



Resolution Plan

1. Public Section

December 31, 2018



Table of Contents

INTRODUCTION.....	2
A. MATERIAL ENTITIES.....	4
B. CORE BUSINESS LINES	6
C. SUMMARY FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES.....	7
D. DERIVATIVE AND HEDGING ACTIVITIES	9
E. MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS	10
F. DESCRIPTION OF FOREIGN OPERATIONS.....	11
G. MATERIAL SUPERVISORY AUTHORITIES.....	12
H. PRINCIPAL OFFICERS.....	13
I. RESOLUTION PLANNING CORPORATE GOVERNANCE STRUCTURE AND PROCESSES ...	16
J. MATERIAL MANAGEMENT INFORMATION SYSTEMS.....	17
K. DESCRIPTION OF RESOLUTION STRATEGY	18



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.

In a letter dated September 28, 2017 from Michael S. Gibson of the Board of Governors of the Federal Reserve System and Doreen R. Eberley of the Federal Deposit Insurance Corporation LBG was informed that it was not required to file a Resolution Plan for 2017 and that the next Resolution Plan submission date was extended to December 31, 2018.

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. On May 17, 2017 the UK Government announced that it had reduced its holding in LBG, which was 6.93 percent as at December 12, 2016, to zero and was no longer a shareholder of LBG.

LBG’s U.S. activities are concentrated in commercial banking and were primarily undertaken by the New York branch of LBG’s subsidiary bank Lloyds Bank plc (“**LB-NY**”) during the first nine months of 2018.

For the 2018 Resolution Plan, LBG still identifies one Material Entity but it has changed. The new Material Entity is Lloyds Bank Corporate Markets Plc, New York Branch (“**LBCM-NY**”) which was established in response to the UK Ring Fencing Legislation and commenced commercial operations on September 4, 2018. LBCM-NY took over all customer related activity related to LB-NY by December 31, 2018, at which time, the license for LB-NY was surrendered to the New York State Department of Financial Services (“**NYDFS**”).

LBG established Lloyds Bank Corporate Markets plc (“**LBCM**”) as its non-ring-fenced bank (“**NRFB**”) so that it can continue to offer most of the products and services which are no longer available from Lloyds Bank plc and Bank of Scotland plc, collectively the ring-fenced banks (“**RFBs**”). Both the RFBs and the NRFB are wholly-owned subsidiaries of LBG.

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.



Bank of Scotland plc had a New York branch and maintained a representative office in Houston, Texas for part of 2018. It surrendered its New York Branch license on July 13, 2018 which was then officially cancelled on October 2, 2018. It also closed its representative office in Houston, Texas in December 2018 and has no remaining US operations commencing 2019.

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 debt capital markets services through its registered broker-dealer subsidiary Lloyds Securities Inc.

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 Entity 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, 2017.



A. MATERIAL ENTITIES

For the purposes of this Resolution Plan, LBG has identified one Material Entity. 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. In the 2016 Resolution Plan LBG had identified one material entity, LB-NY which was at that time the primary operating entity for LBG’s U.S. operations.

For the 2018 Resolution Plan, LBG has still identified one Material Entity. The new Material Entity is LBCM-NY.

LBCM received its UK Banking License in May 2018 and received a New York branch license for LBCM-NY from the NYDFS on July 13, 2018. LBCM-NY commenced commercial operations on September 4, 2018.

Following the financial crisis, UK legislation was passed to enhance the protection of retail and business banking customers and the day-to-day banking services they rely upon. The legislation required large UK banks to separate personal and business activities, such as, current accounts, savings accounts and payments, from risks in other parts of the business, such as, certain types of wholesale banking. This is called ‘ring-fencing’. UK banks have taken different approaches to implement these rules from January 1, 2019 onward.

The UK legislation requires all UK banking groups with core deposits (broadly, deposits from retail and small business clients) of over £25 billion (averaged over a 3 year period) maintained or “booked” in the UK and their branches in the European Economic Area (“**EEA**”), to separate their activities into:

- A ring-fenced bank (“**RFB**”) – for retail activities, which is also permitted to carry on most commercial activities, and
- A non-ring-fenced bank (“**NRFB**”) – for more complex wholesale client banking needs and banking transactions that are booked outside the EEA.

