



JOIN THE REVOLUTION



the Metro Bank revolution

Metro Bank is the revolution in British Banking

- A full service retail & commercial bank
- Britain's first new High Street bank in over 100 years
- Founded by Vernon W. Hill, II, founder of Commerce Bancorp (CBH) in the US

Key highlights

- Unique customer-service led model, offering 7-Day store banking with mobile, internet and telephony
- 57 state-of-the-art stores, targeted to grow to c.100 by end 2020 and 200-250 nationally over time
- New, scalable IT platform with no legacy issues
- No legacy, regulatory, credit or funding issues



it's all about building the brand



and creating fans

Model *Value Differentiating*

+ **Culture** *Unique*

+ **Execution** *Fanatical*

= **FANS!**

not customers

the Metro Bank model

- Growth retailers **NOT** bankers
- Unique deposit driven/retail focus
- Customers will trade lower rates for a better **RETAIL EXPERIENCE**
- Great business creates **FANS NOT CUSTOMERS**
- Growth is essential to success & value
- Become a power retailer



the Metro Bank culture

- Create a culture to match your model
- Culture must be very clear & pervasive
“Buy in or opt out”
- Hire for attitude, train for skills
- Over-train
- Over-reinforce
- Make everyone an owner



with fanatical execution

- **Believe** in your model
- **Over-invest** in facilities & people
- **Demand** 100% execution
- One person to say **YES**, two to say **NO**
- **Best** of every delivery channel
- **No** stupid rules



Best Current Account Provider for Branch Service

Highly Commended
Most Trusted
Financial Provider

Most Trusted
Current Account
Provider

Most Trusted
Current Account
APP Provider

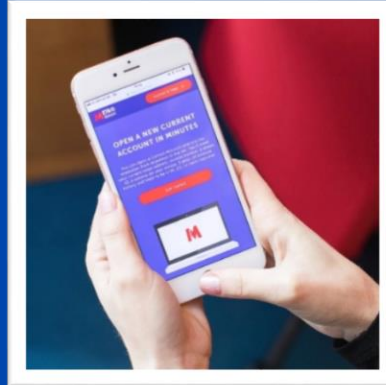
Most Trusted
Current Account Provider
for Call Centre Service



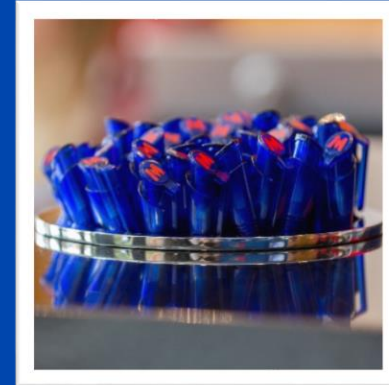
no stupid rules



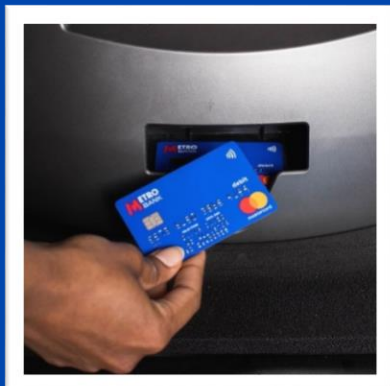
7 Day store banking



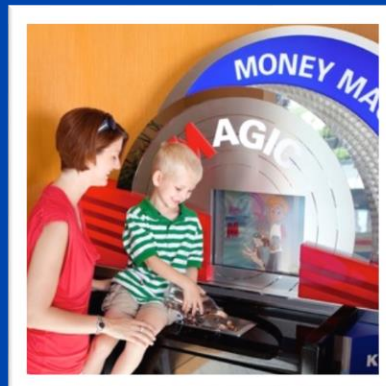
Instant account opening
in store or online



