

# METRO BANK HOLDINGS PLC

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## THE METRO BANK HOLDINGS PLC SHAREHOLDER VALUE ALIGNMENT PLAN

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Approved by shareholders of the Company on 20 May 2025

Adopted by the board of the Company on 20 May 2025

The Plan is a discretionary plan operated by the Company for selected employees. Its main purpose is to increase the interest of participating employees in the Company's long-term business goals and performance through share ownership. The number of shares deliverable under the Plan will depend upon growth in the value of the Company, aligning the interests of participants and shareholders.

Shares received under the Plan, any cash received under the Plan and any gains obtained under the Plan are **not** part of salary for any purpose except to any extent required by law.

The remuneration committee of the board of directors of the Company shall have the right to decide, in its sole discretion, whether or not awards will be granted and to which employees those awards will be granted.

The detailed rules of the Plan are set out overleaf. The above contextual information does not form a part of the rules of the Plan.

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1. **DEFINITIONS AND INTERPRETATION**

1.1 In the Plan, unless the context otherwise requires:

**"20 Dealing Day Average Percentage Total Shareholder Return"** has the meaning given in Rule 6.1;

**"Acting in Concert"** has the meaning given to such term in the Takeover Code;

**"Applicable Laws"** means all legal requirements relating to the Plan and Awards, including the Listing Rules published by the FCA, the Takeover Code, the Market Abuse Regulation, Capital Requirements Directive IV and the Capital Requirements Directive V (in each case as retained and/or as otherwise apply in the UK following the UK ceasing to be a member of the European Union), and other laws, rules, regulations, and government, administrative or regulatory orders of the UK or any other jurisdiction applicable to the Plan or any Award;

**"Award"** means an award granted under the Plan, including (for the avoidance of doubt) the Option which forms part of the terms of the award;

**"Award Certificate"** means a document under which the Company grants an Award, substantially in the form of the Schedule to these Rules, or in such other form as may be approved by the Committee from time to time;

**"Bad Leaver"** has the meaning given in Rule 15.1;

**"Baseline Market Value"** means the relevant market value on which growth shall be determined for an Award, as specified at the grant of an Award in accordance with Rule 3.2(b);

**"Board"** means the board of directors of the Company or a duly authorised committee of that board;

**"Cessation"** means a Participant ceasing to be an employee of a Group Member, except where:

- (a) the Participant remains an employee of any other Group Member; or
- (b) the Participant retains a statutory right to return to work;

**"Cessation Date"** means the date on which the relevant Participant undergoes a Cessation;

**"Committee"** means the remuneration committee of the Board or, on and after the occurrence of a corporate event described in Rule 16, the remuneration committee of the Board as constituted immediately before that event;

**"Company"** means Metro Bank Holdings PLC (registered in England and Wales with registered number 14387040);

**"Control"** means control within the meaning of section 995 of the Income Tax Act 2007;

**"Dealing Day"** means a day on which the London Stock Exchange is open for business;

**"Dividend Equivalent"** means a benefit calculated by reference to dividends paid on Shares as described in Rule 3.4;

**"Executive Director"** means an executive director of the Company;

**"Expiry Date"** means the date on which, as specified pursuant to Rule 3.2(d), an Option will expire on its terms;

**"FCA"** means the Financial Conduct Authority or any successor to that authority;

**"Flotation"** means 4 March 2016, being the date of the admission by the UK Listing Authority of issued equity share capital of Metro Bank PLC to the Official List and such admission becoming effective;

**"Good Leaver"** has the meaning given in Rule 15.1;

**"Grant Date"** means the date on which an Award is granted which for these purposes shall be the date on which the grant of the Award is approved by resolution of the Committee (subject to the Committee's power to substitute another later date which shall be treated as the Grant Date);

**"Group Member"** means:

- (a) a Participating Company or a body corporate which is the Company's holding company (within the meaning of section 1159 of the Companies Act 2006) or a Subsidiary of the Company's holding company;
- (b) a body corporate which is a subsidiary undertaking (within the meaning of section 1162 of the Companies Act 2006) of a body corporate within paragraph (a) above and has been designated by the Board for this purpose; and
- (c) any other body corporate in relation to which a body corporate within paragraph (a) or (b) above is able (whether directly or indirectly) to exercise 20 per cent. or more of its equity voting rights (provided that this amounts to a "participating interest" within the meaning of section 421A of the Financial Services and Markets Act 2000) and has been designated by the Board for this purpose,

and **"Group"** shall be interpreted accordingly;

**"Growth Percentage"** means the applicable share of Value Created which is allocated to an Award, expressed as a percentage subject to the terms of the Plan;

**"Growth Performance Condition"** means the performance condition set out in Rule 6;

**"Holding Period"** means the period during which a Participant is required not to sell, transfer, assign or dispose of their Net Vested Shares in accordance with Rule 12;

**"ITEPA"** means the Income Tax (Earnings and Pensions) Act 2003;

**"London Stock Exchange"** means London Stock Exchange plc or any successor to that company;

**"Malus & Clawback"** means any reduction of remuneration (including in respect of an Award) and/or any obligation to repay amounts pursuant to Rule 18;

**"Minimum Hurdle"** means the achievement of a minimum 50% Percentage Total Shareholder Return, as described in Rule 6.3;

**"Net Vested Shares"** means the Vested Shares acquired or received by a Participant on exercise of an Option (other than, for the avoidance of doubt, in settlement of any Dividend Equivalent), if and to the extent that such Vested Shares are acquired during the relevant Holding Period, less: (a) a number of Shares with an aggregate market value on the date

of settlement of the Option equal to the Participant Tax Liability arising in respect of the exercise of the Option and acquisition of the Vested Shares; or (b) if Vested Shares are sold to satisfy such Participant Tax Liability, the number of Vested Shares sold;

**"Option"** means the conditional right to acquire Shares the terms of which are set out in these Rules and which forms part of the terms of an Award;

**"Participant"** means a person who is granted an Award, or as the context requires, the personal representatives of a person who is granted an Award or a person to whom an Award is to be granted;

**"Participant Tax Liability"** means any amount of income tax, employee's National Insurance contributions and any other employee's social security contributions, together with any similar or equivalent taxes, contributions, withholdings or levies in the UK or any other jurisdiction, or any other sums for which the relevant employer is required to account (or would or may suffer a disadvantage if it were not to account) to HM Revenue & Customs or any other tax or social security authority on behalf of the relevant Participant, and any interest or penalties relating to any of them;

**"Participating Company"** means the Company or any subsidiary of the Company;

**"Percentage Total Shareholder Return"** has the meaning given in Rule 6.1;

**"Performance Underpin"** means the Committee's power under Rule 8 to amend the extent to which the Growth Performance Condition or Time Vesting Condition is satisfied;

**"Performance Vested Shares"** has the meaning given in Rule 5.2;

**"Plan"** means the Metro Bank Holdings PLC Shareholder Value Alignment Plan, the rules of which are set out herein, as may be amended from time to time;

**"Reverse Takeover"** means a transaction under which the Company in its capacity as an offeror under the Takeover Code will or may (in the reasonable opinion of the Committee) have to increase its pre-existing issued voting equity share capital by more than 100%;

**"Rule"** means a rule of the Plan, and **"Rules"** means each rule of the Plan;

**"Shares"** means fully paid ordinary shares in the capital of the Company;

**"Takeover Code"** means The City Code on Takeovers and Mergers, as may be amended from time to time;

**"Test Date"** has the meaning given in Rule 6.1;

**"Test Date 1"** has the meaning given in Rule 6.1;

**"Test Date 2"** has the meaning given in Rule 6.1;

**"Test Date 3"** has the meaning given in Rule 6.1;

**"Time Vesting Condition"** means the time vesting condition set out in Rule 7

**"Trustees"** means the trustees of any employee benefit trust established by the Company or any other Group Member for the benefit of directors and/or employees of the Company and/or Group Member;

**"Value Created"** has the meaning given in Rule 6.4(a);

**"Vest"** means,

- (a) in relation to an Option, it becoming exercisable in respect of the relevant number of Shares; and
- (b) in relation to an Award, the Option that forms part of the terms of the Award becoming exercisable in respect of the relevant number of Shares,

in each case subject to satisfaction of the requirements relating to the manner of exercise of an Option set out in Rule 10 and the remaining requirements of the Rules, and **"Vesting"** and **"Vested"** shall be construed accordingly; and

**"Vested Shares"** means those Shares in respect of which an Option or Award has Vested.

1.2 In these Rules, unless the contrary intention appears:

- (a) a reference to any enactment, statute or statutory provision is a reference to that enactment, statute or statutory provision as re-enacted, amended, extended or renumbered before the date of these Rules and includes reference to any subordinate legislation (as re-enacted, amended, extended or renumbered) made under it before the date of these Rules;
- (b) a reference to one gender is a reference to all or any genders;
- (c) a reference to a clause, paragraph or Schedule is, unless stated otherwise, a reference to a clause or paragraph of, or Schedule to, these Rules;
- (d) a reference in a Schedule to a paragraph is, unless stated otherwise, a reference to a paragraph in that Schedule or, where that Schedule is split into parts, a reference to a paragraph in that part of that Schedule;
- (e) a reference to "including" or "includes" is to be read as "including" or "includes" without limitation, and does not limit the scope of the meaning of the words preceding it;
- (f) a reference to a "subsidiary" or "subsidiary undertaking" is to be construed in accordance with sections 1159 and 1162 of the Companies Act 2006;
- (g) headings are for guidance only and do not form part of the Rules or affect their interpretation; and
- (h) words denoting the plural number include the singular number and vice versa.

