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The Lord Stevenson of Coddenhaym
Chairman

10 January 2008

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A quick word in advance of my Arrow interview next week.

On previous such interviews I have been a little concerned that the interview did not cover the key points that are in the FSA's mind about HBOS and was a little discomforted to find issues raised in subsequent communications that I had not been asked to comment on.

I can understand a mind set which regards a "non-executive Chairman" as sailing above the battle, not concerned with the detailed day to day realities ... perhaps with inputs on strategy, governance and other Olympian matters! Can I make it quite plain that I do not regard myself as that kind of a Chairman. Yes, I am part-time (but not non-executive). I am legally responsible for the business and with the modesty for which I am not famous regard myself as being knowledgeable and well briefed. I would be very grateful therefore if the team that visits me exposes all the issues which are on their mind ... not least because irrespective of my views on them (and on some I can imagine myself agreeing, others disagreeing with FSA concerns) I have a very proper interest in understanding how the FSA articulates them.

I hasten to add I have always enjoyed and got a lot out of such sessions in the past and I fully anticipate the same happening next week. For all the pressures Arrow imposes - and I can imagine the pressure it imposes on all of you as well - it is a good discipline.

Yours sincerely

Dennis Stevenson

Cc Hector Sants ✓
Callum McCarthy