

Metro Bank – £70m Award

CIF Key Achievements to Date

- In September 2020 we announced a new partnership with Enterprise Nation, a leading provider of advice and expertise to small businesses in the UK. The new collaboration offers a range of benefits for Metro Bank's business customers, including a year's free membership to Enterprise Nation which would usually cost £99
- In August 2020 we announced a new partnership with cloud accounting provider Clear Books, offering easy accounting software with free bank feeds and exclusive discounts to Metro Bank small business customers
- In July 2020 we began a phased launch of our straight-through business current account online application process for sole traders and single-director businesses
- In June 2020 Metro Bank started offering government-backed Bounce Back Loans (BBLs) to our business current account customers. By the end of Q3 2020 we had lent over £1.2bn to more than 32,000 customers
- In June 2020 we opened our third new store in the North of England, in Sheffield. This follows recent openings in Manchester and Liverpool
- 56 jobs have been created in the North of England, including 6 apprentices
- In June 2020 we enabled Direct Debit origination, letting business customers create, automatically collect, and manage payments with their own customers via Direct Debit
- In June 2020 we released new receipt management functionality into our mobile app, letting businesses capture and store receipts, which get automatically matched to the customer's transaction history
- In June 2020 we enabled physical sweeping functionality, helping businesses to manage their liquidity with automated rules for transferring funds between their accounts
- In March 2020 we announced a new partnership with ezbob, an award-winning lending-as-a-service provider, to deliver a next-generation small business loans platform
- In February 2020 we became a direct participant of Bacs, the Pay.UK-operated payment system, helping enable Direct Debit origination for business customers through a new partnership with Bottomline Technologies
- In December 2019 we announced a new partnership with Canadian fintech Sensibill to offer receipt management technology to SMEs via the Metro Bank mobile app
- In December 2019 we launched 'MCash' our new on-demand cash collection and delivery service to support the 4.2 million UK SMEs that rely on cash
- In September 2019 we launched the first part of our Trade Services capabilities – offering Letters of Credit and Documentary Collections
- In September 2019 we launched our artificial-intelligence-led 'Business Insights' capability into the Metro Bank mobile app – helping businesses manage their cash flow and make more data-driven decisions

Assessment Period 7 (October 1st, 2020 – December 31st, 2020)

COMMITMENT 1: WE WILL RADICALLY TRANSFORM THE UK SME BANKING EXPERIENCE

- **Our unique model is able to combine growth with remarkable levels of service quality. We're committed to staying in the top 2 for customer service in the CMA service ratings.**
- **At current rates, Metro Bank business banking customers are 30% more satisfied than the industry average.**

- Commitment 1 is on track.
- Metro Bank was ranked number 2 in the most recent CMA service rankings (August 2020). Results of the next survey are announced in February 2021.

COMMITMENT 2: WE WILL PROVIDE A "METRO MULTIPLIER" TO C&I FUNDING

- **Metro Bank will spend ~£2 of its own funds for every pound it receives from the Capability & Innovation Fund.**

- **This committed co-investment will ensure that the C&I funds have real impact, helping more SMEs benefit from better service and market-leading digital innovations and capabilities that bit sooner.**

- Commitment 2 is on track.
- Metro Bank remains committed to spending ~£2 of its own funds for every pound it receives from the Capability & Innovation Fund.

COMMITMENT 3: WE WILL OPEN 15 NEW METRO BANK STORES IN THE NORTH BY THE END OF 2025

- **C&I funds will be used to fund frontline roles for 18 months to provide SMEs with the support and service they need**

- **Metro Bank will pay for all store capital costs.**

- **All our stores will be open 7 days a week, early and late, offer in-store debit and credit card printing, safe deposit boxes and access to a Local Business Manager.**

- Commitment 3 is on track.
- Our latest store in the North of England opened in Sheffield in June 2020. This follows new store openings in Liverpool and Manchester in March 2020 and December 2019.

COMMITMENT 4: IN DELIVERING OUR PLANS WE WILL CREATE ~300 NEW JOBS IN THE NORTH

- **When combined with our Metro Multiplier, C&I funding will directly support the creation of ~300 high quality jobs in the North by 2025.**

- **C&I funding will also support the creation of ~50 new apprenticeship roles in the North by 2025.**

- Commitment 4 is on track.
- So far 56 colleagues have joined Metro Bank in the North, including 6 apprentices.

