 million over two years

Reposition the balance sheet to drive revenue

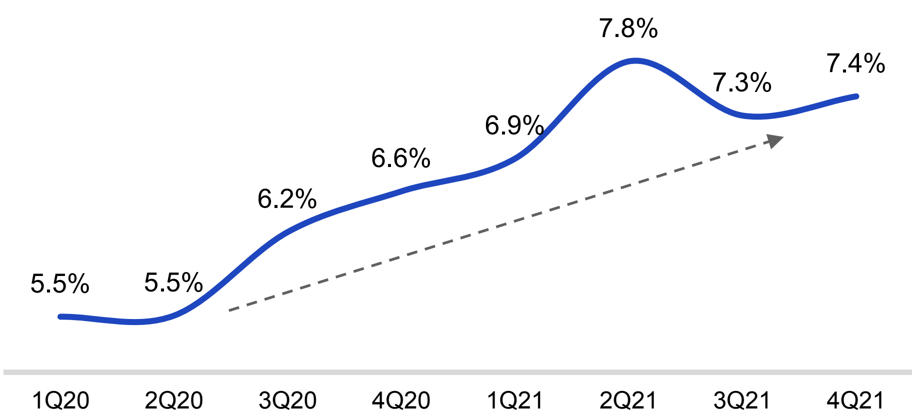
Unsecured lending
organic origination monthly £m



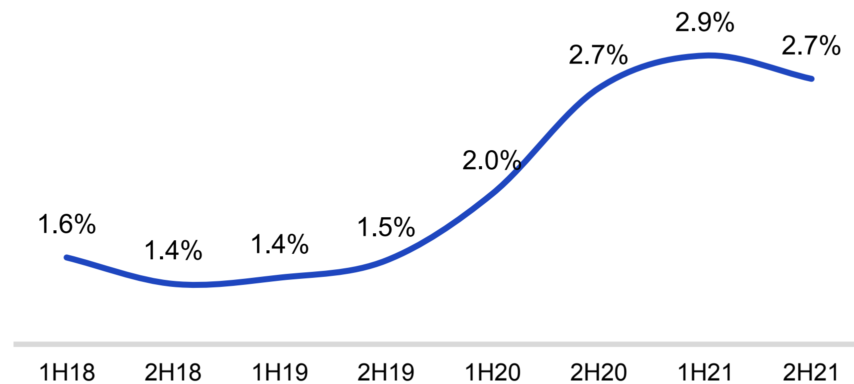
Specialist mortgages as a proportion of all mortgages[1]
completions



Loan interest income/Lending RWAs[2]
spread over base rate



Blended mortgage yield – completions[1]
spread over base rate

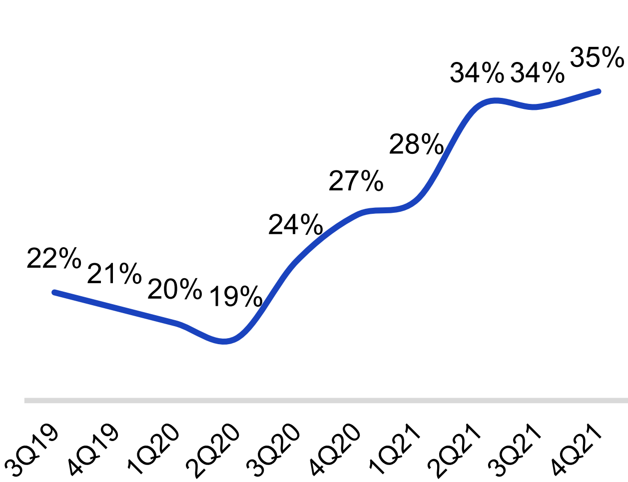


(1) New business
(2) Average RWA

Generating higher returns from our regulatory capital

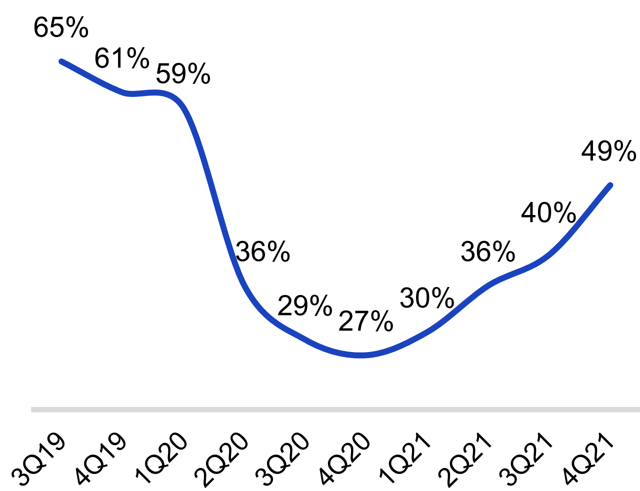
Lending book: return on capital momentum

