



Resolution Plan

1. Public Section

December 31, 2014



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1. PUBLIC SECTION

INTRODUCTION

Lloyds Banking Group plc (“**LBG**”) maintains a U.S. resolution plan (the “**Resolution Plan**”) as required by the final rule (the “**165(d) Rule**”) issued by the Board of Governors of the Federal Reserve System (“**Federal Reserve**”) and the Federal Deposit Insurance Corporation (“**FDIC**”) pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“**Dodd-Frank Act**”). The 165(d) Rule specifies that foreign banking organizations such as LBG must submit a resolution plan annually, that describes the strategy for the rapid and orderly resolution (as such term is defined in the 165(d) Rule) of LBG’s U.S. operations in the event of LBG’s material financial distress (as such term is defined in the 165(d) Rule) or failure.

LBG is a leading, UK-based, financial services group providing a wide range of retail and commercial banking services, primarily in the UK. LBG was formed on January 19, 2009, following the acquisition of HBOS plc by Lloyds TSB Group plc. HBOS plc was formed in 2001 following the merger of Bank of Scotland¹ and Halifax plc. On September 23, 2013, Lloyds TSB Bank plc changed its name to Lloyds Bank plc. This coincided with the launch of TSB Bank as the first phase of the European Commission mandated business disposal, expected to complete by the end of 2015.

LBG’s U.S. activities are concentrated in Commercial Banking and are primarily undertaken by the New York branches of LBG’s subsidiary banks Lloyds Bank plc and Bank of Scotland plc. Lloyds Bank plc, in addition to maintaining its New York branch, previously operated an agency office in Miami, Florida, that provided private banking and wealth management services. The external assets and liabilities of the Miami Agency were substantially sold in November 2013. The remaining obligations were satisfied and the agency office dissolved in early 2014, with the license formally surrendered to Florida Office of Financial Regulation on May 16, 2014. Bank of Scotland plc, in addition to its New York branch, also maintains representative offices in Chicago, Illinois, and Houston, Texas.

LBG’s Commercial Banking division offers support to corporate clients through the provision of banking products, such as lending, deposits and transaction banking services, while also offering clients expertise in capital markets, financial markets and private equity. In the U.S., LBG’s Commercial Banking services primarily include lending and deposit products. LBG also conducts limited capital markets activities in the U.S., offering capital markets services through its registered broker-dealer subsidiary Lloyds Securities Inc.

¹ On September 17, 2007, in accordance with the provisions of the HBOS Group Reorganisation Act 2006, the Governor and Company of the Bank of Scotland registered as a public limited company under the Companies Act and changed its name to Bank of Scotland plc.



LBG supports the Federal Reserve's and FDIC's aim of ensuring banking groups are resolvable and is fully committed to maintaining a robust resolution planning process that is integrated with, and derives from, existing strategic, business, contingency and recovery planning.

In the unlikely event of material financial distress or failure, LBG's Resolution Plan demonstrates how the Material Entities and Core Business Line can be resolved in a rapid and orderly way under applicable insolvency regimes, without posing systemic risk to the larger financial system and without the need for any government or taxpayer support. LBG continues to have a very limited footprint in the U.S. and conducts no critical operations whose failure or discontinuance would threaten the financial stability of the U.S.

Unless otherwise indicated, information in this Public Summary is provided as at December 31, 2013.



A. MATERIAL ENTITIES

For the purposes of this Resolution Plan, LBG has identified two Material Entities. The 165(d) Rule defines a “Material Entity” as an entity that is significant to the activities of a core business line or critical operation. The Material Entities are:

- Lloyds Bank plc, New York branch (“**Lloyds-NY**”): Lloyds-NY is the primary operating entity for LBG’s U.S. operations. Lloyds-NY is licensed by the New York State Department of Financial Services (“**NYDFS**”) as a New York branch of a foreign bank; and
- Bank of Scotland plc, New York branch (“**BoS-NY**”): BoS-NY operates in the U.S. under the “Bank of Scotland plc” brand name and is licensed by the NYDFS as a New York branch of a foreign bank.



B. CORE BUSINESS LINES

For the purposes of the 165(d) Rule, “Core Business Lines” are those business lines of the covered company, including associated operations, services, functions and support that upon failure would result in a material loss of revenue, profit or franchise.

The principal business activities undertaken by LBG in the U.S. comprise Commercial Banking activities. LBG has determined that none of the business activities undertaken in the U.S. are core to LBG, however Commercial Banking has been identified as a business line core to LBG’s U.S. operations and, therefore, a “Core Business Line” for the purposes of the Resolution Plan. U.S. Commercial Banking activities are primarily carried out through Lloyds-NY and BoS-NY.

