Join the Revolution

1H17 results, 26 July 2017

the revolution goes from strength to strength

- One million FANS and rising
- Awarded Moneywise Most Trusted Financial Provider for the second consecutive year and Best Mobile Banking App 2017
- Voice of the Colleague results rose across every metric vs 2016
- Doubled quarter on quarter profitability to £4.0m* in 2Q17
- Acquisition of a c.£600m mortgage BTL portfolio
- £278m / 10% successful equity offering at market price

	2Q17	2Q16	QoQ% Increase	YoY% Increase	On Target
Customer deposits	£9.8B	£6.6B	+9%	+49%	✓✓
Net average deposits per store month	£5.5M	£5.7M	-25%	-4%	✓✓✓
Net customer loans	£7.8B	£4.6B	+20%	+67%	✓✓
Loan to deposit ratio	79%	70%	+7pp	+9pp	✓✓✓

✓✓✓ Outperform
✓✓ On target
✓ Underperform

Moneywise Customer Service Awards 2017 — MOST TRUSTED FINANCIAL PROVIDER Metro Bank

Moneywise Customer Service Awards 2017 — BEST MOBILE BANKING APP Metro Bank

Moneywise Customer Service Awards 2017 — MOST TRUSTED SAVINGS & CASH ISA PROVIDER Metro Bank

Moneywise Customer Service Awards 2017 — BEST CURRENT ACCOUNT PROVIDER FOR BRANCH SERVICE Metro Bank

Moneywise Customer Service Awards 2017 — HIGHLY COMMENDED BEST CURRENT ACCOUNT PROVIDER FOR CALL CENTRE SERVICE Metro Bank

Moneywise Customer Service Awards 2017 — HIGHLY COMMENDED MOST TRUSTED CURRENT ACCOUNT PROVIDER Metro Bank

London Evening Standard Business Awards 2017 — Financial Services Company of the Year 2017