Loan interest income less £COD /Lending RWAs x 20.5%



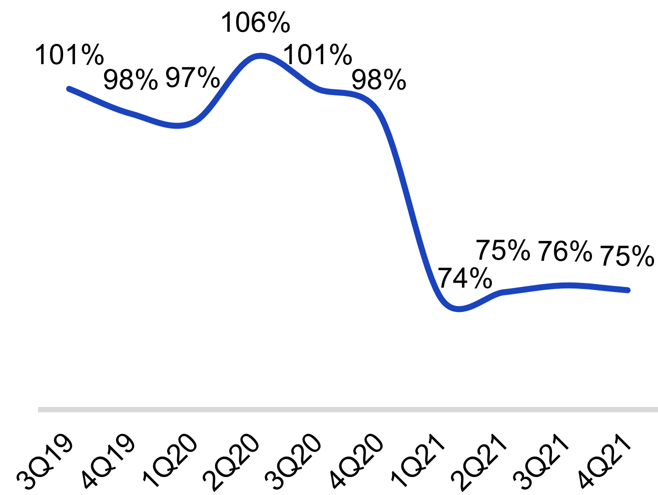
Treasury portfolio: headwind from rate environment now turning

Investment income /investment RWAs x 20.5%



Loan to deposit ratio: AIRB will release balance sheet potential

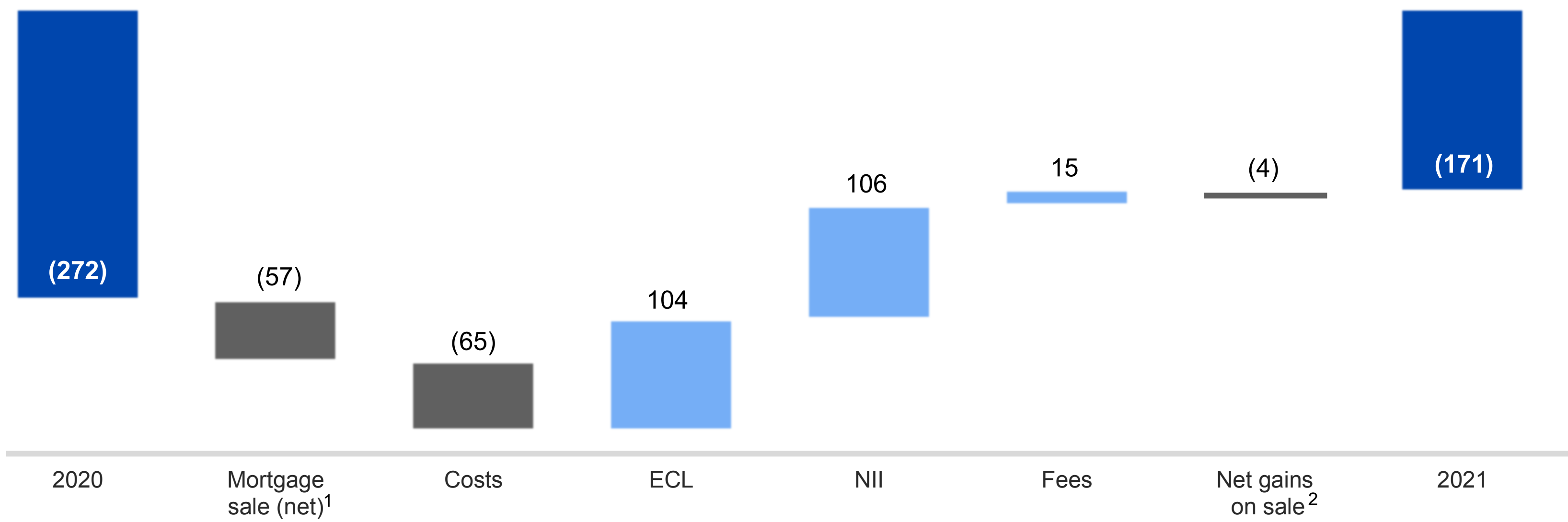
Loan to deposit ratio



Year-on-year profitability

Underlying loss before tax

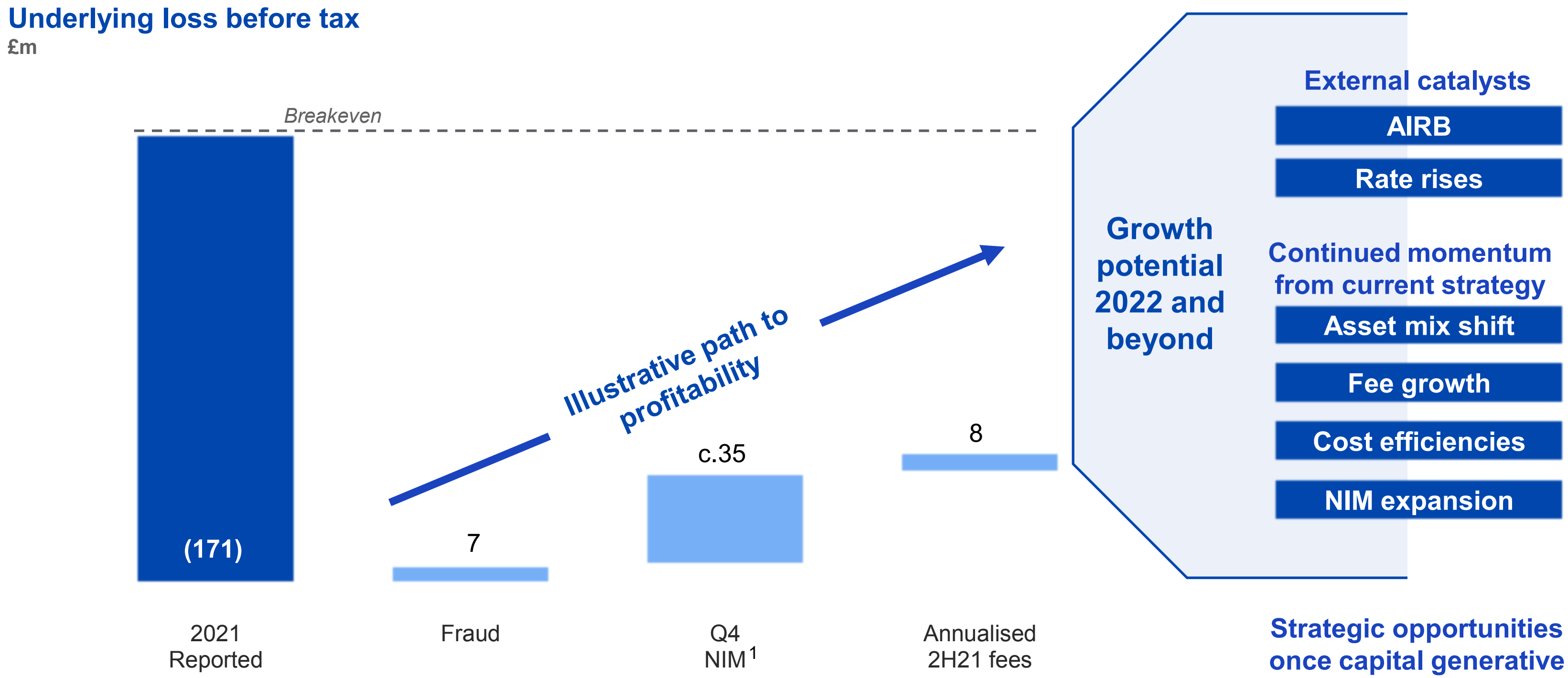
£m



- £121m net interest income and fee increase YoY
  - NII increase driven by improving lending mix and lower cost of deposits
  - Fee income benefited from increased customer activity
- Impact of mortgage portfolio sale more than offset by reduction in ECL
- Excludes the impact of servicing any theoretical new MREL issuance in the absence of the mortgage portfolio sale

(1) Adjusts underlying loss excluding loan income from the mortgage portfolio disposal announced December 2020, net of underlying expenses
(2) Movement in underlying Net gains on sale, NB gain on mortgage disposal was treated as a non-underlying item

Opportunities for growth



Strategic opportunities once capital generative

- Deepen existing relationships
- New products and services
- Selective expansion into new regions
- Corporate lending

- Path to profitability supported by:
  - Positive momentum towards the end of 2021
  - AIRB and rate rises positive for returns
  - Continuing momentum from current strategy
- Once capital generative, further growth opportunities exist

