



Lloyds Banking Group plc

U.S. Resolution Plan

1. Public Section

July 1, 2022

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I. Executive Summary

Lloyds Banking Group plc (“**LBG**” or the “**Group**”) maintains a U.S. Resolution Plan (the “**Resolution Plan**”) pursuant to Section 165(d) (the “**165(d) Rule**”) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The 165(d) Rule was issued by the Board of Governors of the Federal Reserve System (“**Federal Reserve**”) and the Federal Deposit Insurance Corporation (“**FDIC**” and, together with the Federal Reserve, the “**Agencies**”). The 165(d) Rule specifies that foreign banking organizations such as LBG must submit a resolution plan that describes the strategy for the rapid and orderly resolution (as such term is defined in the 165(d) Rule) of its 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’s last submitted Resolution Plan was dated December 31, 2018 (the “**2018 Resolution Plan**”).

In 2019, the Agencies adopted a final rule (the “**Final Rule**”) that revised the 165(d) Rule. The Final Rule established a category of triennial reduced filers for certain covered companies (including LBG) with limited U.S. operations and activities.¹ Under the revised Final Rule, triennial reduced filers must file a “reduced” Resolution Plan every three years.² Accordingly, pursuant to the updated Resolution Plan requirements, LBG is submitting a “reduced” resolution plan for 2022 (the “**2022 Resolution Plan**”).

The Final Rule requires, in this public section of this reduced resolution plan, an executive summary of LBG’s resolution strategy that describes the business of LBG and includes, to the extent material to an understanding of LBG:

- (i) the names of material entities;
- (ii) a description of core business lines;
- (iii) the identities of the principal officers; and
- (iv) a description, at a high level, of LBG’s resolution strategy, referencing the applicable resolution regimes for its material entities.³

Unless otherwise indicated, information in this public section is provided as of December 31, 2021.

The Final Rule also requires LBG, in the confidential section of this reduced resolution plan, to describe certain material changes since the 2018 Resolution Plan.⁴ LBG has determined that there are no material changes since the 2018 Resolution Plan and no changes to the strategic analysis (contained therein) resulting from any change in law, regulation or guidance from the Agencies or

¹ “Triennial reduced filers” are defined in the final rule as “any covered company that is not a global systemically important [bank holding company], nonbank financial company supervised by the Board, category II banking organization, or category III banking organization.” 12 CFR 243.4(c)(1).

² See Resolution Plans Required, 84 Fed. Reg. 59194 (Nov. 1, 2019); 12 CFR 243.4(c)(1); 12 CFR 243.7.

³ 12 CFR 243.11(c)(3).

⁴ See 12 CFR 243.7.

due to any other material change. In the unlikely event of material financial distress or failure, LBG's U.S. 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 U.S. financial system and without the need for any government or taxpayer support. LBG continues to have a very limited footprint in the United States and conducts no critical operations whose failure or discontinuance would threaten the financial stability of the United States.

LBG supports the Agencies' 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.

II. Material Entity, Core Business Line and Critical Operations

There have been no material changes to any of LBG's U.S. material entities, core business lines or critical operations since the 2018 Resolution Plan.

A. Corporate History

LBG was formed on January 19, 2009, following the acquisition of HBOS plc by Lloyds TSB Group plc.⁵ LBG is the UK's largest retail and commercial financial services provider. LBG operates a simple business model with a geographic focus and operational presence concentrated primarily in the UK.

In 2013, 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 Financial Services (Banking Reform) Act 2013 (the "**ring-fencing legislation**") required UK banks (subject to size thresholds and underlying products and services) to separate their activities into:

- A ring-fenced bank ("**RFB**") – for retail activities, business banking and certain commercial banking activities; and
- A non-ring-fenced bank ("**NRFB**") – for more complex wholesale client banking needs and banking transactions that are booked outside the European Economic Area ("**EEA**").

