



FY 2016 Results

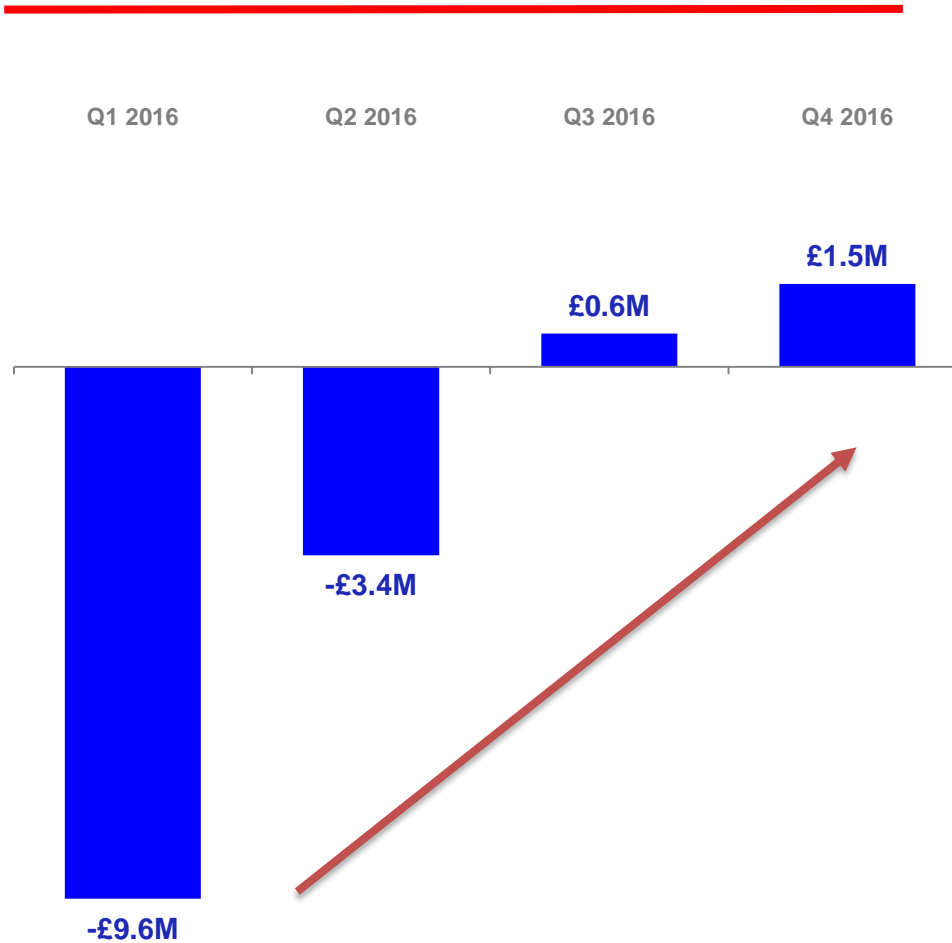


Join the Revolution

22nd February 2017

we delivered profitability in H2 2016

Underlying (loss)/profit before tax



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

as our disruptive model goes from strength to strength

	FY 2016	FY 2015	YoY% Increase	On Target
Customer deposits	£8.0B	£5.1B	+56%	✓✓
Net average deposits per store month	£5.7M	£5.3M	+8%	✓✓✓
Net customer loans	£5.9B	£3.5B	+66%	✓✓
Loan to deposit ratio	74%	69%	+5pp	✓✓
Underlying profit (loss) before tax	£(11.7M)	£(46.6M)	Improved 75%	✓✓

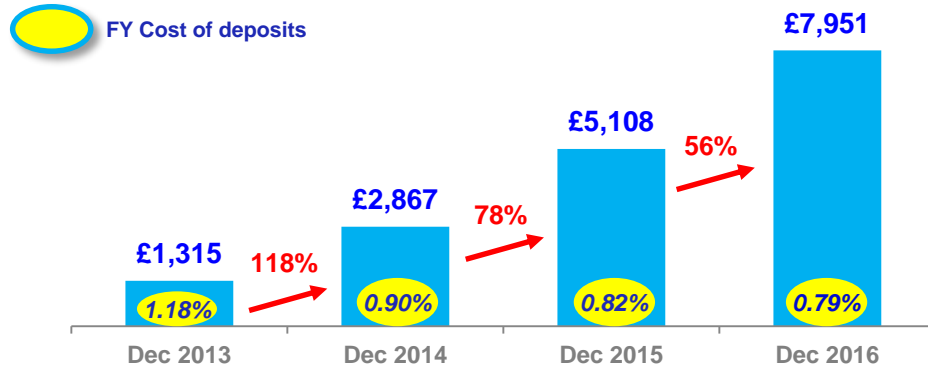
Our culture and model continue to differentiate us