## 2. ELIGIBILITY AND PARTICIPANTS

- 2.1 An individual is eligible to be granted an Award only if they are an employee (including an Executive Director) of a Participating Company.
- 2.2 The Committee shall make each determination of which, if any, eligible employee(s) shall be granted an Award in its absolute discretion, and the Committee shall not be obliged to determine that any eligible employee should be granted an Award.

### **3. GRANT OF AWARDS**

#### **3.1 Terms of grant**

Subject to the remainder of these Rules (including Rule 3.6, Rule 3.8 and Rule 4), the Committee may resolve that the Company shall grant an Award on:

- (a) the terms set out in the Plan; and
- (b) any additional terms that the Committee specifies,

to any person who is eligible to be granted an Award under Rule 2.

#### **3.2 Committee determinations in respect of grant**

Without prejudice to the remainder of these Rules, on or before the Grant Date for an Award, the Committee shall (or may, as appropriate) determine:

- (a) the Growth Percentage in respect of which the Award is granted, provided that:
  - (i) the Growth Percentage for any Award (when aggregated with any other Awards held by the same Participant) shall not exceed 2.5%; and
  - (ii) the aggregate Growth Percentage for all outstanding Awards shall not exceed 5% (where applicable, applying Rule 15.4 in respect of Participants who undergo a Cessation);
- (b) the Baseline Market Value applicable to the Award, provided that in no case shall any Award be granted with an applicable Baseline Market Value below that equivalent to a share price of 80p, at the time the plan is approved by shareholders.;
- (c) the relevant Test Dates applicable to the Award, provided that:
  - (i) Test Date 1 shall be no earlier than 31 December 2027, Test Date 2 shall be no earlier than 31 December 2028 and Test Date 3 shall be no earlier than 31 December 2029; and
  - (ii) if no such determination is made, Test Date 1 shall be 31 December 2027, Test Date 2 shall be 31 December 2028 and Test Date 3 shall be 31 December 2029;
- (d) the date on which the Option that forms part of the terms of the Award shall expire, provided that:
  - (i) such date shall not be later than the tenth anniversary of the original approval of the Rules by the shareholders of the Company; and
  - (ii) if no such determination is made, the relevant expiry date shall be the tenth anniversary of the original approval of the Rules by the shareholders of the Company;
- (e) whether the relevant Award shall, from grant, include an entitlement to a Dividend Equivalent in respect of the period between the Vesting and the end of the Holding Period under (and as further described in) Rule 3.4; and
- (f) subject to the requirements of Applicable Laws, any other additional terms and conditions that may apply in respect of the Award in addition to those set out in these Rules.

### **3.3 Method of grant**

An Award shall be granted by an Award Certificate executed by the Company. Where an Award is granted under an Award Certificate, the Participant who is granted the Award and who wishes to accept the Award must execute the Award Certificate, and return the executed Award Certificate to the Company, either by electronic signature or, as directed by the Company, hard copy signature. The Award and any rights that such person may obtain or claim under the Plan in respect of that Award (including, for the avoidance of doubt, any right to exercise the relevant Option) shall, in all cases and in all respects, be conditional upon a validly executed Award Certificate being returned to the Company within 30 days of the date the Award Certificate is issued by the Company. If a validly executed Award Certificate is not returned to the Company within 30 days of its issue, then the Award will be treated as never having been granted, and the relevant Participant shall have no rights under the Plan in respect of such purported Award. The terms of this Rule 3.3 shall be subject to any amendment approved by the Committee in respect of any Award and as set out in the Award Certificate for such Award, provided that no Award shall depart from the requirement that the Participant who is granted the Award must accept the Award to have any rights under such Award.

### **3.4 Treatment of dividends**

Subject to Applicable Laws, the Committee shall have absolute discretion to determine, on or before the grant of an Award or at any time prior to the Vesting of an Award, that a Participant shall be entitled to receive a benefit determined by reference to the value of the dividends that would have been paid on the relevant number of Vested Shares in respect of dividend record dates occurring during the period between the date of Vesting for the relevant Vested Shares and the earlier of:

- (a) the date of expiry of the Holding Period in respect of such number Vested Shares; and
- (b) the date of exercise of the Option in respect of such number of Vested Shares.

Subject to the requirements of Applicable Laws, the Committee shall decide the basis on which the value of such dividends shall be calculated (which may assume the reinvestment of dividends) and the number of Vested Shares to which the Dividend Equivalent shall apply. The Committee may also decide at this time whether such Dividend Equivalent shall be provided to the Participant in the form of cash and/or by the delivery of additional Shares upon an exercise of the Option in respect of the relevant Vested Shares. Such Dividend Equivalent shall be delivered in accordance with Rule 11.

### **3.5 Method of satisfying exercised Options**

- (a) Subject to Applicable Laws and the requirements of Rule 4, the exercise of an Option may be satisfied:
  - (i) by the issue of new Shares; and/or
  - (ii) by the transfer of treasury Shares; and/or
  - (iii) by the Company procuring the transfer of Shares (other than the transfer of treasury Shares)
- (b) If and to the extent that the exercise of an Option by way of the issue of new Shares or the transfer of treasury Shares would result in a breach of:

- (i) the requirements of Rule 4, in respect of such Option or any other Award or Option under the Plan; or
- (ii) any analogous provision under any other employee share plan adopted by the Company (including the Company's long-term incentive plan, long-term reward plan, deferred variable reward plan or any all-employee share plan),

then it shall be automatically deemed that, to such extent, the exercise of such Option shall only be capable of being settled by the Company procuring the transfer of Shares (other than the transfer of treasury Shares). The Committee shall have the power, in its absolute discretion, to determine the extent to which this provision shall apply in respect of any particular Option to ensure that, in aggregate, the requirements listed in (i) and (ii) above are satisfied.

- (c) If and to the extent that the exercise of an Option will be settled by the issue of new Shares, the Company will ensure that such Shares are issued fully paid up through such means (not involving payment by the relevant Participant) as the Board considers appropriate, including (subject to Applicable Laws) the nominal value being paid up by way of a capitalisation of profits or relevant reserves.

### **3.6 Timing of grant**

Subject to Rule 3.8, an Award may only be granted:

- (a) within the 42-day period commencing on the date on which the Plan is approved by shareholders;
- (b) within the 42-day period commencing with the Dealing Day immediately following the last day of a closed period under the United Kingdom's retained law version of the Market Abuse Regulation (EU) 596/2014 (as amended), or such period which the Committee considers is analogous under any replacement or alternative Applicable Laws as may apply in the United Kingdom from time to time; or
- (c) at any other time when the Committee considers that circumstances are sufficiently exceptional to justify its grant,

but an Award may not be granted at any time:

- (i) after the expiry of the 10-year period beginning with the date of the approval of the Plan by the Company's shareholders; or
- (ii) if the terms of the Award are such that the Holding Period following the final possible date of Vesting for the Award will end after the expiry of the 10-year period beginning with the date of the approval of the Plan by the Company's shareholders.

### **3.7 Performance requirement for grant of Award**

An Award may only be granted if the Committee determines, at the intended Grant Date, that:

- (a) the Participant's conduct in the year prior to grant was satisfactory;
- (b) the Company and Group have a sound capital and liquidity position; and

The Committee, acting reasonably, may determine that additional performance conditions must be satisfied as a pre-condition for the grant of any Award and/or that the conditions

in (a) and (b) above shall be amended from time to time as is necessary and/or desirable to ensure the Company's compliance with Applicable Laws and/or the regulatory regime to which the Company is subject from time to time.

### **3.8 Approvals and consents**

Notwithstanding any other provision of these Rules, the grant of any Award shall be subject to obtaining any approval or consent required under any Applicable Laws and any share dealing code of the Company.

### **3.9 Non-transferability and bankruptcy**

An Award granted to any person:

- (a) shall not be transferred, assigned, charged or otherwise disposed of (except on their death to their personal representatives) and shall lapse immediately on any attempt to do so; and
- (b) shall, unless the Committee determines otherwise (on such terms as the Committee shall decide in its absolute discretion), lapse immediately if they are declared bankrupt or enter into any other insolvency process including, for the avoidance of doubt, any individual voluntary arrangement.

## **4. LIMITS ON ALLOCATION OF SHARES**

### **4.1 10 per cent. in 10 years limit**

An Award shall not cause the number of Shares allocated (as defined in Rule 2) pursuant to Awards and other rights granted under the Plan or under:

- (a) any other employee share plan (i.e. all types of employee share plans: discretionary, all-employee or otherwise adopted by the Company); or
- (b) any other employee share plan adopted by Metro Bank PLC,

where such grants were made both (i) on or after Flotation and (ii) in the period of 10 years ending with the Grant Date of the relevant Award, to exceed such number as represents 10 per cent. of the issued ordinary share capital of the Company at the Grant Date of the relevant Award.

