

# METRO BANCORP, INC.

## CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of Metro Bancorp, Inc. (“Metro” or “the Company”) adopted these Corporate Governance Guidelines to assist the Board in exercising its responsibilities to the Company and its shareholders. These Guidelines should be interpreted in the context of all applicable laws, regulations and rules, as well as the Company’s Articles of Incorporation, Bylaws and other corporate governance documents and are intended to serve as a flexible framework within which the Board may conduct business, and not as a set of legally binding obligations. These Guidelines are subject to modification as the Board deems appropriate and in the best interest of the Company and its shareholders, or as required by applicable laws and regulations.

Metro is a publicly traded company whose securities are listed on the NASDAQ Global Select Market (“NASDAQ”) and is subject to the rules and regulations of the NASD and the Securities and Exchange Commission (“SEC”) and the provisions of the Sarbanes-Oxley Act.

Metro and its subsidiaries have been governed for many years by numerous federal and state laws, rules and regulations which contain a number of governance provisions. Metro seeks to operate under the highest standards of corporate governance including director independence, regulatory compliance, and financial transparency.

1. **Mission.** Metro Bancorp’s mission is to produce superior financial returns to our shareholders through the profitable operation of a rapidly growing network of retail branches and a variety of other convenient delivery channels all designed to provide loyal Metro Customers with truly memorable service.

2. **Role of Board and Management.** The business of the Company is conducted by its employees, managers, officers and executive officers under the direction of the CEO (the “Chief Executive Officer”) and the oversight of the Board, to serve its customers and to enhance the long-term value of the Company for its shareholders. The Board of Directors is elected by the shareholders to oversee management and to see that the interests of its customers and long-term interests of shareholders are being served.

3. **Functions of Board.** The Board of Directors generally meets monthly and reviews and discusses reports by management on the performance of the Company, the Company’s financial condition and business prospects, as well as immediate issues facing the Company. In addition to its general oversight of management, the Board and its committees also perform a number of specific functions, including:

- a) Selecting, evaluating and compensating the Chief Executive Officer and overseeing succession issues;
- b) Providing oversight of the compensation of executive management;

- c) Reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
- d) Assessing major risks facing the Company and reviewing options for the mitigation of those risks; and
- e) Ensuring processes are in place for maintaining the integrity of the Company — the integrity of the Company’s financial statements, the integrity of compliance with laws and ethical business practices, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders.

4. **Director Qualifications and Responsibilities.** Metro Directors must possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of Metro’s shareholders. They must also have an inquisitive and objective perspective, practical experience and mature judgment. Metro endeavors to have a Board representing diverse experiences and policy-making levels in business, government, education and technology, and in areas relevant to the Company’s activities.

Directors are expected to attend all scheduled Board and committee meetings and to be prepared for the meetings by reviewing the materials provided to them in advance of the meetings. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time.

The Board does not believe that arbitrary term limits on directors’ service are appropriate, nor does it believe that directors should expect to be renominated annually. The Board’s self-evaluation process described below will be an important determinant for Board tenure.

5. **Independence of Directors.** A majority of the directors of Metro must be independent directors under SEC, NASDAQ, banking, and other applicable independence rules and regulations.

Directors who do not meet the SEC and NASDAQ independence standards and other applicable independence rules and regulations can also make valuable contributions to the Board and to Metro, and are permitted to serve on the Board consistent with applicable governance guidelines.

To be considered independent under the NASDAQ standards and other applicable independence rules and regulations, the Board must affirmatively determine that a director does not have any relationship with Metro that would interfere with that director’s exercise of independent judgment in carrying out the responsibilities of a director. The determination of whether the relationship is material or not, and therefore whether a director would be independent or not, will be made by the directors who satisfy independence criteria.

Directors are requested to inform the Chair of the Nominating and Corporate Governance Committee and the President of Metro of any change of circumstances or before serving as a

director, officer, employee, partner, trustee and/or owner of an outside profit or non-profit entity so that such change in circumstances or opportunity can be reviewed as to whether or not it might put a director's independence at issue.

The Board will annually review all commercial and charitable relationships of directors. The Board will also review whether directors satisfy all applicable independence tests and will make its determination public prior to directors standing for re-election to the Board. Metro will include in each annual proxy statement the Board's findings on director independence.

In addition to the foregoing independence factors, SEC requirements include additional factors applicable to determining the independence of directors who serve on Metro's Audit Committee. A director will not be considered independent for purposes of serving on the Audit Committee if the director owns more than 10% of Metro's outstanding stock, is an employee of Metro or its subsidiary or has received, or is a member of a firm that has received, consulting, advisory or other compensatory fees from Metro or its subsidiary.

6. **Loans to Directors and Executive Officers.** Except as specifically permitted by applicable laws, rules and regulations with respect to subsidiaries of Metro, the Company will not make any loans or extensions of credit to directors or executive officers. Directors and executive officers who borrow from subsidiaries of Metro must do so in a safe and sound manner, on terms and conditions substantially the same as those prevailing at the time for comparable non-insider related transactions. Repayment of the loan(s) must be made in accordance with the established terms and conditions. Any questions regarding borrowing from subsidiaries of Metro should be directed to the Company's Chief Risk Officer.