Lloyds-NY’s Commercial Banking activities include the provision of lending and deposit products to U.S. commercial banks and insured depository institutions, other financial institutions, corporate non-financial institutions and government agencies. BoS-NY’s Commercial Banking activities are concentrated on managing a legacy loan portfolio, which has been designated for exit in line with LBG’s strategic objectives.



C. SUMMARY FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES

For detailed financial information on LBG's global operations, please refer to the LBG Annual Report and Accounts 2013. Exhibit C.1 summarizes the balance sheet for each Material Entity.

Exhibit C.1: Balance Sheets

Balance Sheet for Lloyds-NY as at December 31, 2013 (US\$ millions)	
Assets:	
Cash and balances due from depository institutions	7,563.6
Securities:	
- U.S. Treasury securities and U.S. Government agency obligations	0.0
- Other securities	0.0
Fed Funds sold and reverse repo transactions	0.0
Loans and leases:	
- Loans secured by real estate	0.0
- Loans to, and acceptances of, commercial banks in the U.S.	0.0
- Loans to other Financial Institutions	1,302.0
- Commercial and industrial loans	1,659.7
- Loans to foreign governments and other official institutions	0.0
- Loans for purchasing or carrying securities	0.0
- All other loans and leases	794.5
- Lease financing receivables	489.2
- Unearned income on Loans and Leases	0.0
Trading assets	0.0
Net due from related institutions in the U.S. and in foreign countries	0.0
All other assets	295.6
Total Assets	12,104.7
Liabilities:	
Total Deposits	10,128.8
Borrowings (incl. Fed Funds purchased and repo transactions):	1,000.0
Trading liabilities	0.0
Net due to related institutions in the U.S. and in foreign countries	910.9
All other liabilities	64.9
Total Liabilities	12,104.7



Balance Sheet for BoS-NY as at December 31, 2013 (US\$ millions)	
Assets:	
Cash and balances due from depository institutions	5,044.0
Securities:	
- U.S. Treasury securities and U.S. Government agency obligations	0.0
- Other securities	0.0
Fed Funds sold and reverse repo transactions	0.0
Loans and leases:	
- Loans secured by real estate	61.8
- Loans to, and acceptances of, commercial banks in the U.S.	0.0
- Loans to other Financial Institutions	0.0
- Commercial and industrial loans	102.1
- Loans to foreign governments and other official institutions	0.0
- Loans for purchasing or carrying securities	0.0
- All other loans and leases	0.0
- Lease financing receivables	0.0
- Unearned income on Loans and Leases	(0.3)
Trading assets	0.0
Net due from related institutions in the U.S. and in foreign countries	0.0
All other assets	22.9
Total Assets	5,230.5
Liabilities:	
Total Deposits	65.9
Borrowings (incl. Fed Funds purchased and repo transactions):	0.0
Trading liabilities	0.0
Net due to related institutions in the U.S. and in foreign countries	5,138.5
All other liabilities	26.1
Total Liabilities	5,230.5

Capital

As branches of Lloyds Bank plc and Bank of Scotland plc, respectively, neither Lloyds-NY nor BoS-NY hold standalone capital, nor are they subject to standalone regulatory capital minimums.

Funding sources

The main objective of the effective management of liquidity for the U.S. operations of LBG is to ensure that sources of liquidity will be sufficient to meet all commitments under both normal operating conditions and



under unpredictable circumstances of industry or market stress. To achieve this objective, LBG's Material Entities comply with risk appetite metrics set out in LBG's North America Funding and Liquidity Policy.

Sources of external funding for Lloyds-NY include issuances of Yankee certificates of deposit and other customer deposits from the Commercial Banking activities. BoS-NY is no longer active in the market to raise funding, therefore all funding required by BoS-NY is provided through intercompany deposits.

LBG's Material Entities fund local lending activities from domestically sourced corporate deposits. Overall however the Material Entities are net funded by LBG and maintain a significant daily cash placement on reserve at the Federal Reserve Bank of New York ("**FRBNY**").



D. DESCRIPTION OF DERIVATIVE AND HEDGING ACTIVITIES

For the purposes of this Resolution Plan, neither Material Entity engages in trading or derivatives activities.

LBG holds derivatives as part of the following strategies:

- Customer driven, where derivatives are held as part of the provision of risk management products to LBG customers;
- To manage and hedge LBG's interest rate and foreign exchange risk arising from normal banking business. The hedge accounting strategy adopted by the Group is to utilize a combination of fair value and cash flow hedge approaches; and
- Derivatives held in policyholder funds as permitted by the investment strategies of those funds.