### **4.2 Meaning of "allocated"**

For the purpose of Rule 4.1, shares are allocated:

- (i) when an option, award or other contractual right to acquire unissued Shares or treasury Shares is granted; or
  - (ii) where Shares are issued or treasury Shares are transferred otherwise than pursuant to an option, award or other contractual right to acquire Shares, when those Shares are issued or treasury Shares transferred;
- (b) any Shares which have been issued or which may be issued (or any Shares transferred out of treasury or which may be transferred out of treasury) to any Trustees to satisfy the exercise of any option, award or other contractual right granted under any employee share plan shall count as allocated unless they are already treated as allocated under this Rule; and

- (c) for the avoidance of doubt, existing Shares other than treasury Shares that are transferred or over which options, awards or other contractual rights are granted shall not count as allocated.

#### **4.3 Post-grant events affecting numbers of "allocated" Shares**

For the purposes of Rule 4.2:

- (a) where:
  - (i) any option, award or other contractual right to acquire unissued Shares or treasury Shares is released or lapses (whether in whole or in part); or
  - (ii) after the grant of an option, award or other contractual right:
    - (1) the Committee determines that:
      - a. it shall be satisfied wholly or partly by the payment of cash; or
      - b. it shall be satisfied wholly or partly by the transfer of existing Shares (other than Shares transferred out of treasury); or
    - (2) for the avoidance of doubt, Rule 3.5(b) operates such that an Option (or part thereof) may only be settled by the transfer of existing Shares (other than Shares transferred out of treasury),

the unissued Shares or treasury Shares which consequently cease to be subject to the option, award or other contractual right shall not count as allocated (in the case of (2) above, during such period as Rule 3.5(b) operates only); and

- (b) the number of Shares allocated in respect of an option, award or other contractual right shall be such number as the Board shall reasonably determine from time to time.

#### **4.4 Changes to investor guidelines**

Treasury Shares shall cease to count as allocated Shares for the purposes of Rule 4.2 if institutional investor guidelines cease to require them to be so counted.

#### **4.5 Restriction on use of unissued Shares and treasury Shares**

If any Shares are issued or treasury Shares transferred to satisfy the exercise of any Option then, to the extent that such issue or transfer would cause the number of Shares allocated (as defined in Rule 4.2, as adjusted under Rule 4.3), to exceed solely as a result of a variation of share capital of the Company such issue or transfer shall be deemed not to exceed such limits and shall not be prohibited.

#### **4.6 The Option**

Upon the grant of an Award, and subject to the remaining provisions of the Rules, the relevant Participant shall be entitled to acquire, for nil cost, the number of Vested Shares (from time to time) which is determined in accordance with these Rules and the relevant Award Certificate.

#### **4.7 Vesting requirement**

Subject to earlier Vesting occurring under Rule 15 or Rule 16, the Option forming part of the terms of the Award granted to a Participant shall only Vest to the extent that:

- (a) the Growth Performance Condition is satisfied;
- (b) the Time Vesting Condition is satisfied;
- (c) the Committee has not exercised its discretion to reduce the level of Vesting under the Performance Underpin or any other provision of these Rules, and there has been no reduction under Rule 9; and
- (d) any other condition for vesting which the Committee determines at or prior to the Grant Date shall apply to the Award, and which is documented in the relevant Award Certificate, is satisfied (and in the event that any such condition is applied to an Award, the Committee shall determine, acting reasonably, the interpretation of these Rules as to such condition).

In these Rules, **“Performance Vested Shares”** means the number of Shares in respect of which the Committee has determined that the Growth Performance Condition (including the Minimum Hurdle) is satisfied for any given Award (regardless of whether or not the Time Vesting Condition has been satisfied in respect of such Shares).

## 5. GROWTH PERFORMANCE CONDITION

### 5.1 Additional definitions

In this Rule 6 (and, as the context requires, elsewhere in the Rules):

- (a) **“Average Percentage Total Shareholder Return”** means, at or in respect of any date, the average of the Percentage Total Shareholder Return calculated for each of the 20 Dealing Days ending on the relevant date;
- (b) **“Average Share Price”** means, in respect of the Company’s Shares and at or in respect of any date, the average per-share price (as derived from the London Stock Exchange Daily Official List) over the 20 Dealing Days ending on the relevant date;
- (c) **“Percentage Total Shareholder Return”** means the percentage total shareholder return as measured from the Baseline Net Return Index, as determined using the Net Return Index as reported by Datastream (or such other reputable external data provider as the Committee determines), provided that such percentage total shareholder return shall take into account ordinary dividends as if such amounts were reinvested into Shares.
- (d) Baseline Net Return Index to be calculated as the share price equivalent to the Baseline Market Value divided by the closing share price on the day before the Grant Date, which is then multiplied by the Net Return Index on the day before the Grant Date.
- (e) **“Test Date”** means each date at which the Growth Performance Condition is tested, as determined in accordance with Rule 3.2(c);
- (f) **“Test Date 1”** means the first Test Date to occur in respect of an Award;
- (g) **“Test Date 2”** means the second Test Date to occur in respect of an Award; and
- (h) **“Test Date 3”** means the third Test Date to occur in respect of an Award.

## **5.2 Time of testing of Growth Performance Condition**

- (a) The Growth Performance Condition will be tested as at each of the three Test Dates applicable to an Award.
- (b) As soon as reasonably practicable following each Test Date, once the Committee has determined that it has received such information (including financial statements) as it requires to determine performance against the Growth Performance Condition (including the Minimum Hurdle) in respect of the relevant Test Date, together with any amendment to the level of Vesting under the Performance Underpin or any other applicable provision of these Rules, the Committee shall determine the number of the Performance Vested Shares in respect of the relevant Test Date. For the avoidance of doubt, the Growth Performance Condition shall not be deemed to be satisfied, and there shall be no additional Performance Vested Shares, in respect of a Test Date until the Committee has made such determination. As soon as reasonably practicable following such determination the Company shall notify each relevant Participant of such determination.

## **5.3 Minimum Hurdle**

- (a) The Minimum Hurdle shall be satisfied at a given date if the Average Percentage Total Shareholder Return at such date is equal to at least 50%.
- (b) In order for the Growth Performance Condition to be satisfied to any extent on any Test Date, the Minimum Hurdle must have been satisfied:
  - (i) in respect of Test Date 1, at Test Date 1;
  - (ii) in respect of Test Date 2, at one or more dates in the period beginning on Test Date 1 and ending on Test Date 2; and
  - (iii) in respect of Test Date 3, at one or more dates in the period beginning on Test Date 1 and ending on Test Date 3.

For the avoidance of doubt, if the Minimum Hurdle is satisfied in respect of Test Date 1, the Minimum Hurdle will also be satisfied in respect of each of Test Date 2 and Test Date 3, and if the Minimum Hurdle is satisfied in the case of Test Date 2, the Minimum Hurdle will also be satisfied in respect of Test Date 3.

- (c) For the avoidance of doubt, if the Minimum Hurdle has not been satisfied as required by this Rule 6.3, the Growth Performance Condition shall be deemed not to have been satisfied to any extent in respect of the relevant Test Date and the number of Performance Vested Shares in respect of the relevant Award shall be nil. In such circumstances the Committee shall not be required to carry out any further assessment of the Growth Performance Condition in respect of the relevant Test Date.

## **5.4 Satisfaction of the Growth Performance Condition**

Provided in each case that the Minimum Hurdle is satisfied in respect of the relevant Test Date:

- (a) the following 20 Dealing Day Average Percentage Total Shareholder Return shall be determined:

- (i) in respect of Test Date 1, the Average Percentage Total Shareholder Return at Test Date 1;
- (ii) in respect of Test Date 2, the highest Average Percentage Total Shareholder Return at any date during the period beginning on the Dealing Day following Test Date 1 and ending on Test Date 2; and
- (iii) in respect of Test Date 3, the highest Average Percentage Total Shareholder Return at any date during the period beginning on the Dealing Day following Test Date 2 and ending on Test Date 3,

such Average Percentage Total Shareholder Return, in respect of the relevant Test Date, multiplied by the applicable Baseline Market Value, the “**Value Created**”;

- (b) the Average Share Price shall be determined at the same relevant date by reference to which the relevant Average Percentage Total Shareholder Return was determined for such Test Date, provided that the Committee shall have the power (in its absolute discretion) to reduce the Average Share Price for the purposes of this Rule 6.4 to reflect a reasonable estimate of the value of the expected per-Share dividend yield during the period(s) beginning on the relevant Grant Date and ending on the date(s) on which the time Vesting conditions are expected to be satisfied;
- (c) subject to any reduction under Rule 8 or Rule 9 below, the Growth Performance Condition applicable to an Award shall be deemed to be satisfied in respect of:
  - (i) for Test Date 1, the following number of Shares:  $\text{Value Created} \times \text{Growth Percentage applicable to the Award} / \text{Average Share Price}$ ;
  - (ii) for Test Date 2 and Test Date 3, the following additional number of Shares:  $(\text{Value Created} \times \text{Growth Percentage applicable to the Award} / \text{Average Share Price}) - \text{the number (if any) of Performance Vested Shares under the relevant Award immediately prior to the relevant determination of the Growth Performance Condition}$ , provided that if such number is less than zero it shall be considered to be zero (and the number of Performance Vested Shares shall be unchanged as a result of the relevant Test Date determination),

where Value Created and Average Share Price are as determined in (a) and (b) above in respect of the relevant Test Date.