Retail Banker International — Retail Banker of the Year 2017

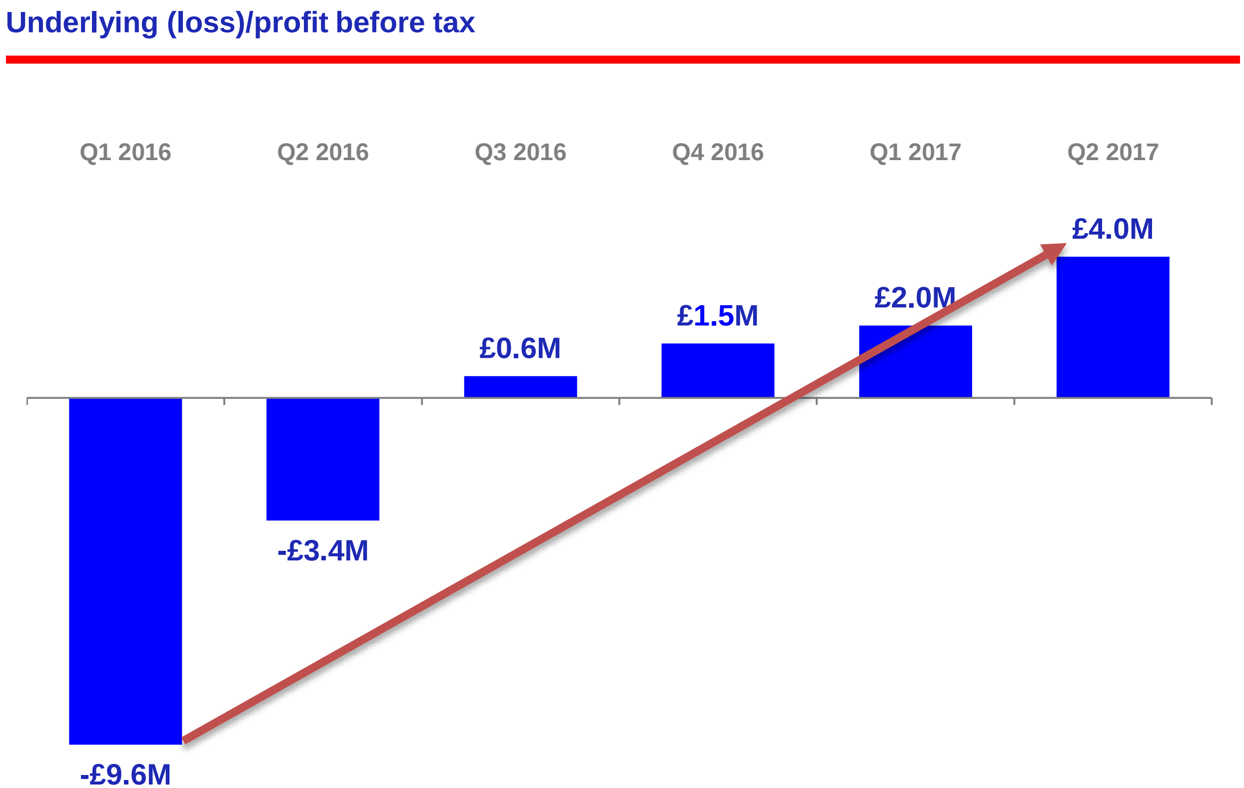
HR Excellence Awards 2017 Winner

Winmark C-Suite innovative Leader of the year 2017

METRO BANK

*underlying profit before tax

delivering our fourth consecutive quarter of rising profitability



with an integrated service proposition offering the best of every channel

Outstanding customer focussed retailers like Apple, Amazon/Wholefoods and Metro Bank understand that the future of retail is the combination of the best in store, online and mobile, and all invest in integrating the customer experience

Stores Open Early 'til Late	Online Banking	Mobile Banking	Co-located Contact Centers open 24/7
Best Branch Service*		Best Mobile App*	Highly Commended Telephony*
Over 80% of retail accounts opened in under 30 mins Over 60% of SME accounts opened in under 60 mins	65% of all current account customers now use online banking	Mobile customers consistently logging in 22-23 times per month each	Skill based routing; available 24/7, 365 days a year

Moneywise Awards 2017

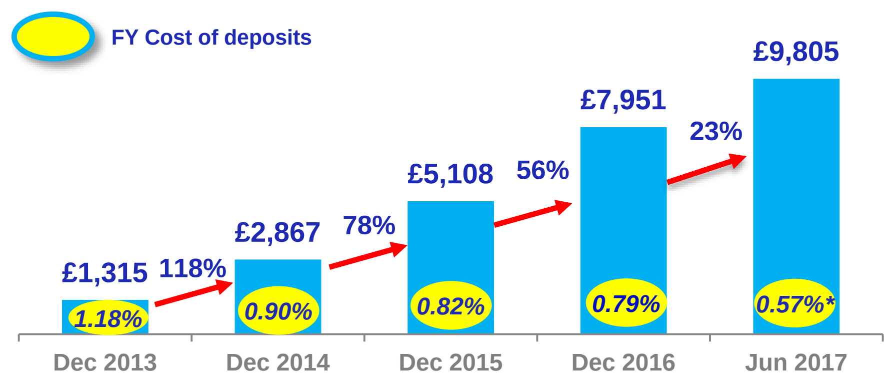
- Legacy-free IT platforms deliver seamless service to customers and colleagues across multiple channels and systems
- Real time data processing allowing instant fulfilment - "walk out working"
- Open architecture ready for PSD2

