

02/01/2018

This B o S letter came for the following clients please see attached letter and list of clients the letter was sent to.

K

Pension Practitioner.Com
Pension Practitioner
Daws House
33-35 Daws Lane
London
United Kingdom
NW7 4SD



20/375/00283/00032751



Bank of Scotland plc
Commercial Banking
PO Box 1984
Andover
SP10 9GZ

Reference: 1556082250

Our ring-fencing plans and your business

Dear Client

Following the financial crisis, UK legislation was passed to better protect retail and business banking customers and the day-to-day banking services they rely on. The new rules mean large UK banks must separate personal and business activities such as current and savings accounts, from risks in other parts of the business such as complex wholesale banking. This is called 'ring-fencing'. Banks are taking different approaches to how they are implementing these rules and are making changes now, to complete them by 1 January 2019.

You can find more about ring-fencing and Bank Structural Reform legislation, at www.fca.org.uk/consumers/ring-fencing and www.bankofengland.co.uk/pr/pages/supervision/structuralreform

We're setting up a non-ring-fenced bank

Bank of Scotland plc will be a ring-fenced bank. In order to continue offering products and services no longer available through Bank of Scotland plc, we've set up Lloyds Bank Corporate Markets plc¹.

Subject to regulatory and Court approval some products and services will be transferred to this new bank to meet the ring-fencing requirements.

Your existing business will stay with Bank of Scotland plc

The products and services you currently hold will continue to be provided by Bank of Scotland plc². The relationship team you have today will continue to look after your business and we remain as committed as ever to serving our clients. There is more information on ring-fencing and our approach enclosed.

If you require products and services provided by Lloyds Bank Corporate Markets plc in the future we will discuss what this means for you at that time. More information about the products that will be offered in each bank can be found enclosed.

Things to keep in mind

- Existing credit facilities with Bank of Scotland plc will continue as currently documented. If you subsequently take out a product with Lloyds Bank Corporate Markets plc requiring a new agreement or a credit limit, this will be subject to a separate approval process by Lloyds Bank Corporate Markets plc.



For more information:

Please read the guide enclosed

Go to our Group website
[lloydsbankinggroup.com/
ringfencing](http://lloydsbankinggroup.com/ringfencing)

Call your Relationship Team or
email **FIRingFencing**
@lloydsbanking.com



Please forward this letter to any
other relevant stakeholders
within your company.



Turn over for
more information on
ring-fencing and
your right to object



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- If your existing credit facility with Bank of Scotland plc contains the ability for you to request a drawdown with payments of interest referencing the Retail Price Index, such a drawdown would, subject to our agreement and meeting certain conditions, require the facility being transferred to Lloyds Bank Corporate Markets plc.
- If you trade point in time products, such as equities or bonds, that are settled Delivery vs Payment and will only be available through Lloyds Bank Corporate Markets plc:
 - the new bank may need to be set up in your systems
 - new Standard Settlement Instructions (SSIs) may need to be established, and
 - the processing of credits and debits may work differently for these settlements.

We will tell you more about this during the first half of 2018 if you use these products.

There will be a formal Court process

The transfer of agreements for affected clients to Lloyds Bank Corporate Markets plc will take place where possible using a process known as the Ring-Fencing Transfer Scheme (RFTS) which requires Court approval. The Court's Directions hearing was held on the 4 December 2017, and the Sanction hearing is currently scheduled to be held in the High Court of England and Wales in London on 27 March 2018. Further details of the Court hearing, and the outcome will be available on our Group website at lloydsbankinggroup.com/ringfencing/courtprocess nearer the time of the hearing.

The Court will only approve the transfer if it is satisfied that it is appropriate, fair to clients and meets the legal requirements. The Court will consider objections to the RFTS raised by clients who feel they could be adversely affected.

Your right to raise an objection

The Court will consider objections to the RFTS, and although your business is not included in the transfer, you or any person who alleges they would be adversely affected by the carrying out of the scheme can raise an objection.