- (d) The number of Shares in respect of which the Growth Performance Condition is satisfied (subject, for the avoidance of doubt, to any reduction under Rule 8 or Rule 9 below) shall be Performance Vested Shares under the relevant Award (including, for the avoidance of doubt, the Option forming part of the terms of such Award).

## 5.5 **No further satisfaction of Growth Performance Condition following Test Date 3**

The Growth Performance Condition shall not be capable of satisfaction in respect of an Award following determination of the Growth Performance Condition in respect of Test Date 3, and there shall be no additional Performance Vested Shares in respect of the relevant Award after such determination. If there are no Performance Vested Shares in respect of an Award after determination of the Growth Performance Condition in respect of Test Date 3 (including as a result of the Minimum Hurdle not having been satisfied in respect of Test Date 3), then the relevant Option forming part of the terms of such Award shall lapse in full immediately following such determination, and for the avoidance of doubt the Participant shall have no right to acquire any Shares under such Award and/or Option.

## 5.6 **Adjustment for changes in share capital**

The Value Created and the extent (if any) to which the Growth Performance Condition is satisfied in respect of any Test Date will be adjusted for any relevant share capital changes where the Committee determines it is appropriate to do so in order to appropriately reflect shareholder experience from the Baseline Market Value. The Committee shall have the power to make such adjustments as it reasonably considers appropriate in such circumstances, provided that the Committee shall use the Datastream methodology as a default.

## 5.7 **Dealing Day requirement**

In the event that any date at which a 20 Dealing Day Average Percentage Total Shareholder Return or Average Share Price is required to be calculated under this Rule 6 is not a Dealing Day, the relevant date at which the 20 Dealing Day Average Percentage Total Shareholder Return or Average Share Price shall be calculated shall be deemed to be:

- (a) the immediately following Dealing Day; or
- (b) if this would cause the relevant date to fall within the following calendar month, the immediately preceding Dealing Day.

## 6. **TIME VESTING CONDITION**

### 6.1 **Additional definitions**

In this Rule 7 (and, as the context requires, elsewhere in the Rules):

- (a) **“Test Date 1 Performance Vested Shares”** means the number of Performance Vested Shares (if any) for which the Growth Performance Condition was deemed satisfied in respect of Test Date 1 (for the avoidance of doubt, such number taking into account any reduction under Rule 8 or Rule 9);
- (b) **“Test Date 2 Performance Vested Shares”** means the additional number of Performance Vested Shares (if any) for which the Growth Performance Condition was deemed satisfied in respect of Test Date 2 (for the avoidance of doubt, such number taking into account any reduction under Rule 8 or Rule 9, and excluding any number of Performance Vested Shares for which the Growth Performance Condition was already deemed satisfied in respect of Test Date 1); and
- (c) **“Test Date 3 Performance Vested Shares”** means the additional number of Performance Vested Shares (if any) for which the Growth Performance Condition was deemed satisfied in respect of Test Date 3 (for the avoidance of doubt, such number taking into account any reduction under Rule 8 or Rule 9, and excluding any number of Performance Vested Shares for which the Growth Performance Condition was already deemed satisfied in respect of Test Date 1 or Test Date 2).

### 6.2 **Time Vesting Condition schedule**

Subject to the remaining provisions of this Rule 7 and any reduction under Rule 8, for each Option forming part of an Award, the Time Vesting Condition shall be satisfied in respect of the following number of Performance Vested Shares on each of the following anniversaries of the Grant Date for the relevant Award:

- (a) On the third anniversary of the Grant Date: 52% of the Test Date 1 Performance Vested Shares;

- (b) On the fourth anniversary of the Grant Date: 12% of the Test Date 1 Performance Vested Shares, plus 64% of the Test Date 2 Performance Vested Shares;
- (c) On the fifth anniversary of the Grant Date: 12% of the Test Date 1 Performance Vested Shares, plus 12% of the Test Date 2 Performance Vested Shares, plus 76% of the Test Date 3 Performance Vested Shares;
- (d) On the sixth anniversary of the Grant Date: 12% of the Test Date 1 Performance Vested Shares, plus 12% of the Test Date 2 Performance Vested Shares, plus 12% of the Test Date 3 Performance Vested Shares; and
- (e) On the seventh anniversary of the Grant Date: 12% of the Test Date 1 Performance Vested Shares, plus 12% of the Test Date 2 Performance Vested Shares, plus 12% of the Test Date 3 Performance Vested Shares.

Where an individual receives a cash bonus for the relevant year, and more generally if the applicable regulatory requirements change, the above vesting schedule may be amended to ensure that overall variable pay for the relevant year meets any applicable regulatory requirements.

### 6.3 **Determination of Time Vesting Condition**

- (a) In applying the Time Vesting Condition schedule in Rule 7.2, for the avoidance of doubt:
  - (i) the Time Vesting Condition will not be satisfied in any part prior to the third anniversary of the Grant Date for the relevant Award;
  - (ii) subject to any reduction under Rule 8 or any other applicable Rule, the Time Vesting Condition will be satisfied in respect of all Performance Vested Shares under an Option on the seventh anniversary of the Grant Date for the relevant Award; and
  - (iii) the number of Test Date 1 Performance Vested Shares, Test Date 2 Performance Vested Shares and Test Date 3 Performance Vested Shares shall, in each case, be the relevant number of Performance Vested Shares as at the determination of the Growth Performance Condition in respect of the relevant Test Date, and shall not be reduced to reflect any exercise of the relevant Option.
- (b) In the event that performance against the Growth Performance Condition is determined (in accordance with Rule 6) for an Award after:
  - (i) the third anniversary of the Grant Date, in respect of Test Date 1;
  - (ii) the fourth anniversary of the Grant Date, in respect of Test Date 2;
  - (iii) the fifth anniversary of the Grant Date, in respect of Test Date 3,

the relevant date for satisfaction of the Time Vesting Condition set out in Rule 7.2 in respect of the Test Date 1 Performance Vested Shares, Test Date 2 Performance Vested Shares or Test Date 3 Performance Vested Shares (as applicable) shall be delayed to the relevant date on which performance against the Growth Performance Condition is determined.

- (c) The Committee shall have the power to delay any date on which the Time Vesting Condition would otherwise be satisfied (in respect of such number of Shares as

determined by the Committee) if the Committee, acting reasonably, considers such delay is necessary and/or desirable to ensure the Company's compliance with Applicable Laws and/or the regulatory regime to which the Company is subject, in either case from time to time.

## **7. PERFORMANCE UNDERPIN**

### **7.1 Assessment of overall performance at vesting event**

When any determination of the Growth Performance Condition is made or upon any date when any Time Vesting Condition would be satisfied, the Committee shall make a determination of the performance of the Company, any relevant Group Member and the Participant, including by reference to each of the following criteria:

- (a) whether the Company and any relevant Group Member capital and liquidity positions are above regulatory minima;
- (b) whether there have been any material risk issues, in the judgement of the Committee: and
- (c) whether the bank is profitable.

### **7.2 Power to adjust extent of Vesting**

- (a) Following the assessment described in Rule 8.1, the Committee shall have the power, in its absolute discretion, to:
  - (i) reduce or increase the extent to which, as applicable, the Growth Performance Condition (including, for the avoidance of doubt, the resulting number of Performance Vested Shares) or the Time Vesting Condition is satisfied; and/or
  - (ii) delay (in whole or in part) when the Growth Performance Condition or Time Vesting Condition (as applicable) will be tested or deemed to be satisfied, to reflect overall performance.
- (b) For the avoidance of doubt, if the Committee exercises the power in this Rule 8.2 to reduce the extent to which the relevant Vesting condition is satisfied, then the Option shall not Vest in respect of the number of Shares for which the Growth Performance Condition of Time Vesting Condition (as applicable) is not satisfied.
- (c) The power in this Rule 8.2 is without prejudice to any reduction in Vesting as a result of the operation of Malus & Clawback.

### **7.3 Revisions to Performance Underpin**

The Committee shall have the power to amend the criteria set out in Rule 8.1 against which this Performance Underpin is specifically determined if the Committee, acting reasonably, considers such amendment is necessary and/or desirable to ensure the Company's compliance with Applicable Laws and/or the regulatory regime to which the Company is subject, in either case from time to time.

## **8. INDIVIDUAL AND PLAN LIMITS ON VESTING**

### **8.1 Individual limit on Vesting**

For any Participant in the Plan, the maximum aggregate value of Shares that may become Vested Shares under an Award (including the Option forming part of the terms of the Award) granted to such Participant is £60 million. In determining whether such limit is exceeded:

- (a) as part of each determination of performance against the Growth Performance Condition, the aggregate value of Performance Vested Shares under all Awards granted to a Participant following the relevant determination will be determined;
- (b) such determination shall be based on the same per-Share Average Share Price as used in the relevant determination of the Growth Performance Condition, provided that, for the purposes of this Rule 9.1, no reduction in Average Share Price to reflect expected dividend yield may be applied;
- (c) if and to the extent that the aggregate value of Performance Vested Shares determined in (a) would exceed £60 million, the number of Performance Vested Shares shall be reduced by the smallest possible number of Performance Vesting Shares as results in an aggregate remaining value of Performance Vested Shares (calculated on the basis of (a) and (b) above) that does not exceed £60 million.