Original Commitment:

COMMITMENT 5: WE WILL BUILD A RANGE OF GAME-CHANGING DIGITAL CAPABILITIES TO HELP SMEs THRIVE

- **In 2019 we launched an artificial-intelligence led insights capability for SMEs using our mobile app, helping them to understand their cash flow and forthcoming payment obligations better.**

- **In 2019 we launched a mobile cash pick up and drop off service, ensuring SMEs can save time managing their cash.**

- **In 2020 we will launch a truly straight-through business current account online application, enabling 100% in the UK to benefit from the Metro Bank experience.**

- **In 2020 we will enable SMEs to manage tax submissions, bookkeeping, invoicing and receipts via - mobile and online banking and help them link to their favourite cloud accounting platform.**

- **By 2022 we will offer SMEs the UK's first end-to-end payments and accounts receivable solution that automatically reconciles with cloud accounting services, allowing businesses to get paid faster and save time.**

Rationale for the change:

In responding to the challenges of 2020, several elements of our delivery plan were disrupted. The pandemic played a significant part in this, forcing a reprioritisation of the Bank's delivery and operational capacity to support our customers through uniquely challenging times. Unanticipated development complexities further contributed to the need to re-plan.

Specific changes to the plan include delaying the launch of our cloud accounting platform and our payments and receivables platform. Our cloud accounting platform will launch in 2021, rather than 2020. The payments and receivables platform will launch in 2023, rather than 2022.

In response to further customer research our strategy for supporting customers with digital tax returns has evolved. Rather than allowing customers to manage tax submissions via mobile and online banking, our links with leading cloud accounting platforms will allow customers to choose a solution that best fits the needs of their business.

Updated Commitment:

COMMITMENT 5: WE WILL BUILD A RANGE OF GAME-CHANGING DIGITAL CAPABILITIES TO HELP SMEs THRIVE

- In 2019 we launched an artificial-intelligence led insights capability for SMEs using our mobile app, helping them to understand their cash flow and forthcoming payment obligations better.
- In 2019 we launched a mobile cash pick up and drop off service, ensuring SMEs can save time managing their cash.
- Starting in 2020 and completing in 2021 we will launch a truly straight-through business current account online application, enabling 100% of SMEs in the UK to benefit from the Metro Bank experience.
- In 2021 we will enable SMEs to manage bookkeeping, invoicing and receipts via mobile and online banking and help them link to their favourite cloud accounting platform.
- By 2023 we will offer SMEs the UK's first end-to-end payments and accounts receivable solution that automatically reconciles with cloud accounting services, allowing businesses to get paid faster and save time.

- Commitment 5 is on track
- Our artificial-intelligence led Business Insights capability was launched in September 2019 and our mobile cash pick up and drop off service (MCash) was launched in December 2019.
- A phased launch of our straight-through business current account online application process began in July 2020, with the full public launch for sole traders and single-director businesses taking place in September 2020. However, as one of the few lenders who continued to offer business accounts to new customers throughout the height of the pandemic, in October – as a result of a significant surge in demand for new accounts, coinciding with high demand for Business Bounce Back Loans (BBLs) – we temporarily paused applications for new business current accounts. This enabled us to focus on supporting our existing customers, as well as the pipeline of new account applications and associated BBLs applications which we're continuing to fulfil. We will continue to assess when we can reopen to new applications, and launch online account opening for multi-director businesses.
- Our mobile receipt-capture capability, which helps small businesses manage their expenses, launched in June 2020, followed by integrated on-boarding with Clear Books cloud accounting software in July 2020. Integrations with other cloud accounting providers will launch in 2021.
- The end-to-end payments and accounts receivable solution will start development in 2022 to be available to customers in 2023.

Original Commitment:

COMMITMENT 6: WE WILL BUILD THE CAPABILITIES NECESSARY TO SUPPORT LARGER AND MORE COMPLEX SMEs

- Starting in 2019 we began to enhance our trade finance and foreign exchange capabilities to ensure that the 14% of SMEs that trade internationally can access the finance products they need to grow.
- In 2020 we will offer SME customers the ability to accept direct debits, supporting the 12% of SMEs that rely on subscriptions and membership revenue from customers.
- In 2020 we will deliver balance sweeping capabilities to help SMEs better manage their liquidity.
- In 2020 we will deliver a new SME overdraft proposition and a new Small Business Loan platform to ensure SMEs can get access to the finance they need in a matter of minutes.
- This will be followed in 2021 by a new Revolving Credit Facility proposition.
- In 2021 we will offer a market-leading commercial credit card proposition, offering SMEs a full suite of customisable limits and controls.