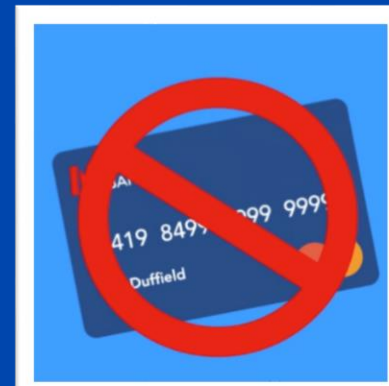
Free pens



Instant debit/credit card
printing in store



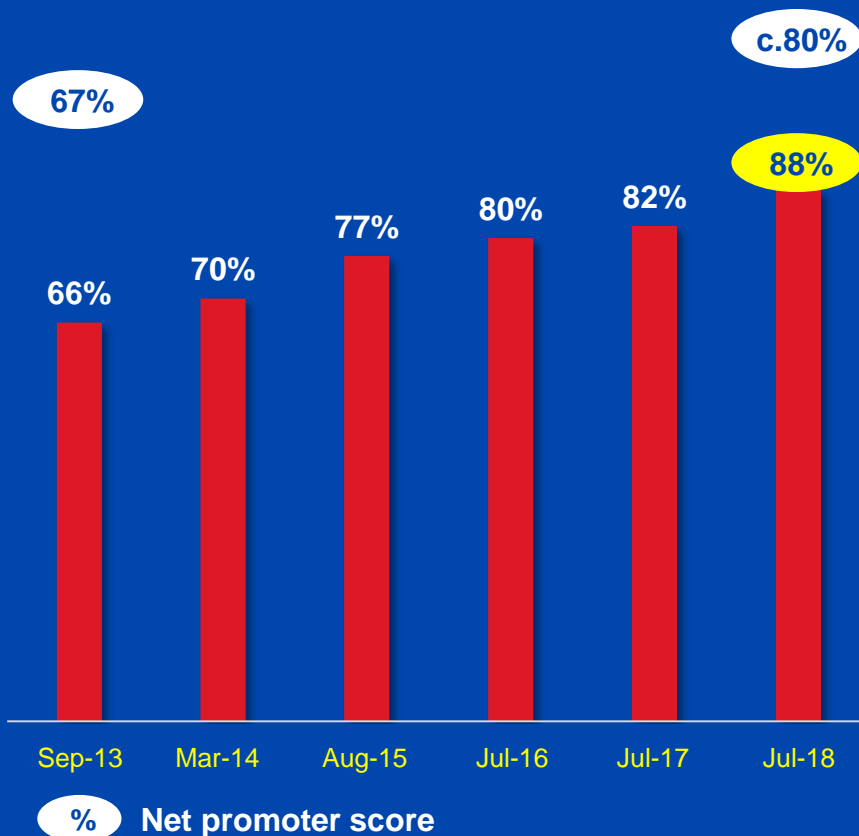
Free coin counting



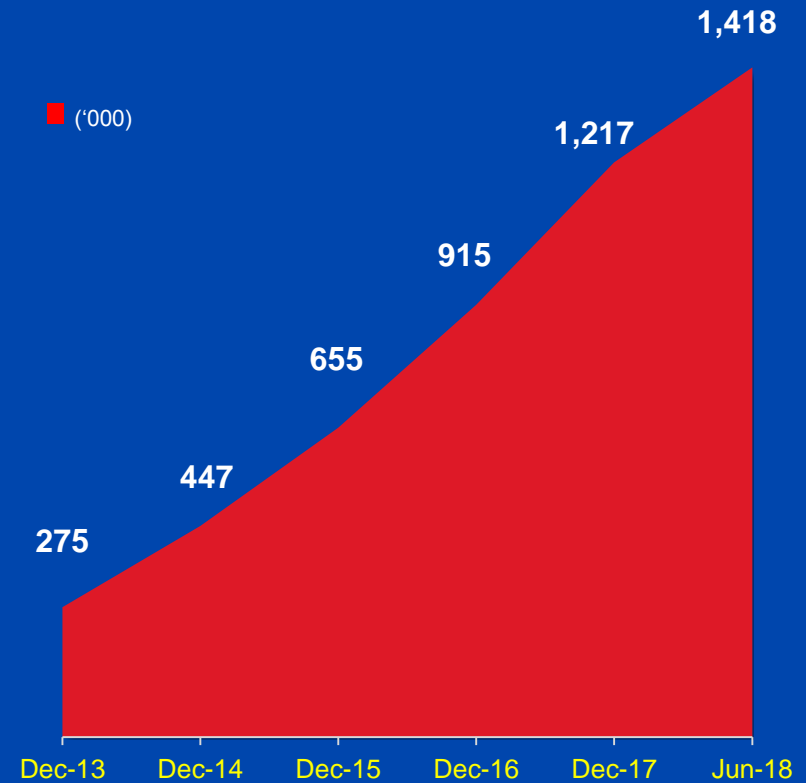
Block and unblock
card on mobile app

delivers a unique culture and model to create fans

Brand Recognition⁽¹⁾ and NPS⁽²⁾



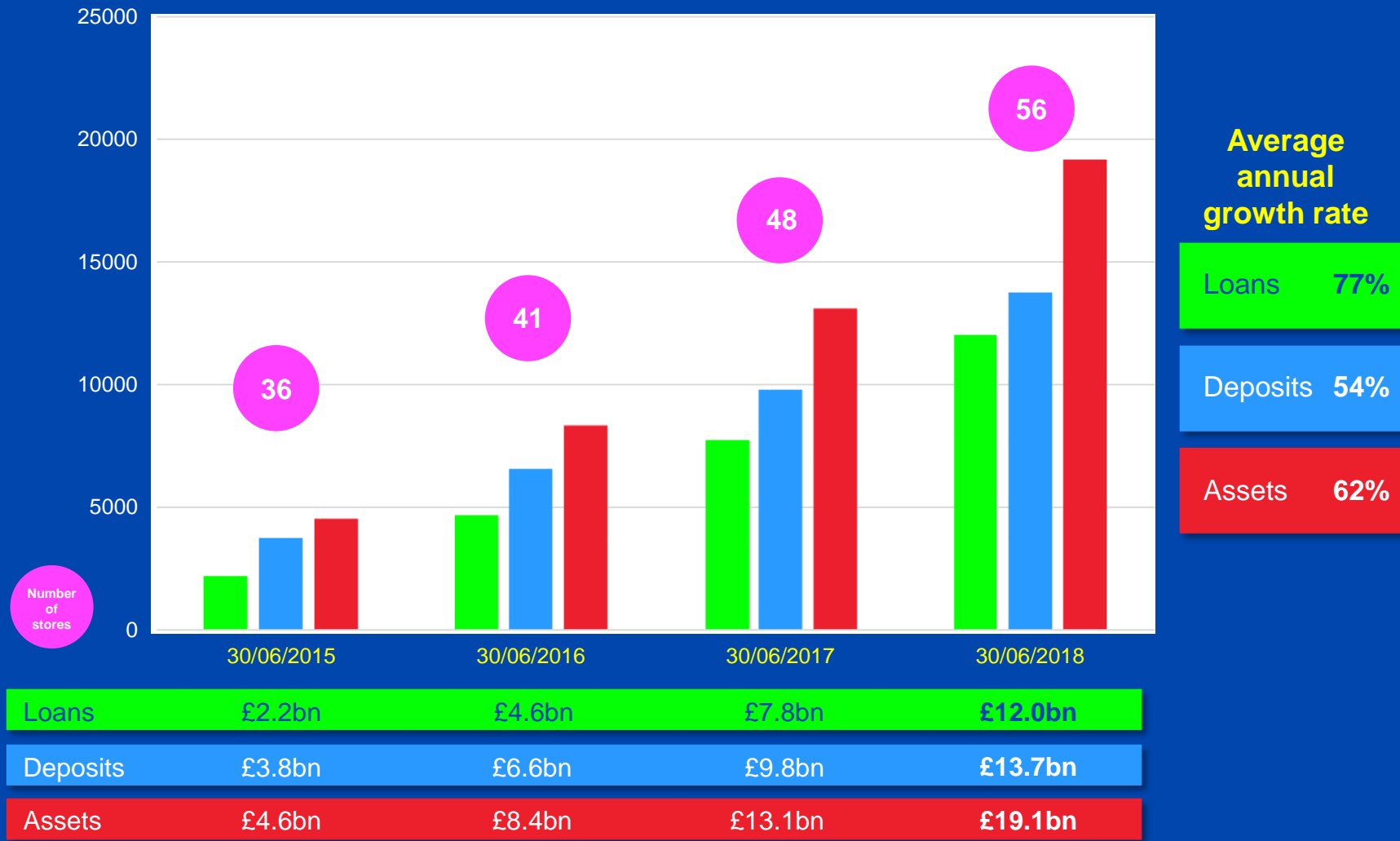
Customer Accounts



(1) In London. Source: YouGov

(2) Whole bank rolling 12 month annual NPS

which drives our loan, deposit and asset growth



with a disruptive experience integrated across all channels and continuously evolving

The integration of our store network combined with our digital offering gives customers the channel of choice at their convenience at any point on the customer journey.

Stores Open Early 'til Late



>80% of retail accounts opened in under 30 mins

'Walk out trading' launching 2018

- Businesses can accept card payments in a matter of hours, not days
- Partnering with Acceptcards
- Further expands our service offering to SMEs

Online Banking



7 in 10 current account customers registered for online banking

Current Account Online Opening

- Account up and running in minutes
- Market leading "selfie" ID&V
- Awarded best digital onboarding strategy 2018

Mobile Banking



Mobile customers consistently logging in 22 times per month each

AI-driven money management Insight

- Real-time analysis of spending patterns and trends
- Tailored alerts give customers greater awareness and control of account activity
- Partnering with FinTech 'Personetics'

Co-located contact centres open 24/7



Skill based routing; available 24/7, 365 days a year

Enhanced ID&V launching 2018

- Introducing Pindrop technology which uses biometric voice detection to remove friction from customer ID&V
- Enhanced customer protection and fraud prevention

Developer portal launched

- Enables third-parties to build new and innovative services on top of our platform using APIs
- Creates more choice and opportunities for customers
- Frictionless way to integrate with Metro Bank
- Built in collaboration with Apigee (Google)

