

Our Directors Remuneration Policy

Approved May 2024

This 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 People & 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.

The Committee has undertaken a thorough review of remuneration arrangements across the business, the Bank's strategic priorities, FTSE market practice and investor guidance. The views of our shareholders on remuneration matters are also important to us and, as a result, we take into account feedback and guidance from our key shareholders and the shareholder representative bodies and considered their guidelines in formulating proposals. The Committee is satisfied that any conflicts of interest have been mitigated in the preparation of this Policy.

Executive Directors – Fixed remuneration

Component	Description
Salary	
Purpose and link to strategy	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.
Operation	Salaries for Executive Directors are reviewed annually by the People and Remuneration Committee (the Committee) with any increase usually taking effect from 1 April. When determining salary levels, the Committee considers factors including: <ul style="list-style-type: none"> • Relevant external market data and alignment to market-competitive levels • Scope and size of role • Individual's skills, expertise and experience and ability to grow with the role and organisation • Salary increases across Metro Bank • Economic factors, e.g. inflation and affordability.
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 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 salary.
Pension	
Purpose and link to strategy	The pension arrangements comprise part of a competitive remuneration package and facilitate long-term retirement savings for Executive Directors, and without exposing Metro Bank to any unnecessary financial risk or unacceptable cost.
Operation	Paid as a cash allowance and/or contribution to a defined contribution plan. Pension contributions may also be made in lieu of any waived salary (and the cash amount of any annual bonus).
Maximum potential	For current and any new Executive Directors, the pension allowance will be in line with employer contribution for the majority of the workforce.
Performance measures	There are no performance measures related specifically to pension contributions.

Executive Directors – Variable Remuneration

Component	Description
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 is determined by an assessment of the balanced scorecard outcome and personal performance. The balanced scorecard will normally determine at least 80% of the bonus outcome with the remainder based on achievement against individual performance objectives.</p> <p>The Committee has discretion to adjust the annual bonus outcome if it is not aligned with underlying financial performance, the current and future risks and the wider stakeholder experience.</p> <p>If Metro Bank achieves threshold performance on all metrics in the balanced scorecard, we would pay out up to 25% of the maximum opportunity and for target performance we would pay out 50% of the maximum.</p> <p>Annual bonus is delivered as a combination of cash, shares subject to holding requirements, deferred shares and deferred cash.</p> <p>Deferral and vesting of the bonus and LTIP are structured so that, in combination:</p> <ul style="list-style-type: none"> • The proportion of variable remuneration that is deferred is no less than required by the relevant remuneration regulations (currently 60%). • The deferred remuneration vests no faster than permitted under the relevant remuneration regulations (currently pro rata over years three to seven after award). <p>The Committee can, in specified circumstances, apply malus or clawback to all or part of annual bonus in line with the 2024 UK Corporate Governance Code.</p> <p>Deferred annual bonus will be granted as conditional share awards and/ or nil or nominal cost options. Deferred annual bonus can be delivered in cash as well.</p> <p>Dividends or dividend equivalents will only be payable during the vesting period if permitted under relevant regulatory remuneration guidelines. Dividends or dividend equivalents can be accrued from the vesting date.</p> <p>On the occurrence of corporate events and other reorganisation events, the Committee may apply discretion to adjust: the vesting of deferred annual bonus awards and/or the number of shares underlying a deferred annual bonus award.</p>
Maximum potential	Up to 100% of salary for a financial year.
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. For 2024, the balanced scorecard will be based at least 60% on financial performance with the remainder on other metrics which may include Risk and Regulatory; Customer and People metrics. Additionally, the Committee has discretion each year to establish a gateway requirement of CET1 or a profit hurdle before any bonus is payable.

Executive Directors – Fixed remuneration Continued

Component	Description
Benefits	
Purpose and link to strategy	We support the health, wellbeing and security of our Executive Directors through additional core benefits.
Operation	<p>A range of benefits may be provided, including standard benefits such as holiday and sick pay, and may also include the provision of a car and driver (or other car-related service), private medical insurance, health screening, life insurance, and tax preparation and tax return assistance. Benefits can be provided in kind and/or in cash in lieu of the benefit.</p> <p>Other benefits may be offered if considered appropriate and reasonable by the Committee.</p> <p>Executive Directors are reimbursed for expenses, such as travel and subsistence, and any associated tax incurred in the performance of their duties.</p> <p>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).</p>
Maximum potential	<p>The maximum opportunity will vary according to the market, individual circumstances and other factors.</p> <p>Benefits are set at an appropriate level by the Committee based on the role and individual circumstances.</p> <p>The cost may fluctuate from year-to-year even if the level of benefit provided remains unchanged.</p>
Performance measures	There are no performance measures related specifically to benefits.

