



**METRO BANK DOUBLES QUARTERLY PROFIT BEFORE TAX
AS CUSTOMER ACCOUNTS SURPASS 1 MILLION**

Metro Bank PLC (LSE: MTRO), the revolution in British banking, has delivered another strong trading performance in Q2 and H1 2017.

H1/Q2 Highlights

- Deposits from customers up 49% year-on-year to £9.8b (\$12.7b), whilst the cost of deposits dropped from 61bp in Q1 2017 to 53bp in Q2 2017.
- Net deposit growth per store per month of £6.4m (\$8.3m) in H1 2017 versus £6.2m (\$8.1m) in H1 2016.
- Lending up 67% year-on-year to £7.8b (\$10.1b) and an increased loan to deposit ratio of 79%.
- Underlying profit before tax¹ in H1 2017 of £6.0m (compared to a loss of £13.0m in H1 2016).
- Underlying profit before tax¹ doubled in the quarter from £2.0m in Q1 2017 to £4.0m in Q2 2017.
- Awarded Moneywise Most Trusted Financial Provider for the second year running. Also won Best Mobile Banking App.
- 58,000 increase in customer accounts in quarter to 1,045,000, surpassing one million customer accounts less than seven years after launch.

Note: All figures contained in this trading update are unaudited. All figures in US\$ have been translated at a rate of \$1.30 to the £.

| Quarter ending £ in millions | 30 June 2017 | 31 March 2017 | Change In Quarter | 30 June 2016 | Change In Year |
|---|-----------------|------------------|-------------------------|-----------------|----------------------|
| Assets | £13,094 | £11,624 | 13% | £8,351 | 57% |
| Loans | £7,750 | £6,482 | 20% | £4,629 | 67% |
| Deposits from customers | £9,805 | £9,010 | 9% | £6,599 | 49% |
| Loan to deposit ratio | 79% | 72% | | 70% | |
| Underlying profit/(loss) before tax | £4.0 | £2.0 | 100% | £(3.4) | n/a |
| Total revenue | £69.2 | £61.9 | 12% | £46.3 | 49% |
| Net interest margin | 1.92% | 2.02% | | 1.93% | |
| Underlying profit/(loss) after tax per share – basic | 3.7p | 1.9p | 95% | (0.05)p | n/a |
| Underlying profit/(loss) after tax per share - diluted | 3.6p | 1.8p | 100% | (0.05)p | n/a |

¹ Underlying profit/(loss) before tax excludes listing related costs and the FSCS levy. The statutory profit before tax in the quarter is set out on page 5.

Craig Donaldson, Chief Executive Officer at Metro Bank said:

“This has been another great half year for Metro Bank with extremely strong organic lending supported by a c£600m book purchase increasing our Loan to Deposit ratio to 79%. This, taken together with continued strong deposit growth at a reducing cost of deposits, has led to us doubling our profits quarter on quarter, from £2m to £4m, and reporting our fourth consecutive quarter of profitability.

We are extremely proud that for the second consecutive year Metro Bank won the Most Trusted Financial Provider, as well as Best Mobile App, from Moneywise the largest independent survey in the UK. All of this is at the same time as we passed the one million customer account mark showing that Metro Bank continues to deliver exceptional service and convenience across every channel to our business and personal customers”.

Vernon Hill, Chairman and Founder at Metro Bank, added:

“Almost seven years in and the Metro Bank story just gets better and better. Our ability to meet the banking needs of business, commercial and retail customers in and outside London is proving to be an attractive proposition for British consumers and businesses alike. In the last six months alone we have opened a further 130,000 accounts and more FANS are joining every day. The Metro Bank model is revolutionising British Banking and 2017 is shaping up to be a fantastic year for us.”

Highlights for the Half Year and Quarter Ended 30 June 2017

- IM As of 30 June total assets were £13,094m**, up from £11,624m at 31 March 2017 and £8,351m at 30 June 2016; representing 13% growth in the quarter and year-on-year growth of 57%.
- IM The loan to deposit ratio increased to 79%** (30 June 2016: 70%).
- IM Net deposit growth per store per month of £6.4m (\$8.3m) in H1 2017** versus £6.2m (\$8.1m) in H1 2016. Annualised this represents deposit growth per store of £77m (\$100m).
- IM Comparative store deposit growth** (a measure of deposit growth using deposit numbers from stores that have been operating for more than a full year) **is 45%**.
- IM As of 30 June total deposits were £9,805m**, up from £9,010m at 31 March 2017 and £6,599m at 30 June 2016; representing year-on-year growth of 49% and 9% in the quarter.
- IM Deposits from commercial customers represent 52% of 30 June 2017 total deposits** (31 March 2017: 50%).
- IM Non-interest bearing account (current account) deposits grew year on year by 71%** and represent 31% of the deposit book.