including our growing network



with our uniquely branded state-of-the-art stores



Luton

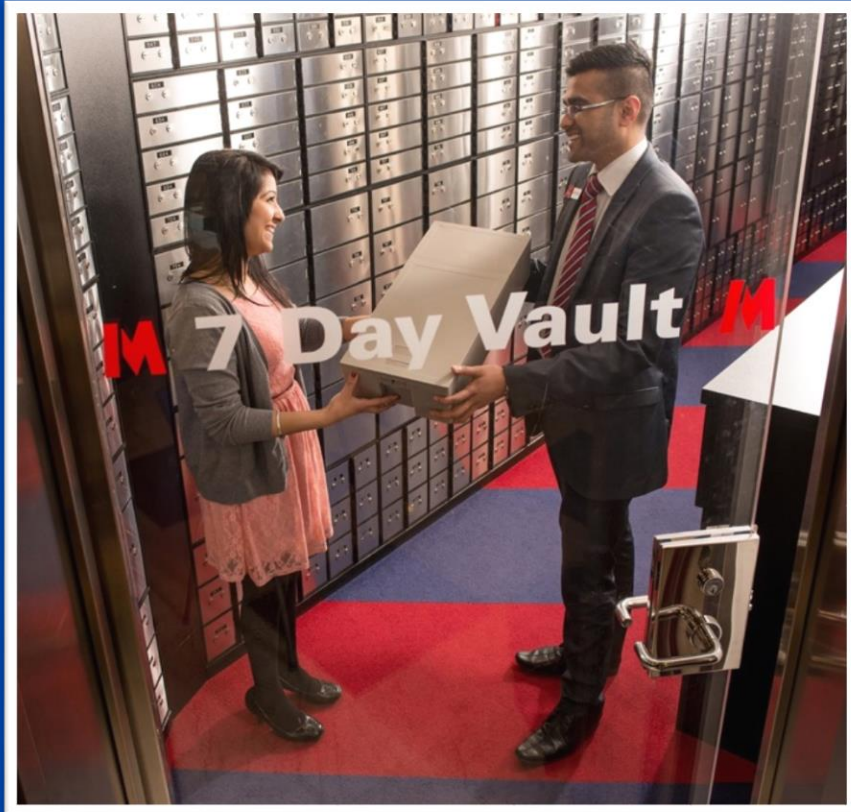


Brighton



Wimbledon

with safe deposit boxes providing regular reliable income



Stores open
more than 1 year

safe deposit box
income covers **80%**
of base store rent

with Ealing an example of how store contribution grows

£'000	Y1 May-14	Y2 May-15	Y3 May-16	Y4 May-17	Y5 May-18
Number of customer accounts	10,399	17,603	24,949	31,870	38,784
Deposits	44,581	153,232	226,255	290,347	402,444
<i>Average deposit growth per month</i>	<i>£3.7m</i>	<i>£9.1m</i>	<i>£6.1m</i>	<i>£5.3m</i>	<i>£9.3m</i>
Total income⁽¹⁾	812	2,903	4,498	6,931	9,519
People costs	647	669	699	702	834
Property costs	837	776	795	841	829
Other costs	162	126	111	195	168
Store operating expenses⁽²⁾	1,646	1,571	1,605	1,738	1,831
Store contribution	(834)	1,332	2,893	5,193	7,687

+117% +80% +48%

- Grand opening in June 2013

(1) Total income includes store specific fee income (such as revenue from Safe Deposit Boxes), together with a share of the whole bank's net interest margin, allocated based on the store's deposit balance as a proportion of the whole bank's deposit balance

(2) Store operating expenses do not include any share of Head Office costs

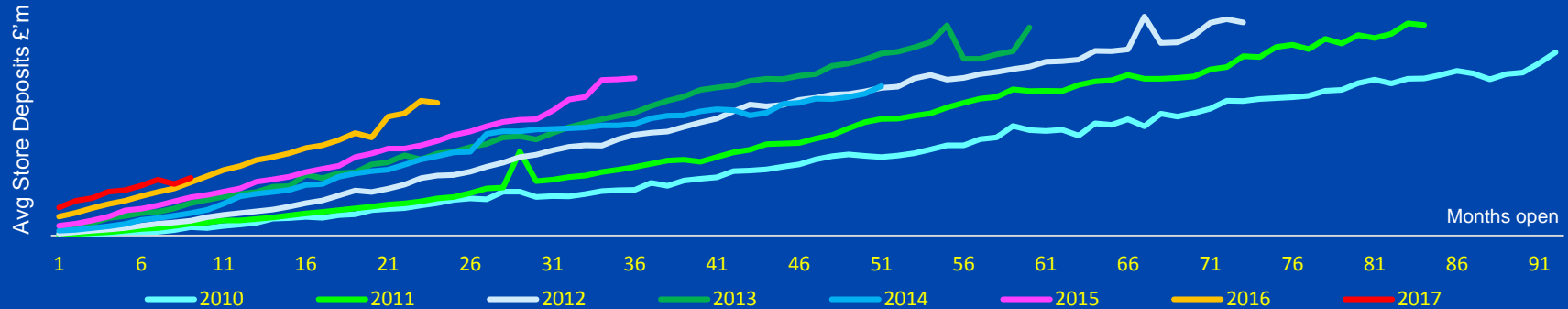
with strong average deposit growth per store



GBP to USD average exchange rate used 1.33
 (1) Quarterly deposit growth per store, annualised

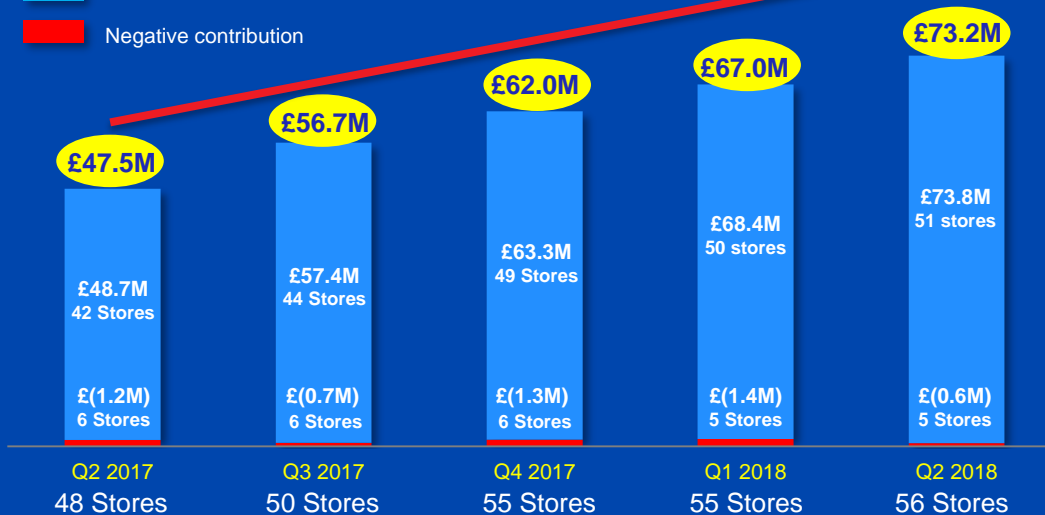
increasing store contribution and performance

Annual cohorts start and grow faster⁽¹⁾



Store contribution increases for new and existing stores (quarterly)