Executive Directors – Variable Remuneration Continued

Component	Description
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>An Executive Director may be considered for LTIP awards on an annual basis. Awards will be in the form of nil/nominal cost options or conditional awards of shares. 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.</p> <p>The vesting of the award will be in line with regulatory requirements in line with applicable regulations, which currently require the vesting to be in tranches over years three to seven from grant, subject to a holding period per regulatory guidelines. The Committee has the discretion to adjust the level of vesting where it is not considered to be in line with the underlying performance of the Company; the wider stakeholder experience; the Board's risk appetite framework; in relation to any individual conduct issues or in any other circumstances at the discretion of the Committee.</p> <p>Dividends or dividend equivalents will only be payable during the vesting period if permitted under relevant regulatory remuneration guidelines. Dividends or dividend equivalents can be accrued from the vesting date. Alternatively, the share price used to determine the award value may be discounted by the expected dividend yield, to recognise the value of potential dividends foregone on the share awards.</p> <p>Malus and clawback provisions will apply to these awards in line with the 2024 UK Corporate Governance Code.</p> <p>On the occurrence of corporate events and other reorganisation events, the Committee may apply discretion to adjust the vesting of LTIP awards and/or the number of shares underlying a LTIP award.</p>
Maximum potential	<p>Up to 100% of salary for a financial year, subject to an exceptional circumstances limit of 200% of salary.</p> <p>Threshold vesting performance for the LTIP will be set at 25% of maximum opportunity.</p>
Performance measures	<p>Awards are subject to the achievement of performance targets linked to the long-term success of the Company.</p> <p>Performance measures and weighting will be aligned to the Company's strategy. The performance measures will be determined prior to grant and ordinarily the majority of the award will be based on financial and/or relative Total Shareholder Return (TSR) metrics, with the remainder on other metrics which may include strategic, risk or customer metrics.</p>

Remuneration approach when appointing new Executive Directors

The Committee's approach to recruitment is to attract diverse experience and expertise by paying competitive remuneration enabling us to attract and retain key talent from the marketplace. Any new executive director's remuneration package would include the same elements and be subject to the same variable remuneration maximums as those for the existing executive directors. The policy is summarised below.

Element	Details
Salary	Base salary will be determined by virtue of the individual's role, experience and responsibility. External market commentary will also be considered.
Benefits and Pension	Dependent on circumstances but will be set in line with the policy for existing Executive Directors. Where the new Executive Director is required to relocate, Metro Bank may provide relocation support. The level of the relocation package will be assessed on a case by case basis but may include, for example, a housing allowance / support, school fees, periodic trips home, family travel, and the tax thereon, as well as reflecting cost of living differences.
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.
Shareholding requirement	In line with the policy for existing Executive Directors.
Buyout	The Committee may consider buying out forfeited remuneration and forfeited opportunities and/or compensating for losses incurred as a result of joining Metro Bank subject to proof of forfeiture or loss. The value of any buy-out award will not exceed, in broad terms, the aggregate value of the remuneration forfeited. Any award will be structured within the requirements of the applicable remuneration regulations, and will be no more generous overall than the remuneration forfeited in terms of the existence of performance measures, timing of vesting and form of delivery. The value of buy-out awards is not included within the maximum variable remuneration level where it relates to forfeited remuneration from a previous role or employer.
Legacy matters	Where a senior executive is promoted to the Board, their existing contractual commitments agreed prior to their appointment may still be honoured in accordance with the terms of the relevant commitment, including vesting of any pre-existing deferred or long-term incentive awards.

