



Directors' Remuneration Policy

(Approved by shareholders at the 2021 AGM)

Our Remuneration Policy - Directors

The document sets out the Remuneration Policy ("Policy") for Executive Directors and Non-Executive Directors.

There is a separate All Colleague Remuneration policy ("ACRP") which relates to all colleagues including those in entry level roles through to Executive Committee ("ExCo") members, including Material Risk Takers ("MRTs"), where necessary.

It is intended that the policy will apply for three years from the date of approval. However, the Remuneration Committee will consider the policy annually to ensure it remains aligned with the business strategy and regulatory requirements. Any changes needed within three years would be subject to shareholder approval, where required.

1. Policy

Metro Bank offers banking, focused on the customer, through unparalleled levels of service and convenience.

We offer an approach to compensation which supports our unique culture and strategy as well as being aligned to shareholder needs. We reward colleagues who display the right behaviours and deliver the right outcome for customers and the business, focusing on long term growth and discouraging unnecessary risk-taking.

Pay, pension levels and employment conditions of other colleagues in the Bank were also taken into account when setting this Remuneration Policy. In particular, base salary of Executive Directors is limited by reference to colleague pay and there is a process for managing Executive Director pension alignment with the majority of the workforce. Colleagues are able to express their views on pay through regular surveys and feedback, as well as through our Designated Non-Executive Director for Workforce Engagement.

2. Components of Remuneration for Executive Directors

Base salary

Purpose and link to strategy	Base salary is part of the total proposition at Metro Bank, including career and growth opportunities and long term reward. We aim to set pay at a level which enables us to attract and retain the right calibre of colleagues, with the required level of skills, experience and cultural alignment to deliver and improve the model.
Operation	Base salaries for Executive Directors are reviewed annually by the Remuneration Committee with any increase usually taking effect from 1 April the following year and paid in 12 equal, monthly instalments. When determining base salary levels, the Remuneration Committee considers factors including: <ul style="list-style-type: none">• Company performance across a balanced set of measures including financial, risk, customer service and culture• Individual behaviours and delivery as per the AMAZEING reviews for Executive Directors• Relevant external market data• Scope and size of role• Individual's skills, expertise and experience and ability to grow with the role and organisation• Level of increases for all colleagues• Internal relativity• Economic factors, e.g. inflation• Affordability and available budget
Maximum potential	Salary increases in percentage terms for Executive Directors will normally be in line with increases awarded to other colleagues, but there may be instances where a higher amount is agreed at the discretion of the Remuneration Committee, including, but not limited to, where there has been a clear increase in the scope of role or change in responsibilities.
Performance measures	There are no performance measures related specifically to base salary.

Pension

Purpose and link to strategy	Our pension policy aims to support Executive Directors in building long term savings for their retirement, without exposing the Bank to any unnecessary financial risk or unacceptable cost.
Operation	Executive Directors are automatically enrolled into our Group Personal Pension Plan when they join the Bank. If they have exceeded HMRC pension tax-free contribution limits, they may elect to take cash in lieu of pension for all or some of the benefit on the same basis as other colleagues.
Maximum potential	The current maximum employer contribution (including cash in lieu) for Executive Directors is 10% of base salary. Incumbent Executive Directors will transition by 31 December 2022 to be eligible for employer pension contributions aligned with or lower than the majority of the Metro Bank colleagues at that time. Newly appointed Executive Directors will have their pension contributions set at a level aligned with or less than that available to the majority of the wider workforce. Metro Bank does not offer any discretionary pension benefits.
Performance measures	There are no performance measures related specifically to pension contributions.

Benefits

Purpose and link to strategy	We have a simple approach to reward and support the health, wellbeing and security of our Executive Directors through additional core benefits.
Operation	Benefits may include those currently provided and disclosed in the annual report on remuneration.

