

Metropolitan Capital Updates



Metropolitan Capital team members help serve a meal to those in need through the Chicago Help Initiative in October 2014.



Emily Nixon (left) gives a brief speech after receiving the Distinguished Service in the Arts Award at Metropolitan Capital's client holiday party in December.

In December, at the Bank's client holiday party, Metropolitan Capital presented its annual Distinguished Service in the Arts Award. This year's recipient was Emily Nixon, of Nixon Art Associates. Nixon has long had a commitment to the art community.

In conjunction with the award, Metropolitan Capital will make a donation to a not-for-profit organization of the award recipient's choice. This year, Nixon has chosen the Chicago Artists Coalition and their 2014-2015 BOLT Program. The program offers 11 Chicago-based, emerging artists a one-year residency in which they are given studio space to work, community support and professional development. The sponsorship will allow three artists who are currently in the program the opportunity to have their own solo exhibition. Metropolitan Capital is proud to have Emily Nixon as this year's award recipient and to be affiliated with a great organization like the Chicago Artists Coalition.

Currently, on the walls of the Bank, is the exhibit *Head, Hand, Hammer: Tribute to a Community of Sponsors*. The exhibit, part of the Bank's Art Works Chicago program, features the sculptures and drawings of 16 different artists, whose work has been displayed all over the world. The exhibit displays a part of the artistic process that each artist goes through as they create their own work.

January marks the Ten Year Anniversary for Metropolitan Capital. In honor of the anniversary and the Bank's continued dedication to the larger community, Metropolitan Capital will be partnering with several not-for-profit organizations in 2015. The goal of these partnerships is to leverage the unique talents of the Bank and its team members to support the not-for-profit organizations and help identify areas in which a long-lasting relationship can be formed. The Bank looks forward to this challenge and encourages our clients to join in the effort.



Metropolitan Capital Opens West Region Office

Metropolitan Capital is excited to announce the official opening of our second office location. Through the team's efforts, and again with the invaluable support and assistance of our investors, clients, and network, our organization has established an extensive network and significant client base within the Western Region of the United States, and in particular in San Francisco.

As a result of this expanding network and current client base, Metropolitan Capital is pleased to announce that Alex Penning, Vice President, and Scott Cohen, Private Capital Manager, have relocated to lead Metropolitan Capital's West Region expansion. We are also pleased to report that Alex and Scott's strategic and business development efforts are being supported through our advisory relationship with Peter Muscat, a former private banker with Goldman Sachs and First Republic Bank in San Francisco who has

a deep network of relationships in the West Region. Until a permanent location is identified, we have taken temporary space in the Merchant's Exchange Building located at 465 California Street. The addition of a full time physical presence in San Francisco enhances our ability to deliver our complete suite of services to our growing client base in the West Region, and further advances the long term strategy to expand our footprint into key metropolitan markets throughout the United States.

As we further expand our efforts in the West Region and beyond, we would continue to be appreciative of any introductions to individuals or organizations with whom you believe we should speak. Similarly, if there are any questions or thoughts that you have for us regarding our West Region efforts, please do not hesitate to contact Alex, Scott or your Private Capital Manager.

Case Study

IPO Stock Purchase



Introduction:

This loan opportunity was introduced to Metropolitan Capital by an executive at the Silicon Valley office of a large, publicly traded national bank.

Situation:

A Bay-Area venture capital firm was given an opportunity to purchase a large allocation of shares in one of the largest initial public offerings of the year. The principals were seeking financial assistance to leverage their buying power in this investment.

Other banks and financial partners had issues lending against unseasoned IPO shares and understanding the complex personal balance sheets of the firm's principals, which included multiple carried interest positions in existing private investments.

Solution:

Metropolitan Capital created a loan facility that allowed the principals to take advantage of the investment opportunity by leveraging their personal balance sheets and venture fund holdings. The loan structure was comprised of a borrower that was a newly formed LLC with the accompanying guarantee of the three principals.

Combined with the principals' liquidity, the loan amount represented less than 50% of the cost of shares purchased. With the use of Metropolitan Capital's loan proceeds, the clients earned an additional 35% on their investment, net of fees and expenses. The gain represented an approximate 95% Return On Invested Capital.



Case Study

Another Exercise in Private Stock Options

Introduction:

This loan opportunity was referred to Metropolitan Capital by the CEO of a west coast, wealth advisory firm.

Situation:

After leaving the medical device company that he founded, this client was looking to exercise vested stock options and to pay the associated income tax liability to capitalize on a favorable 409a valuation of the subject stock. The client also believed that an initial public offering was imminent and wanted to exercise in order to begin the long-term capital gains holding period.

The client found that other financial institutions were unwilling to lend against the stock of a privately held company that had restrictions against their shares being pledged as collateral. The institutions that would lend required the client to give up a portion of their equity interest. This is when

the referral source made the introduction to Metropolitan Capital seeking to find a pure debt solution which would not require the client to forfeit a portion of the upside potential.

Resolution:

Metropolitan Capital crafted a loan facility that allowed the client to leverage their own personal balance sheet in order to exercise their stock options in the privately held firm. The debt solution allowed the client to pursue the opportunity without having to give up any of their equity. Shortly following the funding, the firm went public on the Nasdaq and the stock price is up 58% since the IPO.



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