We continue to invest in technology

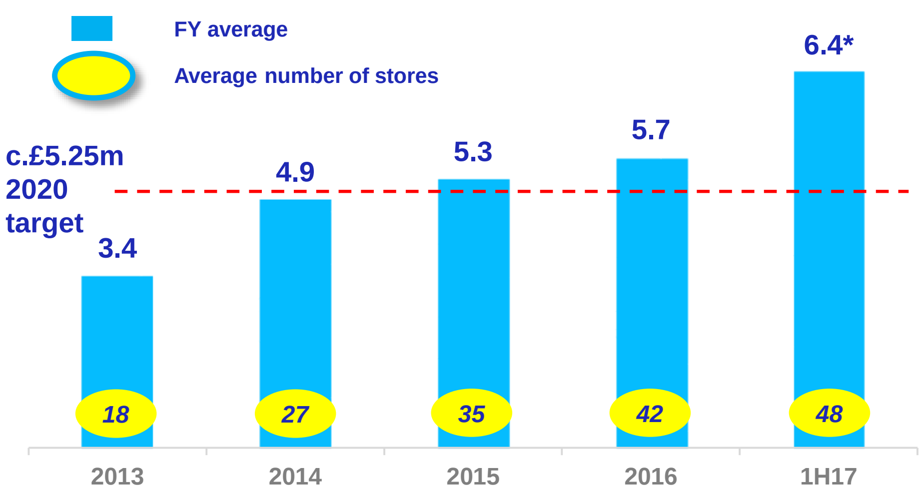
- State-of-the-art online account applications, including "selfie" IDV and "click & collect" cards
- Personalised mobile alerts with appropriate prompts to support customer financial management
- Market-leading AI based behaviourmetrics platform supporting fraud analytics and authentication
- Use of machine learning to help detect fraudulent activity to protect our customers
- Building out new industry leading Asset Finance platform
- Bank-wide API layer to support client data requests and open banking revolution

which continues to bring low cost, sticky deposits

Customer deposits (£'m)



Average deposit growth per store per month (£'m)

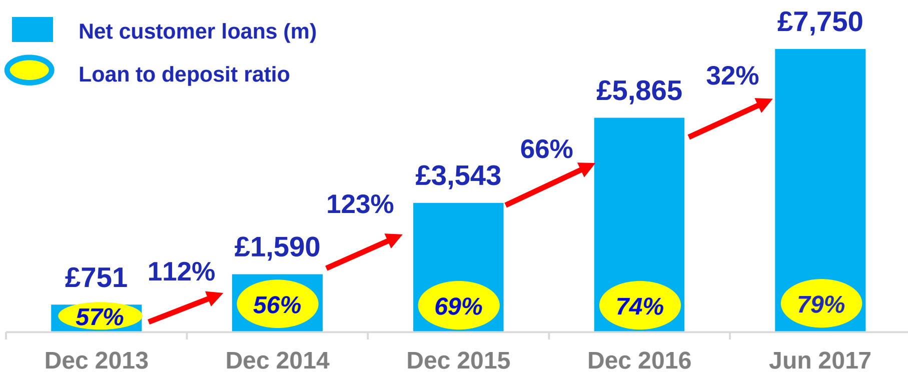


- £6.4M deposit growth per store per month in 1H17 (1Q17:£7.3M, 2Q17: £5.5M)
- Cost of deposits continued the downward trend to 0.53% in 2Q17
  - Current account (non-interest bearing) growth of 71% YoY, now 31% of total deposits
  - Natural back book re-pricing as fixed rates expired
- Annual deposit growth of 49%
  - Retail 51% growth
  - Commercial 47% growth
- Deposit mix: commercial 52% and retail 48%

*Half year

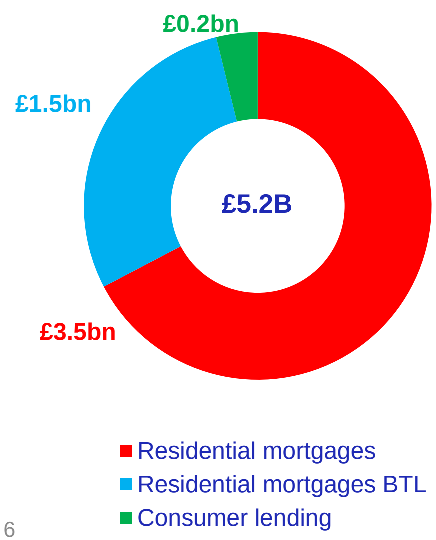
enabling us to grow our lending at low risk