- 84% brand recognition across London*
- 78% Net Promoter Score for 2016
- 87% of colleagues recommend Metro Bank as an employer
- Awarded Most Trusted Financial Provider in the UK by Moneywise

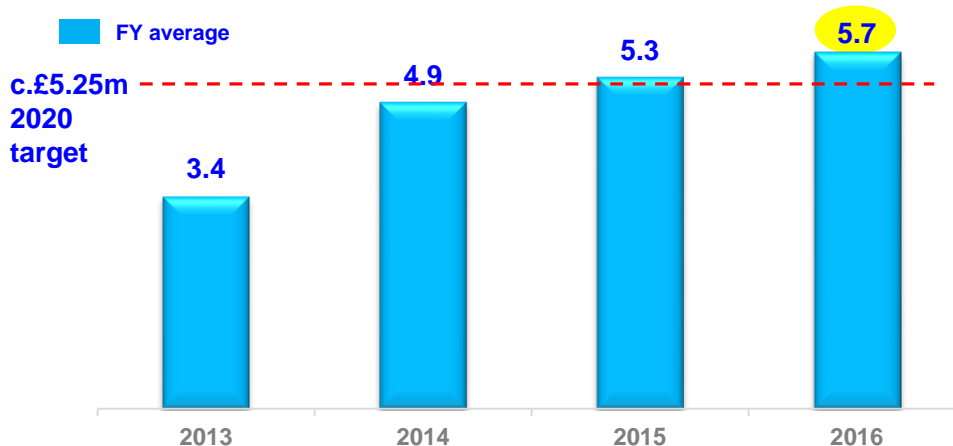
- ✓✓✓ Outperform
- ✓✓ On target
- ✓ Underperform

and we continue to grow with low cost, sticky deposits

Customer deposits (£'m)



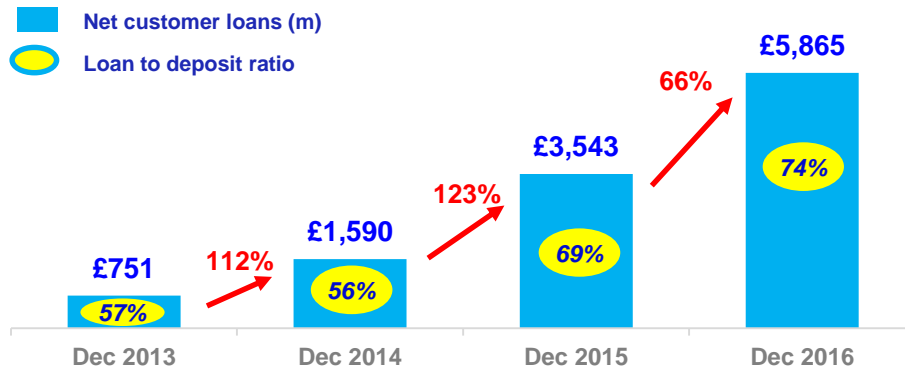
Average deposit growth per store per month (£'m)



- Record £5.7M FY 2016 average deposit growth per store per month (2015: £5.3M) is c.£68M per year
- Cost of deposits down to 0.66% in Q4 2016
- Annual deposit growth of 56%
 - Retail 64% growth
 - Commercial 49% growth
- Deposit mix: commercial 50% and retail 50%
- Current accounts represent 29% (27% in 2015) of total deposits.

enabling us to grow our lending at low risk

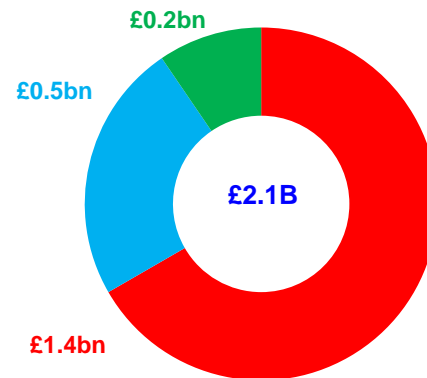
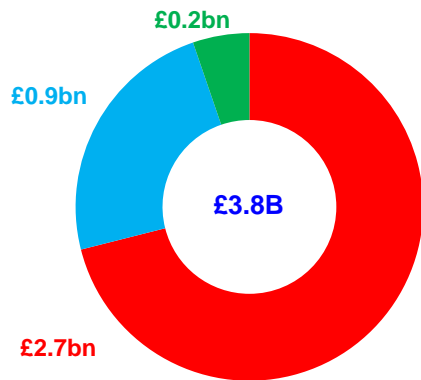
High growth, low risk driving our LTD towards 80%