The principal derivatives used by LBG are as follows:

- Interest rate related contracts including interest rate swaps, forward rate agreements and options.
- Exchange rate related contracts including forward foreign exchange contracts, currency swaps and options.
- Credit derivatives, principally credit default swaps, are used by LBG as part of its trading activity and to manage its own exposure to credit risk. LBG also uses credit default swaps to securitize, in combination with external funding, some corporate and commercial banking loans.
- Equity derivatives are also used by LBG as part of its equity-based retail product activity to eliminate the Group's exposure to fluctuations in various international stock exchange indices. Index-linked equity options are purchased which give LBG the right, but not the obligation, to buy or sell a specified amount of equities, or basket of equities, in the form of published indices on or before a specified future date.

Further details of LBG's derivatives and trading activities are set forth in LBG's 2013 Annual Report on Form 20-F as filed with the Securities and Exchange Commission.



E. MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS

To support the Commercial Banking activities of the U.S. operations, both Lloyds-NY and BoS-NY are users of The Society for Worldwide Interbank Financial Telecommunication, Societe Cooperative a Responsabilite Limitee (limited co-operative society) (“**SWIFT**”), a member-owned co-operative.

SWIFT provides a telecommunication platform for the exchange of standardized financial messages between financial institutions and market infrastructures, and between financial institutions and their corporate clients.

SWIFT's users or participants include banks, market infrastructures, broker-dealers, corporates and investment managers.

This membership allows LBG to provide payment services to its Commercial Banking clients.



F. FOREIGN OPERATIONS

LBG is a leading UK-based financial services group providing a wide range of banking and financial services, primarily in the UK, to personal, corporate and institutional customers.

LBG's main business activities are retail, commercial banking and insurance. LBG operates the UK's largest retail bank with over 2,000 branches and has a large and diversified customer base with more than 30 million customers.

Services are offered through a number of well recognized brands, including Lloyds Bank, Halifax, Bank of Scotland and Scottish Widows, and a range of distribution channels. This includes the largest branch network in the UK and a comprehensive digital, telephony and mobile proposition.

LBG has approximately 88,000 employees (full-time equivalent) of which a vast majority support the UK business. In line with its UK-focused strategy, LBG currently operates in only eight countries.

LBG is quoted on both the London Stock Exchange and the New York Stock Exchange and is part of the FTSE 100.

For further information on LBG's operations, please refer to the LBG's Annual Report and Accounts 2013 or Half Year Results for the period to the end of June 2014.



G. MATERIAL SUPERVISORY AUTHORITIES

LBG is subject to a significant body of laws and regulations that are a condition for authorization to conduct its banking and financial services business in each jurisdiction where it conducts operations. These requirements are largely prescribed on a jurisdictional basis by the applicable government, central bank, regulatory authorities or other applicable bodies.

Details of the supervisory authorities for LBG and its Material Entities are included in Exhibit G.1.

Exhibit G.1: Regulators by Entity

Entity	Regulatory Authority
LBG	Prudential Regulation Authority
	Financial Conduct Authority
	Bank of England
Lloyds-NY and BoS-NY	New York State Department of Financial Services
	Federal Reserve Bank of New York



H. PRINCIPAL OFFICERS

The tables below provide a list of principal officers for LBG and the Material Entities as at December 31, 2013.

Exhibit H.1: LBG Board of Directors

Executive	Title
Sir Winfried Bischoff ²	Non-Executive Director and Chairman
Lord Blackwell ³	Non-Executive Director and Chairman
David Roberts ⁴	Non-Executive Director
Carolyn Fairbairn	Non-Executive Director
Anita Frew	Non-Executive Director
Dyfrig John, CBE ⁵	Non-Executive Director
Nicholas Luff	Non-Executive Director
Anthony Watson, CBE	Non-Executive Director
Sara Weller	Non-Executive Director
António Horta-Osório	Group Chief Executive
George Culmer	Group Finance Director
Juan Colombás	Chief Risk Officer

Exhibit H.2: LBG Executive Committee

Executive	Title
António Horta-Osório	Group Chief Executive
George Culmer	Group Finance Director
Juan Colombás	Chief Risk Officer
Andrew Bester	Chief Executive, Commercial Banking
Alison Brittain	Group Director, Retail
Mark Fisher ⁶	Director, Group Operations
Antonio Lorenzo	Group Director Consumer Finance and Group Corporate Development

