

Craig Donaldson
Metro Bank PLC
One Southampton Row
London
WC1B 5HA

4 March 2019

Dear Mr Donaldson

Banking Competition Remedies Ltd (BCR) is due, in the coming weeks, to sign an agreement with Metro following our recent announcement of the award of Alternative Remedies Package funds.

BCR is following, but to date has not commented on, the concerns expressed in the media and elsewhere concerning the recent issues at Metro and associated coverage of the BCR award.

We take note of your public statements that these matters do not affect what Metro will deliver under the agreement with us and the commitments that are now publicly available. We also note your letter to us of 28 January where you assured us that the mis-categorisation of RWA would not impact your bid.

I am writing now:

1. To draw your attention to Clause 3.1 (C) of the agreement due for signature, which would require Metro's confirmed assurance that:

"All information provided in the Application Documents and all other information provided by the Company to the Independent Body in connection with the Capability and Innovation Fund and any Funding Amount is true, accurate and complete and not misleading and that there has been no material change in its circumstances or the Business Case since the date on which the Application Documents were submitted to the Independent Body."

2. To seek Metro's responses to the following points:

a) At the 6 February 2019 clarification meeting, we discussed at length the mis-categorisation of the RWA. Your team commented that the downside of this was no more than £95m in RWA. The figure of £900m that is now extensively quoted in the press as an "accounting error" was not mentioned. Please can you advise us in your reply concerning the background to the £900m, and its accuracy.

b) In the same meeting we discussed that capital raising was an option for Metro. Your team advised that £1.4bn had been raised and that more "will be raised in next 2 years" and this was already in your plan. You have now announced raising £350m of equity capital. Please can you advise us in your reply as to when the timing of this capital raising was decided.

c) Metro's annual results presentation mentions that you are raising £500m of MREL eligible debt in 2019. This was not mentioned in the 6 February meeting. Please can you explain how this ties into the £900m figure, when you decided to raise this, and why it was not raised by Metro in the meeting with us.

d) At the meeting on 6 February, we heard that you were in continuous dialogue with the PRA. Please can you let us know when you received initial formal notification from the PRA and FCA that they intended to investigate the circumstances and events that led to the RWA adjustment.

3. To make clear that we now need to hear from Metro formally, signed off at board level and in sufficient detail, both specific responses to the above and a full explanation of the impact of the changed circumstances that now seem to pertain to your bid and associated clarification meeting. We need clarity and an explanation of how this – possibly still evolving – situation will affect the business case presented in Metro's bid, be that in terms of what will be delivered, the speed of delivery or any other effects. If there will be no impact, we require an explanation of why that will be the case and how it will be achieved.

We look forward to hearing from Metro, on these points in the near future please. Many thanks.

Yours sincerely



Godfrey Cromwell
Chairman