UK banks took different approaches to the implementation of the legislation, which was effective from January 1, 2019 onwards.

LBG designated its existing bank entity, Lloyds Bank plc ("**LB plc**"), as its RFB and established Lloyds Bank Corporate Markets plc ("**LBCM**") as its NRFB. Both LBCM and Lloyds Bank plc are wholly-owned subsidiaries of LBG.

The ring-fencing legislation sought to limit RFB risks, based on a number of criteria, including geography, product and client identity. Under the geographic rules, RFB's were and are prohibited from establishing or continuing to maintain branches, or have material investments in entities organized, outside of the EEA. Accordingly, LB plc was required to close its New York Branch ("**LB-NY**") on or before December 31, 2018.

LBCM received its UK Banking license in May 2018 and received a New York branch license in July 2018. The Lloyds Bank Corporate Markets plc, New York Branch ("**LBCM-NY**") is licensed by the New York State Department of Financial Services ("**NYDFS**") as a New York branch of a foreign bank. LBCM-NY commenced commercial operations in September 2018. As discussed in our 2018

⁵ On September 23, 2013, Lloyds TSB Bank plc changed its name to Lloyds Bank plc.

Resolution Plan, the migration of customers and activities from LB-NY to LBCM-NY was completed, in accordance with the ring-fencing legislation, by December 31, 2018, at which time the license for LB-NY was surrendered to the NYDFS.

B. Material Entity

To assess which entities qualified as material entities for purposes of this Resolution Plan, LBG evaluated its U.S. operations to determine which U.S. entities are significant to the core business lines. Consistent with the 2018 Resolution Plan, LBG has identified only one material entity, LBCM-NY. LBCM-NY is the primary operating entity for LBG's U.S. activities and is licensed by the NYDFS as a New York branch of a foreign bank.

The income of LBCM-NY represented 86% of the total income of the LBG entities operating in the United States and 99% of the total assets.⁶ LBG considered the asset size and operational complexity of its other entities operating in the United States and determined that none are material for purposes of this Resolution Plan. Consistent with the 2018 Resolution Plan, LBCM-NY is the only material entity. Appendix I. sets forth the balance sheet and exposures of LBCM-NY as of December 31, 2021.

LBG has two other licensed U.S. entities (a representative office and a broker dealer subsidiary), discussed below. Consistent with the approach in the 2018 Resolution Plan, LBG continues to take the view that these entities are not material entities.

LBG established a representative office (the "**Rep-Office**") of LB plc in July 2018. The Rep-Office is licensed by the NYDFS. The Rep-Office facilitates the referral of a limited quantum of core lending relationships with certain non-RFI customers (as permitted by ring-fencing legislation).⁷ The Rep-Office does not maintain any physical infrastructure, have any employees or execute any transactions.

LBG conducts limited capital markets activities in the United States, offering debt capital markets products through its registered broker-dealer subsidiary, Lloyds Securities Inc. ("**LSI**"). LSI does not maintain any trading inventory on its balance sheet, undertake customer lending or offer any deposit products.

C. Core Business Line

To assess whether a particular business line is a "core business line" (as defined in the 165(d) Rule), LBG considered a variety of factors, including the percentage of assets and revenues attributable to a business line, as well as qualitative factors such as LBG's assessment of whether

⁶ Income for Financial Year 2021. Assets as at December 31, 2021.

⁷ Relevant Financial Institution ('RFI') means a financial institution which fulfils the definition of a Relevant Financial Institution within Article 2 of the Financial Services and Markets Act 2000 Excluded Activities and Prohibitions Order 2014.

failure of a particular business line would result in a significant loss of franchise value. 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. Consistent with the 2018 Resolution Plan, Commercial Banking is the only core business line.

The principal business activities undertaken by LBG in the United States continue to relate to Commercial Banking and are primarily undertaken by LBCM-NY. LBCM-NY contributes to LBG's core business line of Commercial Banking and provides core lending, trade finance, working capital and deposit products to Corporate and Institutional clients (U.S. commercial banks and insured depository institutions, other financial institutions, corporate non-financial institutions and government agencies).