Core benefits include:

- Life assurance of 4x salary
- Private medical insurance coverage for the Executive Director, their partner and children
- Health screening checks for Executive Directors

Additional benefits may be provided in certain circumstances including, but not limited to, relocation.

Executive Directors also have access to additional voluntary benefits which are available to all colleagues, including ShareBuy, our Share Incentive Plan (SIP).

Maximum potential	The maximum paid in respect of benefits will be the cost to Metro Bank of providing the benefits noted above. The cost may fluctuate from year to year even if the level of benefit provided remains unchanged.
Performance measures	There are no performance measures specifically related to benefits.

Annual Bonus

Purpose and link to strategy	To recognise and reward the delivery of annual financial and strategic objectives which contribute towards the delivery of longer term strategy.
Operation	<p>Annual bonus across the workforce (including Executive Directors) is determined by an assessment of the Corporate Scorecard outcome and personal performance. The Committee uses the scorecard to assess the overall performance of the business and may, on a discretionary basis, make a holistic assessment of the outcome. The Committee has discretion to reduce the annual bonus if it is not supported by underlying financial performance.</p> <p>If Metro Bank achieves threshold performance on all metrics in the balanced scorecard, we would pay out 40% of the maximum opportunity.</p> <p>Together with the LTIP, at least 60% of variable remuneration (annual bonus and LTIP grant) in respect of a financial year will be deferred with a vesting period of at least three years, increasing to up to seven years where required by regulation. The annual bonus deferral will be delivered under the Deferred Variable Reward Plan in shares (which may be nil/nominal price options or conditional share awards). Dividends or dividend equivalents may accrue from the vesting date..</p> <p>Malus and clawback will apply to these awards.</p>
Maximum potential	Up to 100% of salary for a financial year (50% of maximum for target performance). To note, this award limit is a maximum amount and the actual awards will be assessed for each financial year and will depend on performance and value delivered to Metro Bank shareholders.
Performance measures	The choice of measures is reviewed by the Committee each financial year, with threshold, target and stretch levels of performance set for each measure. At least 60% of the corporate scorecard measures will be based on financial performance. Additionally, there will be a gateway requirement of CET1 or a profit hurdle.

Long Term Incentive Plan (LTIP)

Purpose and link to strategy	To incentivise and reward the creation of long term shareholder value thereby creating shareholder alignment.
Operation	<p>Executive Directors will be considered for awards on an annual basis. Awards will be in the form of shares (delivered as nil/nominal cost options or conditional awards).</p> <p>Awards will usually have performance assessed on the third anniversary of grant or, if later, when the Committee determines that the performance conditions have been satisfied. The 2021 LTIP grant had a four year performance period from 2021 to 2024 to align with the delivery timeline of the milestones in the Strategic Plan. The combined performance, vesting and holding period will be at least five years and may exceed this where required by regulation. Dividends or dividend equivalents may accrue from the vesting date.</p> <p>Threshold vesting performance for the LTIP will be set at 25% of maximum opportunity.</p> <p>The Committee may also decide to grant cash based awards of an equivalent value to share based awards or to satisfy share based awards in cash, although it does not currently intend to do so. Awards are satisfied through a mixture of either market purchase or new issue shares. To the extent new issue shares are used, the LTIP will adhere to a 5% in 10 year dilution limit.</p> <p>Malus and clawback will apply to these awards.</p>
Maximum potential	Up to 100% of salary for a financial year. The threshold and maximum vesting levels for LTIP grants will be set to be stretching.
Performance measures	<p>Awards are subject to the achievement of performance targets linked to the long term success of the Company.</p> <p>These targets are currently Relative Total Shareholder Return (TSR) weighted 40%, Return on Tangible Equity (ROTE) weighted 40% and Risk & Regulatory weighted 20%. However, different performance measures and weighting may be set for future awards to ensure that the LTIP remains aligned to the Company's strategy.</p> <p>The performance conditions have been aligned to the Strategic Plan and the performance range for these measures will be set to deliver the plan and be stretching.</p>
Shareholding requirements	<p>Executive Directors are subject to a minimum shareholding requirement equivalent to 200% of salary. Executive Directors are expected to retain all shares vesting under the Deferred Plan and the LTIP (net of tax) until such time as this shareholding requirement has been met. Build up is expected over a period of five years commencing with the later of this policy commencement date or the date the Executive Director joins the Company.</p> <p>Executive Directors are expected to maintain the shareholding requirement (or their actual shareholding at date of leaving, if lower) for at least two years post-employment. For awards granted from the commencement of this policy, the Company will enforce this by way of a contractual requirement.</p>