High growth, low risk driving our LTD towards 80%

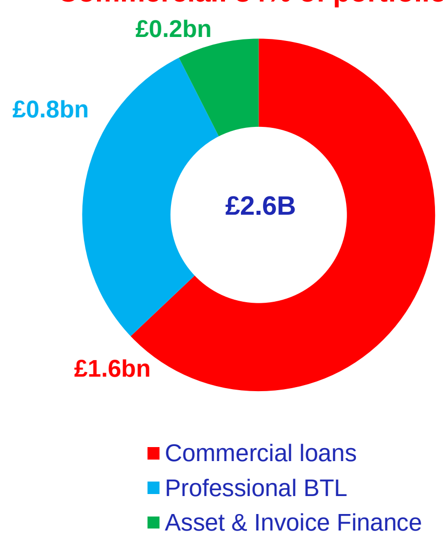


Portfolio AS AT 30 JUNE 2017

Retail: 66% of portfolio



Commercial: 34% of portfolio



- Strong momentum in lending across all asset classes
  - New volume loan to deposit ratio of 85% in 2Q17 excluding portfolio acquisition
  - Annual loan growth of 67%
    - Retail 71% growth
    - Commercial 61% growth
- Loan mix: commercial 34% and retail 66%
  - Unsecured consumer lending is c.£127m
- Buy-to-Let rose to 30% of total lending post portfolio acquisition which will trend back to 25% over coming 18mths
- Non-performing loans (90 days+ in arrears) 0.26% of loan balances at 2Q17
- The loan loss reserve represents 50% of non-performing loans
- Cost of risk remained low and stable in 2Q17 at 0.12% compared to 0.11% in 1Q17 and 0.10% in FY16
- Average debt to values remain at or below 60%
  - 58% on residential lending
  - 57% on commercial lending
  - 60% on BTL

delivering a strong and simple highly liquid deposit funded balance sheet

£'m	2Q17	1Q17	QoQ Growth	Annual Growth
Loans and advances to customers	7,750	6,482	+20%	+67%
Treasury assets[1]	4,827	4,637	+4%	+44%
Other assets[2]	517	505	+2%	+39%
Total Assets	**13,094**	**11,624**	**+13%**	**+57%**
Deposits from customers	9,805	9,010	+9%	+49%
Deposits from banks	1,823	1,235	+48%	-
Other liabilities	654	571	+15%	-32%
Total Liabilities	**12,282**	**10,816**	**+14%**	**+63%**
Shareholders' funds	812	808		+2%
Total equity and liabilities	**13,094**	**11,624**	**13%**	**+57%**
Capital adequacy ratios:				
CET1 ratio	13.5%	15.9%	-	-
Regulatory leverage ratio	4.9%	5.6%	-	-

- With a 79% loan to deposit ratio, the balance sheet is intrinsically liquid
- 80% of the liquidity and investment portfolio is cash, AAA, UK gilts and T bills
- FLS drawings of £0.5bn
- TFS drawings of £1.8bn
- LCR ratio of 114%
- As at 30th June 2017 proforma ratios including £278m equity raise
  - CET1: 19.4%
  - Leverage: 7.0%

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

[2] Comprises property, plant & equipment, intangible assets and other assets

with a simple capital stack which will evolve as Metro Bank grows

- **We continue to experience strong and accelerating organic lending growth supplemented by c.£600m portfolio acquisition in 2Q17**
- **To support this momentum and future growth ambitions, we brought forward our plans to raise equity**
- **As we grow we will consider issuing other forms of capital when we have a longer track record and more clarity about the regulatory changes**

£278m equity raise brings substantial benefits today…

- Enhances capital position to support our growth ambitions
- Allows flexibility to access debt markets at appropriate time to ensure efficient capital structure
- Positions us well for potential future regulatory capital requirements
- The only impact on the 2020 guidance is delaying the ROE of c.18% to 2022
- Going forward we expect to maintain a minimum regulatory leverage of >4% and CET1 ratio of >11%

… whilst we plan the right capital base for the future

- We are currently working on two things with the regulator, neither of which will impact in 2017 but will impact on what debt we need to raise, how much and when in the future:
  1. **AIRB:** we expect the waiver for residential mortgages to be submitted later this year
  2. **PILLAR 2A offset**: we await the outcome of the consultation paper. Expected implementation during 2018

