

LLOYDS BANKING GROUP PLC GROUP CHIEF EXECUTIVE

(Definition of term used in this document – the ‘Banks’ refers to Lloyds Bank plc and Bank of Scotland plc).

1. PURPOSE OF THE ROLE

The Group Chief Executive is responsible for managing the business of the Group, in accordance with the strategy and long-term objectives approved by the Board. This includes incurring capital and revenue expenditure as appropriate to meet the objectives set out in the Medium-Term Plan and the annual budget (or as separately approved by the Board). This includes leading the continual development of a customer focussed, open and transparent culture in the Group where the needs of the customer are paramount, delivery for shareholders and notifying the external markets of any relevant changes.

2. KEY ACCOUNTABILITIES

The Group Chief Executive:

- 2.1 is responsible for providing **leadership and direction** to implement the strategy of Lloyds Banking Group in accordance with the goals and objectives set by the Board and having regard to the duty to promote the success of the Company ensuring that all decisions are aligned to the Group’s diversity guidelines. The Group Chief Executive is responsible for coordinating all activities to **implement the strategy and for managing the business of the Group**, in accordance with the Group’s risk appetite and business plan approved by the Board, incurring capital and revenue expenditure as appropriate to meet the objectives set out in the Medium-Term Plan or as separately approved by the Board.
- 2.2 may make decisions in all matters affecting the **operations, performance and strategy** of the Group’s businesses, with the exception of those matters reserved to the Board or specifically delegated by the Board to its Committees, Executive Committees or the boards of subsidiaries.
- 2.3 reports to the Board and is responsible for:
 - 2.3.1 the development and recommendation of **objectives and strategy** for the Group in the development of its business, having regard to the interests of the shareholders, customers and staff, and to the Group’s public and social responsibilities at home and abroad;
 - 2.3.2 the successful **execution of the Group’s strategy**;
 - 2.3.3 establishing, implementing and maintaining the **risk management and liquidity and funding frameworks** (encompassing principles, policies, methodologies, systems, internal controls, processes, procedures and people), in line with the Board approved appetite for risk (the extent and categories of risk which the Board regards as acceptable for the Group to bear). For the avoidance of doubt, this does not include responsibility for managing the allocation and maintenance of the Company’s capital, funding and liquidity, responsibility for which is held by the Chief Financial Officer;
 - 2.3.4 the continuing review of the **organisational structure** of the Group and recommendations for changes; and
 - 2.3.5 the optimum use and adequacy of the **Group’s resources**.
- 2.4 is accountable to the Chair of the Board for **internal relationships** with direct reports and for external relationships with suppliers, customers, shareholders, the industry and government, including but not limited to the FCA, PRA, the Bank of England, Treasury Select Committee and overseas regulators, and the Government.
- 2.5 The duties which arise because of these responsibilities include:
 - 2.5.1 **apportionment and oversight of responsibilities** across all areas of the Group including Group and business area responsibilities, Liquidity and

- Funding, Risk, People & Productivity. This does not include allocation of certain responsibilities to Board directors and executives in accordance with regulatory requirements, the responsibility for which is held by the Chair;
- 2.5.2 the development and review of **divisional and business unit objectives** including Risk and People & Productivity, to ensure that the agreed Group objectives are to be achieved;
 - 2.5.3 the presentation of the **Group's budgets** to the Board and, following their adoption, the achievement of the budgets;
 - 2.5.4 ensuring that the **roles and responsibilities of senior management**, including delegation of authorities, are formalised and that appropriate performance appraisal systems are in place to ensure that the performance of individuals (including those who report directly to the Group Chief Executive) are managed effectively;
 - 2.5.5 the examination of all **trade investments and major capital expenditure** proposed by subsidiary boards and the recommendation to the Board of those which, in a Group context, are material either by nature or cost;
 - 2.5.6 ensuring the preparation by business units of plans concerning the **recruitment, training and career development** of personnel;
 - 2.5.7 ensuring that **senior management posts** are filled in accordance with the long-term needs of the Group, having regard to the need for appropriate contingency and succession planning;
 - 2.5.8 together with the Chair, **succession planning for the most senior Group executives** and Executive Director levels, and adequate management development;
 - 2.5.9 in conjunction with the Chair, the development of the **Group's public relations and corporate communications policy**;
 - 2.5.10 ensuring the active **liaison and co-ordination between business** units;
 - 2.5.11 being available to the **auditors**, the Chief Risk Officer and the heads of compliance and internal audit; and
 - 2.5.12 ensuring that the **Group's policies and procedures** are followed and conform to the highest standards.
- 2.6 will **work closely with the Chair** and keep him informed on all important matters.
 - 2.7 is responsible for the **Banks' performance of their obligations** under the employee certification regime.
 - 2.8 is responsible for the Banks' compliance with the requirements of the regulatory system about the **management of the responsibilities map**.
 - 2.9 is responsible for the Banks' **recovery plans and resolution packs** and overseeing the internal processes regarding their approval and governance.
 - 2.10 has responsibility for monitoring the effective implementation of policies and procedures for the **induction, training and professional development of senior management** (other than members of the Board).
 - 2.11 has responsibility for the adoption of the **Group's culture** in the day-to-day management of the Group. The Group Chief Executive will oversee a culture that demonstrates the Group values and risk awareness, and which meets and exceeds the Group's goals for treating customers fairly and facilitates delivery of customer, shareholder and colleague objectives.
 - 2.12 will **appoint, motivate, manage, develop and appraise the Executive team** ensuring they have the optimal mix of technical and management capabilities to fulfil the business objectives and that they make most efficient and effective use of resources.
 - 2.13 will establish, implement and maintain **remuneration policies, procedures and practices** that are within the principles and policies determined by the Remuneration Committee and are consistent with and promote principles of effective risk management.