Notes to the Policy table

Area	Commentary										
Deferred reward	Deferred reward in the form of share options or shares awarded subject to forfeiture shall be operated in accordance with the rules of the respective plans. The Committee may exercise operational and administrative discretions under the respective plan rules as set out in those rules.										
Prior arrangements	The Committee reserves the right to make any remuneration payment and/or payments for loss of office notwithstanding that they are not in line with the Policy set out in this report, where the terms of the payment were determined before the Policy or any previous policy came into effect, or if the individual was not a Director at the date the remuneration was determined and the remuneration was not set in consideration or in anticipation of becoming a Director.										
Minor amendments	The Committee will follow any statutory requirements when operating the Policy and may make minor amendments to the Policy for regulatory, exchange control, or administrative purposes without obtaining shareholder approval for that minor amendment.										
Performance measures and targets	<p>Assessment of performance of the Bank is based on overall performance in line with the Corporate Scorecard. The Corporate Scorecard typically comprises the following measures:</p> <table border="1"> <thead> <tr> <th>Measure</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>Financial</td> <td>To ensure delivery of strong growth in deposits, loans and profit</td> </tr> <tr> <td>Risk</td> <td>To safeguard the future of the Bank by focusing on our strategy to offer low-risk and diversified lending</td> </tr> <tr> <td>Customer</td> <td>To support our business model centred around creating FANS through our integrated customer experience</td> </tr> <tr> <td>Colleague</td> <td>To ensure we have dedicated colleagues focusing on our AMAZEING culture and our controls by doing the right things the right way</td> </tr> </tbody> </table> <p>Individual behaviours and performance is based on the individual's AMAZEING review which supports the development of our AMAZEING culture.</p> <p>AMAZEING Behaviours framework:</p> <ul style="list-style-type: none"> • Attend to every detail • Make every wrong right • Ask if you are not sure, bump it up • Zest is contagious, share it • Exceed expectations • Inspire colleagues to create FANS • Nurture colleagues so they grow • Game change because this is a revolution 	Measure	Rationale	Financial	To ensure delivery of strong growth in deposits, loans and profit	Risk	To safeguard the future of the Bank by focusing on our strategy to offer low-risk and diversified lending	Customer	To support our business model centred around creating FANS through our integrated customer experience	Colleague	To ensure we have dedicated colleagues focusing on our AMAZEING culture and our controls by doing the right things the right way
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Malus/clawback	<p>Malus and clawback apply to all elements of variable remuneration. Cash bonus and share awards may be delayed or reduced before they are paid/before they vest (malus) or may be subject to clawback on or after payment should the Committee conclude that an adjustment needs to be made.</p> <p>Clawback may be applied up to seven years from the award date, or ten years where an investigation has commenced.</p> <p>While not exhaustive, malus and/or clawback may be applied in the following situations where:</p> <ul style="list-style-type: none"> • The Executive Director has participated in or is responsible for conduct that has resulted in significant losses to the Bank; • The Executive Director has failed to meet appropriate standards of fitness and propriety; • There is reasonable evidence of misconduct or serious error by an Executive Director; • The Company and/or the business unit for which the Executive Director works suffers a material downturn in its business performance; • The Company and/or the business unit for which the Executive Director works suffers a significant failure in risk management; • There has been a material misstatement in the Company's financial results or an error in assessing any applicable performance condition; • The Company has suffered an instance of corporate failure which has resulted in: <ul style="list-style-type: none"> • the conditions for use of the stabilisation powers under the special resolution regime in accordance with Part 1 to 3 of the Banking Act 2009 being satisfied; • the Company entering into a compromise or arrangement in accordance with sections 1 to 7 of the Insolvency Act 1986 for the purpose of repayment or restructuring of the Company's debts; or • the passing of a resolution or making of an order which is sanctioned by the Court for the appointment of a liquidator or administrator; • The Company or any Group Member suffers substantial reputational damage to its business from an event to which the Executive Director made a material contribution as a result of their action or conduct or failure to act; • The Executive Director is subject to a regulatory censure in respect of a material failure in control; • The level of the award is not, in the opinion of the Board, sustainable when assessing the overall financial viability of the Company or any Group Member. 										
Personal investment strategies	Executive Directors must not undertake to use personal hedging strategies or take out contracts of insurance to undermine the risk alignment embedded in their remuneration.										
Discretion in relation to future operation of the policy	In the event of a variation of the Company's share capital or a demerger, special dividend or any other event that may affect the Company's share price, the number of shares subject to an award and/or any exercise price applicable to the award, may be adjusted. The Committee may amend any performance conditions applicable to variable pay awards if any event occurs which causes the Committee to consider an amended performance condition would be more appropriate and not materially less difficult to satisfy.										
Remuneration policy for other colleagues	The remuneration structure for Executive Directors is aligned with the wider colleague population. Performance conditions for variable pay awards are similar to those for all colleagues and we apply the same Company performance factor to variable pay awards to all colleagues across the Bank.										