(1) Approximation: delta between average closing rate NIM multiplied by closing interest earning assets

Supported by our customer focused culture

Our unique culture and colleagues…

Diverse

Our colleagues reflect the communities we serve

49% Identify as BAME ethnic background[1]

52% Apprentices hired from deprived geographies[2]

45% Women

Surpass benchmarks[3]

43% Women in senior roles

39% Women on board

8% Ethnicity on board

- Gold award for Armed Forces Covenant
- Social mobility award for Learning to Lead manager programme
- 5 Employee Networks established

Engaged colleagues, embedded in our communities

Glassdoor

"fair and consistent in their approach. No cons. It's a great place to work and develop your career. Fantastic culture and place to work"

"Colleagues have been promoted internally and given the opportunity to try a totally different area."

"Diversity is really celebrated here and the great work that the various colleague-led networks do really helps to make sure that we work in an inclusive environment. Diversity and inclusion aren't just buzz words…"

7days Only bank to keep stores open all week through the pandemic

>230k Kids through the Money Zone education programme

73% positive colleague sentiment for culture *+2% vs global benchmark*

Local focus

Across our network:

120+ Local business managers

60+ Local directors

- Each store has a independent plan for supporting its local community

…continue to create FANS

JESS @jessyconce · Oct 13, 2021
Replying to @MetroBank_Help
Really **happy** with **metro bank**.

Laura Mugridge @MugridgeMagic · Feb 3
@MetroBank_Help Hello. I went into your Brighton branch today and I wanted to send my compliments to Lester who dealt with a sensitive matter really beautifully. He made it all a lot easier for me. Please let him and his manager know!

Simon Ross @rossie7dj · 20h
Replying to @karenchev1 and @StarlingBank
I had a similar situation, @MetroBank_Help sorted me out in minutes, you can go in and sit down with someone face to face , they are so helpful 👏

Amazing ★★★★★ Fri Wades15
Service and app are truly amazing

Dave · 2 reviews · GB
★★★★★
Supieror account opening process…
Opened my account online after questionable experiences from high Street banks

Opened in the afternoon and had a debit card land on my doormat and access to online banking within 24 hours.

Keith Bond @eastrover1 · Oct 11, 2021
@Metro_Bank Hi. Had to use Eastbourne branch twice recently to sort out some issues. Just wanted to highlight Andrew who was excellent on both occasions. Friendly and professional. Please pass on my thanks.

Lordmvarder @IanBottomer · Jan 19
Fair play to the team @Metro_Bank Aylesbury today. My daughter turned 18 and she went in to upgrade her account so she can do DD's. While a member of the team stalled the process another member went out and got her a birthday cake. Should be a picture on internal Facebook.

k #FBPE @vandpstores · Jan 10
Replying to @Metro_Bank
All **good** but the very best thing about having an account with **Metro Bank** is being able to get a replacement debit card the very same day.

(1) Over last 3 years, average of new starters self-identify as a BAME ethnic background
(2) % apprentices are hired from 40% most deprived postcodes
(3) Benchmarks: Hampton Alexander Women in ExCo and SLT 33% and Women on board 33%; Women in Finance, women in senior roles 38%; Parker Review Ethnicity on board 8%

Outlook

Building momentum 2H21 vs 1H21

+23bps
NIM uplift

+17% increase in fees & other income

1% reduction in underlying opex

44% improvement in ULBT

Finished the year stronger

2021

	Annual average	Q4
Cost of deposits	0.24%	0.15%
Lending yield	3.07%	3.19%
NIM	1.40%	1.56%

Looking ahead to 2022

Balance sheet	Higher growth than 2021, with continued focus on mix improvement
Margin	Strong exit-NIM holds us in good stead for 2022 with continued focus on lending mix and improved yields, potentially tempered by higher cost of deposits
Fees	Influenced by pace of recovery
Cost	Low single digit % reduction in total opex Exceptionals less than 20% of 2021 as remediation costs fall away
Capital	Operating in buffers and will remain above regulatory minima Alternative capital actions remain available