For the avoidance of doubt, this individual limit on Vesting shall only be applied when determining performance against the Growth Performance Condition. It will not be applied upon any application of the Time Vesting Condition.

### **8.2 Overall limit on Vesting**

- (a) The maximum aggregate value of Shares that may become Vested Shares in aggregate under all Awards (including the Option forming part of the terms of the Award) shall be £120 million (or a proportionately lower amount if less than 5% is allocated). This excludes, for the avoidance of doubt, any Awards which have lapsed in full on their terms and applying Rule 15.4 where applicable. This is subject to such adjustment as the Committee reasonably considers necessary in the event any Awards are held by Participants who have undergone a Cessation.
- (b) as part of each determination of performance against the Growth Performance Condition, the aggregate value of Performance Vested Shares under all outstanding Awards following the relevant determination will be determined;
- (c) such determination shall be based on the same per-Share Average Share Price as used in the relevant determination of the Growth Performance Condition, provided that, for the purposes of this Rule 9.2, no reduction in Average Share Price to reflect expected dividend yield may be applied;
- (d) if and to the extent that the aggregate value of Performance Vested Shares determined in (b) would exceed the limit in (a), the number of Performance Vested Shares shall be reduced by the smallest possible number of Performance Vesting Shares as results in an aggregate remaining value of Performance Vested Shares (calculated on the basis of (b) and (c) above) that does not exceed the limit in (a). The Committee, acting reasonably, will determine how such reduction shall be applied across all relevant outstanding Awards.

For the avoidance of doubt, this aggregate limit on Vesting shall only be applied when determining performance against the Growth Performance Condition. It will not be applied upon any application of the Time Vesting Condition.

## **9. EXERCISE OF OPTIONS**

### **9.1 Restrictions on the exercise of an Option: regulatory and tax issues**

An Option which is Vested in whole or in part may not be exercised unless:

- (a) the exercise of the Option and the consequent issue or transfer of Shares would be lawful and comply with Applicable Laws and any share dealing code of the Company;
- (b) if, on the exercise of the Option and the Participant's acquisition of Shares, a Participant Tax Liability would arise and the Board decides that it shall not (or cannot) be satisfied by selling Shares pursuant to Rule 10.4, then the Participant must have entered into arrangements acceptable to the Board that the relevant Group Member shall receive the amount of that Participant Tax Liability; and
- (c) where the Committee requires, the Participant has entered into, or agreed to enter into, a valid election under section 431(1) of ITEPA or any similar arrangement in any overseas jurisdiction.

For the purposes of this Rule 10.1, references to a Group Member include any former Group Member.

### **9.2 Exercise in whole or part**

An Option must be exercised in respect of no fewer than the maximum number of Vested Shares for which the Holding Period has expired at the time of exercise unless the Committee decides that a Participant may exercise the Option in respect of such fewer number of Vested Shares as it decides.

### **9.3 Method of exercise**

An Option shall be exercised in the form and manner prescribed by the Board. Unless the Board, acting fairly and reasonably determines otherwise, any notice of exercise shall, subject to Rule 10.1, take effect only when the Company receives it.

### **9.4 Payment of Participant Tax Liability and indemnity**

- (a) The Participant authorises the Company to sell or procure the sale of sufficient Vested Shares on or following the exercise of their Option on their behalf to ensure that any relevant Group Member receives the amount required to discharge any Participant Tax Liability which arises on such exercise (and the Participant's acquisition of all Vested Shares and any cash payment on such exercise) except to the extent that the Board decides that all or part of the Participant Tax Liability shall be funded in a different manner.
- (b) Each Participant shall indemnify (on an after-tax basis) the Company and each other Group Member for any Participant Tax Liability which the Company or such Group Member may be liable to deduct, withhold, account for (or would or may suffer a disadvantage if it were not to account for) or pay by reason of the Participant's participation in the Plan (including the Participant's exercise of or receipt of any benefit in respect of an Option).

For the purposes of this Rule 10.4, references to a Group Member include any former Group Member.

#### **9.5 Participant Tax Liability before Vesting**

If a Participant will, or the Committee (acting reasonably) determines the Participant is likely to, incur any Participant Tax Liability before the Vesting of an Award or the Option forming part of the terms of an Award or the exercise of an Option then that Participant must enter into arrangements acceptable to any relevant Group Member to ensure that it receives the amount of such Participant Tax Liability. If no such arrangement is made, the Participant shall be deemed to have authorised the Company to:

- (a) where possible, sell or procure the sale on their behalf of sufficient Vested Shares; and/or
- (b) subject to Applicable Laws, withhold or procure the withholding from any amount or number of Shares due to such Participant from any Group Member (including any form of remuneration) such amount,

to ensure that the relevant Group Member receives the amount required to discharge the Participant Tax Liability. For the purposes of this Rule 10.5, references to a Group Member include any former Group Member.

#### **9.6 Transfer or allotment timetable**

As soon as reasonably practicable after an Option has been exercised, the Company shall, subject to Rule 10.4 and any arrangement made under Rule 10.1(b), transfer or procure the transfer to them or, if appropriate, allot and issue to them (or such person nominated by the Participant or, if no such person has been nominated by the Participant, such person as the Company nominates on the Participant's behalf) the number of Shares in respect of which the Option has been exercised.

#### **9.7 Lapse of Options on Expiry Date**

- (a) Subject to (b) and (c) below, but otherwise without prejudice to any other provision of the Rules (including any other provision providing for lapse on an earlier date), an Option, regardless of whether it is Vested and/or capable of exercise, shall lapse on the Expiry Date if it has not been exercised.
- (b) If an Option is not capable of being exercised during the 30 days ending on the Expiry Date because of any restrictions referred to in Rule 10.1(a), the Committee may, in its absolute discretion, extend the Expiry Date for such limited period as the Committee determines appropriate to permit the Option to be exercised as soon as those restrictions cease to apply.
- (c) If, upon the Expiry Date (including any extended Expiry Date under Rule 10.7(b)), an Option remains unexercised and would otherwise lapse under Rule 10.7 the Committee may determine that the Option shall be treated as having been exercised on the last Dealing Day falling within the period during which exercise would be permitted under this Rule 10.

#### **10. DELIVERY OF DIVIDEND EQUIVALENT**

- (a) If, in accordance with Rule 3.4, the Committee has determined that a Dividend Equivalent shall apply in respect of an Award (or part thereof), but did not decide at that time whether the Dividend Equivalent would be provided in the form of cash

and/or Shares, then the Committee shall make such decision on or before the settlement of the relevant Option and delivery of the relevant Vested Shares. In any event the form of delivery of the Dividend Equivalent shall be subject to Applicable Laws.

- (b) The Committee, acting fairly and reasonably, may decide to exclude the value of all or part of a special dividend or any other dividend from the amount of the Dividend Equivalent.
- (c) The provision of the Dividend Equivalent to the Participant shall be made at the same time as or as soon as practicable after the delivery of the Vested Shares in settlement of the Option and:
  - (i) in the case of a cash payment, shall be subject to such deductions (on account of tax or similar liabilities) as may be required by law or as the Board may reasonably consider to be necessary or desirable;
  - (ii) in the case of a provision of Shares, the provisions of Rule 10 shall apply as the Committee deems relevant to the delivery of the additional Shares as if such Shares were delivered in settlement of the right to purchase Vested Shares under the Option.

## **11. HOLDING PERIOD**

### **11.1 Restrictions on the sale, transfer, disposal and assignment of Net Vested Shares during Holding Period**

Subject to Rule 12.2 below, a Participant shall be required:

- (a) to hold their Net Vested Shares during the applicable Holding Period in accordance with such terms and conditions that the Committee may impose from time to time, which may include their Net Vested Shares being held by a nominee appointed by the Company;
- (b) not to sell, transfer, assign or dispose of any interest in their Net Vested Shares prior to the expiry of the applicable Holding Period;
- (c) if, during the applicable Holding Period, they acquire any additional Shares by virtue of holding Net Vested Shares during the Holding Period, those additional Shares shall also be held subject to the terms of this Rule 12 as they apply to the original Net Vested Shares unless the Committee, in its discretion, determines otherwise; and
- (d) to execute any other document required by the Committee at any time to give effect to the restrictions under this Rule 12.

For the avoidance of doubt:

- (i) Net Vested Shares shall not be subject to any risk of forfeiture during the Holding Period other than to satisfy Malus & Clawback; and
- (ii) any Shares delivered in respect of a Dividend Equivalent shall not be subject to the Holding Period.

