

TSB BANKING GROUP PLC / TSB BANK PLC BOARD OF DIRECTORS: CHAIRMAN

1. PURPOSE OF THE ROLE

The Chairman is responsible for leadership of the Boards of Directors of TSB Banking Group plc and TSB Bank plc (collectively, the '**Board**') and is pivotal in creating the conditions for overall board and individual director effectiveness, both inside and outside the boardroom. In this document, '**Group**' means TSB Banking Group plc, together with its subsidiaries and subsidiary undertakings from time to time (as defined in the Companies Act 2006).

2. KEY ACCOUNTABILITIES

Specifically, it is the responsibility of the Chairman to:

- 2.1 run the Board and set its agenda. The agenda should take full account of the issues and the concerns of all Board members. The agenda should be forward looking and concentrate on strategic matters rather than formulaic approvals of proposals which can be the subject of appropriate delegated powers to management;
- 2.2 ensure that the members of the Board receive accurate, timely and clear information, in particular about the Group's performance, to enable the Board to take sound well informed decisions, monitor effectively and provide advice to promote the success of the Group;
- 2.3 ensure effective communication with and chair shareholder meetings and ensure that the members of the Board develop an understanding of the views of the shareholder;
- 2.4 engage with major shareholders in the normal course of business at least annually, to build investor confidence in the Group and its leadership;
- 2.5 manage the Board encouraging a culture of openness and debate and ensuring that sufficient time is allowed for discussion of complex or contentious issues, where appropriate arranging for informal meetings beforehand to enable thorough preparation for the Board discussion. It is particularly important that directors have sufficient time to consider critical issues and are not faced with unrealistic deadlines for decision-making;
- 2.6 take the lead in providing a properly structured induction programme for new directors that is comprehensive, formal and tailored, facilitated by the Company Secretary;
- 2.7 take the lead in identifying and meeting the development needs of individual directors, with the Company Secretary having a key role in facilitating provision. It is the responsibility of the chairman to address the development needs of the Board as a whole with a view to enhancing its overall effectiveness as a team and seeking to build, over time a nuanced and broad understanding of all matters concerning the strategy, risk appetite and conduct of the firm and a good understanding of the risks the Group faces and its resiliency;
- 2.8 ensure that the performance of individuals is evaluated and acted upon as appropriate at least once a year;
- 2.9 encourage active engagement by all the members of the Board;
- 2.10 demonstrate effective leadership of the Board;
- 2.11 uphold the highest standards of integrity and probity;

- 2.12 set the agenda, style and tone of Board discussions to promote effective decision-making and constructive debate; facilitate, encourage and expect the informed and critical contribution of the directors in particular in discussion and decision-taking on matters of risk and strategy;
- 2.13 promote effective relationships and open communication, both inside and outside the boardroom, between non-executive directors and the executive team;
- 2.14 build an effective and complementary board and, in conjunction with the Group Nomination Committee where appropriate, plan succession in board appointments, subject to Board and shareholders' approval;
- 2.15 promote the highest standards of corporate governance;
- 2.16 ensure clear structure for and the effective running of Board committees;
- 2.17 ensure effective implementation of Board decisions;
- 2.18 establish a close relationship of trust with the Chief Executive, providing support and advice while respecting executive responsibility;
- 2.19 be available to the auditors and the head of internal audit of TSB Bank plc;
- 2.20 represent the Board internally and externally and, in conjunction with the Chief Executive, develop the Group's public relations and corporate communications policy; and
- 2.21 be independent and, on appointment, meet the independence criteria set out in the Corporate Governance Code issued by the Financial Reporting Council.

3. TIME COMMITMENT

- 3.1 The chairmanship of the Board should be the individual's primary activity. In the event of need, the Board chairmanship role will have priority over any other business time commitment.
- 3.2 The Chairman will be expected to commit a substantial proportion of his time to the business of the Group, to
 - 3.2.1 have relevant involvement with the Chief Executive and the rest of the executive team, without detracting from the required degree of detachment from them;
 - 3.2.2 represent the special interests of the Group, in the City, as a major financial services organisation; and
 - 3.2.3 be available as required for consultation /representational purposes.

4. QUALITIES

- 4.1 The Chairman should have a high reputation and a good track record as a shrewd, respected strategic thinker and business person.