Other policy matters – Executive Directors

Component	Description
Shareholding requirement	
Purpose and link to strategy	A requirement for Executive Directors to hold a specified value of shares for alignment with the interests of shareholders during employment.
Operation	<p>Executive Directors are subject to a minimum shareholding requirement equivalent to 200% of salary, normally expected to be built up over a period of five years commencing from the date of appointment as an Executive Director (or, if later, from the date of any changes to the terms of the shareholding requirement).</p> <p>The shareholding requirement is reviewed by the Committee as appropriate. Executive Directors are expected to retain all shares vesting under the Deferred Variable Reward Plan (or equivalent) and the LTIP (in all cases net of tax and payment of any nominal exercise price) until such time as this shareholding requirement has been met. Shares that count towards the requirement are beneficially owned shares, vested share awards subject to a retention period and unexercised share awards for which performance conditions have been satisfied (on a net-of-tax basis).</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 the policy approved at the 2021 AGM, Metro Bank will enforce this by way of a contractual requirement.</p>
Contractual arrangements	
Purpose and link to strategy	Service agreements contain a maximum of 12 months' notice from the employer and the Executive Director.
Operation	May be required to work and/or serve a period of garden leave during the notice period and/or may be paid in lieu of notice if not required to remain in employment for the whole notice period.
Legacy arrangements	
Purpose and link to strategy	Honour existing commitment.
Operation	<p>Any previous commitments or arrangements entered into with current or former Executive Directors will be honoured, including remuneration arrangements entered into under the previously approved directors' remuneration policy.</p> <p>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</p>
External roles	
Purpose and link to strategy	To encourage self-development and allow for the introduction of external insight and practice.
Operation	<p>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:</p> <ul style="list-style-type: none"> Any regulatory guidance that may be in place at the time. Whether the appointment would interfere or conflict with the business of the Company. <p>Any fees received in respect of these appointments can be retained directly by the relevant Executive Director.</p>

Remuneration on or after termination

Component	Description
Salary/fees and benefits	<p>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. Metro 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.</p> <p>Benefits continue until the last day of contractual employment and the accrued but unused holiday will be paid out.</p> <p>The Committee may pay reasonable reimbursement of professional fees, such as legal fees and tax advice (and any associated tax), in connection with such termination arrangements. Career transition (or outplacement) support may also be provided.</p>
Variable remuneration	<p>Variable remuneration may accrue during a notice period, however (unless decided otherwise by the 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.</p> <p>However, if the Executive Director leaves for the reasons detailed in the Deferred Variable Reward Plan (or equivalent) 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 Committee's discretion, 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.</p> <p>The Committee may, at its discretion, determine that awards may vest, subject to performance, before the normal vesting date. If an individual 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.</p>
Pension	<p>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 Metro Bank.</p>
Post shareholding requirement	<p>Executive Directors will be required to maintain the lower of the in-employment shareholding requirement or the level achieved at the cessation date for a period of two years post-cessation.</p>
Other	<p>Executive Directors' contracts can be terminated by either party on giving no more than 12 months' notice.</p> <p>On termination, 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.</p>

Notes to the remuneration policy for Executive Directors

Committee's judgement and discretion

In addition to assessing performance and making judgements on the appropriate levels of annual bonus and LTIP awards, the Committee has certain operational discretions that it may exercise when considering Executive Directors' remuneration, including but not limited to:

- i. determining whether a leaver is an eligible leaver under Metro Bank's share plans and treatment of remuneration arrangements
- ii. following a corporate event, the Committee may amend any performance conditions applicable to variable remuneration 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
- iii. deciding whether to apply malus or clawback to an award.

In the event of a variation of Metro Bank's share capital or a demerger, special dividend or any other event that may affect Metro Bank's share price, the number of shares subject to an award and/or any exercise price applicable to the award, may also be adjusted.

The delivery of deferred variable remuneration in the form of share options, shares and or deferred cash 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.

Ability for the Committee to amend the policy for emerging and future regulatory requirements

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.

The Committee retains the discretion to make reasonable and proportionate changes to the remuneration policy if the Committee considers this appropriate to respond to changing legal or regulatory requirements or guidelines (including but not limited to any FCA or PRA revisions to its remuneration rules). Where proposed changes are considered by the Committee to be material, Metro Bank will engage with its major shareholders and any changes would be formally incorporated into the policy when it is next put to shareholders for approval.

Annual balanced scorecard used for determining annual bonuses

Assessment of Metro Bank performance is based on overall performance in line with the corporate scorecard. Typically the balanced scorecard comprises the following measures:

Measure	Rationale
Financial	To ensure delivery of strong growth in deposits, loans and profit.
Risk and regulatory	To safeguard the future of Metro 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.
People	To ensure we have dedicated colleagues focusing on our AMAZEING culture and by doing the right things the right way for the people in the communities in which we operate.