The UK rules seek to limit RFB risks, based on a number of criteria, including geography, product and client identity. Under the geographic rules, RFBs may not establish or continue to maintain branches, or have material investments in entities organized, outside of the EEA. Under the UK legislation, therefore, Lloyds Bank plc was required to close its branch in New York (which it did on December 31, 2018). Moreover, RFBs may not incur financial exposures to “relevant financial institutions” (“**RFIs**”), unless covered by an exemption.

LBG established LBCM as its NRFB so that it can continue to offer most of the products and services which are no longer available from Lloyds Bank plc and Bank of Scotland plc (collectively RFBs). Both of our RFBs and our NRFB are wholly-owned subsidiaries of LBG.



Because Lloyds Bank plc would not be permitted to maintain banking branches outside of the EEA under the UK legislation, LBCM applied to the Federal Reserve and to the NYDFS for permission to establish a branch in New York. Those applications were approved and the new branch was licensed as a New York branch of a foreign bank by the NYDFS in July, 2018. The new NRFB branch became commercially operational in September, 2018.

Since LBCM-NY became operational in September 2018, all customer positions have been migrated from LB-NY to LBCM-NY. The license for LB-NY was surrendered to NYDFS on December 31, 2018. The license for BoS-NY (which was not considered a Material Entity in the 2016 Resolution Plan) was cancelled officially by NYDFS on October 2, 2018.



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 now primarily carried out through LBCM-NY.

LBCM-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.



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 2017. Exhibit C.1 summarizes the balance sheet for the former Material Entity LB-NY. Exhibit C.2 summarizes the balance sheet for the new Material Entity – LBCM-NY – and also shows the shrinkage in the former Material Entity – LB-NY - as of November 2018.

Exhibit C.1: Balance Sheets

Balance Sheet for LB-NY as at December 31, 2017 (US\$ millions)	
Assets:	
Cash and balances due from depository institutions	11,651.2
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	3,433.2
- Commercial and industrial loans	4,807.9
- 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	117.7
- 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	190.0
Total Assets	20,200.0
Liabilities:	
Total Deposits	10,492.4
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	9,626.3
All other liabilities	81.3
Total Liabilities	20,200.0



Exhibit C.2: Balance Sheets

Balance Sheet as at November 30, 2018 (US\$ millions)	Lloyds-NY	LBCM-NY
Assets:		
Balances at central banks	3,050.5	8,240.5
Advance to banks	40.5	17.3
Loans and advances to customers	98.9	6,070.3
Available-for-sale financial assets	0.0	150.4
Tangible fixed assets	0.1	5.8
Other assets	22.8	3.7
Related party assets	246.4	3,986.5
Total Assets	3,459.2	18,474.6
Liabilities:		
Total Deposits	12.8	3,817.1
Debt Securities	-	3,949.0
Other liabilities	78.3	57.5
Related party liabilities	3,368.2	10,651.0
Total Liabilities	3,459.2	18,474.6

Capital

As a branch of Lloyds Bank Commercial Markets plc LBCM-NY does not hold standalone capital, nor is it 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 normal operating conditions and under unpredictable circumstances of industry or market stress. To achieve this objective, LBG’s Material Entity complies with risk appetite metrics set out in LBG’s North America Funding and Liquidity Policy.

Sources of external funding for LBCM-NY include issuances of Yankee certificates of deposit and other customer deposits from commercial banking activities.

LBG’s Material Entity funds local lending activities from domestically sourced customer deposits. Overall however the Material Entity is net funded by LBCM and maintains 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, the Material Entity does not engage 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 2017 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 LBCM-NY and LB-NY are users of the Society for Worldwide Interbank Financial Telecommunication, Societe Cooperative a Responsabilite Limitee (limited liability co-operative company) (“**SWIFT**”), a global member-owned co-operative as at December 31, 2018.

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.

When LB-NY completes the final wind down of its very limited remaining balances, it plans to surrender its Swift license. It is anticipated that only LBCM-NY will have a SWIFT license by the end of the second quarter of 2019.



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 roughly 1,750 branches as at December 31, 2017 and a large and diversified customer base with around 27 million customers.

Services are offered through a number of well recognized brands, including, Lloyds Bank, Bank of Scotland and Scottish Widows, as well as, through a range of distribution channels, including the largest branch network and digital bank in the UK.

As at December 31, 2017, LBG had roughly 68,000 employees (full-time equivalent), of which a vast majority support the UK business.

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 2017 or Half Year Results for the period to the end of June 2018.



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 Entity are included in Exhibit G.1.

