

2.2 GROUP BOARD OF DIRECTORS

TERMS OF REFERENCE

MEMBERS:	The Board of Directors
QUORUM:	According to the Articles of Association
MEETINGS:	Eight or nine times per year and ad hoc as required.
CHAIRMAN:	The Chairman of the Group as appointed by the Board from time to time, or, in his absence, the Senior Independent Director or the Chairman appointed by the meeting.
SECRETARY:	Group General Counsel and Group Secretary

Main Responsibilities:

The Group Board will be the main decision making forum at Group level. It will consider strategic issues and ensure the Group manages risk effectively through approving and monitoring the Group's risk appetite, considering Group stress scenarios and agreed mitigants and identifying longer term strategic threats to the Group's business operations. The Group Board will approve expenditure over certain limits in respect of its principal businesses. It will have overall responsibility for management of the business and affairs of the Group, the establishment of Group strategy and capital raising and allocation. The Board will monitor and oversee the Group's operations, ensuring competent and prudent management, sound planning, proper procedures for the maintenance of adequate accounting and other records and systems of internal control, and for compliance with statutory and regulatory obligations. In carrying out the duties of the Group Board, the Directors will act in accordance with all relevant and applicable legislative and regulatory rules. In particular, they will take into account the Directors' Duties contained in the Companies Act 2006 and will consider the factors listed in Section 172 of the Companies Act 2006 and any other relevant factors.

To enable the Group Board to carry out its objectives, authority and terms of reference will be delegated to the Boards of its principal businesses and committees appointed by the Board, as required. In particular, there will be Group Audit, Group Remuneration and Group Nominations Committees comprised of Non-executive Directors and a Chairman's Committee to which the powers of the Board will be devolved in certain circumstances. Matters not specifically delegated will be reserved to the Group Board.

The Executive Committee will provide executive input to the Group Board, and will monitor and report to the Group Board on all operational and day to day activities in relation to the Group's principal businesses.

Membership of the Group Board will comprise the appropriate Group Executive Directors along with the Chairman and Non-executive Directors.

Detailed Responsibilities:

The detailed responsibilities of the Board are to:

1. Determine and review the Group's strategic direction including, as appropriate, the strategies for each of the principal business units.
2. Determine the Group's key financial objectives including:
 - (a) Prudential and other ratios; and
 - (b) Target rates of return on capital and on assets.
3. Review, approve and monitor the Group's risk appetite and strategic risk policies.
4. Ensure that the Executive Management of the Group:
 - (a) Establishes and maintains an appropriate framework to ensure the effective management of risk, including appropriate systems, policies and controls; and
 - (a) Through the Executive Risk Forum or Executive Committee as appropriate, provides regular and sufficient information to the Board (including information on the risk appetite of the Group, capital allocation, aggregate and large risk exposures, stress and scenario testing undertaken and long term macro and strategic threats to the Group) to enable it to discharge its monitoring duties in relation to these matters.
5. Consider emerging issues which may be material to the business and affairs of the Group.
6. Keep under review and maintain the Group's capital and liquidity positions.
7. Review and approve proposals for the allocation of capital and other resources within the Group.
8. Approve material acquisitions and disposals of assets and share acquisitions and disposals which are significant in terms of the business of the Group.
9. Approve material joint ventures, strategic partnerships and alliances which are significant in terms of the business of the Group.
10. Review and approve the Group's annual capital and revenue budgets (and any material changes thereto).

11. Receive monthly Business and Financial Reports from the principal business units and consolidated reports for the Group and review actual performance in the light of the Group's strategy, objectives, corporate and business plans and budgets.
12. Consider and approve the Group's procedures for reviewing and monitoring risk, and receive regular reports thereon.
13. Approve the Group's Annual Report and Accounts and its other published financial statements and other material and significant statements issued to shareholders or the London Stock Exchange.
14. Determine dividend policy.
15. Approve arrangements for Annual and other General Meetings.
16. Receive and consider high level reports on matters material to the Group, in particular:
 - (a) Relations with Regulatory Authorities;
 - (b) Human Resources matters, including Health and Safety;
 - (c) Information systems and Technology;
 - (d) Insurance cover;
 - (e) Disaster recovery;
 - (f) Litigation and claims;
 - (g) Premises;
 - (h) Investor and public relations;
 - (i) Environmental Policy; and
 - (j) Socially Responsible Investment Policy.
17. Establish and maintain appropriate accounting policies, implement and monitor the maintenance of adequate accounting and other records and systems of planning and internal control and inspection.
18. Consider and approve appointments to the Boards of the Group and the Bank, the Executive Committee, and approve remuneration arrangements for Executive Directors.
19. Consider and, as appropriate, authorise any actual or potential conflicts of interest in accordance with the Companies Act 2006 and the Group's Articles of Association.

20. Receive the Minutes of and/or reports from the Boards of subsidiary companies and the Committees of the Group Board.
21. Approve delegated authorities for expenditure and for lending, and for other risk exposures.
22. Review and, as appropriate, agree changes in the terms of reference of subsidiary Boards and Committees established by the Board.
23. Approve the appointment of Reporting Accountants under the terms of Section 342 of the Financial Services and Markets Act 2000.