enabling income growth to continue to outpace cost growth

£'m	2Q17	1Q17	FY 2016	QoQ Growth	Q2 to Q2 Growth
Net interest income	57.0	50.4	154.2	+13%	+58%
Fees and other income	11.5	10.9	35.5	+5%	+33%
Net gains on sale of securities	0.7	0.6	5.4	+22%	-53%
Total revenue	**69.2**	**61.9**	**195.1**	**+12%**	**+49%**
Operating expenses	(63.1)	(58.4)	(202.1)	+8%	+30%
Impairment charges	(2.1)	(1.5)	(4.7)	+34%	+64%
Underlying profit (loss) before tax	**4.0**	**2.0**	**(11.7)**	**+104%**	**-**
Underlying taxation	1.0	0.5	0.4 (1)	+121%	-
Underlying profit (loss) after tax	**3.0**	**1.5**	**(11.3)**	**+99%**	**-**
Ratios:					
Average cost of deposits	0.53%	0.61%	0.79%	-	-
Net interest margin	1.92%	2.02%	1.97%	-	-
Cost of Risk	0.12%	0.11%	0.10%	-	-

- Doubled pre tax profit to £4.0m in Q2 from £2.0m in Q1
- Positive income (+56%) and operating costs (+28%) jaws*
- Annual operating costs per £1M of deposits down by 15% (2017 **£23K, 2016** £27k) as economies of scale impact
- NIM in 2Q17 of 1.92% due to build of £600m liquidity end Q1 / early Q2 to fund portfolio acquisition in June
- Portfolio acquisition is NIM accretive as the portfolio was purchased at a discount

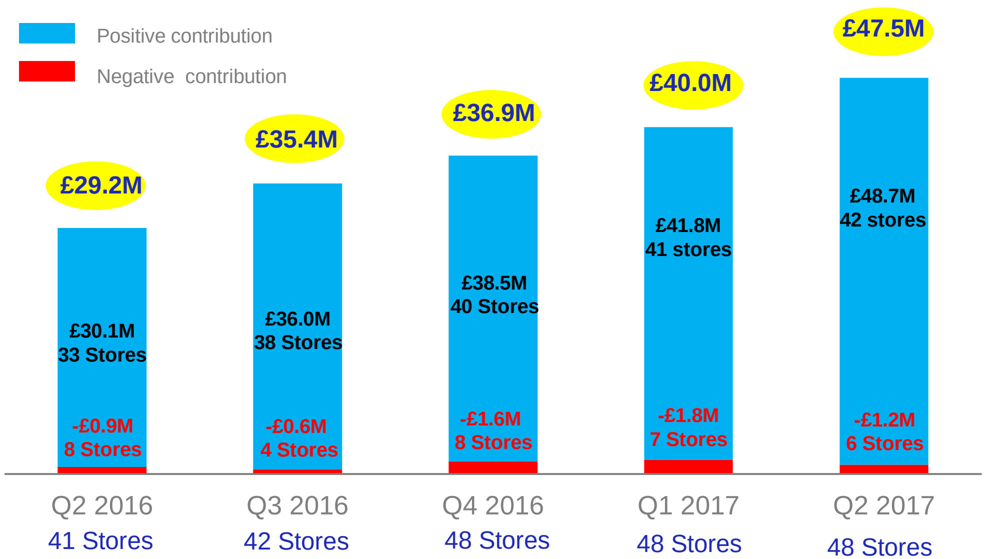
*H1 2017 vs H1 2016
**12 months to 30 June

(1) *Tax impacted by one-off changes to R&D and AFS Gains tax regime and Share Option true-up.*
Note: Operating costs include D&A.

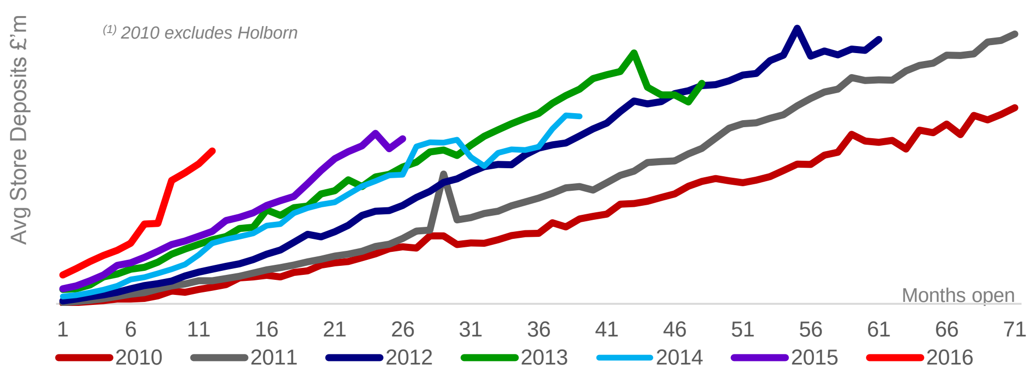
METRO BANK

as store contribution and performance increases

Store contribution increases for new and existing stores



As annual cohorts start and grow faster[1]