Momentum continued to build in 2021 – focus on execution in 2022 and beyond

Q&A

Appendix

Balance Sheet

£m	Dec 2021	Jun 2021	Dec 2020	Change HoH	Change YoY
Loans and advances to customers	12,290	12,325	12,090	-	2%
Treasury assets[1]	9,142	9,474	6,406	(4%)	43%
Other assets[2]	1,155	1,214	4,083	(5%)	(72%)
Total assets	**22,587**	**23,013**	**22,579**	**(2%)**	**-**
Deposits from customers	16,448	16,620	16,072	(1%)	2%
Deposits from central banks	3,800	3,800	3,808	-	-
Debt securities	588	596	600	(1%)	(2%)
Other liabilities	716	850	810	(16%)	(12%)
Total liabilities	**21,552**	**21,866**	**21,290**	**(1%)**	**1%**
Shareholders' funds	1,035	1,147	1,289	(10%)	(20%)
Total equity and liabilities	**22,587**	**23,013**	**22,579**	**(2%)**	**-**
CET1 capital ratio	12.6%	13.9%	15.0%	(1.3pp)	(2.4pp)
Total capital ratio	15.9%	17.2%	18.1%	(1.3pp)	(2.2pp)
MREL ratio	20.5%	21.7%	22.4%	(1.2pp)	(1.9pp)
Regulatory leverage ratio	4.4%	4.9%	5.6%	(0.5pp)	(1.2pp)
Risk weighted assets	7,454	7,563	7,957	(1%)	(6%)
Risk density – lending	48%	47%	47%	1pp	1pp
Loan to deposit ratio	75%	74%	75%	1pp	-
Liquidity coverage ratio	281%	309%	187%	(28pp)	94pp

(1) Comprises investment securities and cash & balances with the Bank of England
(2) Comprises property, plant and equipment, intangible assets and other assets. December 2020 includes a receivable related to the mortgage portfolio disposal completed in February 2021

YoY P&L

£m	Dec 2021	Dec 2020	Change Total	Change Ex-disposal
Net interest income	295.7	250.3	*18%*	*56%*
Net fees and other income	101.5	86.3	*18%*	
Net gains on sale of assets	0.7	4.3	*(84%)*	
Total underlying revenue	**397.9**	**340.9**	***17%***	***42%***
'Run the Bank' costs	*(435.5)*	*(390.4)*	*12%*	
'Change the Bank' costs	*(111.3)*	*(95.6)*	*16%*	
Operating costs	(546.8)	(486.0)	*13%*	
Expected credit loss expense	(22.4)	(126.7)	*(82%)*	
Underlying loss before tax	**(171.3)**	**(271.8)**	***(37%)***	***(48%)***
Non-underlying items	(73.8)	(39.6)	*86%*	
Statutory taxation	(3.1)	9.7	*(>100%)*	
Statutory loss after tax	**(248.2)**	**(301.7)**	***(18%)***	
Underlying EPS basic	(144.0p)	(151.7p)		
Ratios				
Net interest margin	1.40%	1.22%	*18bps*	
Cost of deposits	0.24%	0.65%	*(41bps)*	
Underlying cost to income ratio	137%	143%	*(6pp)*	
Cost of risk[1]	0.18%	0.86%	*(68bps)*	

- £8.1m residual net gain on sale of the mortgage portfolio disposal
- £45.9m remediation costs primarily related to sanctions procedures, also includes:
  - £5.4m settlement of PRA investigation
  - £5.3m provision for FCA investigation
- £24.7m impairment of assets including store exits and RateSetter peer-to-peer intangibles
- £8.9m transformation costs

