

First Quarter 2021 Trading Update

<i>£ in millions</i>	31 March 2021	31 December 2020	Change from full year 2020	31 March 2020	Change from Q1 2020
Assets	£22,899	£22,579	1%	£21,291	8%
Loans	£12,046	£12,090	-	£14,512	(17%)
Deposits	£16,412	£16,072	2%	£14,554	13%
Loan to deposit ratio	73%	75%	(2)pp	100%	(27)pp

Q1 total deposits of £16,412 million were 2% above the full year position, with continued mix improvement driven by growth across business and retail customers' instant access and current accounts, together with a reduction in higher-cost fixed term deposits. As previously stated, maintaining a high-quality deposit mix rather than expansion remains the focus for 2021.

Q1 total net loans were broadly flat at £12,046 million with strong growth in consumer lending supported by the integration of the RateSetter platform and continued growth in capital-efficient government-supported business lending, offset by the attrition of lower-yielding residential mortgages and commercial term loans. Credit impairments continued to be benign and in line with guidance provided at the full year. The marginal reduction in loan to deposit ratio in Q1 to 73% reflects deposit growth since the year end, while the year-on-year decrease includes the mortgage portfolio disposal and increase in deposits during the period. The £3.1 billion mortgage portfolio disposal successfully completed on 2 February created capital headroom, as well as excess liquidity that is currently suppressing net interest margin.

Delivery of the five strategic priorities continues at pace, including completion of the £337m RateSetter back book acquisition on 2 April and roll-out of unsecured personal lending through the RateSetter platform across all channels, including stores on 12 April. The range of higher-yielding specialist mortgages has also expanded to include near prime and 95% loan to value residential mortgages.

Customer activity dipped in January following the introduction of the third national lockdown in late December, recovering as the quarter progressed and helped by the gradual easing of restrictions in April.

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

"Metro Bank has delivered a solid first quarter, with continued improvement in deposit mix. We are also beginning to see progress across our loan book, with strong growth in consumer lending and specialist mortgages as we focus on assets delivering higher risk-adjusted returns. Our turnaround strategy is ongoing and I remain incredibly grateful for how colleagues have continued to step-up to deliver for our customers and communities during these challenging times."

For more information, please contact:

Metro Bank PLC Investor Relations

Jo Roberts

+44 (0) 20 3402 8900

jo.roberts@metrobank.plc.uk

Metro Bank PLC Media Relations

Mona Patel / Abigail Whittaker

+44 (0) 7815 506845 / +44 (0) 7989 876136

pressoffice@metrobank.plc.uk

Teneo

Charles Armitstead / Haya Herbert Burns

+44 (0)7703 330269 / +44 (0) 7342 031051

Metrobank@teneo.com

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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 for personal and business customers and the number one bank for service in stores in the Competition and Market Authority's Service Quality Survey in February 2021. It was recognised as 'Bank of the Year' at the 2020 MoneyAge Awards and 'Banking Brand of The Year' at the Moneynet Personal Finance Awards 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 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.

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