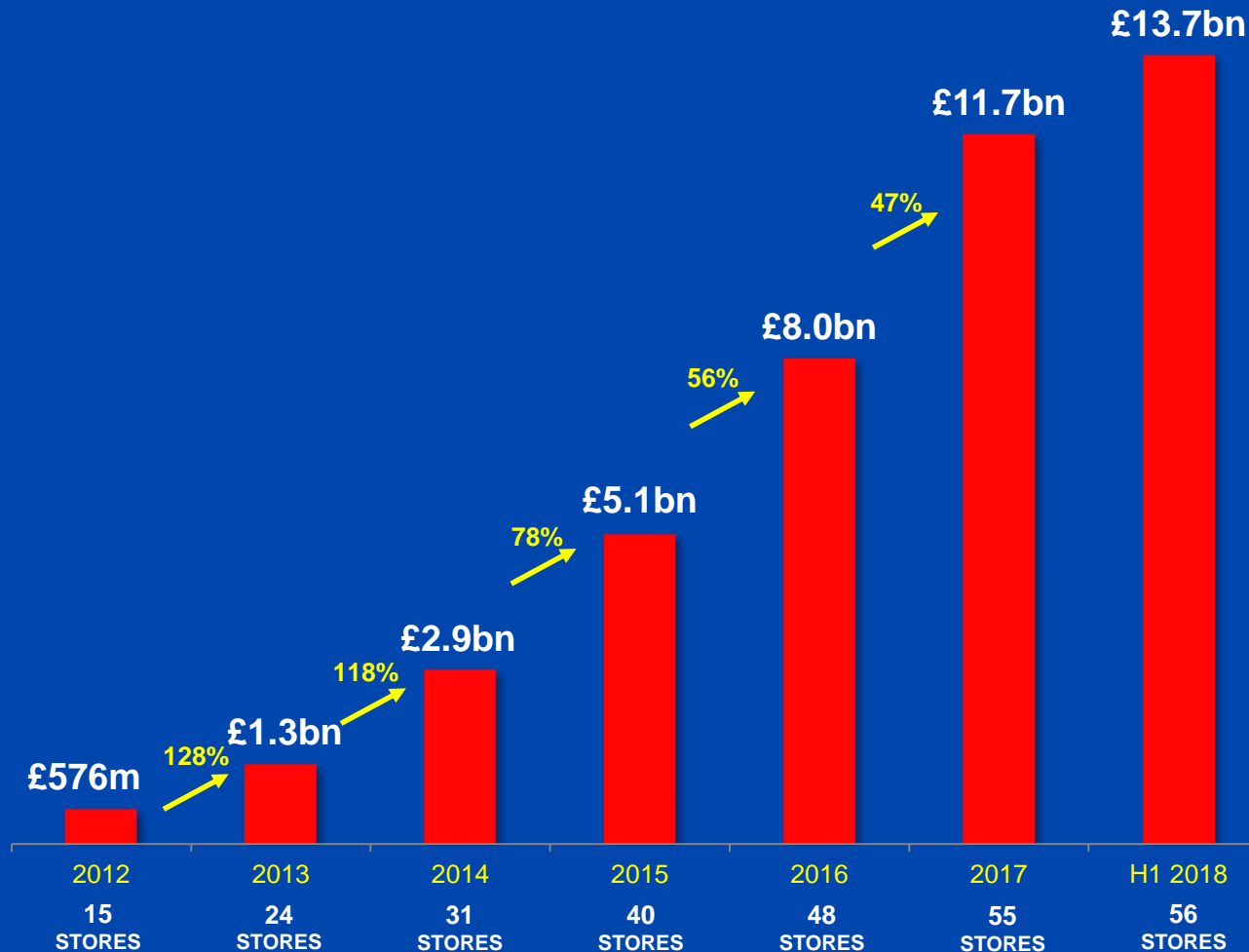
Positive contribution
Negative contribution



- For stores open 12 months+ average deposits per store is £276m (\$366m)
- All stores open 18 months or more in positive contribution
- The existing network is the engine of growth
 - 37% comp store growth in deposits for stores open 12 months+
 - 33% and 32% for stores open 24 months+ and 36 months+

(1) 2010 excludes Holborn

as we continue to win low cost sticky deposits



- Current account growth of **41%** YoY, now **31%** of deposits
- Annual deposit growth of **40%**
 - Retail **34%** growth
 - Commercial **45%** growth
- Deposit mix: commercial **54%** and retail **46%**
- Cost of deposits of 0.57% in H1 2018. Increased 3bps to 59bps QoQ due to an increased customer preference for fixed rate deposits over variable

leading to a simple, liquid, predominantly deposit-funded balance sheet

	H1 2018 (£'m)	H1 2017 (£'m)	<i>FY Annual Growth</i>
Loans and advances to customers	12,013	7,750	55%
Treasury assets ⁽¹⁾	6,453	4,827	34%
Other assets ⁽²⁾	669	517	29%
Total Assets	19,135	13,094	46%
Deposits from customers	13,736	9,805	40%
BoE funding scheme drawings	3,801	1,823	109%
Tier 2 debt	249	-	-
Other liabilities	252	654	-61%
Total Liabilities	18,038	12,282	47%
Shareholders' funds	1,097	812	35%
Total equity and liabilities	19,135	13,094	46%

- With an 87% loan to deposit ratio at 30 June 2018, the balance sheet is intrinsically liquid, with no reliance on wholesale funding
- Stable deposits, with a long behavioural life and no “hot money”
- £3.8bn TFS drawings, invested in liquidity
- 129% LCR ratio at 30 June 2018 (31 December 2017: 141%)
- As at 30 June 2018, 91% of the liquidity portfolio was cash, government bonds and AAA-rated instruments⁽³⁾