(1) Calculated on an annualised basis

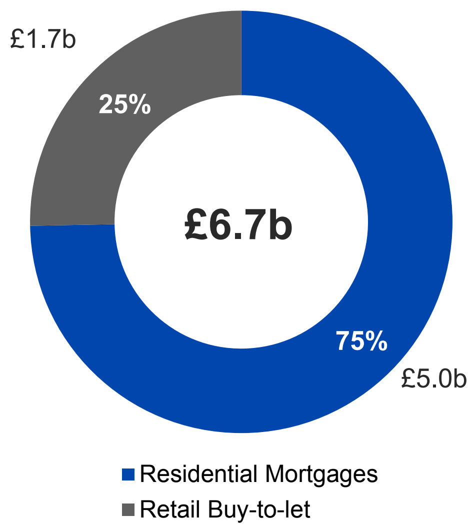
HoH P&L

£m	2H21	1H21	*Change*
Net interest income	162.1	133.6	*21%*
Net fees and other income	54.8	46.7	*17%*
Net gains on sale of assets	1.2	(0.5)	*(>100%)*
Total underlying revenue	**218.1**	**179.8**	***21%***
'Run the Bank' costs	*(220.6)*	*(214.9)*	*3%*
'Change the Bank' costs	*(51.0)*	*(60.3)*	*(15%)*
Operating costs	(271.6)	(275.2)	*(1%)*
Expected credit loss expense	(7.8)	(14.6)	*(47%)*
Underlying loss before tax	**(61.3)**	**(110.0)**	***(44%)***
Non-underlying items	(44.9)	(28.9)	*55%*
Statutory taxation	(0.9)	(2.2)	*(59%)*
Statutory loss after tax	**(107.1)**	**(141.1)**	***(24%)***
Underlying EPS basic	(36.0p)	(65.1p)	
Ratios			
Net interest margin	1.51%	1.28%	*23bps*
Cost of deposits	0.17%	0.31%	*(14bps)*
Underlying cost to income ratio	127%	153%	*(26pp)*
Cost of risk[1]	0.12%	0.24%	*(12bps)*

(1) Calculated on an annualised basis

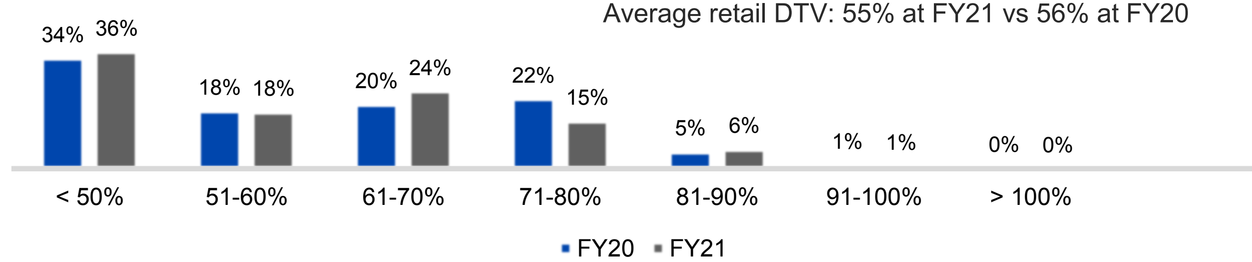
Retail mortgages

Retail mortgage portfolio

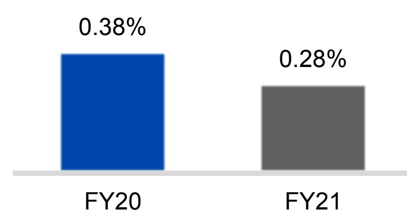


Retail mortgages debt-to-value

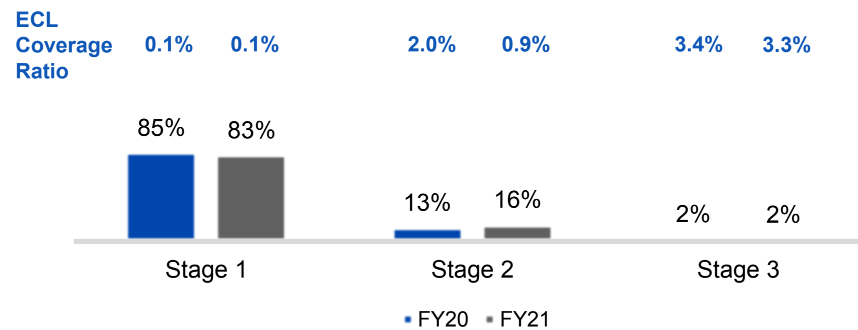
Average retail DTV: 55% at FY21 vs 56% at FY20



ECL coverage ratio

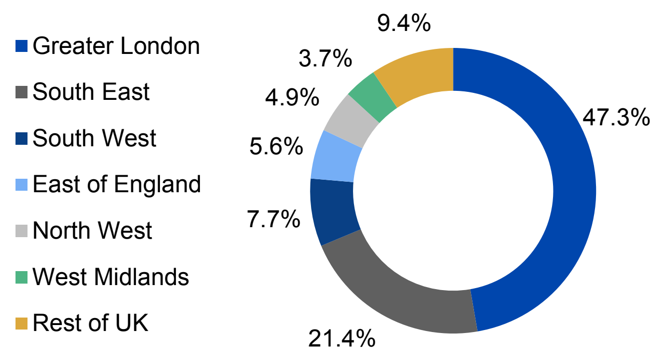


Balance by IFRS9 stage



- ECL coverage ratio has reduced due to:
  - Improvement in measurement of Loss Given Default (LGD) for retail mortgages resulting in a reduction in modelled ECL
  - Overlay for customers benefiting from payment deferrals reduced as customers have returned to contractual monthly payments

