Q2 2016 Results
Long Live the Revolution
27th July 2016
our disruptive model goes from strength to strength

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q1 2016</th>
<th>QoQ% Increase</th>
<th>YoY% Increase</th>
<th>On Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer deposits</td>
<td>£6.6B</td>
<td>£5.9B</td>
<td>+12%</td>
<td>+74%</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Net average deposits per store month</td>
<td>£5.7M</td>
<td>£6.6M</td>
<td>-13%</td>
<td>+44%</td>
<td>✓ ✓ ✓</td>
</tr>
<tr>
<td>Net customer loans</td>
<td>£4.6B</td>
<td>£4.1B</td>
<td>+12%</td>
<td>+110%</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Loan to deposit ratio</td>
<td>70%</td>
<td>69%</td>
<td>+1pp</td>
<td>+12pp</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Underlying loss after tax</td>
<td>£4.1M</td>
<td>£7.9M</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

Our culture and model continue to differentiate us

- 80% brand recognition*
- Awarded Most Trusted Financial Provider in the UK by Moneywise
- 77% Net Promoter Score for 1H 2016
- 87% of colleagues recommend Metro Bank as an employer

we continue to grow with low cost, sticky deposits

Customer deposits (m)

- Annual deposit growth of 74%
  - Retail 82% growth
  - Commercial 68% growth

- Deposit mix: commercial 52% and retail 48%

- H1 2016 deposit per store per month average of £6.2M is c.£74M per year (c.$98M+ per year)

- Current accounts represent 27% (28% H2 2015) of total deposits. Fixed represents 30% (25% in H1 2015)

- Action taken to reduce cost of deposits following change in mix
enabling us to grow our lending at low risk

High growth, low risk driving our LTD towards 80%

- Non-performing loans (90 days+ in arrears) 0.12% of loan balances at end H1; an improvement from H2 2015 due to lower commercial arrears
- The loan loss reserve represents 146% of non-performing loans
- Cost of risk is 0.12% at end H1; compared to 0.29% for 2015
- Average debt to value on residential mortgage lending is 60%
- Average debt to value on commercial lending is 58%
- Buy-to-Let is c.25% of total lending with an average debt to value of 59%
- No commercial property development loans and only £2M of residential property development lending

Portfolio

Retail: 65% of portfolio
- Residential Mortgages: £0.7bn
- Residential mortgages BTL: £0.2bn
- Consumer lending: £0.2bn

Commercial: 35% of portfolio
- Commercial loans: £0.1bn
- Professional BTL: £0.4bn
- Asset & Invoice Finance: £0.1bn

Net customer loans (m)

Jun 2013: £365 (42%)
Jun 2014: £1,153 (216%)
Jun 2015: £2,206 (91%)
Jun 2016: £4,629 (110%)

Loan to deposit ratio

Jun 2013: 70%
Jun 2014: 58%
Jun 2015: 58%
Jun 2016: 70%
delivering a strong and simple highly liquid deposit funded balance sheet

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q1 2016</th>
<th>Quarter Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and equivalents</td>
<td>498</td>
<td>489</td>
<td>+2%</td>
</tr>
<tr>
<td>Investments</td>
<td>2,853</td>
<td>2,417</td>
<td>+18%</td>
</tr>
<tr>
<td>Customer lending</td>
<td>4,629</td>
<td>4,129</td>
<td>+12%</td>
</tr>
<tr>
<td>Fixed, intangible and other assets</td>
<td>371</td>
<td>353</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>8,351</td>
<td>7,388</td>
<td>+13%</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>6,599</td>
<td>5,898</td>
<td>+12%</td>
</tr>
<tr>
<td>Repo funding</td>
<td>862</td>
<td>593</td>
<td>+45%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>96</td>
<td>98</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>7,557</td>
<td>6,589</td>
<td>+15%</td>
</tr>
<tr>
<td>Shareholders’ funds</td>
<td>794</td>
<td>799</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>8,351</td>
<td>7,388</td>
<td>+13%</td>
</tr>
</tbody>
</table>

**Capital adequacy ratios:**

- CET1 ratio: 21% (Q2 2016) vs. 25% (Q1 2016)
- Total capital ratio: 21% (Q2 2016) vs. 25% (Q1 2016)
- Regulatory leverage ratio: 8% (Q2 2016) vs. 9% (Q1 2016)

- With a 70% loan to deposit ratio, the balance sheet is intrinsically liquid
- 86% of the liquidity and investment portfolio is cash, AAA, UK gilts and T bills
- No reliance on wholesale funding
- Investment portfolio grew 70% year on year due to capital raise, deposit growth and additional FLS drawings
- FLS drawings increased to £1B from £0.5B at 31 Dec 2015
- LCR ratio at 30 June of 110%
- Move towards advanced risk based (AIRB) approach in the medium term represents opportunity to achieve greater capital efficiency
with income growth continuing to outpace cost growth