Exhibit G.1: Regulators by Entity

Entity	Regulatory Authority
LBG	Prudential Regulation Authority
	Financial Conduct Authority
LBCM-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, LBCM and the Material Entity.

Exhibit H.1: LBG Board of Directors (December 31, 2017)

Executive	Title
Lord Blackwell	Chairman
Anita Frew	Deputy Chairman and Lead Independent Director
Alan Dickinson	Independent Director
Simon Henry	Independent Director
Lord Lupton, CBE	Independent Director and Chairman of Lloyds Bank Corporate Markets Plc
Deborah McWhinney	Independent Director
Nick Prettejohn	Independent Director and Chairman of Scottish Widows Group
Stuart Sinclair	Independent Director
Sara Weller, CBE	Independent Director
António Horta-Osório	Executive Director and Group Chief Executive
George Culmer	Executive Director and Chief Financial Officer
Juan Colombás	Executive Director and Chief Operating Officer

Exhibit H.2: LBG Executive Committee Members and Attendees (December 31, 2017)

Executive	Title
António Horta-Osório	Executive Director and Group Chief Executive
George Cullmer	Executive Director and Chief Financial Officer
Juan Colombás	Executive Director and Chief Operating Officer
Kate Cheetham	Group General Counsel*
Karin Cook	Group Services Director
Paul Day	Chief Internal Auditor*
Antonio Lorenzo	Chief Executive, Scottish Widows and Group Director Insurance and Wealth
Vim Maru	Group Director, Retail
Zaka Mian	Group Director, Transformation
David Oldfield	Group Director, Commercial Banking
Jakob Pfaudler	Group Director, Community Banking*
Janet Pope	Chief of Staff & Group Director Corporate Affairs, Responsible Business & Inclusion
Stephen Shelley	Chief Risk Officer



Executive	Title
Jennifer Tippin	Group People and Productivity Director*

* indicates Attendee

Exhibit H.3: LBCM Board of Directors (September 30, 2018)

Executive	Title
Lord Lupton, CBE	Chairman
John Cummins	Independent Non-Executive Director
Andrew McIntyre	Independent Non-Executive Director
John Owen	Independent Non-Executive Director
Carla Antunes Da Silva	Internal Non-Executive Director
Jennifer Tippin	Internal Non-Executive Director
Mark Grant	Executive Director & Chief Executive Officer
Philip Piers	Executive Director & Chief Financial Officer

Exhibit H.4: LBCM Executive Leadership Team (September 30, 2018)

Executive	Title
Mark Grant	Chief Executive Officer
Donna Chilvers	Head of Portfolio Management
Kylie Kendrick	Chief Operating Officer
Fiona Murtaugh	Head of People
Graham Whitehair	Transitional Director
Julienne Daghish	Chief Risk Officer
Greg McEneeny	General Counsel
Philip Piers	Chief Financial Officer
Allen Appen	Head of Bond Financing
Robert Hale	Head of Traded Products
Shive Serrau	Chief Executive Officer, Asia
Richard Musty	Chief Executive Officer, Islands and Gibraltar
Andrew Schaeffer	Chief Executive Officer, North America



Exhibit H.5: Senior management officials of LBCM-NY (September 30, 2018)

Executive	Title
Andrew Schaeffer	Chief Executive Officer, North America
Jay Cook	Chief Risk Officer, North America
Ben Molony	Chief Financial and Operating Officer, North America
Stephen Dolmatch	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 Chief Financial Officer. 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**”). 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 January 11, 2019.

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, North America².

The Resolution Plan has been reviewed by the NA ExCo and approved by the Chief Risk Officer, North America, the Chief Executive Officer, North America and Chief Executive Officer of LBCM.

² Direct reporting line to the Chief Executive Officer, LBCM, and a member of the LBG Executive Leadership Team.



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 Entity 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 Entity 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 one designated Material Entity namely LBCM-NY.

For purposes of this Resolution Plan, LBG has adopted a “worst-case” approach and has presented a resolution strategy under which its Material Entity is wound down pursuant to the applicable resolution regime. LBCM-NY, as the Material Entity, would be liquidated under the New York Banking Law by the Superintendent of the NYDFS. In liquidating the Material Entity, the Superintendent would also wind down the Commercial Banking Core Business Line, which operates through the Material Entity. The liquidation of the Material Entity 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 Entity applicable under New York Banking Law, the discontinuation of the Material Entity would be expected to proceed in an orderly fashion and would not have an adverse effect on the financial stability of the United States.