## **11.2 Permitted transfers during the Holding Period**

- (a) Subject to the prior approval of the Committee, the Participant may, during the Holding Period, transfer or assign some or all of their Net Vested Shares to their spouse or civil partner or to the Participant's personal pension plan (the "transferee"), provided that the transferee has agreed to comply with this Rule 12, any other terms and conditions imposed by the Committee and the decisions of the Committee and the transferee agrees not to sell, transfer, assign or dispose of those Net Vested Shares until the expiry of the Holding Period.
- (b) The Committee may allow a Participant to sell, transfer, assign or dispose of some or all of their Net Vested Shares before the end of the Holding Period, subject to any terms and conditions that the Committee specifies.

## **11.3 Expiry of the Holding Period**

- (a) The Holding Period shall begin on the date on which the relevant Option became Vested in respect of the relevant Vested Shares and shall expire on the earliest of:
  - (i) the first anniversary of the date on which the relevant Option became Vested in respect of the relevant Vested Shares;
  - (ii) the date of an event under Rule 16.2 or 16.3, or to which Rule 16.2 or 16.3 applies as a result of Rule 16.5 (excluding, in all cases, an internal reorganisation, where the Holding Period shall be deemed to apply to shares in the Acquiring Company as the Committee reasonably requires);
  - (iii) the death of the Participant; and
  - (iv) any other date determined by the Committee,provided that the Holding Period shall not end before the earliest date on which the Committee, acting reasonably, determines that the Holding Period may expire in accordance with Applicable Laws and/or the regulatory regime to which the Company is subject, in either case from time to time.
- (b) For the avoidance of doubt, Net Vested Shares shall cease to be subject to any restrictions under this Rule 12 once the Holding Period has expired.

## **11.4 No effect on share ownership guidelines or other requirements**

Nothing in this Rule 12 shall remove and/or reduce any additional requirements that may apply to the Participant under the Company's share ownership guidelines or requirements (from time to time), and the expiry of the Holding Period shall not affect any of the Company's other rights (including under the Malus & Clawback) in respect of the Net Vested Shares (under the Rules or otherwise).

## **12. CASH ALTERNATIVE**

### **12.1 Committee determination**

Where an Option has been exercised and the relevant Shares to be delivered have not yet been allotted or transferred to the Participant, the Committee may determine that, in substitution for the relevant Participant's right to acquire any number of Shares as the Committee decides (but in full and final satisfaction of the relevant Participant's right to acquire those Shares), the relevant Participant shall be paid as additional employment

income a sum equal to the cash equivalent (defined in Rule 13.3) of that number of Shares in accordance with this Rule 13.

## **12.2 Limitation on the use of this Rule**

Rule 13.1 shall not apply in relation to an Award made to a Participant in any jurisdiction or in any circumstances where the presence of Rule 13.1 would or may cause:

- (a) the grant of the Award to be unlawful or for it to fall outside any applicable securities law exclusion or exemption; or
- (b) adverse tax or social security contribution consequences for the Participant or any Group Member,

as determined by the Board, provided that this Rule 13.2 shall only apply if its application would prevent the occurrence of a consequence referred to in paragraph (a) or (b) above.

## **12.3 Cash equivalent**

For the purpose of this Rule 13, the cash equivalent of a Share is the market value of a Share on the day when the Option is exercised. The market value of a Share on any day shall, for the purposes of this Rule 13, be determined as follows:

- (a) if on the day of exercise, Shares are quoted in the London Stock Exchange Daily Official List, the average per-share price of a Share, as derived from that List, on that day; or
- (b) if Shares are not so quoted, such value of a Share as the Committee reasonably determines.

## **12.4 Payment of cash equivalent**

As soon as reasonably practicable after the Committee has determined under Rule 13.1 that a Participant shall be paid a sum in settlement of the right to acquire any number of Shares the Company shall pay to them or procure the payment to them of that sum in cash.

## **12.5 Deductions**

There shall be deducted from any payment under this Rule 13 any amounts (on account of tax or similar liabilities) required by law or as the Board may reasonably consider to be necessary or desirable. Without prejudice to the generality of the foregoing, any such payment shall be made subject to deduction for any Participant Tax Liability in connection with the Participant's exercise of the Option and its settlement (in whole or in part) in cash, and the provisions of Rule 10 relating to tax shall apply *mutatis mutandi* to the exercise and settlement of the Option as if settled in Shares.

## **13. LAPSE OF AWARDS AND OPTIONS**

An Award or the Option forming part of the terms of an Award (or any part of an Award or Option) shall lapse on any date provided for under these Rules.

## **14. LEAVERS**

### **14.1 Good Leavers and Bad Leavers**

A “**Good Leaver**” shall be any Participant who undergoes a Cessation due to:

- (a) the Participant's death;

- (b) the Participant's ill-health, injury or disability (evidenced to the reasonable satisfaction of the Committee);
- (c) redundancy within the meaning of the Employment Rights Act 1996;
- (d) retirement with the employer's agreement;
- (e) the Participant's office or employment being either with a company which ceases to be a Group Member or relating to a business or part of a business which is transferred to a person who is not a Group Member; or
- (f) in any other circumstances where the Committee determines that the Participant shall be a Good Leaver in respect of a particular Award.

A "**Bad Leaver**" shall be any Participant who undergoes a Cessation and who is not a Good Leaver, regardless of whether that Cessation was lawful or unlawful.

#### 14.2 **Good Leaver treatment**

If a Participant becomes a Good Leaver in respect of an Award:

- (a) such Participant shall be permitted to retain such Award and Option as if such Participant had not undergone a Cessation to the extent of any Shares that are Vested Shares at the Cessation Date; and
- (b) such Participant shall be permitted to retain such Award and Option as if such Participant had not undergone a Cessation in respect of any Shares that are not Vested Shares at the Cessation Date, provided that
  - (i) if the Cessation Date occurs:
    - (1) on or prior to Test Date 1, then the Growth Performance Condition shall only be tested in respect of such Award in respect of Test Date 1 (and not, for the avoidance of doubt, in respect of Test Date 2 or Test Date 3);
    - (2) after Test Date 1, but on or prior to Test Date 2, then the Growth Performance Condition shall only be tested in respect of such Award in respect of Test Date 1 and Test Date 2 (and not, for the avoidance of doubt, in respect of Test Date 3); and
    - (3) after Test Date 2, then the Growth Performance Condition shall be tested in respect of such Award in respect of Test Date 1, Test Date 2 and Test Date 3,

in each case subject to any other Rule which would mean the Growth Performance Condition is not tested in respect of any relevant Test Date or the treatment of any relevant event under Rule 16;
  - (ii) in respect of any satisfaction of the Time Vesting Condition following the Cessation Date, if the Cessation Date is before Test Date 1, the number of Vested Shares resulting from such Vesting shall be reduced on a time pro-rated basis based on the proportion of the period between the Grant Date and Test Date 3 for the relevant Award which was prior to the Cessation Date; and

- (iii) in the event of the Participant's death, the Committee may, in its absolute discretion, determine performance against the Growth Performance Condition at an earlier time than any applicable Test Date and may determine that the Time Vesting Condition should be accelerated (in each case, on such basis as the Committee, acting reasonably, considers appropriate).

#### 14.3 **Bad Leaver treatment**

If a Participant becomes a Bad Leaver in respect of an Award:

- (a) such Participant shall be permitted to retain such Award and Option as if such Participant had not undergone a Cessation to the extent of any Shares that are Vested Shares at the Cessation Date;
- (b) such Participant's rights under the applicable Award and Option shall lapse to the extent of any Shares that are not Vested Shares at the date of the Participant's Cessation. For the avoidance of doubt, no further Vesting of the Participant's Award and Option shall take place following Cessation Date, including as a result of a determination of the Growth Performance Condition after the Cessation Date in respect of a Test Date prior to the Cessation Date.

#### 14.4 **Effect of Cessation on overall Award limit**

Where any Award is held by a Participant who undergoes a Cessation:

- (a) to the extent that such Participant's rights under the applicable Award and Option lapse or are no longer capable of Vesting as a result of application of this Rule 15, such Award or part thereof shall not count towards the outstanding Awards under Rule 3.2(a)(ii) or Rule 9.2(a); and
- (b) the Committee, acting reasonably, shall have the power to determine any additional restrictions or conditions in relation to any grants of Awards to reflect the effect of Rule 15.4(a) on Rule 3.2(a)(ii) or Rule 9.2(a).

### 15. **TAKEOVERS AND OTHER CORPORATE EVENTS**

#### 15.1 **Additional definitions**

For the purposes of this Rule 16:

- (a) there will be a **"Relevant Delisting"** if the Controlling Shareholder (together with any persons Acting in Concert with the Controlling Shareholding) procures the passing of a special resolution of the Company pursuant to which the Company will apply for cancellation of the listing of the Shares on the Official List (in circumstances where the Committee, acting reasonably, determines it is not intended that there will be any public market on which such Shares, or replacement shares in any successor entity, will be regularly traded),
- (b) **"Controlling Shareholder"** means the shareholder who Controls the Company at the date of the shareholders' original approval of the Plan.