- 2.14 will be responsible for the development and maintenance of the Company's **business model** by the Board.
- 2.15 along with the other members of the Group Executive Committee, has a specific responsibility to consider the **interests of each of Lloyds Banking Group plc, each of the Banks** and HBOS plc as appropriate.

3. DELEGATED AUTHORITY

- 3.1 The Group Chief Executive (or in his absence another Executive Director nominated by him) may exercise all the powers of the Board, save for: -
 - 3.1.1 those matters reserved to the Board of Lloyds Banking Group plc; or
 - 3.1.2 any other matter specifically delegated to any committee of the Board, any executive committees or the boards of subsidiaries without the power for onward delegation.
- 3.2 The powers delegated to the Group Chief Executive must be exercised to achieve the Group's strategy and long-term objectives, and the Medium-Term Plan and annual budgets adopted from time to time by the Board.
- 3.3 The Board approves and sets out the maximum limits delegated to the Group Chief Executive. Transactions more than the maximum limits must be referred to the Board in accordance with the Matters Reserved to the Board.
- 3.4 The appointment of senior executives to the Group Executive Committee is delegated to the Group Chief Executive. In making such decisions, the Group Chief Executive will have regard to the Nomination & Governance Committee's remit and advice in relation to the adequacy of succession arrangements for Executive Directors, for other members of the Group Executive Committee, and for their respective direct reports. The appointment of senior executives one level below GEC Members will be referred to the Group Chief Executive for approval by the sponsoring member of the Group Executive Committee, with the agreement of the Group People & Productivity Director (or equivalent).
- 3.5 The Group Chief Executive, without authority to delegate, must recommend to the Nomination & Governance Committee for its approval or, in the case of 3.5.2, onward recommendation by the Nomination & Governance Committee to the Board for its approval, the appointment of:
 - 3.5.1 Non-Executive Directors as a director of a subsidiary;
 - 3.5.2 Executive Directors as a director of a subsidiary, or any other third-party entity where this is at the Group's request; or
 - 3.5.3 any individual as a director of those subsidiaries identified as material by the Nomination & Governance Committee (details of which are available from the Company Secretary).
- 3.6 The Group Chief Executive, without authority to delegate, must approve nominations for directors of the following categories of subsidiaries and third-party entities (at the Group's request):
 - 3.6.1 where the appointment relates to a Group Chief Executive Member;
 - 3.6.2 non-Group regulated entities; or
 - 3.6.3 where the entity is listed on any recognised Stock Exchange.
- 3.7 The Group Chief Executive may delegate the approval of nominations of directors to the following categories of subsidiaries and third-party entities (at the Group's request):
 - 3.7.1 regulated subsidiaries;
 - 3.7.2 joint ventures;
 - 3.7.3 subsidiaries which have existing Non-Executive Directors or where the proposed appointee is to act as a Non-Executive Director; and
 - 3.7.4 all other subsidiaries and any other third-party entities.All appointments approved under delegation from the Group Chief Executive through this Section 3.7 will need to be approved by, at least, the relevant Group Executive Committee member. Appointments under Section 3.7.1 above need four-eyes

approval of the Chief Risk Officer with those under Sections 3.7.2 and 3.7.3 above requiring four-eyes approval of the Company Secretary.

4. SUB-DELEGATION OF AUTHORITY

- 4.1 The Group Chief Executive is authorised to delegate further a proportion of his or her authority (but not the whole) to members of the Group Executive Committee and to other colleagues within the Group as considered consistent with the roles and responsibilities attributed to those individuals.
- 4.2 The principal document which sets out this onward delegation is the Delegated Executive Authorities as approved by the Group Chief Executive from time to time and subject to annual review by the Board.
- 4.3 All delegated authorities must be exercised in accordance with and subject to the Board's agreed risk appetite.
- 4.4 In exercising these powers, the Group Chief Executive is entitled to seek advice and recommendations from the Group Executive Committee.
- 4.5 The Group Chief Executive is authorised to establish further Group Chief Executive Committees to assist in managing the business of the Group.