3. Approach to remuneration when recruiting Executive Directors

When appointing a new Executive Director, the Remuneration Committee seeks to align the remuneration package for the individual with Metro Bank's Remuneration Policy and takes into account the package as a whole.

The following table outlines the components of remuneration considered as part of the remuneration package for a new Executive Director, along with the approach that would be followed.

Component	Approach
Base salary	Base salary will be determined by virtue of the individual's role, experience and responsibility. External market commentary will also be considered.
Pension	Pension contributions will be set at a level aligned with or less than that available to the majority of the wider workforce.
Benefits	Benefits that are offered to all colleagues will be provided to newly appointed Executive Directors. We may also choose to pay allowances to enable us to hire someone who will need to live away from home in order to be employed by us, which may include assistance with children's education, periodic trips home, spouse and children's travel amongst others.
Variable remuneration	The maximum variable remuneration opportunity for the performance period in which the Executive Director joined would be determined by the Remuneration Policy and the Committee would consider whether it is appropriate to reduce the award, subject to time in role. The maximum variable reward for new joiners will be limited to 200% of base salary (100% in annual bonus and 100% in LTIP).
Shareholding requirement	Newly appointed Executive Directors will be given a reasonable timeframe to build up their shareholding to meet the minimum requirements as set out in this policy. Executive Directors are required to build up a holding of shares equivalent to 200% of their annual salary, within five years from the date of appointment as executive director. Executive Directors will have a reasonable period to build up to this requirement if it is not met because of exceptional circumstances, for example a significant share price depreciation.
Buy-out	The Committee has the flexibility to make compensatory awards to new Executive Directors, to compensate the Executive Director for benefits they may lose as a result of joining Metro Bank (buy-out). These awards will: <ul style="list-style-type: none"> • be made up of the same inputs as the normal variable remuneration for Metro Bank colleagues and Executive Directors; • consider the value of the forfeited awards at the time of resignation (using an appropriate valuation methodology); • be in a similar form as the awards which are being lost, where possible; • vest over a similar or longer time period than the awards being lost; and • be subject to comparable service and consider performance conditions and be subject to continued employment. <p>The limits on variable remuneration will not apply to buy-outs.</p> <p>The flexibility to offer a higher level of variable remuneration to new recruits, through compensatory awards, is required to give the Company flexibility when negotiating with potential new recruits.</p>

