

**METROPOLITAN BANK HOLDING CORP.**  
**METROPOLITAN COMMERCIAL BANK**  
**Audit Committee Charter**

**I. Purpose**

The joint Audit Committee of Metropolitan Bank Holding Corp. (the “Company”) and Metropolitan Commercial Bank (the “Bank”) (together with the Company, the “Institution”) is established by the Boards of Directors of the Institution for the primary purpose of assisting the Boards of Directors of the Institution in fulfilling their financially related oversight responsibilities by reviewing:

- The integrity of the financial statements of the Institution and other significant written financial information provided to any governmental body or the public;
- The auditing, accounting and financial reporting processes;
- The independent registered public accounting firm’s selection, engagement, compensation, qualifications, independence and performance;
- The selection and qualifications of the Internal Auditor and/or the Internal Audit Manager and any third party engaged to perform any part of the internal audit function;
- The performance of the internal audit function and independent registered public accounting firm;
- The systems of internal controls regarding financial reporting; and,
- The reports of management, the Internal Auditor and/or the Internal Audit Manager, the independent registered public accounting firm, and other firms of their assessment and evaluation of compliance with regulatory requirements.

Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Institution’s policies, procedures and practices at all levels and, when applicable, approve new and amended policies and procedures. The Committee should also provide an open avenue of communication among the independent registered public accounting firm, financial and senior management, Internal Audit, and the Board of Directors.

The Committee has the authority to obtain advice and assistance from outside legal, accounting, or other advisors as deemed appropriate to perform its duties and responsibilities. The Company shall provide appropriate funding, as determined by the Committee, for compensation to the independent registered public accounting firm and to any advisers that the Audit Committee chooses to engage.

## **II. Organization and Membership**

The Committee of the Board shall consist of a minimum of three directors, each of whom shall be Independent as defined in Section 10A(m)(3) of the Securities Exchange Act of 1934 and U.S. Securities and Exchange Commission (“SEC”) Rule 10A-3 thereunder, and free of any relationship that, in the opinion of the Board, would interfere or appear to interfere with their exercise of independent judgment in carrying out the responsibilities of a member of the Committee. In determining whether any relationship would interfere with independent judgment and therefore disqualify a director from being considered Independent, the Company shall use the standards of independence of the New York Stock Exchange (the “NYSE”).

Unless a Chair of the Committee is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. A quorum of the Committee shall consist of one half of membership.

## **III. Qualifications**

Each member of the Committee shall be “financially literate” as determined by the Company’s Board in accordance with the NYSE listing standards, or will be able to do so within a reasonable period of time thereafter. At least one Committee member shall have past and/or current employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. The Company’s Board shall determine whether at least one member of the Committee qualifies as an “Audit Committee financial expert” in compliance with the criteria established by the SEC and other relevant regulations. The existence and identity of such member shall be disclosed in periodic filings as required by the SEC. The Audit Committee financial expert will be identified in the minutes of the Committee and Company’s Board.

The Company does not limit the number of public company audit committees on which a Committee member may serve, but if a member serves on more than three other public company audit committees, the Company’s Board must have determined that this simultaneous service would not impair the member’s ability to serve on the Committee, and the Company must disclose this determination in its proxy statement for its annual meeting.

## **IV. Meetings**

The Committee will hold at least four meetings per year and may meet more frequently as needed. Notice of Committee meetings shall be given to each member at least twenty-four (24) hours prior to such meeting if notice is given in person or by telephone, facsimile or other electronic transmission (*e.g.*, by email) and at least five (5) days prior to such meeting if notice is given in writing and delivered by courier or by postage prepaid mail. Such notice need not specify the business to be transacted at, nor the purpose of, the meeting. Any director may waive notice of any meeting.

As part of its job to foster open communication, the Committee should meet periodically with management, Internal Audit and the independent registered public accounting firm in separate

executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. Each regularly scheduled meeting shall include an executive session of the Committee absent members of management and on such terms and conditions as the Committee may elect. The Committee may request any employee of the Institution's staff to attend for that portion of the meeting where their presence could contribute substantively to the subject of discussion.

In addition, the Committee should meet quarterly with the independent registered public accounting firm and management to discuss the annual audited financial statements or quarterly financial statements, including the Company's disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Minutes of each meeting should be prepared in sufficient detail to convey the substance of discussions held. These minutes will be included with the agenda for the next scheduled committee meeting and copies will be provided to the Company's Board.

## **V. Powers and Responsibilities**

The Committee will have the responsibility and authority to:

- Appoint or replace the independent registered public accounting firm. The Committee will be directly responsible for the compensation and oversight of the work of the independent registered public accounting firm (including resolution of disagreements between management and the independent registered public accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent registered public accounting firm will report directly to the Committee;
- Review the Company's quarterly and annual SEC filings including the financial statements, and management certifications;
- Review disclosure controls and procedures, internal controls, internal audit function and corporate policies with respect to financial information;
- Review and discuss with management, the Internal Auditor and/or the Internal Audit Manager, and the independent registered public accounting firm, the Company's audited annual financial statements and related footnotes and disclosure under Management's Disclosure & Analysis, prior to the filing of the Annual Report on Form 10-K or the release of any audited financial statements;
- Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made);
- Review and pre-approve both audit and permissible non-audit services to be provided by the independent registered public accounting firm prior to the performance of that work