Portfolio

Retail: 64% of portfolio

Commercial: 36% of portfolio



- Residential mortgages
- Residential mortgages BTL
- Consumer lending

- Commercial loans
- Professional BTL
- Asset & Invoice Finance

- Annual loan growth of 66%
 - Retail 66% growth
 - Commercial 64% growth
- Loan mix: commercial 36% and retail 64%
- Non-performing loans (90 days+ in arrears) 0.12% of loan balances at end 2016
- The loan loss reserve represents 103% of non-performing loans
- Cost of risk is 0.10% at end 2016
- Average debt to value on residential mortgage lending is 58%
- Average debt to value on commercial lending is 57%
- Buy-to-Let is c.25% of total lending with an average debt to value of 56%

delivering a strong and simple highly liquid deposit funded balance sheet

£'m	FY 2016	FY 2015	Annual Growth
Cash and equivalents	500	282	+77%
Investments	3,227	2,000	+61%
Customer lending	5,865	3,543	+66%
Fixed, intangible and other assets	465	323	+44%
Total Assets	10,057	6,148	+64%
Customer deposits	7,951	5,108	+56%
Repo funding	653	562	+16%
Deposits from central banks	543	0	-
Other liabilities	106	71	+49%
Total Liabilities	9,253	5,741	+61%
Shareholders' funds	804	407	+98%
Total equity and liabilities	10,057	6,148	+64%
Capital adequacy ratios:			
CET1 ratio	18.1%	13.1%	-
Regulatory leverage ratio	6.5%	4.9%	-
Risk weighted assets	3,590	2,261	+59%

- With a 74% loan to deposit ratio, the balance sheet is intrinsically liquid
- 84% of the liquidity and investment portfolio is cash, AAA, UK gilts and T bills
- Investment portfolio grew 61% year on year due to capital raise, deposit growth and additional FLS and TFS drawings
- FLS and TFS drawings increased to £1.6B from £0.5B at 31 Dec 2015
- LCR ratio at 31 December of 136%
- Strong capital ratios, above our regulatory minimum, that we will grow into
- Move towards advanced risk based (AIRB) approach in the medium term and debt issuance represents an opportunity to achieve greater capital efficiency

with income growth continuing to outpace cost growth

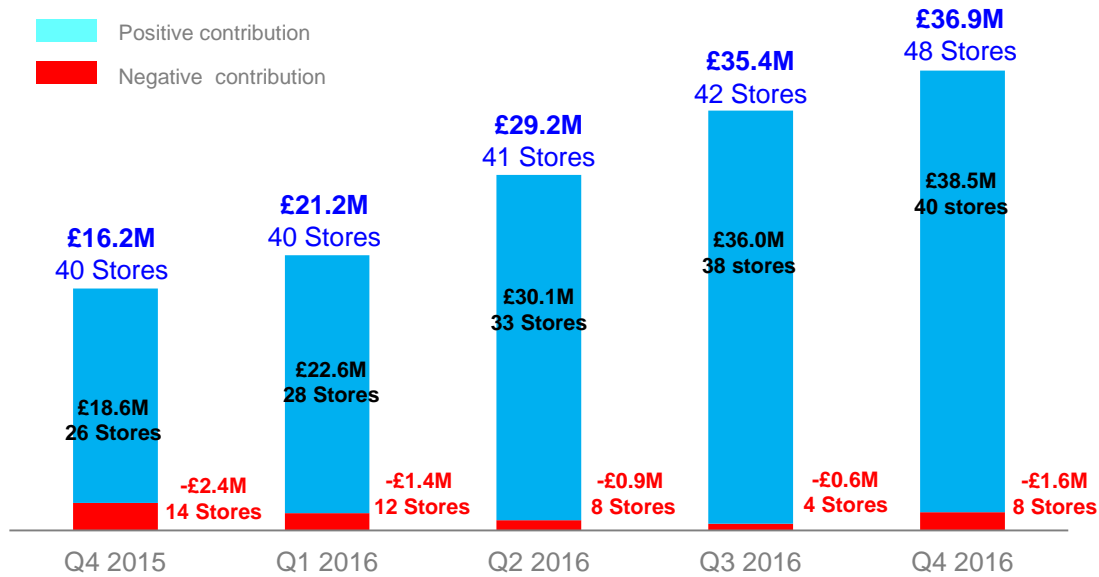
£'m	FY 2016	FY 2015	Annual Growth
Net interest income	154.2	88.9	+74%
Fees and other income	35.5	24.9	+42%
Net gains on sale of securities	5.4	6.4	-15%
Total revenue	195.1	120.2	+62%
Operating expenses	-179.7	-141.6	+27%
Depreciation and amortisation	-22.4	-18.2	+23%
Impairment charges	-4.7	-7.0	-33%
Underlying profit (loss) before tax	-11.7	-46.6	-75%
Underlying taxation	0.4 ⁽¹⁾	9.2	-
Underlying profit (loss) after tax	-11.3	-37.4	-70%
Ratios:			
Average asset yield	2.72%	2.82%	-
Average cost of deposits	0.79%	0.82%	-
Net interest margin	1.97%	2.00%	-
CoR	0.10%	0.29%	-