4. Remuneration On or After Termination

For each component of pay, the amount paid to an Executive Director on termination will be determined as follows

Component of pay	Determination
Salary/fees and benefits	The Executive Director is entitled to be given notice of termination of the relevant length and receive their normal base salary and benefits in that time. The Bank has discretion to make a payment in lieu of base salary in respect of any unexpired notice period and may decide to pay this in instalments, subject to reduction if the Executive Director finds alternative employment. Benefits will continue until the last day of contractual employment and the accrued but unused holiday will be paid out. Appropriate outplacement and legal support will be provided where required.
Variable remuneration	Variable remuneration may accrue during a notice period, however (unless decided otherwise by the Remuneration Committee at its discretion) the Executive Director usually has to be employed at the date that any variable remuneration is awarded in order to be eligible to receive it. No variable remuneration is payable after termination and previous unvested variable reward deferred into share awards will usually lapse. However, if the Executive Director leaves for the reasons detailed in the Deferred Variable Reward Plan and Long Term Incentive Plan Rules (e.g. ill health, retirement with the agreement of the employer, sale of the employing company out of the group, redundancy or death) or in other circumstances at the discretion of the Remuneration Committee, their award under that plan will usually continue on the same terms (subject to reduction and clawback as described in the policy) and usually vest at the normal time provided any performance conditions are met with a time pro rata reduction of LTIP awards. The Committee may, at its discretion, determine that awards may vest, subject to performance, before the normal vesting date. If a participant dies, awards will ordinarily vest, subject to performance, on the date of death unless the Committee decides they should vest on the normal vesting date.
Pension	Pension contributions continue to be made during the notice period. No further payment in lieu of pension or pension contributions can be made after termination. Any benefits will become payable in the normal course in accordance with the rules of the scheme. There is no right to early payment of pension benefits unless this can be done without additional contribution from the Bank.
Post-cessation shareholding requirements	Executive Directors will be required to maintain the lower of the in-employment shareholding requirement of 200% of salary or the level achieved at the cessation date for a period of two years post-cessation.

The Bank's policy is that Executive Directors' contracts can be terminated by either party on giving no more than 12 months' notice.

Additional payments can be made by way of damages for breach of any legal obligation or by way of settlement or compromise of any claim raised by the Executive Director.

The Executive Directors' service contracts and letters of appointment are available for inspection on request at the Company's

registered office.

5. External appointments

Executive Directors are permitted to accept one appointment on a Board or Committee of a listed company, subject to approval of the Board. When reviewing the appropriateness of an external appointment, the Board will consider:

- Any regulatory guidance that may be in place at the time
- Whether the appointment would interfere or conflict with the business of the Company

Any fees received in respect of these appointments can be retained directly by the relevant Executive Director.

Details of external appointments held by our Executive Directors can be found in our governance report.

6. Components of remuneration for all other colleagues

Executive Directors are remunerated broadly in line with the same structures that apply across the wider colleague population. The performance conditions for variable pay awards similar to those for colleagues.

For all colleagues, whether they are on our Executive Committee or not, we offer a simple approach to compensation which supports our unique culture and strategy as well as being aligned to shareholder needs. This is just like our approach to remuneration for our Executive Directors as outlined in this policy.

Both our annual salary increase budget and our annual variable remuneration budget are determined by company performance and affordability.

During the year, the Remuneration Committee will also receive updates on overall pay and conditions for colleagues across the Bank. Ahead of our annual reward review process, the Remuneration Committee will opine on the quantum to be made available for salary increases, annual bonus awards, the Deferred Variable Reward Plan and the Long Term Incentive Plan.

Included in the decision making, they will discuss proposals for the Executive Directors as well as considering metrics such as the CEO pay ratio and also the gender pay gap.

