

Metro Bank – (A) - £70m**Public Commitments Update – Q4 2023****Key Achievements to Date**

- In November 2023, we launched *Invoice It* (formerly known as MPay).
- In November 2023, we launched our Enhanced Business Credit Card.
- In September 2023, we launched a significantly enhanced Small Business Loan product, supporting the growth and investment needs of SMEs.
- In Q2 2023, a new North region was launched with a Regional Director, and a team of Local Business Managers in place. Designs have been completed on the new stores with opportunities and deals progressing in our target locations.
- In December 2022, we completed development of Mflow - enabling SMEs to link their bank account to their favourite cloud accounting platform and this was rolled out to customers throughout 2023. To date, thousands of SMEs have leveraged the functionality with thousands more every month.
- In April 2022, we launched our Revolving Credit Facility product, helping larger, more complex businesses better manage cash flow peaks and troughs. As of Q4 2023, more than £150m of funding have been provided via RCF, with continued growth expected over the coming years.
- In March 2022, we rolled out our Enhanced Business Overdraft product across stores, in the mobile app in August 2022, and via telephony in November 2022 - helping our customers better manage their cashflow, providing quicker access to funding and pre-assessed limits. A critical foundation to deliver this enhanced SME lending experience, is our new digital credit platform, allowing real time automated credit decisioning. Since launch, several thousands of SMEs have been provided with tens of millions of pounds funding, with continued growth expected over the coming years.
- In August 2021, we opened our fourth new store in the North of England in Bradford. This follows openings in Manchester, Liverpool and Sheffield.
- In June 2021, we launched our new Enhanced Foreign Exchange proposition – giving customers access to real rates via a new-and-improved digital journey.
- Over the first three years of programme delivery (2019- 2021) we launched a range of new products, services, and partnerships to better support SMEs.
 - Business current account online application process for single and multi-director businesses. Supported by an SME brand campaign, which focused on our dedication to helping small businesses thrive and involved giving three Metro Bank customers their very own national advertising campaign.
 - Offering Government-backed loans to our business current account customers. By the end of 2021 we provided 38k loans and £1.7bn to UK businesses.
 - Receipt management - letting businesses capture and store receipts, which get automatically matched to the customer's transaction history.
 - Business invoicing – allowing quick creation, tracking and management of invoices.
 - Artificial-intelligence-led 'Business Insights' capability into the Metro Bank mobile app – helping businesses manage their cash flow and make more data-driven decisions.
 - 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.
 - Partnerships with cloud accounting providers Clear Books, FreeAgent, Sage and QuickBooks offering easy accounting software with free bank feeds and exclusive discounts to Metro Bank small business customers.
- And finally, throughout 2019 and 2020 we improved payments services for businesses with a range of new propositions:

- Physical sweeping functionality, helping businesses to manage their liquidity with automated rules for transferring funds between their accounts.
- We became a direct participant of Bacs, the Pay.UK-operated payment system, helping enable Direct Debit origination for business customers.

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 not on track. Metro Bank was ranked fifth for overall service quality for businesses in the most recent CMA service rankings, following the introduction of Starling Bank, Monzo and Tide.

We remain committed to achieving the targeted position of the top 2 for customer service. For added context we continue to be ranked number 1 for services in branches and business centres and have widened the gap to the next top peer over Q3 2023, as well as the highest rated high street bank for overall service quality for personal and business customers.

While the scores remain subject to sample size – SME overdraft and loan services has seen a significant increase in score, which can partly be explained by the significant improvements made to our business overdraft proposition.

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

- **All our stores will have extended opening hours, offer in-store debit and credit card printing, safe deposit boxes and access to a Local Business Manager.**

Commitment 3 is not on track. We remain fully committed to expanding our store network in the North of England, but our recent announcement that we will review our 7-day a week store model, and reduce the number of colleagues per store, has meant that we have now pivoted our search to smaller sites and withdrawn from negotiations on larger sites in specific city centre locations. We also continue to find the market for site acquisition challenging, especially for retail park locations.

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 not on track.

At the end of Q4 2023, there are 97 colleagues working for Metro Bank in the North and so far, 9 apprentices have joined the Bank. Our pivot to smaller sites and the associated reduction in colleague numbers per store means that we now expect to fall short of the 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 2022 we delivered tools to 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 complete.

- In November 2023, we launched Invoice It (formerly known as MPay). The capability, delivered in partnership with an innovative UK SME, is designed to help SMEs get paid faster and reduce the amount of time they spend on financial admin – two of the top pain points for UK businesses. Invoice It allows UK SMEs to get a real-time view on the funds owed to them, link their accounting software to create invoices directly within the platform, and send invoices and payment requests via email, text, WhatsApp or QR code to be paid in their Metro Bank Business Current Account. The solution saves time on chasing payments, with the ability to schedule automatic payment reminder notifications.
- In December 2022, we completed development of Mflow - enabling tens of thousands of SMEs to link their bank account to 4 of the most widely used cloud accounting platforms with thousands more connecting every month.
- Numerous functionalities, product and services have also been delivered between 2019 and 2021.

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 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 in 2024 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 2024 we will offer a market-leading commercial credit card proposition, offering SMEs a full suite of customisable limits and controls.

Commitment 6 is complete.

- In November 2023, we launched our Enhanced Business Credit Card, radically transforming the way SMEs can access the payment and working capital solution they need, reducing the time it takes to apply, receive a credit decision, and obtain the card to 45 minutes. This significant improvement in customer and relationship manager experience is augmented by tangibly larger credit limits available, while retaining all the award-winning features of the product

(lowest interest rate in the market, fee free spend across Europe, up to 56 days interest free period, servicing via the Mobile Application).

- In September 2023, we launched a significantly enhanced Small Business Loan product, supporting the growth and investment needs of SMEs. The new product benefits from a significantly improved application process that takes just minutes to complete via Local Business Managers and remotely, with significantly larger limits available, while retaining the transparent and competitive pricing SMEs value.
- We launched our Revolving Credit Facility product in April 2022, helping larger, more complex businesses better manage cash flow peaks and troughs during this period of wider economic uncertainty, with £100m+ of funding granted.
- Our new Business Overdraft product is fully rolled out in Stores, via Telephony, and on our Mobile app and has already supported thousands of SMEs.
- We launched a new digital credit risk platform in December 2021, allowing real time automated credit decisioning, and already delivered 3 upgrades.
- We have launched new capabilities across foreign exchange, trade services, accepting direct debits and balance sweeping.

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 238,000 SMEs by 2025.**

Commitment 7 is complete.

To deliver our large range of game changing digital capabilities supporting SMEs of all sizes since the programme launch, we have partnered with 8+ organisations.

Investing £70M from the Capability and Innovation Fund will enable Metro Bank to win an additional 70,000 SME BCA customers by 2025, based on Frontier Economics' calculations. This equates to a 1.2 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 4.2% BCA market share of stock by 2025, serving more than 238,000 customers.

We are on track to meet the BCA volume commitment by 2025.

As of Q4 2023 we had 202K Business Current Accounts, corresponding to a 3.7% market share.

We continue to make good progress with the new Business Account Online opening process, which has seen over 29k SMEs opening Metro Bank business accounts through this channel since we launched.

We continued to experience strong performance in Q4 in stores, with businesses valuing our SME proposition - personal service provided through Local Business Managers, whilst also offering a full suite of digital tools to help SMEs.