

Role of the Group Chief Executive of Lloyds Banking Group plc, Lloyds Bank plc, Bank of Scotland plc and HBOS plc

(The following defined terms, as set out in the Corporate Governance Framework Board Authorities document, are applicable: the "Company" means each of Lloyds Banking Group plc, or where the context needs, Lloyds Bank plc, Bank of Scotland plc and HBOS plc as appropriate; the "Group" means Lloyds Banking Group plc and its subsidiaries and associates from time to time; and the "Banks" means Lloyds Bank plc and Bank of Scotland plc.)

1. Purpose

- 1 The role of the Group Chief Executive as set out below applies to the role within Lloyds Banking Group plc, the Banks and HBOS plc as appropriate.
- 2 The Group Chief Executive is responsible for managing the business of the Group, in accordance with the strategy and long-term objectives approved by each 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 each 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, delivering for shareholders and notifying the external markets of any relevant changes.

2. Key responsibilities

The Group Chief Executive:

A. Leadership and strategy

- 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 each 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 each Board, incurring capital and revenue expenditure as appropriate to meet the objectives set out in the Medium-Term Plan or as separately approved by each Board.
- 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 each Board or specifically delegated by each Board to its Committees or matters reserved to the boards of subsidiaries.
- 3 Reports to each Board and is responsible for:
 - a. 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 colleagues, and to the Group's public and social responsibilities within and outside the UK;
 - b. the successful execution of the Group's strategy;
 - c. 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 Boards regard 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;
 - d. the continuing review of the organisational structure of the Group and recommendations for changes; and
 - e. the optimum use and adequacy of the Group's resources.
- 4 Is responsible for the development and maintenance of the Company's business model by the Boards.
- 5 Is responsible for developing and maintaining the Company's recovery plan, resolution pack and, where relevant, resolution assessment, and for overseeing the internal processes regarding their governance.
- 6 Is responsible for the Company's obligations for a) conduct rules training; and b) conduct rules reporting.

B. Internal relationships and culture

- 1 Is accountable to the Chair of the Boards 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 Ensures the active liaison and co-ordination between business units.
- 3 Has responsibility for overseeing the adoption of the Group's culture in the day-to-day management of the Banks. The Group Chief Executive will oversee a culture that demonstrates the Group values and risk awareness, and which meets or exceeds the Group's goals for treating customers fairly and facilitates delivery of customer, shareholder and colleague objectives.

C. Group responsibilities

- 1 Apportions and oversees 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 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, the Banks and HBOS plc as appropriate.

D. Business unit objectives

- 1 Is responsible for the development and review of divisional and business unit objectives including Risk and People & Productivity, to ensure that the agreed Group objectives are achieved.

E. Group budget

- 1 Is responsible for the presentation of the Group's budgets to the Boards and, following their adoption, the achievement of the budgets.

F. Senior management and Executive team

- 1 Is responsible for 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 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.

G. Investment and capital expenditure

- 1 Is responsible for the examination of all trade investments and major capital expenditure proposed by subsidiary boards and the recommendation to the Boards of those which, in a Group context, are material either by nature or cost.

H. Recruitment, career development and succession planning

- 1 Is responsible for the preparation by business units of plans concerning the recruitment, training and career development of personnel.
- 2 Is responsible for 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.
- 3 Together with the Chair, is responsible for succession planning for the most senior Group executives and Executive Director levels, and adequate management development.
- 4 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 Boards).

I. Public relations and communication

- 1 In conjunction with the Chair, is responsible for the development of the Group's public relations and corporate communications policy.
- 2 Will work closely with the Chair and keep him informed on all important matters.

J. Compliance, policy and procedure

- 1 Will be available to the auditors, the Chief Risk Officer and the heads of compliance and internal audit.
- 2 Is responsible for ensuring that the Group's policies and procedures are followed and conform to the highest standards.
- 3 Is responsible for the Banks' performance of their obligations under the employee certification regime.
- 4 Is responsible for the Banks' compliance with the requirements of the regulatory system in relation to the management of the responsibilities map.