- Positive income (+62%) and operating costs (+26%) jaws – FY 2015 to FY 2016
- Annual operating costs per £1M of deposits down by 19% (2015 £31K, 2016 £25k) as economies of scale impact
- NIM in Q4 of 2.03%
- £11.7M pre tax loss in 2016 (2015: £46.6M) and a profit for 2H 2016 of £2.1M

⁽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.

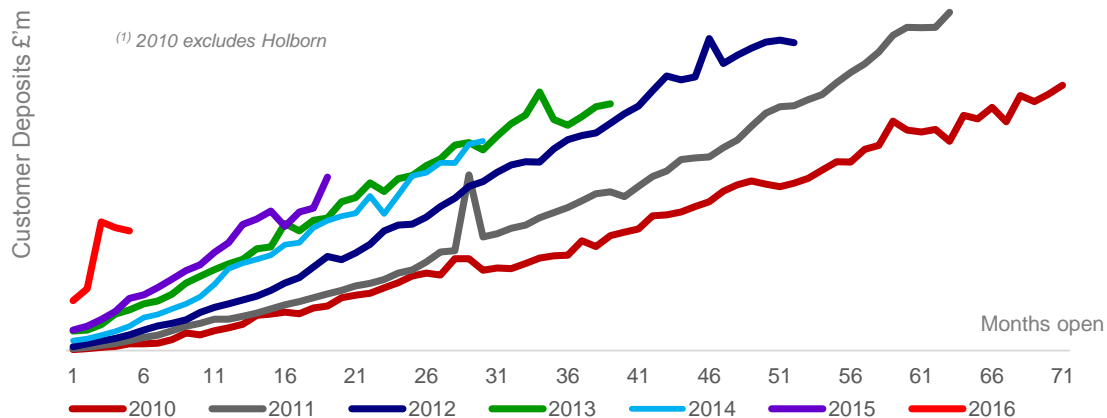
as store contribution and performance increases

Store contribution increases for new and existing stores



- 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 and organisational learnings
- In stores open 12 months+ safe deposit boxes cover over 80% of the rent