Executive Directors are also offered the same benefits that are available to colleagues across the Bank, primarily our pension scheme, private medical insurance, life assurance and our ShareBuy plan.

7. Statement of consideration of employment conditions elsewhere in the Bank

We offer a simple approach to compensation for all colleagues which supports our unique culture and strategy as well as being aligned to shareholder needs. Our approach to remuneration is consistent for all colleagues including our Executive Directors. The focus is on simplicity, rewarding the right behaviours and outcomes for customers and the business, focusing on long term growth and discouraging unnecessary risk-taking.

During the year, the Remuneration Committee receives updates on overall pay and conditions for colleagues across the Bank and this was taken into account when setting the Directors' Remuneration Policy. In particular, the base salary for Executive Directors is limited by reference to colleague pay, and ahead of our annual reward review process, the Remuneration Committee will opine on the quantum to be made available for salary increases, annual bonus awards, the Deferred Variable Reward Plan and the Long Term Incentive Plan.

Colleagues are able to express their views on pay through regular surveys and feedback, as well as through our Designated Non-Executive Director for Workforce Engagement.

8. Statement of consideration of shareholder views

The Committee welcomes shareholders' views on executive remuneration and seeks to maintain an active and open dialogue with investors regarding any changes to the Company's executive pay arrangements. The Directors have regular open discussions with investors and are available for feedback on reward matters.

In the review of the Remuneration Policy, the Committee engaged with shareholders during the year in order that they could express their views on the proposals. The Remuneration Committee takes very seriously the view of shareholders when making any changes to executive remuneration and will continue to acknowledge any feedback in reviewing our policy in future.

9. Components of Remuneration for Non-Executive Directors

Component of pay	Determination
Fees	<p>All Non-Executive Directors receive a basic annual fee for fulfilling their duties as a Board member.</p> <p>Additional fees are paid for added responsibilities such as chair and membership of Committees, or acting as the Senior Independent Director or Designated Non-Executive Director for Workforce Engagement. Fees for Committee chair are paid in addition to any fees for Committee membership.</p> <p>The Non-Executive Chair receives an annual fee for the performance of their role. This fee is agreed by the Remuneration Committee.</p> <p>Fees for both Non-Executive Directors and the Non-Executive Chair are paid in cash, subject to the appropriate deductions. The amount payable takes into account: the time commitment and requirements of the role; individual performance and experience; benchmark data from appropriate market sources and the financial performance of the Bank as well as other relevant factors.</p>

Component of pay	Determination
	<p>The basic and additional fees are typically reviewed annually, drawing on external market information for comparable financial services groups and companies. Any increase normally takes effect from April of a given year.</p> <p>The maximum aggregate annual fees that can be paid to the Chair and Non-Executive Directors are capped at £3,000,000.</p>
Benefits	<p>Non-Executive Directors do not participate in any pension, bonus or long term incentive arrangements or receive any other benefits. Travel and expenses incurred in the normal course of business, e.g. in relation to attendance at Board and Committee meetings, are met by the Bank.</p> <p>Non-Executive Directors are reimbursed for reasonable expenses and any tax arising on those expenses will typically be settled by the Bank.</p>
Fees on recruitment	<p>The fees payable to a new Non-Executive Director will be consistent with the current basic fee structure in place for all Non-Executive Directors and reflect any additional responsibilities such as Chair or member of Board Committees.</p> <p>The fees payable to a new Non-Executive Chair will be set with reference to external market data, internal relativity among other Executive and Non-Executive Directors and the requirements of the role.</p>
Letters of appointment	<p>Appointment letters for the Non-Executive Directors provide for a notice period of one month, during which time they are entitled to be paid their normal fees or payment in lieu without liability for compensation. There is no provision for any other early termination compensation and no payment for loss of office.</p>

When appointing any new Non-Executive Directors to the Board, the Nomination Committee will consider regulatory guidance relating to outside appointments and whether the candidate can devote sufficient time to their Board roles.