

METRO BANK CONTINUES TO SEE SIGNIFICANT GROWTH IN DEPOSITS AND LOANS

Metro Bank PLC (LSE: MTRO) has delivered another strong trading performance in H1/Q2 2016 as it continues to create Britain's leading growth bank.

<i>Quarter ending £ in millions</i>	<u>30 June 2016</u>	<u>31 March 2016</u>	<u>% Improvement In Qtr.</u>	<u>30 June 2015</u>	<u>% Improvement In Year</u>
Assets	£8,351	£7,388	13%	£4,571	83%
Loans	£4,629	£4,129	12%	£2,206	110%
Deposits	£6,599	£5,898	12%	£3,791	74%
Loan to deposit ratio	70%	69%		58%	
Total Revenue	£46.3	£37.8	23%	£28.4	63%
Underlying (loss) after tax¹	£(4.1)	£(7.9)	48%	£(7.6)	45%
Underlying (loss) per share	£(0.05)p	£(0.13)p	62%	£(0.13)p	60%

Note: all figures contained in this trading update are unaudited

¹ Underlying loss after tax excludes listing and related costs and the FSCS levy

Craig Donaldson, Chief Executive Officer at Metro Bank said:

"We have had an excellent Q2 and first half of 2016, generating substantial growth in deposits and lending; joining the FTSE-250; and continuing to move towards profitability. Revenue is up 63% year-on-year and the underlying quarterly loss after tax down to £4.1m, compared to £10.2m in Q4 2015 and £7.9m in Q1 2016.

"I am pleased with both the momentum and quality of our lending, as we continue to actively support our customers by enabling more businesses to grow and people to buy their houses, with a 110% year-on-year increase in lending. Strong growth across both residential mortgages and commercial lending has resulted in our Loan to Deposit ratio further improving to 70%.

"Total deposits increased 74% year-on-year to £6.6bn, with deposits coming from a diversified mix of both businesses and retail customers.

"Metro Bank is in a strong position to deal with any post European Referendum uncertainty. Since the Referendum vote we have seen no change in customer behaviour or impact on business flows."

Vernon Hill, Chairman and founder at Metro Bank commented:

"Six years on from our launch, we are the Revolution in British banking. Our relentless focus on customer service and convenience, supported by state-of-the-art IT and a powerful AMAZE culture, continues to distinguish us and provides a compelling competitive advantage in the

market. As we celebrate our 6th anniversary, we would like to thank all our customers, colleagues and investors who have supported us in our mission to develop Metro Bank into a major banking force in the UK. We look forward to creating even more fans over the years ahead.”

Highlights for the Half Year and Second Quarter Ended 30 June 2016

- IM** As of 30 June total assets were £8,351m, up from £7,388m at 31 March 2016 and £4,571m at 30 June 2015; representing year-on-year growth of 83% and 13% growth in the quarter.
- IM** The loan to deposit ratio increased to 70% (31 March 2016: 69%; 30 June 2015: 58%).
- IM** Robust net deposit growth per store per month of £5.7m (\$7.6m) in Q2 2016 versus £6.6m (\$8.8m) in Q1 2016, and £4.0m (\$5.3m) in Q2 2015.
- 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 66%.
- IM** As of 30 June total deposits were £6,599m, up from £5,898m at 31 March 2016 and £3,791m at 30 June 2015; representing year-on-year growth of 74% and 12% in the quarter. Deposits for the second quarter grew £701m. Deposits from commercial customers represent 52% of 30 June 2016 total deposits (December 2015: 53%).

	30 June 2016 £'m	31 March 2016 £'m	30 June 2015 £'m	% change in Quarter	% change in Year
Demand: non-interest bearing	1,749	1,587	1,067	10%	64%
Demand: interest bearing	2,854	2,476	1,777	15%	61%
Fixed term	1,996	1,835	947	9%	111%
Deposits from customers	6,599	5,898	3,791	12%	74%
<i>Deposits from customers includes:</i>					
Deposits from retail customers	3,155	2,775	1,738	14%	82%
Deposits from commercial customers	3,444	3,123	2,053	10%	68%

- IM** Total loans as of 30 June were £4,629m, up from £4,129m at 31 March 2016 and £2,206m at 30 June 2015; an increase of 110% year-on-year, and a 12% increase in the quarter. Loans to commercial customers represent 35% of total lending as of 30 June (December 2015: 36%).

	30 June 2016 £'m	31 March 2016 £'m	30 June 2015 £'m	% change in Quarter	% change in Year
Gross Loans and advances to customers	4,637	4,136	2,213		
Less: allowance for impairment	(8)	(7)	(7)		
Net Loans and advances to customers	4,629	4,129	2,206	12%	110%
<i>Gross loans and advances to customers includes:</i>					
Commercial loans	1,625	1,427	977	14%	66%
Residential mortgages	2,853	2,566	1,162	11%	145%
Consumer and other loans and advances	159	143	74	11%	114%

