



Metro Bank PLC

Board

Terms of Reference

Revision history:

Approved by the Board	25 July 2023
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METRO BANK PLC (the “Company”) (the “Bank”)

BOARD TERMS OF REFERENCE

Metro Bank Group (the “Group”) consists of Metro Bank Holdings Plc (the “Holding Company”) and its subsidiaries. Metro Bank PLC (the “Bank”) is a subsidiary of the Holding Company. This document sets out the role and responsibilities of the Metro Bank PLC Board (the “Board”).

The responsibilities of the Board include adhering to a formal schedule of matters reserved for the decision of the Board, as recommended by the Financial Reporting Council’s Guidance on Board Effectiveness 2018.

1. Membership

Members of the Board shall be appointed by the Board, on the recommendation of the Group Nomination Committee. The majority of Board members shall be independent Non-Executive Directors.

Only members of the Board have the right to attend Board meetings, however, other individuals such as Senior Management and external advisers may be invited to attend all or part of any meeting as and when appropriate.

The Board shall appoint the Chairperson. At the time of appointment as Chairperson, the Director concerned shall be an independent Non-Executive Director. In the absence of the Chairperson, the remaining members present shall elect one of themselves to chair the meeting.

2. Company Secretary

The Company Secretary or their appointee shall act as the Secretary of the Board.

3. Quorum

The quorum necessary for the transaction of business shall be not less than three members of the Board, two of whom must be independent Non-Executive Directors. A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Board.

4. Frequency of Meetings

The Board shall meet at least seven times a year and otherwise as required.

5. Notice of Meetings

Meetings of the Board shall be summoned by the Company Secretary at the request of any of its members or at the request of External Auditor or Chief Internal Auditor if they consider it necessary.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Board and any other person required to attend no later than three working days before the date of the meeting.

6. Minutes of Meetings

The Company Secretary shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present and in attendance.

The Company Secretary shall record any conflicts of interest reported at the meeting.

Minutes of Board meetings shall be circulated to all members of the Board before the next meeting of the Board.

7. Role and Principal Functions

The role of the Board is to be effective and entrepreneurial and to promote the sustainable success of the Company.

The principal functions of the Board are to:

- Determine the strategy and selected policies of the Bank;
- Set out the risk appetite within which the Bank is managed; and
- Review business performance.

The Board also has a general duty to ensure that the Bank operates within:

- The Articles of Association;
- Rules and guidance issued by relevant regulatory authorities; and
- All relevant laws.

The Board should also have mind to the Senior Managers and Certification Regime of the Financial Conduct Authority and the Prudential Regulation Authority rule book as applicable.

8. Matters reserved to the Board

8.1 Strategy and management

- Approval of the Bank's long term objectives and strategy, including the Bank's Long Term Plan, and annual budget.
- Oversight of the Bank's operations ensuring:
 - competent and prudent management;
 - sound planning and risk management;
 - an adequate system of internal control;
 - adequate accounting and other records;
 - consideration of environmental, social and governance matters;
 - compliance with statutory and regulatory obligations; and
 - adequate financial resources.
- Review of delivery of the strategy and performance against plan in the light of the Group strategy and in particular the Bank's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- Approval of any material extensions of the Bank's activities into new business or geographic areas.
- Approval of proposals to cease to operate all or any material part of the Bank's business.

8.2 Culture, Purpose and Values

- Establish the Bank's purpose, values and strategy and satisfy itself that these are aligned with the Group's culture.
- The Board is responsible for setting the tone from top including the assessment and monitoring of the Bank's culture and values, seeking assurance that corrective action has been taken where necessary, and explaining to internal and external stakeholders the Board's

activities and its approach to investing in and rewarding the workforce.

8.3 Strategic Initiatives, Bank Structure, Capital and Funding

- Approval of changes relating to the Bank's capital structure.
- Approval of the Internal Capital and Liquidity Annual Assessment Processes, Recovery Plan and Master Resolution Playbook following recommendation from the Bank Risk Oversight Committee.
- Approval of major changes to the Bank's corporate structure including any merger or creation, acquisition or disposal of any subsidiary or associated company, or of any significant business operation, or any other initiative which has significant strategic implications for the Bank.
- Approval of changes to the Bank's management and control structure.
- Approval of changes to the Bank's regulatory permissions.

8.4 Financial reporting and controls

- Approval of the annual report and accounts and other required formal reports.
- Approval of significant changes in accounting policies or practices.
- Approval of corporate expenditure over £1m which either does not fall within the budget approved by the Board or within the MetroBank Group's spend control governance procedures.

8.5 Internal controls and risk management

Ensure the maintenance of a sound system of internal control and risk management including:

- Receive reports on, and review the effectiveness of, the Bank's risk and control processes to support its strategy and objectives via the Bank Audit Committee.
- Undertake an annual assessment of these processes.
- Approval of a statement for inclusion in the annual report.
- Approval of the Bank's risk appetite.

8.6 Communication

- Approval of resolutions and corresponding documentation to be put forward to Metro Bank Holdings plc as the holding company of the

Metro Bank group and immediate shareholder of Metro Bank plc.

8.7 Board membership and other senior management issues

- Approval of changes to the structure, size and composition of the Board, following recommendation from the Group Nomination Committee.
- Ensure adequate succession planning for the Bank Board and Senior Management, following recommendation from the Group Nomination Committee, including any changes to the Board Succession Plan.
- Approval of appointments to the Board, following recommendation by the Group Nomination Committee, including the appointment of the Chairperson, the Chief Executive Officer, Chief Financial Officer, the Senior Independent Director and the Company Secretary, and the selection of Members and Chairperson of Bank Board Committees.
- In parallel with the Group Board, approval of the suspension or termination of service of an Executive Director as an employee of the Bank, subject to the law and their service contract.
- Recommend the appointment, reappointment or removal of the external auditor, following the recommendation of the Bank Audit Committee, to the shareholder for approval.
- Approval of any loan to a Director or connected person of a Director where such loan falls below the requisite threshold in the Companies Act 2006, excluding those provided as part of business as usual banking activities, which are provided on the same terms as they would be to a customer or third party.

8.8 Delegation of Authority

- Approval of the division of responsibilities between the Chairperson and the Chief Executive Officer.
- Approval of terms of reference of Bank Board Committees and the Chief Executive Officer's role profile.
- Receive minutes and reports from the BankBoard Committees on their activities.

8.9 Corporate governance matters

- Undertake a formal and rigorous review annually of its own performance and that of the Bank Board Committees. Every three years this shall be externally facilitated for the Group and this review will include the Bank Board and its Committees.
- Determine the independence of Directors.
- Review of the Bank's overall corporate governance arrangements.

8.10 Miscellaneous

- Oversight of litigation with a value of £2m and above or any other claim of significant material interest.
- Approval of the levels of insurance for the Bank including Director's & Officers' liability insurance.

8.11 Policies

Approval of policies, including in relation to:

- risk appetite
- anti-money laundering and counter terrorism
- anti-tax evasion
- capital management
- liquidity
- conflicts of interest
- modern slavery
- market risk policy
- anti-bribery & corruption
- sanctions policy
- related party transactions

9. Other Matters

Matters which the Board considers suitable for delegation are contained in the terms of the Bank Committees.

The Board will receive reports and recommendations from time to time on any matters which it considers significant to the Bank.