Since the submission of the 2018 Resolution Plan, there has been no material change to the products and services offered by LBCM-NY through the Commercial Banking core business line to its clients in North America or to the client types that it serves or the client sectors in which it undertakes business.

LBCM-NY does not engage in any trading or derivatives activities on behalf of the U.S. balance sheet. Risk management products (foreign exchange, rates and commodities) are provided to clients directly from the UK balance sheet of LBCM.

The combined income of the LBG entities operating in the United States represent 1% of the total statutory income of LBG and 2% of the total assets.⁸ Based on this analysis, and in line with prior Resolution Plans, LBG has determined that none of the business activities undertaken in the United States are significant to LBG's business beyond the Commercial Banking core business line.

D. Critical Operations

Under the 165(d) Rule, an operation is considered "critical" if its failure or discontinuance would pose a threat to U.S. financial stability. It has been the practice of the Agencies to notify financial institutions if they are considered to conduct critical operations. LBG has not received any such notification from the Agencies, and, consistent with prior Resolution Plan submissions, it has not identified any critical operations in the course of its own evaluation of its U.S. operations conducted in connection with the preparation of the Resolution Plan.

⁸ Income for Financial Year 2021. Assets as of December 31, 2021.

III. Resolution Strategy

There have been no changes to LBG's U.S. resolution strategy or the primary regulatory authority overseeing that strategy since the 2018 Resolution Plan.

For the purposes of the U.S. Resolution plan, LBG has adopted a "worst-case" approach and has, therefore, assumed that in the event that the material distress or failure of LBG (or LBCM), LBCM-NY would enter into liquidation proceedings in the United States. The U.S. Resolution Plan presents a scenario whereby LBCM-NY would be liquidated by the Superintendent of the NYDFS pursuant to the insolvency and liquidation provisions of the New York Banking Law ("NYBL"). The Superintendent may initiate liquidation proceedings based upon the condition of the branch itself or, alternatively, based upon the condition of LBG (or LBCM) in the UK.

LBG's resolution strategy for LBCM-NY is based on the current legal regime applicable to LBCM-NY, and does not assume or rely upon any changes to that legal regime. LBG has a limited footprint in the United States and continues to conduct no critical operations whose failure or discontinuance would pose a threat to the financial stability of the United States. Due to the limited operations and the existence of resolution regimes for LBCM-NY under the NYBL, the discontinuation of LBCM-NY would be expected to proceed in an orderly fashion and would not have an adverse effect on the financial stability of the United States.

The liquidation of LBCM-NY would be expected to be substantially complete within six months. In liquidating LBCM-NY, the Superintendent would also wind down the core business line (of Commercial Banking) operated through LBCM-NY.

IV. Resolution Plan Governance

LBG has implemented a governance framework to support the Group's ability to deliver its regulatory resolvability obligations.

LBG has established a Resolution Steering Committee ("**Resolution SteerCo**"), which is the key oversight committee for resolvability capabilities and outcomes.

In LBCM-NY, the North America Asset and Liability Committee ("**LBCM-NY ALCO**") has, as part of its broader remit, responsibility for considering the impacts on the U.S. Resolution Plan arising from any changes in the business activities, scope of operations, business model and/or funding strategy of the U.S. operations. The LBCM-NY ALCO is chaired by the Head of Business Strategy & Treasury Oversight, North America.

The Chief Financial Officer, North America is the LBCM-NY Executive Committee member responsible for the preparation of the U.S. Resolution Plan. The Chief Financial Officer, North America was supported by the LBCM-NY ALCO in the preparation of the 2022 Resolution Plan.

The 2022 Resolution Plan was presented to the LBCM-NY ALCO by the Chief Financial Officer, North America. The plan was approved by the LBCM-NY ALCO and then approved by the LBCM Executive Committee (Chaired by the Country Manager and Chief Executive Officer, North America).