TSB BANKING GROUP PLC/TSB BANK PLC BOARD OF DIRECTORS: CHIEF EXECUTIVE

1. PURPOSE OF THE ROLE

- 1.1 The Chief Executive is responsible for running the business of TSB Banking Group plc and TSB Bank plc (collectively, the '**Group**') and to lead the formulation of the Group's strategy, manage the Group in accordance with the business plan and be responsible to the Group boards (collectively, the '**Board**') for the profitability, overall risk and control and financial performance of the Group.
- 1.2 Responsible for achieving expected financial targets and managing the Profit and Loss of the Group, overall operations and provision of effective and compliant services to customers
- 1.3 Position the Bank as an effective "challenger" brand within the UK Financial Services Market with a clear identity and differentiation from the competition.
- 1.4 Represent the Group to shareholders, investors, the media and employees and articulate the strategy and ethos of the Group in a clear and inspiring manner
- 1.5 Engage with policy makers and opinion formers on the role of the Group as a market challenger

2. KEY ACCOUNTABILITIES

PRINCIPAL ACCOUNTABILITIES

- 2.1 Responsible for providing leadership and direction to implement the strategy and for managing the Group's business in accordance with the goals and objectives set by the Board and having regard to promote the success of the Group.
- 2.2 The Chief Executive is responsible for coordinating all activities to implement the strategy and for managing the business in accordance with the Group's risk appetite and business plan approved by the Board incurring capital and revenue expenditure as appropriate to meet objectives set out in the business plan or as separately approved by the Board.
- 2.3 The Chief Executive may make decisions in all matters affecting the operations, performance and strategy of the business, with the exception of those matters reserved to the Board or specifically delegated by the Board to its committees or executive committees.
- 2.4 The Chief Executive accounts and reports to the Board and is responsible for:
 - the recommendation of objectives and strategy in the development of its business
 - the successful execution of strategy
 - establishing, maintaining and implementing the risk management and liquidity and funding frameworks (embracing 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)
 - the continuing review of the organisational structure of the Group and recommendations for changes
 - the optimum use and adequacy of resources

- 2.5 Accountable to the Chairman 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 PRA/FCA, Bank of England, Independent Banking Commission, Treasury Select Committee, UKFI, as applicable and the Government

- 2.6 The duties which derive from these responsibilities include:
 - apportionment and oversight of responsibilities across all areas of the Group including business responsibilities, Liquidity and Funding, Risk, HR and Operations;
 - the development and review of business objectives including Risk, HR, to ensure that agreed objectives are likely to be achieved;
 - the presentation of the Group's budgets to the Board and, following their adoption, the achievement of the budgets;
 - 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 performance of individuals (including direct reports of the Chief Executive) is managed effectively;
 - ensuring the preparation by the business of plans concerning the recruitment, training and career development of personnel;
 - ensuring that senior management posts are filled in accordance with the long-term needs of the Group, having regards to the need for appropriate contingency and succession planning;
 - Succession planning for the Executive levels, and adequate management development;
 - in conjunction with the Chairman, the development of the Group's public relations policy and external communications policy;
 - ensuring the active liaison and co-ordination between business areas;
 - being available to the auditors, the Chief Risk Officer and the head of internal audit; and
 - ensuring that the Group's policies and procedures are followed and conform to the highest standards.

- 2.7 Create, embed, develop and deliver a culture that demonstrates the Group's values, meets and exceeds goals for treating customers fairly and facilitates delivery of customer, shareholder and colleague objectives.

- 2.8 Articulate the brand, strategy and ethos of the Group in a clear and inspiring way that effectively differentiates the Group's approach from its competitors

- 2.9 Develop and articulate the Group's CSR as an integral part of the overall brand and strategy

- 2.10 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.

- 2.11 Establish, implement and maintain remuneration policies, procedures and practices that adhere to the Group's remuneration philosophy and are consistent with and promote principles of effective risk management.
- 2.12 Serve as a member of the Board.

3. DELEGATED AUTHORITY

- 3.1 The Chief Executive (or in his absence another Executive Director nominated by him) may exercise all the powers of the Board, save for:
- (i) those matters reserved to the Board; or
 - (ii) 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 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.

4. SUB-DELEGATION OF AUTHORITY

- 4.1 The Chief Executive is authorised to delegate further a proportion of this authority (but not the whole) to members of the Executive Committee and to other colleagues within the Group as considered consistent with the roles and responsibilities clearly attributed to those individuals.
- 4.2 The principal document which sets out this onward delegation is the Corporate Governance Framework, which is subject to annual review by the Board.
- 4.3 In exercising these powers, the Chief Executive is entitled to seek recommendations from the Executive Committee.