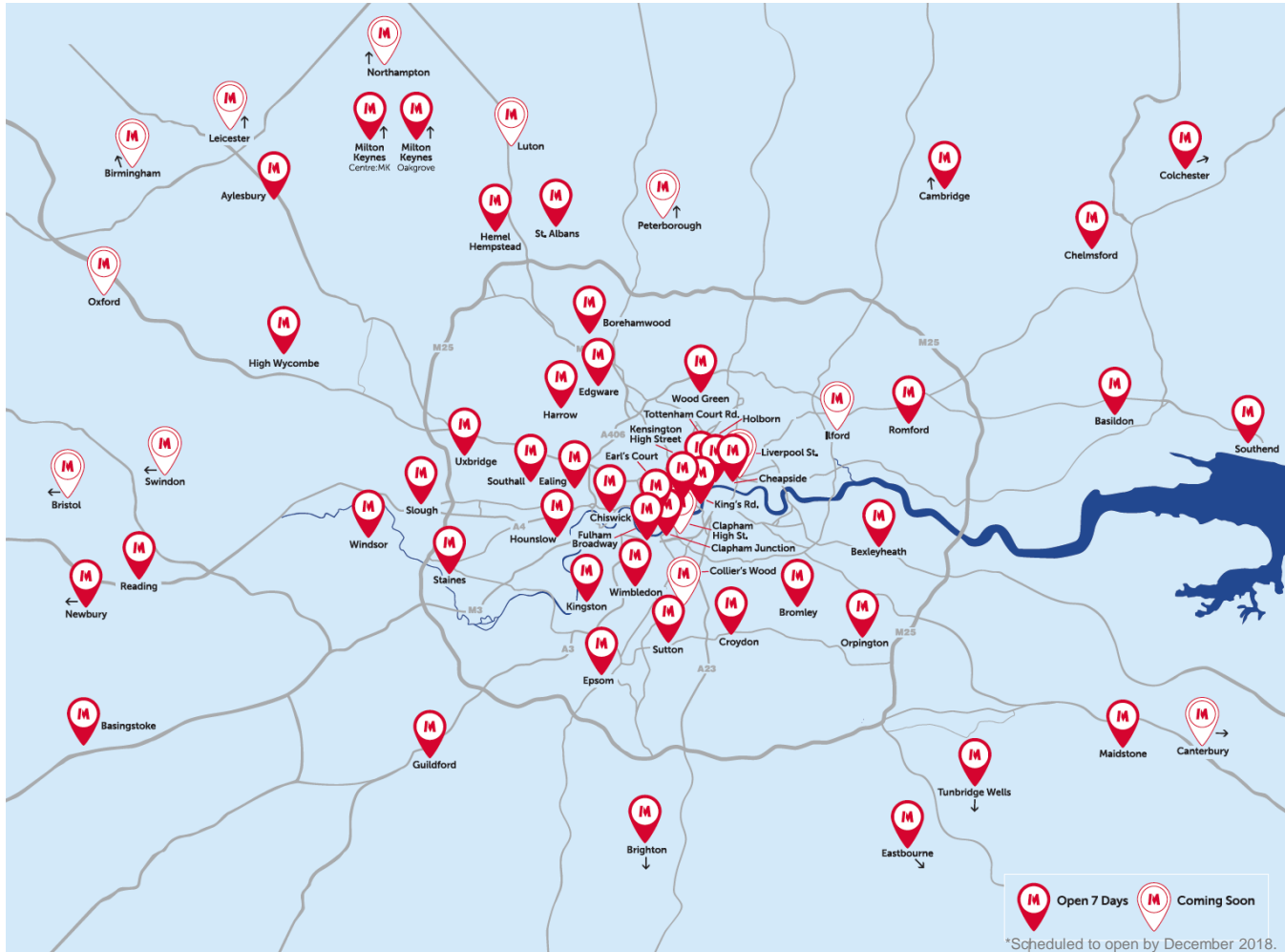
As annual cohorts start and grow faster⁽¹⁾



- 51% comp store growth in deposits for stores open 12 months+ (45% and 44% for stores open 24 months+ and 36 months+)

and we continue to expand our store network

48 stores open



2016: 8 stores opened
2017: 10-12 stores opening

Pipeline

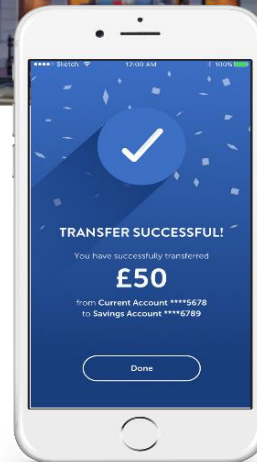
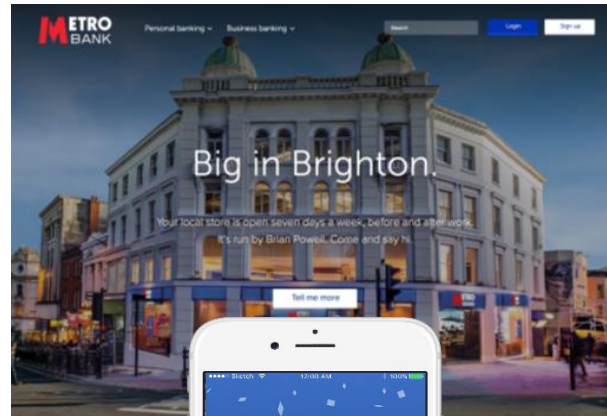
- | | |
|------------------|---------------|
| Peterborough | Merry Hill |
| Luton | Watford |
| Ilford | Birmingham |
| Canterbury | Strand |
| Clapham High St. | Leicester |
| Oxford | Enfield |
| Swindon | Bristol |
| Colliers Wood | Solihull |
| Liverpool St. | Wolverhampton |
| Northampton | Putney |