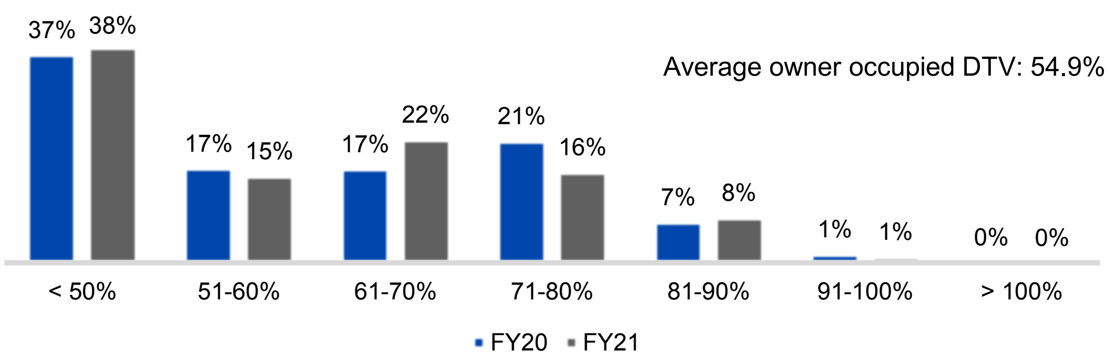
Retail mortgages geographical split



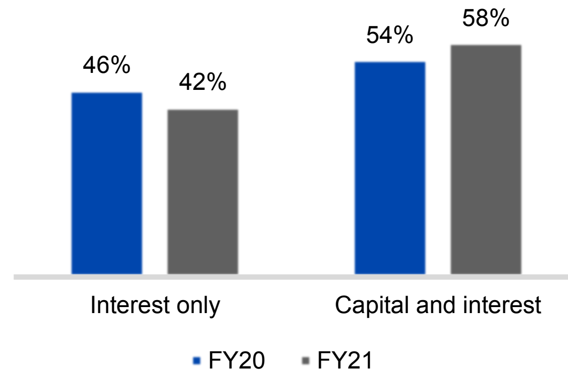
Retail mortgages

Owner occupied retail mortgages

Debt-to-value profile

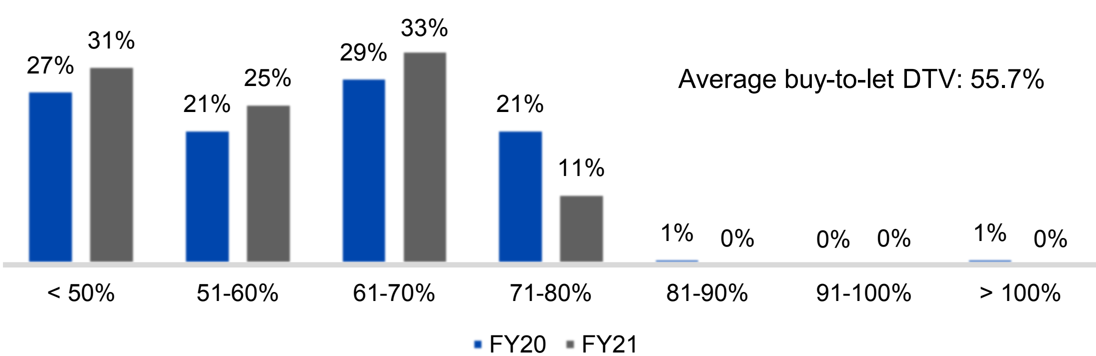


Repayment type

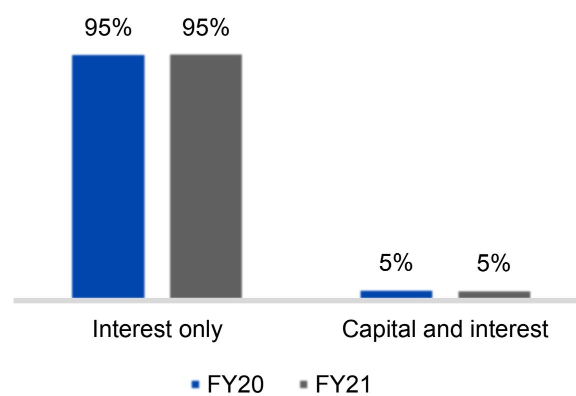


Retail buy-to-let mortgages

Debt-to-value profile

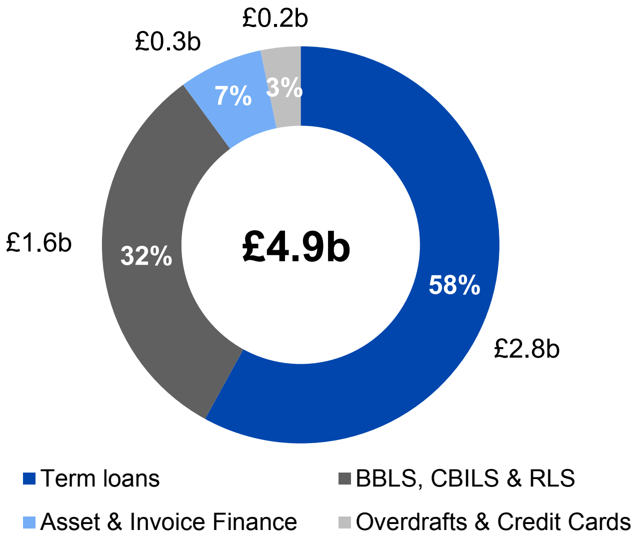


Repayment type



Commercial lending

Commercial lending portfolio

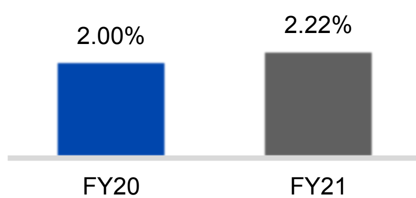


- £1,291m of BBLS, £165m of CBILS and £91m RLS loans approved, across c.36,000 customers as at 31 December 2021

