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Sir David Walker  
The Walker review secretariat  
25 The North Colonnade  
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London  
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By email and post

30<sup>th</sup> September 2009

Dear Sir David

Sainsbury's Bank (SB) has reviewed your report with interest and is considering its response. I should like to feed back on one particular section of the report, namely paragraph 1.21 which refers to your terms of reference and confirms that the principal area of focus is on the governance of entities in the financial sectors that are listed on the London Stock Exchange as set out in Annex 4.

The Report then states "Where an FSA-authorized but unlisted BOFI entity is a subsidiary of a UK-listed holding company, the best practice proposals of this Review should be taken to apply to the holding company. In the case of other BOFIs, it is envisaged that these will be encouraged by the FSA to take account of such best practice to the extent that it is appropriate to their circumstances and can be accommodated within understandings between regulators on regulation and supervision of international corporate structures."

Sainsbury's Bank is a 50:50 joint venture between J Sainsbury plc (JS) and Lloyds Banking Group (LBG). Whilst LBG is a BOFI and is covered by the definitions in Annex 4, JS is a grocery retailer, not within the definition of a BOFI.

SB is considering which of the provisions are relevant given its joint venture status and the relative simplicity of its retail operations. We will therefore expect to meet the regulator in due course to agree an understanding in accordance with your recommendations.

Yours sincerely,

Hannah Bernard  
Company Secretary  
Sainsbury's Bank