Open 7 Days Coming Soon
*Scheduled to open by December 2018.



and invest in an integrated service proposition

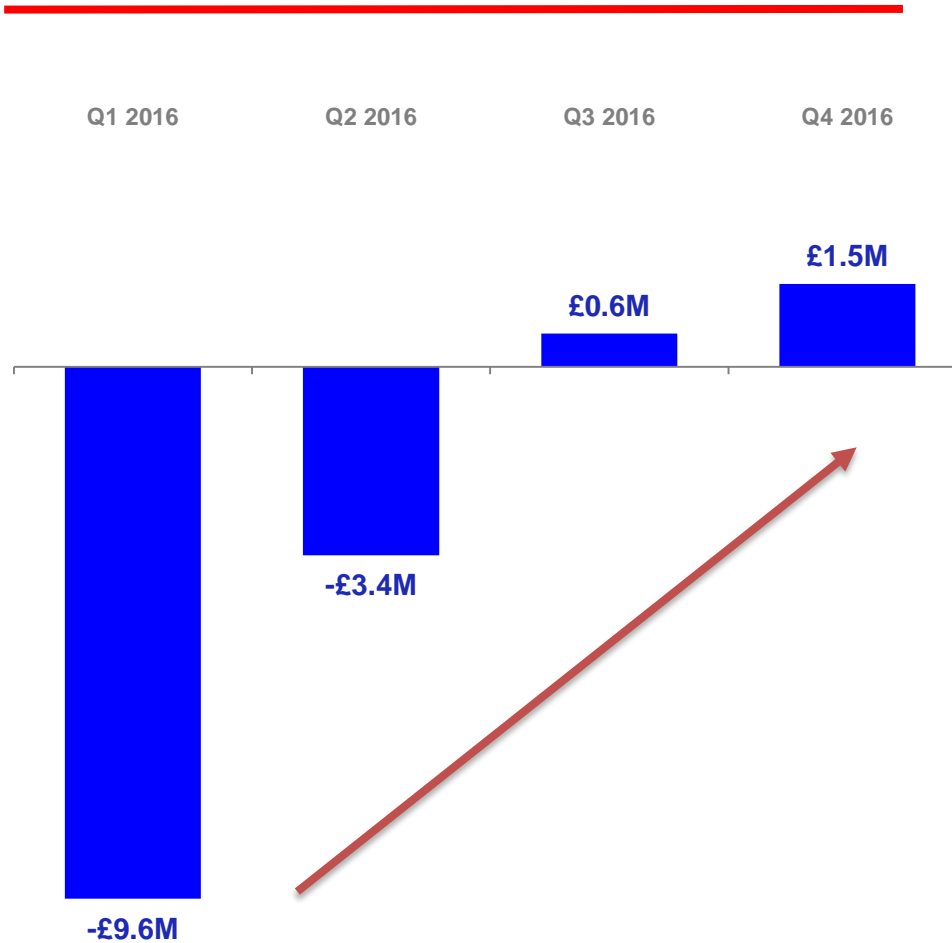
- **LIVE!** Best-in-class Commercial banking platform launched
- **LIVE!** Apple Pay® and Android Pay™ mobile wallet payments
- **LIVE!** Redesigned Brand Website with enhanced navigation and content management
- **LIVE!** First UK challenger bank to join Faster Payments Scheme
- **LIVE!** Upgraded mobile app for Personal and Small Business Customers



- **2017:** State-of-the-art online account applications, including “selfie” IDV
- **2017:** Personalised mobile alerts with appropriate prompts to support customer financial management
- **2017:** Market-leading fraud analytics platform via “behaviourmetrics”
- **2017:** Bank-wide API layer to support client data requests and open banking revolution
- **2017:** Begin build of stand-out Packaged Account proposition
- **2017:** Begin build of market-leading Personal and SME Unsecured Lending platform for use in Store and online

whilst still delivering incremental profitability

Underlying (loss)/profit before tax



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

and progressing towards our 2020 guidance

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.80%

NIM + Fees: c.3%

Cost : Income: c.60%

Cost of Risk⁽³⁾: 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.

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