(other than with respect to *de minimis* exceptions permitted by the Sarbanes-Oxley Act of 2002). This duty may be delegated to one or more designated members of the Committee with any such preapproval reported to the Committee at its next regularly scheduled meeting. The Committee may also adopt policies and procedures for the pre-approval of audit and permissible non-audit services. Approval of non-audit services shall be disclosed to investors as required by Section 13(a) of the Securities Exchange Act of 1934;

- On an annual basis, review and discuss with the independent registered public accounting firm all significant relationships the independent registered public accounting firm has with the Institution to determine independence. At least annually, obtain and review a report of the independent registered public accounting firm describing the internal quality control procedures, any material issues raised by the most recent internal quality control review, peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more audits carried out by the firm, and any steps taken to deal with any such issues;
- Ensure that the independent registered public accounting firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the SEC independence rules, and more specifically, that the lead audit partner and the audit partner responsible for reviewing the audit are rotated every five (5) years as required by the Sarbanes-Oxley Act of 2002;
- Monitor the Institution's hiring of employees or former employees of the independent registered public accounting firm who were engaged on the Institution's account;
- Receive from the independent registered public accounting firm the communications required by Public Company Accounting Oversight Board ("PCAOB") Auditing Standard Number 1301 ("AS No. 1301") regarding the overall audit strategy, timing of the audit, and significant risks, and the results of the audit, including: (1) significant accounting policies and practices, (2) critical accounting policies and practices, (3) critical accounting estimates, (4) significant unusual transactions, (5) other information in documents containing audited financial statements, (6) difficult or contentious matters for which the independent registered public accounting firm consulted, (7) management consultation with other accountants, (8) going concern, (9) uncorrected and corrected misstatements, (10) material written communications, (11) departure from the Auditor's Standard Report, (12) disagreements with management, (13) difficulties encountered in performing the audit, and (14) other matters arising from the audit significant to the oversight of the financial reporting process. The required communications need not be in writing unless otherwise specified in AS No. 1301, but the communications are required to be made to the Audit Committee prior to the issuance of the independent registered public accounting firm's report;
- Have oversight of the internal audit function on behalf of the Company's Board, including approving all decisions regarding the appointment or removal of the officer with day-to-day oversight of the Internal Audit function (the "Internal Auditor"), approving the annual compensation and salary adjustments of the Internal Auditor, assessing whether any budgetary limitations are impeding the ability of the Internal Auditor to execute his or her

responsibilities, reviewing the annual internal audit plan, and reviewing internal audit reports and monitoring management's responses;

- The internal audit function, or any part of the internal audit function, may be outsourced to a third party when the Committee, upon consideration of current internal audit requirements and the resources available to the Company, concludes that outsourcing any part of the internal audit function is necessary or desirable. In the event that a third party internal auditor is used, the vendor performing internal audit function must maintain its independence and in no event be the same company being used for the external audit function. All other requirements for use of a third party internal auditor will be the same as would be required for a qualified internal auditor and the reports rendered will be reviewed, acted upon, and distributed in the same manner. If all, or a portion, of the internal audit function is outsourced to a third party, then management shall assign to an appropriate officer, which may be the Internal Auditor if there is one, the function of Internal Audit Manager. The Internal Audit Manager shall be responsible for the day-to-day administrative oversight of the internal audit function, and references herein to the Internal Auditor shall mean the Internal Audit Manager as assisted by any third party internal auditor.
- Periodically consult with the independent registered public accounting firm and Internal Auditor without the presence of management about internal controls and the completeness and accuracy of the Institution's financial statements;
- In consultation with the independent registered public accounting firm and Internal Auditor, review the integrity of the Institution's financial reporting processes, both internal and external. The review should include the adequacy and effectiveness of the accounting and financial controls of the Institution, and should set forth any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable;
- Review regulatory matters that may have a material impact on the Institution's financial statements, related Institution compliance risk and programs, and reports received from regulators;
- Review the independent registered public accounting firm's attestation and report on management's internal control report and hold timely discussions with the independent registered public accounting firm on communications required by PCAOB AS No. 1301;
- Review and discuss with management and the independent registered public accounting firm the basis for their respective reports issued pursuant to Part 363 of the FDIC's regulations;
- Annually submit a report of the Committee to shareholders as required by the SEC. The report should be included in the Company's annual proxy statement;
- Review and approve as necessary, the established Whistle Blower procedures for the confidential receipt, retention, and treatment of concerns regarding corporate accounting,

internal accounting controls, and auditing matters. Review Whistle Blower concerns received, oversee investigations into concerns about financial matters, and review the status of resolution of concerns;

- Oversee the Company's cybersecurity program;
- Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Company's Board deems necessary or appropriate. The Committee is authorized to access internal and external resources, as the Committee requires, to carry out its responsibilities; and
- Report Committee actions fully and promptly to the Company's Board.

## **VI. Other**

The duties and responsibilities of a member of the Committee are in addition to those duties set out for a member of the Company's Board of Directors.

The Audit Committee Charter shall be reassessed annually for adequacy and updated for any changes that are necessary as a result of new laws or regulations. The Committee shall review its own performance not less often than annually.

The Committee shall report regularly to the Board regarding the execution of its duties and responsibilities. The Committee's reports to the Company's Board of Directors shall contain such information as the Committee and/or the Company's Board may deem appropriate.

### **Limitation of Audit Committee's Role**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations or to determine the effectiveness of the systems of internal controls regarding financial reporting. These are the responsibilities of management and the independent registered public accounting firm.

Adopted as of March 27, 2018.

Revised January 25, 2019