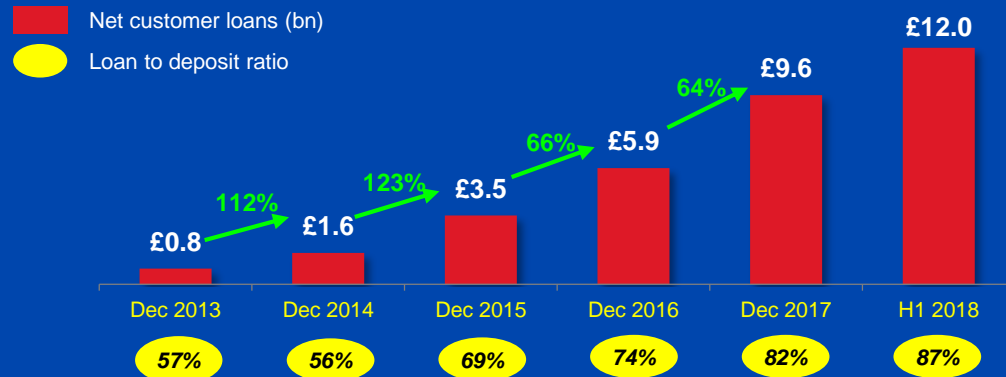
(1) Comprises investment securities, cash & balances with the Bank of England, and loans and advances to banks

(2) Comprises property, plant & equipment, intangible assets & other assets

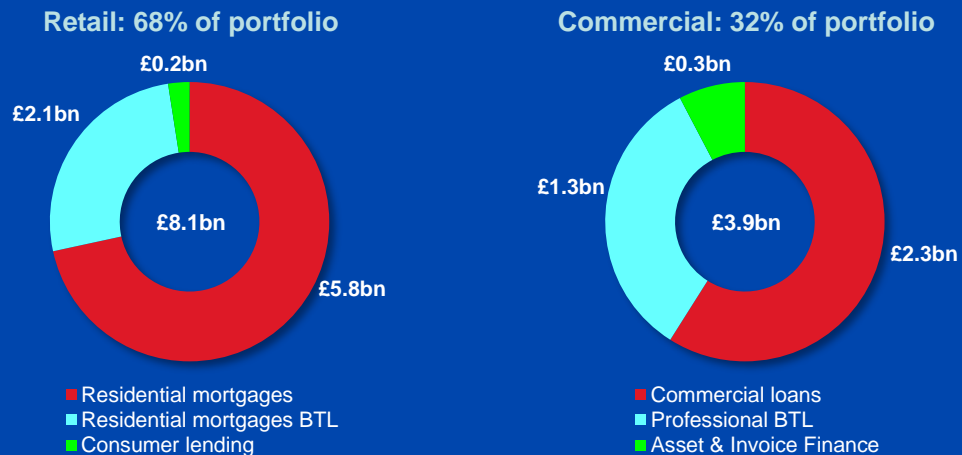
(3) Remainder is all investment grade

enabling us to grow our lending at low risk

High loan growth at low risk increasing our LTD ratio



Lending portfolio split as at 30 June 2018 (total £12.0bn)



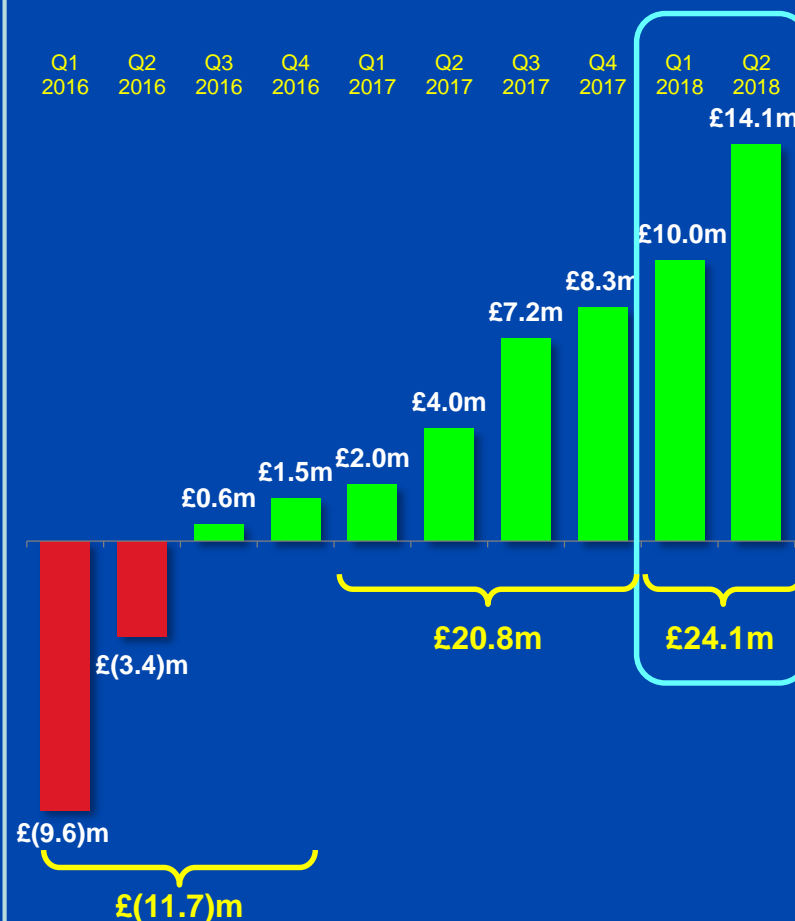
- **Strong organic momentum** in lending across all asset classes
 - 87% loan to deposit ratio in H1 2018, increasing from 82% in FY 2017
 - 55% YoY loan growth in H1 2018
- **Supplemented by purchase** of seasoned UK mortgage portfolio for £523m in Q1 2018. 3 seasoned mortgage portfolios have been purchased for a total consideration of £1.47bn
- **Loan portfolio remains highly collateralised**, with average debt to value at June 18 of c.60%
- Non-performing loans (90 days+ in arrears) reduced to 0.17% of loan balances for H1 2018 (FY 2017 0.27%)
- Cost of risk remained low at 0.08% in H1 2018 (FY 0.11%)

driving strong results with 8 quarters of increasing profitability

Our Progress

	H1 2018	H1 2017	HY Change
Customer accounts	1,418k	1,045k	+36%
Customer deposits	£13.7bn	£9.8bn	+40%
Net average deposit growth per store /month	£6.2m	£6.4m	-3%
Net customer loans	£12.0bn	£7.8bn	+55%
Loan to deposit ratio	87%	79%	+8pp
Underlying profit before tax	£24.1m	£6.0m	+301%
Underlying EPS	20.6p	3.7p	+457%

