

Subject: External speculation re equity raise

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## **Equity Raise**

- As Metro Bank explained at its full year results, 2019 is a transitional year for the bank as it evolves its strategy.
- As part of this, Metro Bank will maintain a strong capital position to support its growth plans and the bank announced previously that it intends to raise growth equity capital of circa. £350m.
- Metro Bank is a fast growing company and this is capital that will continue to support growth.
- The bank is well capitalised. This is not operating capital, the bank does not need it to run the business.
- Unfortunately, because of the strict rules that are in place for any business completing an equity raise, Metro Bank isn't able to provide a rolling update to the market about this.
- That inevitably drives some media speculation that Metro Bank can't respond to. The bank's position remains as set out here and Metro Bank will update the market formally as soon as it is able to share any more details.
- In the meantime, as you will have seen from Metro Bank's Q1 results, it is making good progress.
- Metro Bank is a profitable bank, rated no.1 for customer service for personal current accounts and no. 2 for business current accounts by the CMA, and committed to serving the banking needs of its 1.7m customer accounts.
- Metro Bank is a safe & secure haven for our customers' money.

## **Q&A**

### **1. Why does Metro Bank need additional equity?**

- The bank is going to keep growing and the capital will all be used to support its growth.
- Metro Bank plans a growth equity capital raise of circa. £350m that has been underwritten by its relationship banks in H1.

### **2. When will Metro Bank be raising this equity?**

- Timing remains on track to complete by the end of H1 as planned.
- The capital raise of circa. £350m has been fully underwritten by Metro Bank's relationship banks (RBC, KBW, Jefferies).

### **3. Why can't Metro Bank give an update on the equity raise?**

- Unfortunately, because of the strict rules that are in place for any business completing an equity raise, Metro Bank isn't able to provide a rolling update to the market about this.
- That inevitably drives some media speculation that they can't respond to – but they will update the market formally as soon as they can share any more details.
- As noted in Metro Bank's Q1 results last week, the equity raise's timing remains on track and they plan to complete the equity raise by the end of H1. The capital raise has been fully underwritten by Metro Bank's relationship banks (RBC, KBW, Jefferies).

### **4. Is my money safe with Metro Bank?**

- Yes, Metro Bank remains a safe and secure haven for its customers' money. It is a profitable, UK only bank, regulated by FCA and PRA.
- This means that we are covered by the Financial Services Compensation Scheme (FSCS).
- Under FSCS, eligible deposits would be repaid up to £85,000 by the Deposit Guarantee Scheme. In some cases eligible deposits which are categorised as "temporary high balances" are protected above £85,000 for six months after the amount has been credited or from the

moment when such eligible deposits become legally transferable. These are eligible deposits connected with certain events including:

- (a) certain transactions relating to the depositor’s current or prospective only or main residence or dwelling;
- (b) a death, or the depositor’s marriage or civil partnership, divorce, retirement, dismissal, redundancy or invalidity;
- (c) the payment to the depositor of insurance benefits or compensation for criminal injuries or wrongful conviction.

#### 5. Are business funds protected by the FSCS scheme?

- The table below details business types which are eligible for the Financial Compensation Services Scheme (FSCS), and exclusions which apply. For full details please refer to the FSCS Information Sheet and Exclusion List [here](#).
- If any business is unclear whether they are covered or have further questions please refer them to the FSCS website at [www.FSCS.org.uk](http://www.FSCS.org.uk).

Type of organisation	Eligibility
Sole traders	Eligible. All eligible deposits at the same bank will be “aggregated” and the total is subject to the limit of £85,000 (across eligible retail and business accounts)
Corporates, partnerships, mutual associations/ unincorporated associations	Eligible (regardless of size) unless the entity falls under another exclusion
Credit institutions (banks, building societies and credit unions)	Ineligible
Investment firms, insurance undertakings and reinsurance undertakings	Ineligible
Collective investment schemes	Ineligible
Pension schemes and retirement funds	Ineligible with the exception of deposits by: <ul style="list-style-type: none"> <li>• personal pension schemes;</li> <li>• stakeholder pension schemes; and</li> <li>• occupational pension schemes (of micro, small or medium enterprises)</li> </ul>
Public authorities	Ineligible with the exception of small local authorities (defined as having a budget of 500k Euro or less)
Persons whose claim arises from transactions in connection with which there has been a criminal conviction for money laundering	Ineligible

#### 6. How do joint accounts work?

- In case of joint accounts, the limit of £85,000 applies to each depositor. However, eligible deposits in an account to which two or more persons are entitled as members of a business

partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single depositor for the purpose of calculating the limit of £85,000.