<table>
<thead>
<tr>
<th>£'m</th>
<th>Q2 2016</th>
<th>Q1 2016</th>
<th>Quarter Growth</th>
<th>Annual Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>36.2</td>
<td>30.5</td>
<td>+19%</td>
<td>+82%</td>
</tr>
<tr>
<td>Fees and other income</td>
<td>8.6</td>
<td>7.2</td>
<td>+19%</td>
<td>+37%</td>
</tr>
<tr>
<td>Net gains on sale of securities</td>
<td>1.6</td>
<td>0.0</td>
<td>nm</td>
<td>-30%</td>
</tr>
<tr>
<td>Total revenue</td>
<td>46.3</td>
<td>37.8</td>
<td>+23%</td>
<td>+63%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>-43.2</td>
<td>-41.4</td>
<td>+4%</td>
<td>+30%</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>-5.3</td>
<td>-4.9</td>
<td>+8%</td>
<td>+18%</td>
</tr>
<tr>
<td>Impairment charges</td>
<td>-1.3</td>
<td>-1.1</td>
<td>+16%</td>
<td>+78%</td>
</tr>
<tr>
<td>Underlying loss before tax</td>
<td>-3.4</td>
<td>-9.6</td>
<td>-64%</td>
<td>-64%</td>
</tr>
<tr>
<td>Underlying taxation</td>
<td>-0.7</td>
<td>1.7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Underlying loss after tax</td>
<td>-4.1</td>
<td>-7.9</td>
<td>-48%</td>
<td>-45%</td>
</tr>
</tbody>
</table>

Ratios:
- Average asset yield: 2.76% (Q2 2016), 2.84% (Q1 2016)
- Average cost of deposits: 0.87% (Q2 2016), 0.88% (Q1 2016)
- Net interest margin: 1.93% (Q2 2016), 1.96% (Q1 2016)
- CoR: 0.12% (Q2 2016), 0.12% (Q1 2016)

- 48% reduction in quarterly losses (Q1 £7.9M, Q2 £4.1M)
- Positive income (+63%) and operating expense (+30%) jaws - Q2 2015 to Q2 2016
- Net interest income growth driven by higher lending balance and favourable LTD ratio
- Annual operating costs per £1M of deposits down by 27% (H1 2015 £39K, H1 2016 £29k) as economies of scale impact
- Tax impacted by one-off changes to R&D and AFS Gains tax regime and Share Option true-up.
- Cost of deposits reducing as front & back book repriced
as store contribution and performance increases

Store contribution increases for new and existing stores

- Positive contribution
- Negative contribution

<table>
<thead>
<tr>
<th>Month</th>
<th>Positive Contribution (£m)</th>
<th>Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2014</td>
<td>£5.4M 27 Stores</td>
<td></td>
</tr>
<tr>
<td></td>
<td>£7.0M 17 Stores</td>
<td>-£1.6M 10 Stores</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>£13.0M 36 Stores</td>
<td></td>
</tr>
<tr>
<td></td>
<td>£15.4M 23 Stores</td>
<td>-£2.4M 13 Stores</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>£21.2M 40 Stores</td>
<td></td>
</tr>
<tr>
<td></td>
<td>£22.5M 28 stores</td>
<td>-£1.5M 12 Stores</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>£29.2M 41 Stores</td>
<td></td>
</tr>
<tr>
<td></td>
<td>£30.1M 33 stores</td>
<td>-£0.9M 8 Stores</td>
</tr>
</tbody>
</table>

• All stores open 18 months or more in positive contribution

• Stores open with more deposits and grow faster as each annual cohort benefits from increased network effect and organisational learnings

• Safe deposit boxes cover 81% of rent in stores open 12 months+

• 66% comp store growth in deposits for stores open 12 months+

As annual cohorts start and grow faster(1)

Customer Deposits £'m

(1) 2010 excludes Holborn

Months open

2010 2011 2012 2013 2014 2015
and we continue to expand our store network

42 stores open
8 stores opening in 2016

- Chelsea April
- Bexleyheath July
- Wimbledon In construction
- Clapham In construction
- Chelmsford In construction
- Eastbourne In construction
- Colchester In construction
- Basingstoke In construction

with a strong pipeline

- Bath
- Bristol
- Canterbury
- Peterborough
- Enfield
- Greenwich
- Ilford
- Liverpool St.
- Luton
- Northampton
- Oxford
- Putney
- Swindon
- Leicester
and invest in & accelerate our digital offerings

• New online Commercial banking platform  Live

• New public website with new geo user interface  Q3 2016

• New mobile app for Personal and Small Business Customers  Q4 2016

• Online application suite build out – including new to franchise current accounts and unsecured lending  H1 2017

• Click & Collect  H1 2017
whilst still delivering a continued reduction in quarterly losses
so we reiterate our current and 2020 guidance

Month-on-month profitability by the end of 2016

Full year profitability for 2017

UK Deposit Market in 2020: c.£2.3trn

Metro Bank Deposits: c.£27.5B, c.1.2%

2020 Targets:
- c.110 stores,
- c.£5.25M deposits per month

Loan to Deposit: c.80%
NIM + Fees: c.3%
Cost : Income: c.60%
Cost of Risk: c.0.20%
Leverage ratio: >4.0%
ROE: c.18%

(1) UK Deposit market based on Bank of England Data for 2015, assumed to grow in line with UK GDP forecasts of the World Bank until 2017, held flat from 2017E onwards at 2.5% annual growth.

(2) UK Deposit market based on Bank of England Data for Illustrative scenario, assuming deposits grow from 2015-2020 at a CAGR of c.40%.

(3) Calculated based on average gross loan balances.
questions?
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