

Third Quarter 2020 Trading Update

<i>£ in millions</i>	30 September 2020	30 June 2020	Change from half year 2020	30 September 2019	Change from Q3 2019
Assets	£22,140	£22,134	-	£21,002	5%
Loans	£15,085	£14,857	2%	£14,891	1%
Deposits	£15,622	£15,577	-	£14,231	10%
Loan to deposit ratio	97%	95%	2pp	105%	(8)pp

Q3 total deposits of £15,622 million were in line with Q2, with a continued focus on managing down the cost of deposits through an improved mix towards non-interest-bearing current accounts and a reduction in fixed term deposits.

Q3 total net loans grew to £15,085 million driven by continuing capital-efficient government-supported SME/business lending. The loan to deposit ratio increased to 97% at the end of the quarter in line with expectations.

CET1 remains materially in excess of regulatory minima. Total capital plus MREL ratio of 20.2% as at 30 September remains above the minimum MREL requirement although, as indicated at the half year results, is now below the firm's MREL requirements plus buffers, pending the outcome of the Bank of England MREL framework review (expected by the end of 2020). Liquidity coverage ratio was again strong, closing the quarter broadly in line with the ratio as at 30 June 2020.

COVID-19. The Bank has continued to provide support to its customers, communities and colleagues, demonstrating the critical importance of community banking to the regions we serve. The Bank remains committed to SMEs and has extended more than £1.3 billion in government-backed business loans to over 33,000 customers, primarily BBLS¹. The macroeconomic scenarios applied to the measurement of ECL at H1 remain appropriate and we continue to offer support to customers experiencing payment difficulty. The number of active payment deferrals reduced to less than 3.5% of the retail mortgage portfolio at the end of Q3, down from 16% at H1.

Activity levels continue to gradually recover post-lockdown, with new account openings tracking higher at around 90% of pre-pandemic levels.

Operational & strategic update. Delivering the five strategic priorities set out in February remains a key focus for the Bank. The acquisition of RateSetter was successfully completed in September, with Metro Bank funded higher margin consumer lending having already begun in Q4. Initiatives to meet more customer needs continue at pace with the recent launch of Business Current Account Online opening exceeding expectations and new partnerships announced with Clear Books and Enterprise Nation.

Daniel Frumkin, Chief Executive Officer at Metro Bank said:

"In a challenging environment, Metro Bank has delivered a good performance with loan growth reflecting our support for government-backed lending schemes. We have made further progress against the strategic priorities we set out at the beginning of 2020, completing the acquisition of RateSetter in the quarter and launching new initiatives which enable us to meet more customer needs. The continued dedication of our colleagues and their focus on excellent customer service underpins our position as the UK's best community bank."

1. Bounce Bank Loan Scheme ('BBLS') gives the lender a full (100%) government-backed guarantee against the outstanding balance of the facility (both capital and interest)

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ENDS

About Metro Bank

Metro Bank serves more than two million customer accounts and is celebrated for its exceptional customer experience. It is the highest rated high street bank for overall service quality, in store service, and online and mobile banking services for personal customers in the Competition and Market Authority's Service Quality Survey in August 2020; the bank also ranked in the top two for overall service, store service and digital services for business customers. It was recognised as 'Bank of the Year' at the 2020 MoneyAge Awards.

The community bank offers retail, business, commercial and private banking services, and prides itself on giving customers the choice to bank however, whenever and wherever they choose, and supporting the customers and communities it serves. Whether that's through its network of 77 stores open seven days a week, early until late, 362 days a year; on the phone through its UK-based 24/7 contact centres; or online through its internet banking or award-winning mobile app: the bank offers customers real choice.

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It is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Most relevant deposits are protected by the Financial Services Compensation Scheme. For further information about the Scheme refer to the FSCS website www.fscs.org.uk.

All Metro Bank products are subject to status and approval.

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