Underlying (loss)/profit before tax ⁽¹⁾



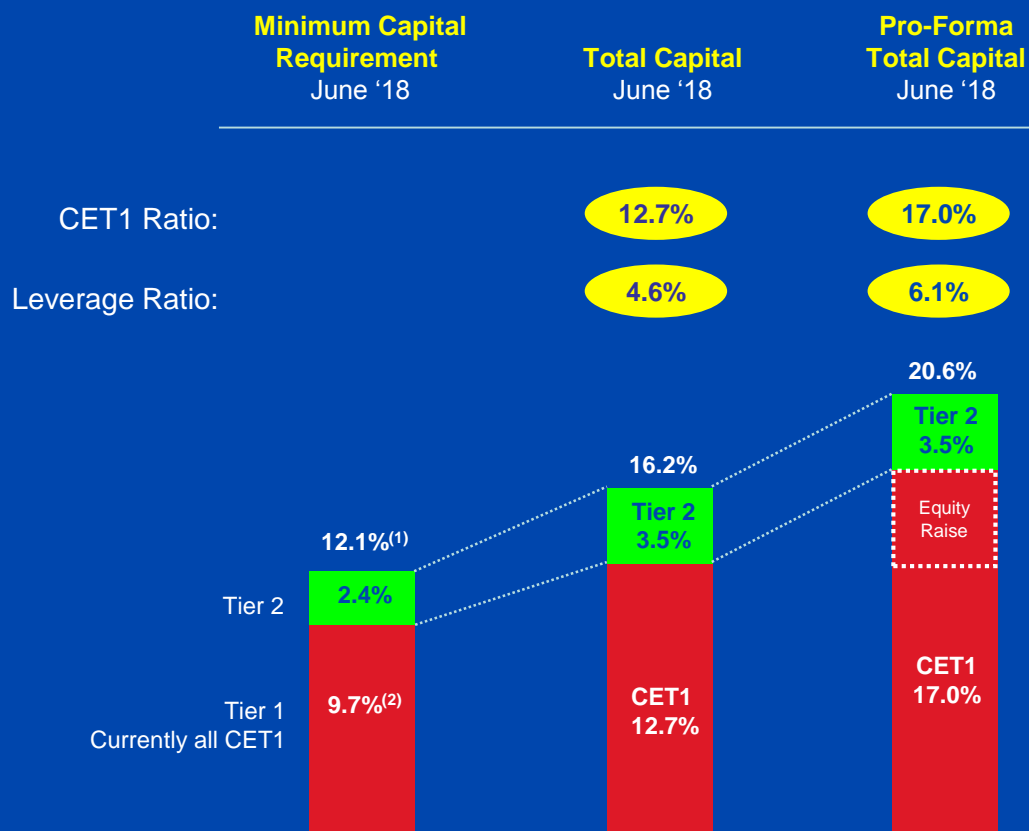
(1) Quarterly underlying (loss)/profit before tax excludes 2017 FSCS Levy of £0.6M (2016: £0.7m), which is included in the full year underlying loss before tax

generating increasing returns

	H1 2018 (£'m)	H1 2017 (£'m)	Annual Growth
Net interest income	156.3	107.4	46%
Fees and other income	28.9	22.3	29%
Net gains on sale of securities	4.6	1.3	254%
Total revenue	189.8	131.1	45%
Operating expenses	(141.1)	(105.5)	34%
Depreciation and amortisation	(20.5)	(15.9)	29%
Operating Cost	(161.6)	(121.4)	33%
Credit impairment charges	(4.1)	(3.7)	11%
Underlying profit before tax	24.1	6.0	301%
Underlying taxation	(5.9)	(1.6)	269%
Underlying profit after tax	18.2	4.4	309%
Ratios:			
Customer net interest margin	2.22%	2.17%	+5bps
Customer net interest margin + fees	2.68%	2.67%	+1bps
Net interest margin	1.85%	1.97%	-12bps
Underlying cost to income ratio	85%	93%	-8pp

- H1 2018 pre-tax profits up 301% over H1 2017 to £24.1m
- Annual operating costs per £1m of deposits down from £23k in FY 2017 to £22k in H1 2018⁽¹⁾, reflecting increasing economies of scale
- Strong and positive H1 income (+45% YoY) and cost (+33% YoY) growth differential
- Customer NIM of 2.22% in H1 2018 impacted QoQ by higher cost of deposits and mortgage lending yields
- NIM reduced by incremental TFS drawings

