

Metro Bank PLC (LSE: MTRO LN)

First Quarter 2023 Trading Update

- The bank was profitable on a statutory basis for the first quarter of 2023
- Second consecutive quarter of underlying profitability
- Net deposit inflows in March and continued strong account growth

<i>£ in millions</i>	31 March 2023	31 December 2022	Change from Q4 2022	31 March 2022	Change from Q1 2022
Assets	£22,104	£22,119	0%	£22,727	(3%)
Loans	£12,922	£13,102	(1%)	£12,340	5%
Deposits	£15,596	£16,014	(3%)	£16,498	(5%)
Loan to deposit ratio	83%	82%	1 ppts	75%	8 ppts

Total deposits of £15.6 billion reduced by £0.4 billion from the full year position reflecting seasonal factors, such as tax payments in January, partially offset by net inflows in March. The bank re-entered the fixed term deposit market during the quarter as guided at the full year. The core customer deposit base continues to be predominantly Retail¹ and SME with low average balances, and a significant majority of customer deposits are protected by the Financial Services Compensation Scheme.

The underlying service-led core deposit franchise saw continued growth in customer numbers during the quarter, opening over 54,000 personal current accounts and 12,000 business current accounts. Current account openings for the quarter were up 18% compared to the same period last year and 20% higher than pre-COVID (Q1 2020).

Total lending of £12.9 billion remains broadly flat compared to the full year position as the bank continues to strategically manage RWA allocation. The focus remains to optimise risk-adjusted return on regulatory capital to improve margins and profitability. Retail mortgage lending increased marginally to £7.7 billion, offset by the managed reductions in both Consumer lending to £1.4 billion and Commercial lending to £3.9 billion.

Profitability and a disciplined approach to asset allocation have underpinned capital stability, although the bank continues to operate within its MREL capital buffers².

Daniel Frumkin, Chief Executive Officer at Metro Bank, said:

“Metro Bank has delivered a second consecutive quarter of underlying profitability and March has been our strongest month of performance since the turnaround commenced. We continued to attract more personal and business accounts, demonstrating the strong appeal of our service-led, community-based model. Whilst we remain watchful of macroeconomic headwinds, we continue to optimise the business for improved risk-adjusted returns and are confident in our plan to become a sustainably profitable growth engine.”

1. Retail customers excluding retail partnerships

2. Based on current capital requirements excluding any confidential PRA buffer, if applicable

Enquiries

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About Metro Bank

Metro Bank services 2.7 million customer accounts and is celebrated for its exceptional customer experience. It is the highest rated high street bank for overall service quality for personal customers and the best bank for service in-store for personal and business customers, in the Competition and Markets Authority's Service Quality Survey in February 2023. Metro Bank has also been awarded "2023 Best Lender of the Year – UK" in the M&A Today, Global Awards, "Best Mortgage Provider of the Year" in 2022 MoneyAge Mortgage Awards, "Best Business Credit Card" in 2022 MoneyNet Personal Finance Awards, "Best Business Credit Card 2022", Forbes Advisor, "Best Current Account for Overseas Use" by Forbes 2022 and accredited as a top ten Most Loved Workplace 2022. It was "Banking Brand of The Year" at the MoneyNet Personal Finance Awards 2021 and received the Gold Award in the Armed Forces Covenant's Employer Recognition Scheme 2021.

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 76 stores open seven days a week, 362 days a year; on the phone through its UK-based 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. Eligible 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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