Rationale for the change:

In responding to the challenges of 2020, we prioritised supporting the needs of our customers throughout the pandemic – particularly in accessing essential government-based lending.

To best meet the borrowing needs of our customers during this challenging period, we prioritised developing the new systems required to distribute government-backed business support loans. In 2020 we lent over £1.4 billion in government-backed loans to more than 34,000 businesses.

As a result of this reprioritisation a new SME overdrafts proposition and a new Small Business Loan platform will launch in 2021, rather than 2020, and a new commercial credit card proposition will

launch in 2022, rather than 2021.

These prioritisations also impacted the delivery timeline of the commercial credit card proposition. With additional propositions planned for delivery in 2021, resource constraints mean the launch of the credit card offering will be in 2022.

Updated Commitment:

- **Starting in 2019 we began to enhance our trade finance and foreign exchange capabilities to ensure that the 14% of SMEs that trade internationally can access the finance products they need to grow.**
 - **In 2020 we offered SME customers the ability to accept direct debits, supporting the 12% of SMEs that rely on subscriptions and membership revenue from customers.**
 - **In 2020 we also delivered balance sweeping capabilities to help SMEs better manage their liquidity.**
 - **In 2021 we will deliver a new SME overdraft proposition and a new Small Business Loan platform to ensure SMEs can get access to the finance they need in a matter of minutes.**
 - **This will be followed in 2021 by a new Revolving Credit Facility proposition.**
 - **In 2022 we will offer a market-leading commercial credit card proposition, offering SMEs a full suite of customisable limits and controls.**
- Commitment 6 is on track
 - The first launch of our Trade Services capabilities went live in September 2019.
 - The ability for SME customers to collect payments via Direct Debit and a facility for customers to manage fund sweeping between their accounts both went live in June 2020.
 - Our Small Business Loans platform and SME overdrafts proposition will both be delivered in the second half of 2021, to ensure that SMEs can get access to the finance they need in a matter of minutes.
 - We will also be launching a new Revolving Credit Facility proposition in 2021.
 - In 2022 we will launch a market-leading commercial credit card proposition, offering SMEs a full suite of customisable limits and controls.

COMMITMENT 7: WE WILL HELP 8+ INNOVATIVE UK SMEs SCALE BY PARTNERING WITH THEM TO DELIVER OUR BID COMMITMENTS

- **In delivering our bid commitments we will partner with 8+ UK SMEs, helping them scale next-generation innovations for business banking customers.**
 - **This will expand the addressable market for these companies by more than 395,000 SMEs by 2025.**
- Commitment 7 is on track.
 - So far we have partnered with five UK SMEs.

COMMITMENT 8: WE WILL PROVIDE BCR LTD AND OUR CUSTOMERS WITH UNPRECEDENTED TRANSPARENCY ON OUR PROGRESS TOWARDS DELIVERING ON OUR COMMITMENTS

- **In June 2019 we provided BCR Ltd with access to real time Microsoft Power BI dashboards, so it can track progress against agreed project milestones.**
 - **Every quarter until our commitments are delivered, we will publish a “BCR Commitments Update” on our public website, so that stakeholders can monitor our progress.**
- Commitment 8 is on track.
 - Metro Bank provided BCR Ltd with access to real-time Microsoft Power BI dashboards to track our progress against agreed project milestones in June 2019 as planned. We will continue to publish quarterly updates on our progress on the Metro Bank website.

Investing £70M from the Capability and Innovation Fund will enable Metro Bank to win an additional 93,000 SME BCA customers by 2025, based on Frontier Economics’ calculations. This equates to a 1.3 percentage point move in market share of stock. When combined with our ‘business as usual’ growth plans, Metro Bank will become an at-scale challenger with a 5.6% BCA market share of stock by 2025, serving more than 395,000 customers.

- Growth in BCA stock slowed in Q4 2020. This was a result of the new lockdown restrictions and temporarily pausing applications for new business current accounts, given the need to focus on supporting our existing customers, as well as the pipeline of new account applications and associated

BBLs applications which we're continuing to fulfil.

- We are still on track to meet our 2025 targets.