- IM Customer acquisition continues to be very strong.** Customer accounts have increased to 780,000 at 30 June 2016 from 655,000 on 31 December 2015; a net increase of 125,000 accounts in the first half of the year. An increase of 43% year-on-year and a 19% increase in H1.
- IM Brand Recognition has increased to a record 80%** in the London market (77% a year ago); 85% for both those working full-time and the ABC1 demographic according to a recent independent survey conducted by YouGov².
- IM Underlying loss after tax has improved by 48% quarter-on-quarter to £4.1m (compared to £7.9m in Q1 2016 and £10.2m in Q4 2015).** This excludes listing and related costs of £0.8m and the FSCS levy of £1.0m leading to a statutory loss after tax of £5.9m.
- IM Asset quality remains strong. Non-performing loans (90 days+) were 0.12% of the portfolio and the loan loss reserve as a percentage of non-performing loans was 146% at 30 June 2016.**
- IM Capital ratios remain robust and well above regulatory requirements.** Common Equity Tier 1 Capital ("CET1") as a percentage of risk weighted assets is 21%. Regulatory Leverage ratio is 8%.
- IM We continue to make progress with our store opening programme.** Bexleyheath opened on 22 July and we now have 42 stores.

Analyst and investor webcast

An analyst and investor webcast will be held as follows:

Date: Wednesday 27 July 2016
Time: 2.00pm (London time)
Audience URL:
http://event.onlineseminarsolutions.com/r.htm?e=1219888&s=1&k=3F13CD2CAD5901D202AFCDD2EE8B1156
URL for International Dial in numbers:
http://events.arkadin.com/ev/docs/NE_FEL_Events_International_Access_List.pdf
Dial: +44 (0)20 3139 4830
Dial: +44 (0)808 237 0030 (UK Toll Free)
Participant Pin: 30981719#

² Brand awareness figures are from YouGov Plc. Total sample size was 1020 adults. Fieldwork was undertaken between 5th - 7th July 2016. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

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ENDS

About Metro Bank

Retail banking:

- 7 day a week store banking (8am-8pm Monday to Friday, 8am-6pm Saturday, 11am-5pm Sunday and bank holidays), 362 days of the year
- The ultimate in new account opening convenience, with a rapid opening procedure and on the spot bank cards and cheque books (Account Opening conditions apply. All Metro Bank products are subject to status and approval.)
- Free coin counting at every store, for customers and non-customers alike, with the Metro Bank Magic Money Machine™
- A friendly welcome to dogs and their owners, with water bowls and dog biscuits on hand for man's best friend - dogs rule at Metro Bank!

Business banking:

- The bank for entrepreneurs: Metro Bank offers tailored business banking services including a full range of lending and cash management solutions

Private banking:

- Private by name, personal by nature: Metro Bank Private Banking provides bespoke banking solutions for customers' personal and commercial interests

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All Metro Bank products are subject to status and approval.

Forward looking statements

This announcement contains certain forward looking statements with respect to the business, strategy and plans of Metro Bank PLC and its current goals and expectations relating to its future financial condition and performance. Such statements are not historical facts, nor are they guarantees of future performance. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future.

Metro Bank PLC

Balance Sheet and Profit & Loss Account

Balance Sheet	Annual Growth Rate	2016		2015	
		30-Jun	31-Mar	31-Dec	30-Jun
		£'m	£'m	£'m	£'m
Assets					
Loans and advances to customers	110%	4,629	4,129	3,543	2,206
Treasury assets ³		3,351	2,906	2,282	2,079
Other assets ⁴		371	353	323	286
Total assets	83%	8,351	7,388	6,148	4,571
Liabilities					
Deposits from customers	74%	6,599	5,898	5,108	3,791
Other liabilities		958	691	633	343
Total liabilities		7,557	6,589	5,741	4,134
Total shareholder's equity	82%	794	799	407	437

³ Comprises investment securities, cash & balances with the Bank of England, and loans and advances to banks

⁴ Comprises property, plant & equipment, intangible assets and other assets

Profit & Loss Account - quarterly	Annual Growth Rate	2016		2015
		Q2	Q1	Q2
		£'000	£'000	£'000
Net interest income		36,156	30,507	19,881
Fee and other income		8,575	7,240	6,244
Net gains on sale of securities		1,561	40	2,235
Total revenue	63%	46,292	37,787	28,360
Operating expenses		(48,445)	(46,236)	(37,249)
Credit impairment charges		(1,292)	(1,113)	(724)
Underlying loss before tax	(64%)	(3,445)	(9,562)	(9,613)
Underlying taxation		(700)	1,617	2,018
Underlying loss after tax	(45%)	(4,145)	(7,945)	(7,595)
Listing and related costs		(768)	(3,107)	-
FSCS levy (net of tax)		(1,002)	-	(427)
Statutory loss after tax		(5,915)	(11,052)	(8,022)

Profit & Loss Account – half yearly	Annual Growth Rate	2016	2015
		H1	H1
		£'000	£'000
Net interest income		66,663	37,632
Fee and other income		15,808	12,118
Net gains on sale of securities		1,601	6,125
Total revenue	50%	84,072	55,875
Operating expenses		(94,675)	(74,188)
Credit impairment charges		(2,405)	(1,831)
Underlying loss before tax	(35%)	(13,008)	(20,144)
Underlying taxation		917	4,059
Underlying loss after tax	(25%)	(12,091)	(16,085)
Listing and related costs		(3,875)	-
FSCS levy (net of tax)		(1,002)	(427)
Statutory loss after tax		(16,968)	(16,512)