#### 15.2 **General offers**

If:

- (a) any person or group of persons Acting in Concert, excluding the Controlling Shareholder (or persons acting in concert with the Controlling Shareholder), obtains Control of the Company as a result of making or otherwise in connection with a general offer to acquire Shares; or
- (b) any person becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006,

then:

- (i) each Award and Option shall be considered to be Vested in respect of the number of Vested Shares as determined in accordance with Rule 16.6; and
- (ii) any Option may, subject to the requirements for exercise set out in Rule 7 be exercised within one month of the date of an event falling within (a) above or during any period when the relevant person is bound or entitled to acquire Shares in accordance with (b) above (or, in the case of either (a) or (b) above, if shorter, until the Option lapses or is otherwise no longer capable of exercise under any other provision of these Rules), but to the extent that an Option has not been exercised at the end of that period it shall lapse in full (regardless of any other provision of the Plan).

### 15.3 Schemes of arrangement, winding up and delisting

If:

- (a) a compromise or arrangement is sanctioned by the Court under section 899 of the Companies Act 2006 in connection with or for the purposes of any person or group of persons Acting in Concert, excluding the Controlling Shareholder (or persons acting in concert with the Controlling Shareholder), obtaining Control of the Company;
- (b) the Company passes a resolution for a voluntary winding-up of the Company;
- (c) an order is made for the compulsory winding-up of the Company; or
- (d) a Relevant Delisting occurs,

then:

- (i) each Award and Option shall be considered to be Vested in respect of the number of Vested Shares as determined in accordance with Rule 16.6; and
- (ii) any Option may, subject to the requirements for exercise set out in Rule 7, be exercised within one month of the date of that event (or, if shorter, until the Option lapses or is otherwise no longer capable of exercise under any other provision of these Rules), but to the extent that an Option has not been exercised at the end of that period it shall lapse in full (regardless of any other provision of the Plan).

### 15.4 Demergers and similar events

If a demerger, special dividend or other similar event (the "**Relevant Event**") is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may, at its discretion, decide to adjust Awards in such manner as it considers appropriate and/or that the following provisions shall apply:

- (a) the Committee may determine that an Award or Option shall be considered to be Vested over such number of Vested Shares as it considers appropriate (provided that this shall not exceed the number of Vested Shares as determined in accordance with Rule 16.6) and/or that an Option may subject to the requirements for exercise set out in Rule 10, be exercised on such terms as the Committee may determine and during such period preceding the Relevant Event or on the Relevant Event as the Committee may determine and that any Option shall (regardless of any other provision of the Plan) lapse at the end of that period to the extent unexercised to the extent determined by the Committee; and/or
- (b) if an Award or Option Vests or an Option is exercised conditional upon the Relevant Event and such Relevant Event does not occur, then the conditional Vesting or exercise shall not be effective and the Award and Option shall continue to subsist.

#### 15.5 **Miscellaneous changes of control and reverse takeovers**

- (a) In the event any person or group of persons Acting in Concert, excluding the Controlling Shareholder (or persons acting in concert with the Controlling Shareholder), obtains Control of the Company in circumstances where neither Rule 16.2 nor Rule 16.3(a) applies, the Committee shall, in its absolute discretion, have the power to treat such change of Control as if Rule 16.2 or Rule 16.3(a) applied, subject to any amendments as the Committee (acting reasonably) deems necessary or desirable in the circumstances.
- (b) In the event of any Reverse Takeover which:
  - (i) involves any person or group of persons acting in concert obtaining Control of the Company, the provisions of Rule 16.2 shall (unless the Committee determines otherwise in its absolute discretion) apply as if the Reverse Takeover involved the acquisition of Control as a result of a general offer;
  - (ii) does not involve any person or group of persons acting in concert obtaining Control of the Company, the Committee shall have the power to determine (in its absolute discretion) that the provisions of Rule 16.2 shall apply as if the Reverse Takeover involved the acquisition of Control as a result of a general offer,

in either case subject to any amendments as the Committee (acting reasonably) deems necessary or desirable in connection with the Reverse Takeover.

#### 15.6 **Determination of number of Vested Shares**

- (a) In respect of any Vesting as a result of the application of Rule 16.2, 16.3, or 16.4 (in this Rule 16.6, the “**Relevant Vesting**”), the additional number of Vested Shares over which the Option shall be exercisable following the Relevant Vesting shall be equal to the aggregate of:
  - (i) the number of Performance Vested Shares which were not Vested Shares immediately prior to the Relevant Vesting, as a result of the Time Vesting Condition not having been satisfied in respect of such Performance Vested Shares (and excluding, for the avoidance of doubt, any Performance Vested Shares for which the Time Vesting Condition would have been satisfied but for the application of any reduction in Vesting pursuant to the Performance Underpin); and

- (ii) if the Relevant Vesting occurs prior to the determination of the Growth Performance Condition in respect of Test Date 3, such additional number of Vested Shares, if any, as the Committee (in its absolute discretion) considers appropriate to reflect growth in value of the Company between the last Test Date in respect of which the Growth Performance Condition was determined (or, if no such determination has taken place, the Baseline Market Value) and the Relevant Vesting. In making such determination, the Minimum Hurdle shall be applied provided that the requirement shall be reduced from 50% to 0% on a pro-rata basis based on the proportion of the period from the Grant Date to the Test Date 1 for the relevant Award prior to the Relevant Vesting; and
- (b) The additional number of Vested Shares determined in accordance with (a) above shall be subject to the Committee's power to:
  - (i) apply a reduction on a time pro-rated basis based on the proportion of the period from Grant to Test Date 1 for the relevant Award prior to the Relevant Vesting; and/or
  - (ii) amend such number of Vested Shares pursuant to the Performance Underpin as if Rule 8 applied mutatis mutandi, or otherwise if the Committee considers the number of additional Vested Shares does not appropriately reflect performance of the Company, any Group Member, or the Participant.

## 16. **ADJUSTMENT OF AWARDS**

In the event of:

- (a) a variation of the share capital of the Company; or
- (b) a demerger, special dividend or other similar event which affects the market price of Shares to a material extent (subject to the application of Rule 16.4),

the Committee may make such adjustments to the number of Performance Vested Shares and/or Vested Shares in respect of an Option as it considers appropriate.

## 17. **MALUS & CLAWBACK**

### 17.1 **Applicability of Malus & Clawback**

This Rule 18 shall apply to Awards (including the Option forming part of the terms of an Award) regardless of any other provisions of the Plan.

### 17.2 **Events that lead to Malus & Clawback**

The Committee may decide at any time prior to the third anniversary of the date on which an Award Vests, or if later and required by Applicable Laws up to the seventh anniversary of the Grant Date (or within 10 years of the Grant Date where an investigation is under way for senior manager function roles) (the "**Discovery Period**") that the Participant to whom the Award was granted (the "**Relevant Individual**") shall be subject to Malus & Clawback if:

- (a) there has been a material misstatement in the Company's financial results (or in the financial results of any Group Member or in respect of any business unit) or an error in assessing the Growth Performance Condition or Performance Underpin and that misstatement resulted, either directly or indirectly, in that Award being

granted or Vesting to a greater degree (or the number of Performance Vested Shares being greater) than would otherwise have been the case;

- (b) the Committee forms the view that the Relevant Individual has participated in or is responsible for conduct that has resulted in significant losses to the Company, including the Relevant Individual being aware of (or the Committee determining that the Relevant Individual should have been aware of) and not disclosing to the Company any matter that the Committee determines has had a material adverse impact on the financial results of the Company, any Group Member, or any business unit;
- (c) the Relevant Individual has failed to meet appropriate standards of fitness and propriety;
- (d) there is reasonable evidence of misconduct or serious error (including negligence, fraud or dishonesty) by the Relevant Individual;
- (e) the Company and/or the business unit for which the Relevant Individual works suffers a material downturn in its business performance;
- (f) the Company and/or the business unit for which the Relevant Individual works suffers a significant failure of risk management;
- (g) the Company has suffered an instance of corporate failure which has resulted in:
  - (i) 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;
  - (ii) 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
  - (iii) the passing of a resolution or making of an order which is sanctioned by the Court for the appointment of a liquidator or administrator;
- (h) the Company or any Group Member suffers substantial reputational damage to its business from an event to which the Relevant Individual made a material contribution as a result of their action or conduct or failure to act;
- (i) the Relevant Individual is subject to a regulatory censure in respect of a material failure in control;
- (j) 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; and/or
- (k) the Relevant Individual's breach of any restrictive covenant (including, without limitation any confidentiality, non-solicitation or non-compete covenant) entered into with the Company or any Group Member.

### **17.3 Amount to be subject to Malus & Clawback**

The Committee shall determine the amount to be subject to Malus & Clawback which:

- (a) where Rule 18.2(a) applies, shall be all or part of the additional value which the Committee considers has been granted, Vested and/or was otherwise received by the Relevant Individual in the circumstances referred to in that Rule; and
- (b) where any of Rule 18.2(b)-(k) applies, shall be all or part of such value which the Committee determines would have not Vested and/or would have not otherwise been received had the Award lapsed in full in connection with the relevant event, or had the relevant event been known when the Award was granted.

Any determinations under this Rule 18.3 shall be on such basis as the Committee reasonably decides.