At the meeting of the LBCM Board in May 2022, authority for the review and approval of the 2022 Resolution Plan by LBCM was delegated to the LBCM Chief Financial Officer. Following the review and approval of the LBCM-NY Executive Committee, the LBCM Chief Financial Officer reviewed and approved the 2022 Resolution Plan on behalf of LBCM.

The 2022 Resolution Plan was presented to the Resolution SteerCo by the Chief Financial Officer, North America. Having received the approval of the 2022 Resolution Plan by LBCM, the Resolution SteerCo provided authority to submit on behalf of LBG.

V. Principal Officers

LBG maintains a strong governance framework with clear division of responsibilities with respect to strategy, operational management and oversight.

The Group is led by a Board comprising a Non-Executive Chair, independent Non-Executive Directors and Executive Directors. The Board is collectively responsible for the long term success of the Group. The Board has delegated to management the power to make decisions on operational matters within an agreed framework. The Group Chief Executive is responsible for managing the business of the Group in accordance with the strategy and long-term objectives approved by the Board. The Group Chief Executive is supported in this regard by the Group Executive Committee. The Group Executive Committee reports to the Group Chief Executive and is responsible for the delivery of the Groups strategic plan and the executive management leadership and oversight of the Group.

An equivalent framework exists for LBCM, including a Board, Chief Executive and an executive management team. A separate Board is not maintained for the U.S. operations. The U.S. operations are led by a Country Manager & Chief Executive Officer and supported by an executive management team.

The Boards (where applicable) and executive management teams for LBG, LBCM and the U.S. operations are listed for reference.

A. Lloyds Banking Group plc

LBG Board of Directors (as of May 31, 2022)

Name	Title
Robin Budenberg	Chairman
Alan Dickinson	Deputy Chairman and Senior Independent Non-Executive Director
Sarah Legg	Independent Non-Executive Director
Lord Lupton, CBE	Independent Non-Executive Director
Amanda Mackenzie, OBE	Independent Non-Executive Director
Harmeen Mehta	Independent Non-Executive Director
Catherine Woods	Independent Non-Executive Director
Charlie Nunn	Executive Director and Group Chief Executive
William Chalmers	Executive Director and Chief Financial Officer

LBG Group Executive Committee (as of May 31, 2022)

Name	Title
Charlie Nunn	Executive Director and Group Chief Executive
William Chalmers	Executive Director and Chief Financial Officer
Carla Antunes Da Silva *	Group Strategy, Corporate Development and Investor Relations Director
Kate Cheetham *	Group General Counsel and Company Secretary
Antonio Lorenzo	Chief Executive, Scottish Widows and Group Director, Insurance and Wealth
Vim Maru	Group Director, Retail
David Oldfield	Group Director, Commercial Banking and Group Chief Operating Officer
David Pepper *	Group Chief Internal Auditor #
Janet Pope	Group Chief of Staff and Group Director, Sustainable Business
Stephen Shelley	Chief Risk Officer
Andrew Walton	Group Corporate Affairs Director
Nick Williams *	Group Director, Transformation

* denotes 'Attendee'

denotes 'Interim'

B. Lloyds Bank Corporate Markets plc

LBCM Board of Directors (as of May 31, 2022)

Name	Title
Lord Lupton, CBE	Chairman
John Owen	Senior Independent Non-Executive Director
Eve Henrikson	Independent Non-Executive Director
Andrew McIntyre	Independent Non-Executive Director
Rupert Mingay	Independent Non-Executive Director
Carla Antunes da Silva	Internal Non-Executive Director
Emma Lawrence	Internal Non-Executive Director
Eduardo Stock da Cunha	Executive Director and Chief Executive Officer, LBCM
Julienne Daghish	Executive Director and Chief Financial Officer, LBCM

