



METRO BANK PLC

Remuneration Code

Annual Disclosure Statement

Year Ending 31st December 2015

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Annual Disclosure Statement – year ending 31st December 2015

1. Introduction

The following disclosures are in accordance with the Financial Conduct Authority's (FCA) Remuneration Principles (1, 2, 3, 4, 5, 6, 12).

At the end of 2015 Metro Bank employed 8*1 people excluding Non-Executive Directors, who are classified and treated as code Staff and in respect of these colleagues we are committed to the adherence of the FCA's practices and guidelines.

2. Background of Metro Bank

Metro Bank provides a financial services proposition based on a radically different approach to the customer experience delivered through colleagues focused on the customer, fully integrated technology, high visibility and high specification stores to enhance the customer experience, all of which are open seven days a week and 362 days of the year. This is supported by an on-line service together with a dedicated UK call centre which is available 24/7 365 days of the year.

The Bank opened on 29st July 2010 with the first store in Holborn. During 2015 we opened 10 stores, taking us by the end of 2015 to a total of 40 stores. The intention is to have around 110 stores by 2020 serving both retail and commercial customers predominantly in the South-East of England.

3. Summary of our Approach to Remuneration

There is a clear link between remuneration principles, the assessment of behaviours and performance, and reward. Performance management and reward are closely aligned to long-term business objectives. Long-term remuneration has a 5-year vesting period in accordance with FCA guidelines.

The key principles behind Metro Bank's approach to remuneration are those we believe are vital to the business and reflect our culture and values.

- It promotes sound and effective risk management and does not encourage risk taking that exceeds the level of risk tolerated and agreed by the Board.
- It is in line with our business strategy and objectives, to which all colleague's objectives are aligned, with a strong emphasis on long term growth and Share Options as the major source of reward so that everyone is focused and rewarded for long term and sustainable success.

- It is actively aligned to delivery of an outstanding customer experience, as a result of the way we measure behaviours and performance for individuals and how we capture and act upon customer insight across the organisation.
- It rewards success and is an attractive framework for existing and potential colleagues, in particular it strikes a balance between short term rewards whilst also recognising the long term performance of the business.
- For Code Staff, it complies with the FCA remuneration principles.

4. Governance

In line with the guidance from the FCA, remuneration is overseen by the Board's Remuneration Committee which comprised of 4 members as at 31st December 2015. All members of the Committee are Non-Executive Directors appointed by the Board.

The Committee members as at the end of December 2015 were:

Lord Howard Flight (Committee Chair)

Vernon Hill (Chairman)

Keith Carby (NED)

Roger Farah (NED)

On behalf of the Board, the Committee is responsible for determining the overall remuneration approach for all colleagues and in particular the policy and the level of remuneration of Code Staff which includes Executive Directors.

The Committee is also obliged to review its terms of reference, its own performance and constitution at least annually to ensure it is operating effectively and in accordance with FCA requirements. It also considers and recommends any changes necessary to the Board for approval.

Independent external professional advice is considered as appropriate by the Committee which also monitors comparative remuneration packages within the financial sector.

5. Remuneration Code Staff

Colleagues are deemed as 'Remuneration Code Staff' because they are a Senior Executive and/or hold FCA Approved Person status. As at 31st December 2015 this consisted of members of the Executive Leadership team.

6. Pay and Performance

Performance based remuneration is awarded based on the principle of sound risk management within Metro Bank's stated risk appetite and ICAAP measures. It does not promote excessive risk taking.

The Remuneration Policy focuses on effective risk management through:

- A governance structure that sets objectives and communicates these to all colleagues
- A performance assessment, that includes financial and non-financial goals, prepared by the Chief People Officer (CPO) with input from the Chief Risk Officer (CRO) in terms of the overall performance of the business. This is then reviewed by the CEO in conjunction with the Remuneration Committee
- Variable remuneration awards, with a strong emphasis on Share Options, that are subject to achieving individual, business unit, overall bank performance, stated risk appetite and ICAAP measures

All remuneration decisions for non-Code Staff are approved by members of the Executive Committee and CPO before implementation. For Code Staff the remuneration decisions are also reviewed and approved by the Remuneration Committee.

7. Composition of Remuneration for Code Staff

The remuneration structure for Code Staff is noted below although these in fact apply for all colleagues.

a) Basic salary

Basic pay for Code Staff is market related. Individual progression and personal development is reflected through the Annual Reward Review and personal development review process. Annual pay awards are based on the level to which personal behaviours are role modelled and personal objectives are met.

b) Long Term Reward Plan

Code Staff are eligible to participate in our Share Option scheme. The award to an individual is predominantly designed to provide a long term reward plan that grows in value in line with the success of the bank. The plan is designed to focus behaviour on the longer term success of the bank.

c) Variable pay

In 2015 Code Staff participated in a reward scheme where bonus payments were linked to key performance measures in line with the FCA's Remuneration Guidelines. The measures are linked to Metro Bank's key objectives, including our culture, and also to an individual's personal behaviours and objectives. Bonus payments are based on the level to which individual and business wide behaviours and values are role modelled and individual and business wide objectives are met.

d) Benefits

Code Staff are provided with a mix of private medical insurance, Income Protection, life assurance and they are invited to participate in the bank pension plan. Metro Bank's overall remuneration (including fixed and variable elements) will continue to comply with the FCA's Remuneration Principles in 2015 for Code Staff. Code Staff have been made aware of the provisions of the code.

8. Aggregate Remuneration Data

Metro Bank is required to publish details of the aggregate remuneration data for those colleagues who we treat as Code Staff i.e. those who have a material impact on the risk profile of the bank. This is noted below.

We have only included permanent members of the Executive Leadership Team who were still employed by Metro Bank on 31st December 2015¹.

	Code Staff
Total fixed remuneration:	
As at 31 st December 2015 including salaries, pension, private medical and other benefits	£2,053,920
Total variable remuneration:	
Cash bonus (paid in 2015 for the 2014 performance year) and Share Options (issued in CSOP 2015 for the 2014 performance year; IFRS2 cost)	£778,250
Number of Code Staff	8 ¹

¹Pro-rated remuneration is included for our Managing Director Regional Banking and Managing Director Commercial and Business Banking who both joined us in August 2015. No remuneration data is included for any colleagues who were no longer members of the Executive Leadership Team on 31st December 2015.