| <i>£ in millions</i> | 30 June 2017 | 31 March 2017 | Change In Quarter | 30 June 2016 | Change In Year |
|--------------------------------|-----------------|------------------|-------------------------|-----------------|----------------------|
| Demand: non-interest bearing | £2,998 | £2,582 | 16% | £1,749 | 71% |
| Demand: interest bearing | £4,715 | £4,224 | 12% | £2,854 | 65% |
| Fixed term | £2,092 | £2,204 | (5%) | £1,996 | 5% |
| Deposits from customers | £9,805 | £9,010 | 9% | £6,599 | 49% |

Deposits from customers includes:

| | | | | | |
|-----------------------------------|--------|--------|-----|--------|-----|
| Deposits from retail customers | £4,750 | £4,464 | 6% | £3,155 | 51% |
| Deposits from corporate customers | £5,055 | £4,546 | 11% | £3,444 | 47% |

IM Cost of deposits in Q2 was 53bps, a reduction from 61bps in Q1 2017. This reflects management actions with regards to deposit re-pricing, and continued strong growth in non-interest bearing liabilities (current accounts).

IM Total net loans as of 30 June 2017 were £7.8b, up from £6.5b at 31 March 2017 and £4.6b at 30 June 2016; an increase of 67% year-on-year, and a 20% increase in the quarter. Loans to commercial customers represent 34% of total lending as of 30 June 2017 (31 March 2017: 35%).

IM Net loans increased by £1.3b in Q2. A strong organic lending performance contributed £0.7b and on 2 June 2017, the Bank completed the purchase of a portfolio of UK mortgages for total consideration of £0.6b. The purchased portfolio consists predominantly of seasoned buy to let mortgages and has a similar credit risk profile to our organic book. The portfolio acquisition is NIM accretive as the portfolio was purchased at a discount.

| <i>£ in millions</i> | 30 June 2017 | 31 March 2017 | Change in Quarter | 30 June 2016 | Change in Year |
|--|-----------------|------------------|-------------------------|-----------------|-------------------|
| Gross Loans and advances to customers | £7,760 | £6,491 | 20% | £4,637 | 67% |
| Less: allowance for impairment | £(10) | £(9) | 16% | £(8) | 26% |
| Net Loans and advances to customers | £7,750 | £6,482 | 20% | £4,629 | 67% |

Gross loans and advances to customers includes:

| | | | | | |
|-------------------------------|--------|--------|-----|--------|-----|
| Commercial and business loans | £2,611 | £2,276 | 15% | £1,625 | 61% |
| Residential mortgages | £4,948 | £4,023 | 23% | £2,853 | 73% |
| Consumer and other loans | £201 | £192 | 4% | £159 | 26% |

IM Asset quality remains strong. Cost of risk remained low and stable in Q2 2017 at 0.12% compared to 0.11% in Q1 2017 and 0.10% in the full year to 31 December 2016. Non-performing loans were 0.26% of the portfolio and the loan loss reserve as a percentage of non-performing loans was 50% at 30 June 2017.

- IM Capital ratios remain robust and well above regulatory requirements.** Common Equity Tier 1 Capital (“CET1”) as a percentage of risk weighted assets is 13.5%. The Regulatory Leverage ratio is 4.9%.
- IM Customer acquisition goes from strength to strength and we surpassed one million customer accounts in May 2017, less than seven years since our launch.** Customer accounts have increased from 987,000 on 31 March 2017 to 1,045,000 at 30 June 2017; a net quarterly increase of 58,000 accounts. This represents an increase of 6% in the quarter and 34% year-on-year.
- IM Underlying profit before tax doubled between Q1 and Q2 2017.** Underlying profit before tax improved to £4.0m in Q2 2017 (compared to £2.0m in Q1 2017 and £1.5m in Q4 2016), and statutory profit before tax of £2.9m in Q2 2017 (compared to £1.5m in Q1 2017).
- IM For the first half of 2017, statutory profit before tax was £4.4m, compared to a loss of £18.1m in H1 2016.**
- IM The positive P&L “jaws” continue with Revenue up 56% year-on-year and Operating Expenses up 28%.**
- IM Net interest margin was 1.92% in Q2 2017** compared to 2.02% in Q1 2017. Net interest margin was depressed in the quarter by higher cash balances held in advance of the completion of the UK mortgage portfolio purchase on 2 June.
- IM We will strengthen our network with a further eight to ten new stores in 2017** as we continue to both in-fill and expand our coverage.
- IM We have refined our 2020 targets.** We have increased our 2020 loan to deposit ratio target to c.85% from c.80% and moved our 2020 Return on Equity target of c.18% to 2022, with an interim 2020 target of c.14%.