LBCM Executive Committee (as of May 31, 2022)

Name	Title
Eduardo Stock da Cunha	Executive Director and Chief Executive Officer, LBCM
Julienne Daghish	Executive Director and Chief Financial Officer, LBCM
Jon Alexander	LBCM General Counsel
Robina Barker Bennett	Chief Risk Officer, LBCM
Stephen Ellis	Chief Operating Officer, LBCM
Alasdair Gardner	Chief Executive Officer, Islands
Rob Hale	Head of Financial Markets
Nick Hughes	Head of Capital Markets
Samir Lalvani	Country Manager and Chief Executive Officer, North America
Fiona Murtagh	Head of People, LBCM

C. U.S. Operations

U.S. Operations Executive Committee (as of May 31, 2022)

Name	Title
Samir Lalvani	Country Manager and Chief Executive Officer, North America
Steve Bedwell	Head of Business Strategy and Treasury Oversight, North America
John Boyle	Head of Prudential Liquidity Management, LBCM
Veronica Cranny	Head of Operations, North America
Susan Crawford	Head of Risk and Compliance, North America
Wesley Fallan	Head of US Capital Markets, Co-President Lloyds Securities Inc.
Kristan Gochee	Head of US Financial Markets, Co-President Lloyds Securities Inc.
Ross Houghton	Chief Financial Officer, North America
Nina Ilisije	Head of People, North America
Sebastian Kafetz	Head of Corporate & Institutional Coverage, North America
Adriana Maestas	Chief Legal Officer, North America
Mark Michalski	Head of Audit, North America and Islands
Janet Taffe	Head of Transformation, Technology and Branch Management, North America
Eddie Vexler	Head of Credit, North America

Appendix I. Balance Sheet and Exposures

Balance Sheet for LBCM-NY as at 31st December 2021	US\$ millions
Assets	
Claims on nonrelated parties:	
Cash and balances due from depository institutions ¹	7,429.4
Securities:	
- U.S. Treasury securities and U.S. Government agency obligations	0.0
- Other securities	0.0
Federal funds sold and securities purchased under agreements to resell	0.0
Loans and leases held for investment and held for sale ²	7,157.8
Trading assets	0.0
All other assets	71.1
Total claims on nonrelated parties	14,658.3
Net due from related depository institutions	0.0
Total Assets	14,658.3
Liabilities	
Liabilities to nonrelated parties:	
Total deposits and credit balances ³	6,232.9
Federal funds purchased and securities sold under agreements to repurchase	0.0
Other borrowed money ⁴	3,014.7
Trading liabilities	0.0
All other liabilities	99.3
Total liabilities to nonrelated parties	9,346.9
Net due to related depository institutions	5,311.4
Total liabilities	14,658.3

Off-Balance Sheet items for LBCM-NY as at 31st December 2021	US\$ millions
Transactions with nonrelated parties:	
Commitments to make or purchase loans	5,739.2
Spot foreign exchange contracts	0.0
Standby letters of credit	3,230.8
Commercial and similar letters of credit	0.0
Total off-balance sheet items	8,970.0
Derivative contracts	0.0
Transactions with related depository institutions:	
Commitments to make or purchase loans	0.0
Spot foreign exchange contracts	0.0
Standby letters of credit	540.6
Commercial and similar letters of credit	0.0
Total off-balance sheet items	540.6
Derivative contracts	0.0

¹ 'Cash and balances due from depository institutions' represents Balances due from Federal Reserve Banks of \$7,285.1m and Balances due from other depository institutions of \$144.3m

² 'Loans and leases held for investment and held for sale' represents Loans to other financial institutions of \$6,322.2m and Commercial and industrial loans of \$835.6m

³ 'Total deposits and credit balances' represents Customer Deposits of \$2,281.8m and Certificates of Deposits Issued of \$3,951.1m

⁴ 'Other borrowed money' represents Commercial Paper Issued of \$3,014.7m