



STRATEGIC SUMMARY

delivering our vision

Our disruptive model – creating FANS to create long-term value for everyone – is reflected through our strategy and regularly monitored through our key performance indicators.

STRATEGIC INITIATIVE

PROGRESS IN 2016



INTEGRATED MODEL

We create FANS by “surprising and delighting” customers across every channel through integrated technology and AMAZEING colleagues.

We opened eight new stores in 2016 – our regional network now includes 48 stores in Greater London and the south-east.

Over the past 12 months, we have launched a new website with a geo-user interface, an online commercial banking platform, Apple Pay, Android Pay and a new personal and business mobile app.



UNIQUE CULTURE

We recruit, train and lead our team to deliver our unique value-added model and create FANS.

Culture is of the utmost importance, with all colleagues receiving vision and values training on their first two days at Metro Bank, followed by a further six weeks for cashiers and customer service roles, and then, of course, regular training after that.

Our in-house training centre, Metro Bank University, has expanded from sites in Holborn, Croydon, Fulham and Milton Keynes to also include new sites at Wimbledon and Slough.

Performance assessments are focused on the effective delivery of Metro Bank values and customer service standards.



DIVERSIFIED, STICKY, LOW-COST DEPOSITS

We attract deposits through our integrated model and unique culture which creates FANS.

Customer deposits grew by 56% to £7,951 million at 31 December 2016 (2015: £5,108 million), while deposit growth per store per month was a record £5.7 million for the year.

We have had record growth in customer accounts in 2016 from 655,000 at 31 December 2015 to 915,000 at 31 December 2016, despite a fall in cost of deposits throughout the year (2016: 79bps; 2015: 82bps) with Q4 2016 cost of deposits at 66bps.



LOW-RISK, DIVERSIFIED LENDING

We offer simple lending products to customers to meet personal and business needs. Our customer-centric underwriting process aims to ensure a low-risk loan book, which is the foundation of long-term growth.

Total loans grew 66% to £5,865 million at 31 December 2016 (2015: £3,543 million). Loans to commercial customers represent 36% of total lending as of 31 December 2016, with a stable average debt to value ratio at below 60% during the year. Our mortgage book grew substantially to £3,605 million, enabled by the attractive high-quality service we provide.

Cost of risk remains low at 0.10% (2015: 0.29%) reflecting a rigorous credit focus and conservative risk profile.



KEY PERFORMANCE INDICATORS

2017 OBJECTIVES

NUMBER OF STORES

48
(2015: 40)

PRODUCT/SERVICE DEVELOPMENTS –

NEW COMMERCIAL BANKING PLATFORM

CUSTOMERS ON MOBILE APP

55%

CUSTOMERS REGISTERED FOR ONLINE BANKING

78%

- Expand the catchment area of our store network through strategic expansion around existing store locations and new market opportunities.
- Continue to improve brand awareness as presence across all channels expands.
- Increase our digital capability, in stores and through mobile, tablet and online services, to enable customers to interact how they want, when they want.

NET PROMOTER SCORE

78%

VOICE OF THE COLLEAGUE RESULTS

94%
of colleagues think that Metro Bank is a great place to work

COLLEAGUE HOURS OF TRAINING

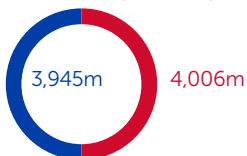
>134,000
face-to-face

>47,000
computer-based

>23,000
side-by-side

- Foster an AMAZEING culture, reflected through colleague training, reviews, opportunities for promotion and benchmarking against global high-performing companies.
- Create 500 new jobs to support expansion of the business.

RETAIL/COMMERCIAL AT 31 DEC 16 (DEPOSITS)



Commercial 50%
Retail 50%

DEPOSITS

£7,951m
up 56% from 2015

COST OF DEPOSITS

0.79%
(2015: 0.82%)

DEPOSIT GROWTH PER STORE PER MONTH

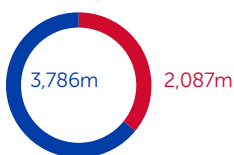
£5.7m
(2015: £5.3m)

NUMBER OF CUSTOMER ACCOUNTS

915,000
(2015: 655,000)

- Continue to attract sticky deposits while maintaining a low cost of deposits.
- Promote organic growth through existing stores, as well as opening new stores to attract FANS.
- Expand our FAN base by implementing technology to enable online account opening for new to franchise customers.

RETAIL/COMMERCIAL AT 31 DEC 16 (GROSS LENDING)



Commercial 36%
Retail 64%

LENDING

£5,865m
up 66% from 2015

NET INTEREST MARGIN

1.97%
(2015: 2.00%)

COST OF RISK

0.10%
(2015: 0.29%)

- Increase our loan to deposit ratio, while maintaining a cost of risk in line with target of c.0.2%.
- Support businesses through ring-fencing £1 billion of funds to lend to new and existing business and commercial customers.