7. **Board Committees.** The Board has established, among others, the following committees to assist the Board in discharging its responsibilities: (i) Audit; (ii) Compensation; (iii) Enterprise Risk; (iv) Nominating and Corporate Governance; and (v) Real Estate. The purposes, duties and responsibilities of each of these committees are set forth in their respective charters. Charters of the Audit, Compensation, Enterprise Risk, and Nominating and Corporate Governance committees will be published on the Company's website and will be mailed to shareholders upon written request.

8. **Meetings of Non-Management and Independent Directors.** The Board will have a) regularly scheduled meetings for the non-management directors and b) at least two regularly scheduled meetings a year of the independent directors, each without management present.

9. **Annual Performance Evaluation.** The Board will perform an annual self-evaluation. Once each year, each of the directors will be requested to provide his or her assessment of the effectiveness of the Board as a whole as well as each of the committees on which he or she serves. These individual assessments will be organized and summarized for discussion with the Board and the committees.

10. **Ethics and Conflicts of Interest.** The Board expects its directors, as well as employees, to act ethically at all times and to acknowledge their adherence to the codes comprising Metro's Code of Business Conduct and Ethics and, to the extent applicable, Metro's

Code of Ethics for Senior Financial Officers. Unless properly disclosed in accordance with applicable rules and regulations, the Board will not permit any waiver of any ethics policy for any director or executive officer. If an actual or potential conflict of interest arises for a director, the director will promptly inform the President. All directors must recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board will resolve any conflict of interest question involving the Chief Executive Officer or the Chief Financial Officer, and the President and Chief Risk Officer will resolve any conflict of interest issue involving any other officer of the Company.

11. **Compensation.** The objective of Metro is to maximize shareholder return consistent with the safety and soundness generally applicable to the financial institutions industry. Metro's and its Compensation Committee's basic guideline is that total compensation, inclusive of all compensation components should be measured against total shareholder return. Metro believes that stock option grants are an important tool to focus the entire organization on total shareholder return, and the Company's guideline is to grant stock options to Officers and other certain employees (based upon performance).

12. **Director Compensation.** The Compensation Committee will have the responsibility for recommending to the Board compensation and benefits for the non-employee directors. In discharging this duty, the committee will be guided by three principles: compensation should fairly pay directors for work required in a company of Metro's size, scope and complexity; compensation should align directors' interests with the long-term interests of Metro's shareholders; and the structure of the compensation should be simple, transparent and easy for shareholders to understand. At the end of each year, the Compensation Committee will review non-employee director compensation and benefits.

13. **Annual Compensation Review of Executive Management.** The Compensation Committee will annually approve the guidelines for compensating the President. That committee will evaluate the President's performance in relation to these goals before setting the President's salary, bonus and other incentive and equity compensation. That committee will also annually review the compensation structure of Metro's other executive officers.

14. **Charitable Donations.** Active participation in its communities is an important objective of Metro and Metro contributes a portion of its net profit to charitable non-profit organizations within its communities.

15. **Political Contributions.** Bank holding companies and their banking and other subsidiaries are prohibited from making political contributions, and the Company expends no funds on political contributions. The Company believes that active involvement in the political affairs of its communities is an important and desirable objective, and encourages its employees to participate.

16. **Related Party Transactions.** Related party transactions between directors and executive management and the Company is a desirable feature of the banking business. The Company expects that its directors and other related parties would transact their primary banking business with the Company in the ordinary course of business consistent with all applicable laws and regulations. Federal regulation and the Company's policies require that all such related

party transactions, credit and non-credit alike, be at arms length, be approved by the non-affected directors and be subject to extensive federal regulation and oversight.

17. **Shareholder Relations.** Metro's objective is to operate its activities in a transparent manner. Metro's financial, governance, news and community items are communicated to the public through press releases, investor communications and Metro's website: [mymetrobank.com](http://mymetrobank.com). Information on how shareholders may communicate with independent directors is also included on Metro's website.

18. **Management Succession.** The Board will address succession issues for the President and executive officers, based upon recommendations from the Nominating and Corporate Governance Committee, which should include guidelines for President selection and performance review, as well as guidelines regarding succession in the event of an emergency.

19. **Access to Executive Management.** Non-management directors are encouraged to meet with executive management of the Company.

20. **Reliance on Management/Access to Independent Advisors.** In performing its functions, the Board and its committees are entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board and its committees shall have the authority to retain and approve the fees and retention terms of its outside advisors.

21. **Director Orientation and Continuing Education.** Metro's Chief Risk Officer, Chief Operations Officer and Chief Financial Officer will be responsible for providing an orientation for new directors, and for periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their duties.

22. **Information.** Further additional information regarding the Company's activities are available on its website: [mymetrobank.com](http://mymetrobank.com).

Charters of the Audit, Enterprise Risk, Nominating and Corporate Governance, and Compensation Committees will be available at [mymetrobank.com](http://mymetrobank.com).