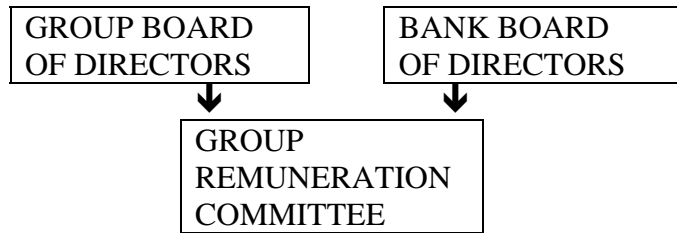


2.9 GROUP REMUNERATION COMMITTEE **TERMS OF REFERENCE AND REPORTING LINE**



MEMBERS:	At least three independent Non-executive Directors. ¹
QUORUM:	Two members
IN ATTENDANCE:	Group Chairman Group Chief Executive Group General Counsel and Group Secretary Group Director, Human Resources Independent advisers as required
MEETINGS:	At least four meetings per annum
CHAIRMAN:	Senior Independent Director
SECRETARY:	Senior Assistant Secretary

Main Responsibilities:

The Group Remuneration Committee will be responsible for considering the Group's Policy on Executive Remuneration and, as required, making recommendations to the Group Board in respect of the remuneration arrangements of the Executive and Non-executive Directors of the Group. It shall also be responsible for setting the remuneration arrangements of the Group Management Committee.

The Group Remuneration Committee will operate under delegated authority from the Group and Bank Boards. In carrying out the responsibilities of the Group Remuneration Committee, 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.

¹ Pending the appointment of two new Non-executive Directors the Group Remuneration Committee currently comprises two independent Non-executive Directors and the Chairman of the Board, not the three independent Non-executive Directors required by the Combined Code.

Detailed Responsibilities:

The detailed responsibilities of the Group Remuneration Committee will cover, in particular, the following:-

1. Remuneration Policy and Remuneration Arrangements
 - (a) To determine and develop the Group's Executive Remuneration Policy;
 - (b) To make recommendations to the Group Board on the total individual remuneration package of each Executive Director; including, where appropriate, salaries, annual and longer term incentive targets and payments, share options, pension rights, service contracts and compensation payments. In determining such packages and arrangements, the Committee will have regard to relevant market comparisons and practice as well as any other relevant guidance;
 - (c) To make recommendations to the Group Board on termination payments for Executive Directors, within the terms of the agreed policy and ensuring that :-
 - (i) contractual terms on termination, and any payments made, are fair both to the Executive Director and to the Group,
 - (ii) that failure is not rewarded; and
 - (iii) that the duty to mitigate loss is fully recognised.
 - (d) To consider proposals from the Chairman in respect of the remuneration arrangements of Non-executive Directors of the Group and to make recommendations to the Group Board in this respect;
 - (e) To approve proposals from the Group Chief Executive in respect of the remuneration arrangements of senior executives below Board level who are members of the Group Executive Committee;
 - (f) To review all long term incentive arrangements operated in the Group; and
 - (g) To review the report of the Variable Pay Review Panel.
2. Reporting and Disclosure
 - (a) To prepare an Annual Report to Group shareholders which will form part of the Annual Report and Accounts of the Group and will include all relevant information in respect of the Group's Executive Remuneration Policy and full details of each Director's remuneration package; and
 - (b) To account directly to Group shareholders for decisions of the Group Remuneration Committee through the attendance of the Chairman of the Group Remuneration Committee at the Group's Annual General

Meeting to answer Group shareholders' questions on Directors' remuneration.

3. Share Schemes

- (a) To keep under review the Group's employee share schemes in light of legislative and market developments and the overall remuneration policy of the Group; and
- (b) To decide, on an annual basis, whether grants of options or awards should be made in terms of the Group's employee share schemes.

4. External Advice

- (a) To select, appoint and set the terms of reference for any remuneration consultants who advise the Remuneration Committee; and
- (b) To obtain internal or external legal or other professional advice on matters within the terms of reference of the Remuneration Committee.