² Retired April 3, 2014

³ Chairmanship effective April 3, 2014

⁴ Until May 2, 2014

⁵ Appointed January 1, 2014

⁶ Until May 31, 2014



Executive	Title
David Nicholson	Group Director, Halifax Community Bank
Toby Strauss	Group Director, Insurance
Matthew Young	Group Corporate Affairs Director
Miguel-Angel Rodriguez-Sola	Group Director, Digital, Marketing & Customer Development

Exhibit H.3: Senior management officials of Lloyds-NY and BoS-NY

Executive	Title
Mark Grant	CEO Commercial Banking, North America & Regional Manager
Jay Cook	Chief Risk Officer, North America
Ben Molony	Chief Financial Officer, North America
Brian Cafferky	Chief Operating Officer, North America
Kevin McKendry	Chief Legal Officer, North America



I. RESOLUTION PLANNING CORPORATE GOVERNANCE STRUCTURE AND PROCESSES

To reflect LBG's support of global resolution planning processes, LBG has an established Resolution Planning program ("**RP Program**"), which is led by the Group Finance Director. The RP Program is focused on ensuring that LBG's resolution plans satisfy applicable jurisdictional regulatory requirements.

To achieve this, LBG's RP Program has a senior management steering committee responsible for resolution planning processes ("**LBG SteerCo**"), chaired by the Group Finance Director. The LBG SteerCo is comprised of senior executives from Risk, Finance, Treasury, Commercial Banking and Operations and also includes senior participants from the RP Program. LBG SteerCo has the authority delegated from the LBG Board of Directors on February 28, 2013 to approve the Resolution Plan, as reflected in the minutes from that meeting. LBG approval to the Resolution Plan was granted on **December X**, 2014.

LBG has established a U.S. Resolution Plan Working Group to oversee the on-going updates to the U.S. Resolution Plan. The U.S. Resolution Plan Working Group is overseen by the Chief Risk Officer, North America, under authority from the North America Executive Committee ("**NA ExCo**"). This committee is chaired by the CEO of Commercial Banking, North America & Regional Manager ⁷.

The Resolution Plan has been reviewed by the NA ExCo and approved by the Chief Risk Officer, North America, and CEO of Commercial Banking, North America & Regional Manager prior to being presented to the LBG SteerCo for formal approval under its delegated authority from the Board.

⁷ Direct reporting line to the Managing Director, Global Corporates who reports to the Chief Executive, Commercial Banking, a member of the LBG Executive Committee



J. MATERIAL MANAGEMENT INFORMATION SYSTEMS

LBG maintains comprehensive management information systems (“MIS”) to capture and aggregate relevant information to make decisions regarding the overall management of LBG’s business. MIS generally take the form of platform technologies and user interfaces that enable business users to perform analytics and extract data to generate standard and ad hoc reporting.

Key MIS and applications, including systems and applications for risk management, accounting, and financial and regulatory reporting, used in day-to-day operations for the Material Entities and Core Business Line are licensed from a third-party and are subject to contractual terms with the licensor. On a daily to monthly basis, senior management and the regulators are provided with risk management, liquidity, accounting, operations and financial reports detailing a broad range of information necessary to maintain the financial health and operations of LBG’s U.S. businesses.

LBG maintains a number of policies in place governing the information technology control environment. Key management information applications licensed to the Material Entities are maintained by a local Information Technology Team and included in detailed business continuity plans designed to ensure continuity of operations in the event of a business interruption.



K. DESCRIPTION OF RESOLUTION STRATEGY

As described above, LBG has a limited footprint in the United States and conducts no critical operations whose failure or discontinuance would pose a threat to the financial stability of the United States. LBG does not control any U.S. insured depository institution. LBG has designated two Material Entities: Lloyds-NY and BoS-NY.

For purposes of this Resolution Plan, LBG has adopted a “worst-case” approach and has presented a resolution strategy under which each of its Material Entities is wound down pursuant to the applicable resolution regime. Both Lloyds-NY and BoS-NY would be liquidated under the New York Banking Law by the Superintendent of the NYDFS. In liquidating the Material Entities, the Superintendent would also wind down the Commercial Banking Core Business Line, which operates through the Material Entities. The liquidation of the Material Entities is expected to be substantially completed within six months.

Because of the limited operations of LBG in the U.S. and the existence of the resolution regimes for its Material Entities applicable under New York Banking Law, the discontinuation of these Material Entities would be expected to proceed in an orderly fashion and would not have an adverse effect on the financial stability of the United States.