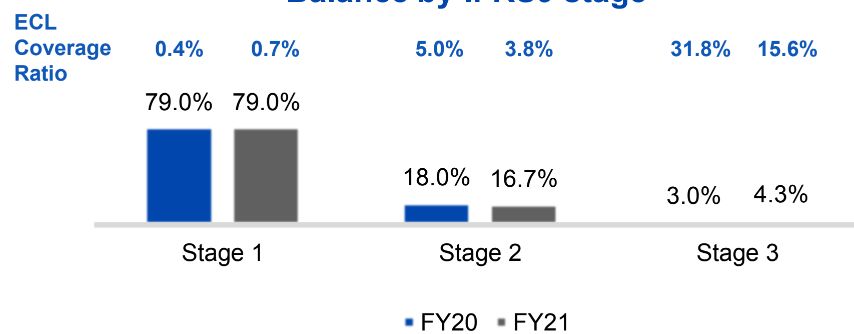
Commercial lending industry sectors[1]

Industry sector (£m)	31 Dec 2021	31 Dec 2020
Real estate (PBTL)	950	1,117
Real estate (other term loans)	887	1,032
Hospitality	365	376
Health & Social Work	232	248
Legal, Accountancy & Consultancy	290	208
Other	498	388

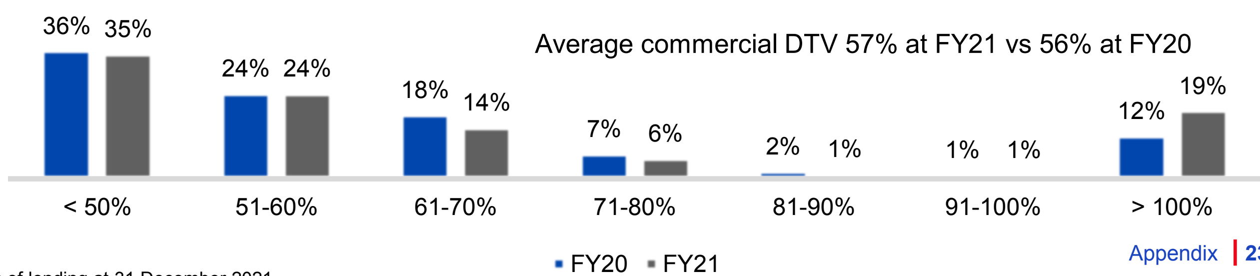
ECL coverage ratio



Balance by IFRS9 stage



Commercial lending debt-to-value[2]



(1) CLBILS and RLS loans are included as term loans and amount to £256 million of lending at 31 December 2021
(2) Commercial term loans excluding BBLS, includes RLS