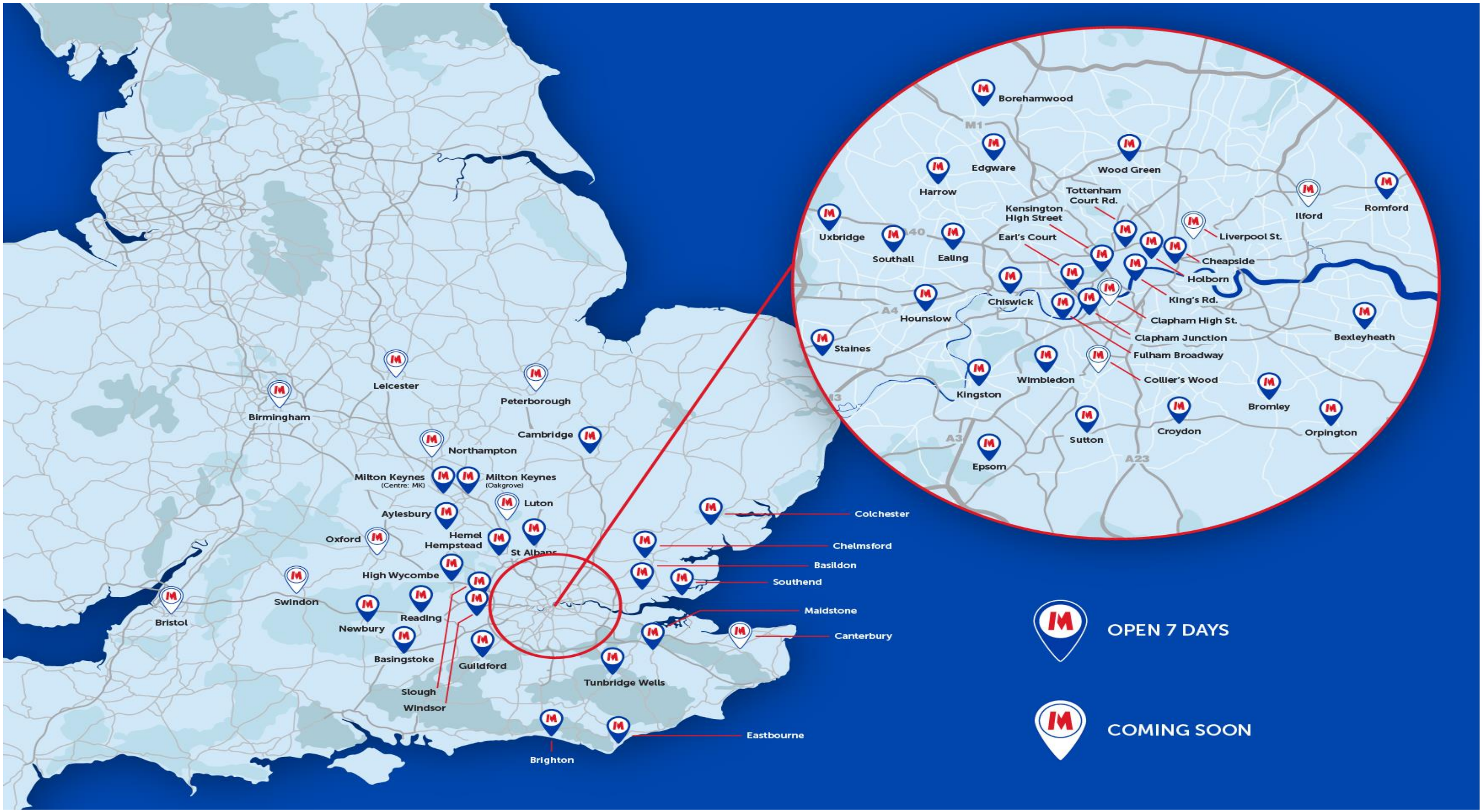
- All stores open 18 months or more in positive contribution
- New stores open with more deposits and grow faster as each annual cohort benefits from:
  - Increased network effect
  - Organisational learnings
  - Brand recognition over 80% in Greater London*
- In stores open 12 months+ safe deposit boxes cover over 80% of the rent
- 45% comp store growth in deposits for stores open 12 months+ (43% and 40% for stores open 24 months+ and 36 months+)