Metro Bank PLC

Balance Sheet and Profit & Loss Account

| Balance Sheet | Annual Growth Rate | 2017 | | 2016 | |
|-------------------------------------|--------------------|---------------|---------------|---------------|--------------|
| | | 30-June | 31-March | 31-Dec | 30-June |
| | | £'m | £'m | £'m | £'m |
| Assets | | | | | |
| Loans and advances to customers | 67% | 7,750 | 6,482 | 5,865 | 4,629 |
| Treasury assets ¹ | | 4,827 | 4,637 | 3,727 | 3,351 |
| Other assets ² | | 517 | 505 | 465 | 371 |
| Total assets | 57% | 13,094 | 11,624 | 10,057 | 8,351 |
| Liabilities | | | | | |
| Deposits from customers | 49% | 9,805 | 9,010 | 7,951 | 6,599 |
| Deposits from banks | | 1,823 | 1,235 | 543 | - |
| Other liabilities | | 654 | 571 | 759 | 958 |
| Total liabilities | | 12,282 | 10,816 | 9,253 | 7,557 |
| Total shareholder's equity | | 812 | 808 | 804 | 794 |
| Total equity and liabilities | | 13,094 | 11,624 | 10,057 | 8,351 |

| Profit & Loss Account | Annual Growth Rate | 2017 | | 2016 |
|--|--------------------|---------------|---------------|----------------|
| | | Q2 | Q1 | Q2 |
| | | £'000 | | £'000 |
| Net interest income | | 56,996 | 50,446 | 36,156 |
| Fee and other income | | 11,440 | 10,892 | 8,575 |
| Net gains on sale of securities | | 733 | 598 | 1,561 |
| Total revenue | 49% | 69,169 | 61,936 | 46,292 |
| Operating expenses | 30% | (63,040) | (58,403) | (48,445) |
| Credit impairment charges | | (2,098) | (1,560) | (1,292) |
| Underlying profit/(loss) before tax | n/a | 4,031 | 1,973 | (3,445) |
| Underlying taxation | | (1,071) | (485) | (700) |
| Underlying profit/(loss) after tax | n/a | 2,960 | 1,488 | (4,145) |
| Listing and related costs | | (391) | (353) | (768) |
| FSCS levy (net of tax) | | (554) | (48) | (1,002) |
| Statutory profit/(loss) after tax | n/a | 2,015 | 1,087 | (5,915) |

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

| Profit & Loss Account – half yearly | Annual Growth Rate | 2017 | 2016 |
|--|--------------------|----------------|-----------------|
| | | H1 | H1 |
| | | £'000 | £'000 |
| Net interest income | | 107,442 | 66,663 |
| Fee and other income | | 22,332 | 15,808 |
| Net gains on sale of securities | | 1,331 | 1,601 |
| Total revenue | 56% | 131,105 | 84,072 |
| Operating expenses | 28% | (121,443) | (94,675) |
| Credit impairment charges | | (3,658) | (2,405) |
| Underlying profit/(loss) before tax | n/a | 6,004 | (13,008) |
| Underlying taxation | | (1,556) | 917 |
| Underlying profit/(loss) after tax | n/a | 4,448 | (12,091) |
| Listing and related costs | | (744) | (3,875) |
| FSCS levy (net of tax) | | (602) | (1,002) |
| Statutory profit/(loss) after tax | | 3,102 | (16,968) |

Analyst and investor call

An analyst and investor call will be held as follows:

| |
|---|
| <p>Date: Wednesday 26th July 2017 Time: 2.00pm (BST) From the UK dial: 0808 237 0030 (Toll Free) From the US dial: 866 928 7517 (Toll Free) Participant Pin: 12390913# URL for other international dial in numbers: http://events.arkadin.com/ev/docs/NE_FEL_Events_International_Access_List.pdf An operator will assist you in joining the call.</p> |
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About Metro Bank

Metro Bank is the revolution in British banking. It is celebrated for its exceptional customer experience and its trusted products, and was awarded 'Most Trusted Financial Provider' at the Moneywise Customer Service Awards 2017, as well as 'Best Financial Provider' at the Evening Standard Business Awards 2017 and 'Bank of the Year' at the CityAM Awards 2016.

Offering retail, business, commercial and private banking services, it prides itself on using technology to give customers the choice to bank however, whenever and wherever they choose. Whether that's through its growing network of stores open seven days a week, from early in the morning to late at night, 362 days a year; on the phone through its UK-based 24/7 contact centres, manned by people not machines; or online through its internet banking or award-winning mobile app.

The bank employs over 2,800 colleagues and is headquartered in Holborn, London.

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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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Forward looking statements

This announcement may include statements that are, or may be deemed to be, forward-looking statements. 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 announcement 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, expressed or implied, is made regarding future performance.

No assurances can be given that the forward-looking statements in this announcement will be realised. The Company undertakes no obligation to release the results of any revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement and the Company disclaims any such obligation.