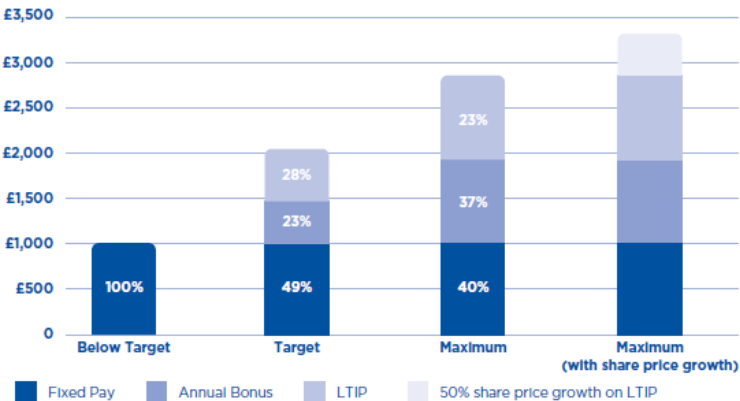
Illustration of Application of Remuneration Policy

The charts below illustrate the potential total remuneration for each current Executive Director under the Policy for the 2024 performance year. Four scenarios are considered:

	Fixed pay	Annual Bonus	LTIP
Minimum:	- base salary (as at 1 January 2024)	0% payout	0% payout
On-target:	- pension contribution of 8% of salary	50% payout - assuming on-target performance	62.5% payout - assuming on-target performance
Maximum:	- benefits (based on 2023 value)	100% payout - assuming full payout	100% payout - assuming full payout
Maximum with 50% share price growth		As for Maximum	Maximum payout, illustrating a further 50% share price growth

Minimum (fixed pay only), on-target and maximum potential relates to annual variable remuneration that may be awarded:

Scenario charts: CEO



1. No account is taken of the effect of share price changes or dividends on the value received from share awards or shares received under them, other than as noted.

Chair and Independent Non-Executive Directors' remuneration policy

Element	Details
Purpose and strategy link	Attract a Chair and Non-Executive Directors who, together with the Board as a whole, have a broad range of skills and experience to determine Metro Bank's strategy and oversee its implementation.
Fees	The Board sets NED fees and the Committee sets the Chair's fees. The Chair and NEDs do not participate in any discussion on their fees. Maximum aggregate annual fees that can be paid to the Chair and Non-Executive Directors are capped at £3,000,000.
Benefits	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 Metro Bank. All Non-Executive Directors are reimbursed for reasonable expenses and any tax arising on those expenses will typically be settled by Metro Bank. In exceptional circumstances, the Chair and other NEDs may be accompanied by their spouse or partner to meetings or events. Such costs (and any associated tax) are paid by Metro Bank.
Fees on recruitment	Will be set in line with the Policy for the Chair and existing Non-Executive Directors.
Contractual	Appointment letters for the Non-Executive Directors provide for a notice period of three months, 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.
Other	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.

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 Metro Bank's executive remuneration arrangements. The Directors have regular open discussions with investors and are available for feedback on reward matters.

The 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.

Consideration of employment conditions elsewhere in Metro Bank

We offer a simple approach to reward for all colleagues which supports our unique culture and strategy as well as being aligned to shareholder needs. Our remuneration approach 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 Committee received updates on overall pay and conditions for colleagues across Metro Bank and this was taken into account when setting pay for Directors and reviewing 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 Committee review the quantum to be made available for salary increases, annual bonus awards and other incentives. Colleagues can express their views on pay through regular surveys and feedback, as well as through our DNED.

Workforce engagement

Metro Bank runs annual employee engagement surveys, as well as more regular 'pulse' surveys which provides colleagues with the opportunity to give feedback and express their views on a variety of topics including their own remuneration, working environment and workforce policies and practices. Any comments relating to Executive Directors' remuneration are fed back to the Committee and/or the Board. Nick Winsor, as the DNED, attends the Committee periodically, presenting to the Committee on his engagement with the Bank's Colleagues once per annum. People diversity in all its forms is a core element of our talent strategy and succession planning.