*Source: YouGov

METRO BANK

and we continue to expand our store network

48 Stores open, a further 8-10 opening this year, and a strong pipeline for 2018



and refine our 2020 targets

- Increase our 2020 loan to deposit target to c.85% from c.80%
- Move our 2020 ROE target of c.18% to 2022 with an interim 2020 target of c.14%
- Full year profitability for 2017

UK Deposit Market in 2020: c.£2.3trn(1)

Metro Bank Deposits: c.£27.5B, c.1.2%(2)

2020 Targets:

c.110 stores,

c.£5.25M deposits per month

Loan to Deposit: c.85%

NIM + Fees: c.3%

Cost : Income: c.60%

Cost of Risk(3): c.0.20%

Leverage(4) ratio: >4.0%

ROE: c.14%

(1) UK Deposit market based on Bank of England Data for 2016, assumed to grow in line with UK GDP forecasts of the World Bank until 2019, held flat from 2019E onwards at 1.5% annual growth.

(2) UK Deposit market based on Bank of England Data for Illustrative scenario, assuming deposits grow from 2016-2020 at a CAGR of c.40%.

(3) Calculated based on average gross loan balances.

(4) Regulatory leverage.

disclaimer

IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING. The following applies to this document (the "**Information**").

To the extent available, the industry, market and competitive position data contained in this presentation come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company reasonably believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in this presentation come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the markets in which the Company operates and the current beliefs of relevant members of management. While the Company reasonably believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change. Accordingly, reliance should not be placed on any of the industry, market or competitive position data contained in this presentation.

The information contained in this document does not purport to be comprehensive. None of the Company, its subsidiary undertakings or affiliates, or its directors, officers, employees, advisers or agents accept any responsibility or liability whatsoever for/or makes any representation or warranty, express or implied, as to the truth, fullness, fairness, accuracy or completeness of the information in this presentation (or whether any information has been omitted from the presentation) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith. To the fullest extent permissible by law, such persons disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise, which they might otherwise have in respect of this presentation. This presentation is subject to verification, correction, completion and change without notice.

The information and opinions contained in this presentation are provided as at the date of the presentation, are subject to change without notice and do not purport to contain all information that may be required to evaluate the Company. None of the Company, its subsidiary undertakings or affiliates, or its respective directors, officers, employees advisers or agents, or any other party undertakes or is under any duty to update this presentation or to correct any inaccuracies in any such information which may become apparent or to provide you with any additional information. No reliance may, or should, be placed for any purpose whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. Recipients should not construe the contents of this presentation as legal, tax, regulatory, financial or accounting advice and are urged to consult with their own advisers in relation to such matters.

This presentation contains forward-looking statements. Forward-looking statements are not historical facts but are based on certain assumptions of management regarding the Company's present and future business strategies and the environment in which the Company will operate, which the Company believes to be reasonable but are inherently uncertain, and describe the Company's future operations, plans, strategies, objectives, goals and targets and expectations and future developments in the markets. Forward-looking statements typically use terms such as "believes", "projects", "anticipates", "expects", "intends", "plans", "may", "will", "would", "could" or "should" or similar terminology. Any forward-looking statements in this presentation are based on the Company's current expectations and, by their nature, forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control, that could cause the Company's actual results and performance to differ materially from any expected future results or performance expressed or implied by any forward-looking statements. As a result, you are cautioned not to place undue reliance on such forward-looking statements. Past performance should not be taken as an indication or guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance. The Company undertakes no obligation to release the results of any revisions to any forward-looking statements in this presentation that may occur due to any change in its expectations or to reflect events or circumstances after the date of this presentation and the parties named above disclaim any such obligation.

METRO BANK