- 5 Along with the other members of the Group Executive Committee, has a specific responsibility to:
- a. ensure that those aspects of the firm's affairs for which the Group Chief Executive is responsible for managing are in compliance with the ring-fencing requirements.
 - b. identify and manage any potential RFB Conflict Matters;
 - c. ensure, should a potential RFB Conflict Matter be identified, that any such potential RFB Conflict Matter be brought to the attention of the relevant Board(s) and/or Board Committee(s) as appropriate; and
 - d. ensure that the RFB-Only NEDs are made aware of any potential RFB Conflict Matters and that all information that is relevant to such potential RFB Conflict Matters is provided to the RFB-Only NEDs.

K. SMCR

- 1 In relation to discharging the role of Group Chief Executive for the SMCR Entities, is a Senior Manager for the purposes of the SMCR. This needs prior approval by the PRA/FCA.

L. Remuneration

- 1 Will establish, implement and maintain remuneration policies, procedures and practices that are within the principles and policies determined by the Group Remuneration Committee and are consistent with and promote principles of effective risk management.

M. Delegated authority

- 1 May exercise all the powers delegated to them as Group Chief Executive by each Board (these powers may be delegated in their absence to another Executive Director nominated by them), save for:
- a. those matters reserved to the Board of Lloyds Banking Group plc and/or the Boards of the Banks and HBOS plc as appropriate; or
 - b. any other matter specifically delegated to any committee of the Boards or matters reserved to the boards of subsidiaries without the power for onward delegation.
- 2 Must exercise the powers delegated to them as Group Chief Executive 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 Boards.
- 3 May act within the maximum limits delegated to the Group Chief Executive as set out in the Schedule below. Transactions above the maximum limits must be referred to the Boards in accordance with the Matters Reserved to the Boards.
- 4 May appoint senior executives to the Group Executive Committee. In making such decisions, the Group Chief Executive will have regard to the Nomination and 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.
- 5 Must recommend (in circumstances where the Group Chief Executive has not been given authority to delegate) to the Nomination and Governance Committee for its approval or, in the case of 3.5.2, onward recommendation by the Nomination and Governance Committee to the Board for its approval, any nomination for the appointment of:
- a. any Non-Executive Director as a director of a subsidiary;
 - b. any Executive Director as a director of a subsidiary, or any other third-party entity where this is at the Group's request; or
 - c. any individual as a director of those subsidiaries identified as material by the Nomination and Governance Committee (details of which are available from the Company Secretary).
- 6 Must approve (in circumstances where the Group Chief Executive has not been given authority to delegate) nominations for the appointment of directors in respect of the following persons and categories of subsidiaries and third-party entities (at the Group's request):
- a. where the appointment relates to a Group Chief Executive Committee Member;
 - b. non-Group regulated entities; or
 - c. where the entity is listed on any recognised Stock Exchange.
- 7 May delegate the approval of nominations for the appointment of directors to the following categories of subsidiaries and third-party entities (at the Group's request):
- a. regulated subsidiaries;
 - b. joint ventures;
 - c. subsidiaries which have existing Non-Executive Directors or where the proposed appointee is to act as a Non-Executive Director; and

d. all other subsidiaries and any other third-party entities.

All appointments approved under delegation from the Group Chief Executive through this Section M.7 will need to be approved by, at least, the relevant Group Executive Committee Member. Appointments under Section M.7.a above will also need the additional approval of the Chief Risk Officer, while those under Sections M.7.b and M.7.c above will also require the additional approval of the Company Secretary.

8 Is authorised to delegate further a proportion of their 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.

9 Is authorised to approve the Delegated Executive Authorities from time to time, which sets out the onward delegation by the Group Chief Executive, subject to annual review by each Board.

10 Must exercise all delegated authorities in accordance with and subject to the Boards' agreed risk appetites.

11 In exercising these powers, is entitled to seek advice and recommendations from the Group Executive Committee.

12 Is authorised to establish further Group Chief Executive Committees to assist in managing the business of the Group.

N. Maximum limited delegated to the Group Chief Executive by the Boards

1 The Boards approve and set out the maximum limits delegated to the Group Chief Executive. The Group Chief Executive may sub-delegate to executives and employees within the Group, all within the limits set out by the Boards.