which underpins further growth from a continued robust capital position



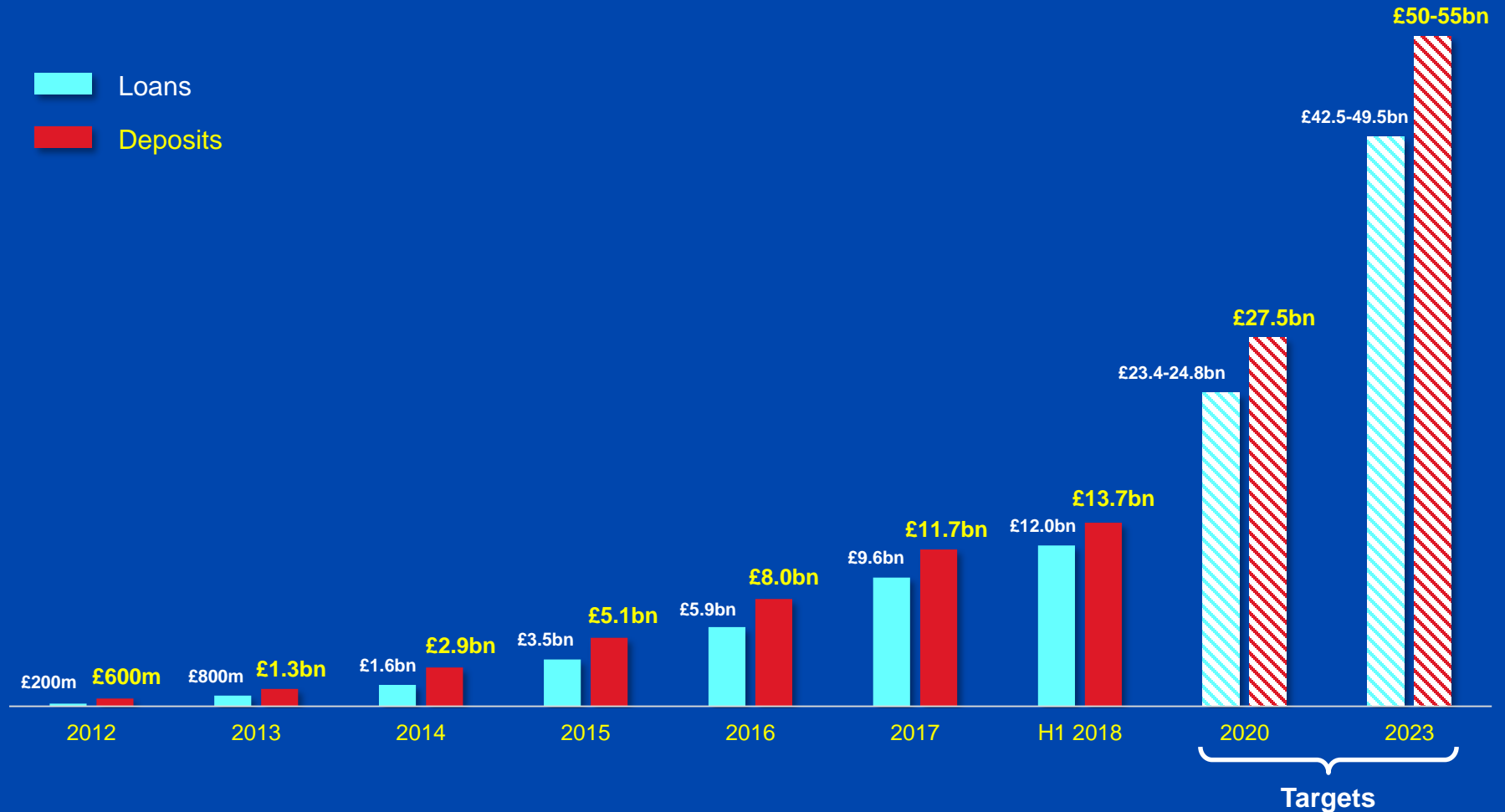
- Track record of prudently pre-funding growth through successful capital raises
- **c.£300m equity raise strengthens the balance sheet and supports further growth as:**
 - Lending growth exceeding plan driving higher loan to deposit ratio
 - RBS alternative remedies package provides further opportunity for increased growth
 - Supports application for credit rating which will open up further deposit and fee opportunities
 - Replenishes regulatory capital post £523m loan portfolio acquisition in Q1 2018
- **2023 ROE targets remain unchanged** at 17% to 19%. This does impact 2020 ROE target from c.14% to c.11.5%
- £250m Tier 2 debt issuance in Q2 2018 provided diversification and optimisation of capital base

RWAs at 30 June 2018 were £6,944m

(1) Comprises 8.0% Pillar 1; 1.7% Pillar 2A; 2.4% Capital Conservation and Countercyclical buffers; excludes any confidential buffers, if applicable

(2) Currently all satisfied with CET1, but 1.8% can be AT1

which enables significant further growth in both deposits and lending



as we progress towards our mid-term targets

Our Targets	Current⁽²⁾	2020 Targets	2023 Targets
Deposits	£13.7bn	c.£27.5bn	£50-55bn
Stores	56	c.100	140-160
Monthly deposit growth /store	£6.2m	£5.5–6.5m	£5.5-6.5m
Loan to Deposit Ratio	87%	85-90%	85-90%
Customer NIM + Fees ⁽¹⁾	2.68%	c.3%	c.3%
Cost:Income Ratio	85%	c.60%	55-58%
Cost of Risk	0.08%	c.0.20%	0.15-0.30%
Leverage Ratio ⁽³⁾	4.6%	>4.0%	>4.0%
ROE	2.8%	c.11.5%	17-19%

Note: Equity raise impacts 2020 ROE target but not 2023

(1) Assumes two 25bps base rate increases 2018-2020, three base rate increases 2018-2023 (2) H1 2018 (3) BoE Tier 1 Leverage calculation

disclaimer

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