#### **17.4 Satisfaction of the Malus & Clawback**

In order to satisfy the Malus & Clawback, the Committee may:

- (a) reduce (including reducing to zero) any of the following elements of the remuneration of the Relevant Individual:
  - (i) the amount of any future bonus which would, but for the operation of the Malus & Clawback, be payable to them under any bonus plan operated by any Group Member; and/or
  - (ii) the number of Shares subject to any subsisting award (either unvested or vested but unexercised, as relevant) held by them under any deferred bonus plan, long term incentive plan, or other employees' share scheme operated by any Group Member; and/or
  - (iii) the number of Shares in respect of which any Award held by them under the Plan or any other employees' share plan or share award arrangement has vested or may in the future vest, notwithstanding the extent to which any performance condition and/or any other condition imposed on the relevant award has been satisfied; and/or
- (b) require the Relevant Individual to pay to such Group Member as the Committee may direct, and on such terms as the Committee may direct (including, but without limitation to, on terms that the relevant amount is to be deducted or withheld from the Relevant Individual's salary or from any other payment to be made to them by any Group Member), such amount as is required for the Malus & Clawback to be satisfied in full.

Any reduction made pursuant to Rule 18.4(a) shall be made at such time or times as the Committee determines appropriate and, in the case of unvested awards, shall be at the time they would otherwise ordinarily vest unless the Committee decides otherwise.

#### **17.5 Reduction in Awards to give effect to malus and/or clawback provisions in other plans**

The Committee may decide at any time to reduce the number of Shares in respect of which an Award has Vested or may Vest (including reducing to zero) to give effect to malus and/or clawback provisions of any form and/or name contained in any incentive plan or bonus plan operated by any Group Member. The reduction shall be in accordance with the terms of the relevant provisions or, in the absence of any such term, on such basis as the Committee, acting fairly and reasonably, decides is appropriate.

## **17.6 Future changes**

Where the Applicable Laws require a change to the length of the Discovery Period or to the events that may result in Malus & Clawback such change shall be deemed to be automatically incorporated into these Rules.

## **18. ALTERATIONS**

### **18.1 General rule on alterations**

Except as described in Rule 19.2 and Rule 19.4 the Committee may at any time alter the Plan or the terms of any Award. For the avoidance of doubt, the exercise by any person (including the Committee) of any power or discretion on the terms provided for under the Plan and/or any Award shall not be considered an alteration of the Plan or the terms of such Award.

### **18.2 Shareholder approval**

Except as described in Rule 19.3, no alteration to the advantage of an individual to whom an Award has been or may be granted shall be made under Rule 19.1 to the provisions concerning:

- (a) eligibility;
- (b) any individual limits on participation;
- (c) the overall limits on the issue of Shares or the transfer of treasury Shares;
- (d) the basis for determining a Participant's entitlement to, and the terms of, Shares or cash provided under the Plan;
- (e) the adjustments that may be made in the event of any variation of capital; and
- (f) the terms of this Rule 19.2,

without the prior approval by ordinary resolution of the members of the Company in general meeting.

### **18.3 Exceptions to shareholder approval**

Rule 19.2 shall not apply to:

- (a) any minor alteration to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or any Group Member; or
- (b) any alteration relating to the Performance Condition made under Rule 19.5.

### **18.4 Alterations to disadvantage of Participants**

No alteration to the material disadvantage of a Participant (other than a change to any Performance Condition) shall be made under Rule 19.1 unless either:

- (a) the relevant Participant has approved the alteration; or
- (b) in the case of an alteration that will affect more than one Participant:

- (i) the Board has invited every relevant Participant to indicate whether or not they approve the alteration; and
- (ii) the alteration is approved by a majority of those Participants who have given such an indication.

#### **18.5 Alterations to the Growth Performance Condition**

The Committee may amend the Growth Performance Condition without prior shareholder approval if:

- (a) an event has occurred which causes the Committee reasonably to consider that it would be appropriate to amend the Growth Performance Condition;
- (b) in the case of an Award granted to an Executive Director (including a former Executive Director), the altered Performance Condition will not be materially less challenging to satisfy than the unaltered Growth Performance Condition would have been but for the event in question; and
- (c) the amendment is in compliance with Applicable Laws.

In any event the Committee shall act fairly and reasonably in making the alteration.

### **19. MISCELLANEOUS**

#### **19.1 Employment**

The rights and obligations of any individual under the terms of their office or employment with any Group Member shall not be affected by their participation in the Plan or any right which they may have to participate in it. An individual who participates in the Plan waives any and all rights to compensation or damages in consequence of the termination of their office or employment for any reason whatsoever (lawfully or otherwise) insofar as those rights arise or may arise from them ceasing to have rights under an Award or Option as a result of such termination. Participation in the Plan shall not confer a right to continued employment upon any individual who participates in it. The grant of any Award does not imply that any further Award will be granted, nor that a Participant has any right to receive any further Award.

#### **19.2 Disputes**

In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or relating to the Plan, the decision of the Committee shall be final and binding upon all persons.

#### **19.3 Exercise of powers and discretion**

The exercise of any power or discretion by the Committee shall not be open to question by any person and a Participant or former Participant shall have no rights in relation to the exercise of or omission to exercise any such power or discretion.

#### **19.4 Share rights**

All Shares allotted under the Plan shall rank equally in all respects with Shares then in issue except for any rights attaching to them by reference to a record date before the date of the allotment. Where Vested Shares are delivered, Participants shall be entitled to all rights attaching to those Shares by reference to a record date on or after the date of such transfer.

## **19.5 Notices**

Any notice or other communication under or in connection with the Plan may be given:

- (a) by personal delivery or by sending the same by post, in the case of a company to its registered office, and in the case of an individual to their last known address, or, where a director or employee of a Group Member, either to their last known address or to the address of the place of business at which the employee performs the whole or substantially the whole of the duties of their office or employment;
- (b) in an electronic communication to their usual business address or such other address for the time being notified for that purpose to the person giving the notice; or
- (c) by such other method as the Board determines.

## **19.6 Third parties**

No third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan or Award, other than any Group Member (or former Group Member) which shall have the right to enforce any rights they are expressed to have under the Plan or any Award.

## **19.7 Benefits not pensionable**

No Award or any amount payable or which may become payable in respect of any Award shall be taken into account in determining any pension or similar entitlements. In no circumstances will any Award or any amount payable or which may become payable in respect of any Award be the subject of any salary sacrifice or otherwise be directed to be paid into any pension scheme.

## **19.8 Data Protection**

Personal data relating to Participants and any individuals who may be eligible to participate in the Plan may be collected, processed and transferred for any purpose relating to the operation of the Plan in compliance with any Applicable Laws and any data privacy notice and/or policies of any Group Member in force from time to time.

## **19.9 International Plans**

The Committee or the Board, as relevant, may at any time by resolution and without seeking further shareholder approval establish further plans or sub-plans (outside the Plan) for overseas territories, governed by rules similar to these Rules but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the Plan.

## **19.10 Governing law**

The Plan and all Awards shall be governed by and construed in accordance with the laws of England and Wales and the Courts of England and Wales have exclusive jurisdiction to hear any dispute (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation.

## SCHEDULE

### Pro Forma Award Certificate

#### THE METRO BANK HOLDINGS PLC SHAREHOLDER VALUE ALIGNMENT PLAN (the “Plan”)

Award Certificate	
Name and address of Participant	[Name] of [Address]
Grant Date	[Date]
Date of issue of this Award Certificate	[Date]
Growth Percentage	[x%]
Baseline Market Value	Market capitalisation equivalent to a share price of 80p at the time the Plan is approved by shareholders
Test Date 1	[31 December 2027]
Test Date 2	[31 December 2028]
Test Date 3	[31 December 2029]
Expiry Date	[The tenth anniversary of the original approval of the Rules by shareholders of the Company]
At grant, does the Award include an entitlement to Dividend Equivalents as described in Rule 3.4?	Yes, if permitted under the relevant regulations
Are any additional terms and conditions specified under Rule 3.2(f)?	No

Terms defined in the rules of the Plan (the “**Rules**”) shall have the same meaning in this Award Certificate as in the Rules, unless the context requires otherwise. The rules of interpretation in the Rules also apply to this Award Certificate.

This Award Certificate is issued, and the Award documented herein is granted, subject to the terms for the Plan, including the Rules. A copy of the Rules is appended to this Award Certificate.

By executing this Award Certificate (whether in hard copy, by way of electronic signature or other form of electronic confirmation), you confirm that you have read and understood the Rules and this Award Certificate. You agree to be bound in all respects by the terms of this Award Certificate and the Rules. In particular, and without limitation, you specifically agree to be bound in all respects by the powers of the Committee set out in the Rules, including each discretion of the Committee set out in the Rules (including in respect of amendments of the Rules, Award Certificates and/or Awards) and the circumstances provided for in the Rules when the Vesting and/or delivery of Shares may be decreased or delayed. You also accept you will in all respects be bound by the provisions of Malus & Clawback as set out in Rule 18.

For the avoidance of doubt, the Company's grant of this Award to you creates no obligation on the Company to make any further grant of any Award to you.

**If you wish to accept the Award you must execute this Award Certificate, and return the executed Award Certificate to the Company as directed by the Company within 30 days of the date of issue of this Award Certificate. If you do not return an executed copy of the Award Certificate to the Company by such date, then the Award will be treated as never**

having been granted, and you will have no rights under the Plan in respect of the purported Award (including, for the avoidance of doubt, any right to exercise the relevant Option or receive any Shares and/or cash in respect of such Award).