You'll find more information, including the key dates in the Court process and how to raise an objection on our Group website at lloydsbankinggroup.com/ringfencing/courtprocess or from your relationship team, who'll be happy to send you details and help with any questions. You can object either by raising your concern with us for inclusion in a report to the Court, or by filing with the Court a written statement of the representations you wish the Court to consider. Please note the Court may restrict the way in which it hears your objection if made after 28 February 2018, so if you do wish to raise one it may be advantageous to do so before then.

If there are other legal entities within your group, which bank with us, they will receive separate communication from us regarding ring-fencing.

Yours sincerely



Louisa Flowerday
Head of Ring-fencing, Financial Institutions

¹ Lloyds Bank Corporate Markets plc is the business name for Lloyds Banking Group's new non-ring-fenced Bank. Lloyds Bank Corporate Markets plc was authorised with restrictions on 25 July 2017, and is now included on the Financial Services Register (Reference number: 763256). Until the restrictions are removed by the Prudential Regulation Authority (PRA), Lloyds Bank Corporate Markets plc is limited in its ability to undertake or have migrated to it any regulated financial services activities.

² Please note that for clients who also act as service providers to Lloyds Banking Group, this communication is relevant only to your relationship with us as a client.

Be extra vigilant about fraud

Although the majority of our clients will see no changes, other banks will be making changes related to ring-fencing. During this period of change you should be extra vigilant about fraud.

At Bank of Scotland plc we'll never phone or email you asking you for your full Unique Reference Number, password, PIN or reader codes, or to transfer funds to a new sort code and account number that we provide. Don't assume that letters, phone calls, emails and text messages are genuine even if the person knows information about you.



Our service promise

If you experience a problem, we will always try to resolve it as quickly as possible. Please bring it to the attention of any member of staff. Our complaints procedures are published at bankofscotland.co.uk/business/contactus

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

If you have a hearing or speech impairment you can use the Next Generation Text (NGT) Service (previously Text Relay/Typetalk).

Calls may be monitored or recorded in case we need to check we have carried out your instructions correctly and to help improve our quality of service.

While all reasonable care has been taken to ensure that the information provided is correct, no liability is accepted by Bank of Scotland for any loss or damage caused to any person relying on any statement or omission. This is for information only and should not be relied upon as offering advice for any set of circumstances. Specific advice should always be sought in each instance.

Using email to contact us

Although we provide you with an email address, you need to be aware that email is not a secure way to contact us. If you decide to use email, **you must not quote any sensitive information such as account numbers**. We will not accept liability for any lost data you supply.

Lloyds Banking Group includes companies using brands including Lloyds Bank, Halifax and Bank of Scotland and their associated companies. More information on Lloyds Banking Group can be found at lloydsbankinggroup.com

Bank of Scotland plc Registered Office: The Mound, Edinburgh EH1 1YZ. Registered in Scotland no. SC327000. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under Registration Number 169628.

Eligible deposits with us are protected by the Financial Services Compensation Scheme (FSCS). We are covered by the Financial Ombudsman Service (FOS). Please note that due to FSCS and FOS eligibility criteria not all business customers will be covered.

Information correct as of November 2017.



Protected

A guide to our ring-fencing approach and transfer scheme



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Introduction

In this guide we explain more about our ring-fencing plans, how these could affect your business's banking arrangements in the future, and how you can object to the carrying out of the ring-fencing transfer scheme (RFTS) used to effect the transfer of some other client's products to Lloyds Bank Corporate Markets plc¹, if you think you will be adversely affected.

This guide and letter are for clients whose current banking arrangements are not affected by ring-fencing. They have been provided for information only. You should read this guide carefully and discuss with your Relationship Manager if you have any concerns or queries.

¹Lloyds Bank Corporate Markets plc is the business name for Lloyds Banking Group's new non-ring-fenced bank. Lloyds Bank Corporate Markets plc was authorised with restrictions on 25 July 2017, and is now included on the Financial Services Register (Reference number: 763256). Until the restrictions are removed by the Prudential Regulation Authority (PRA), Lloyds Bank Corporate Markets plc is limited in its ability to undertake or have migrated to it any regulated financial services activities.



Section 1: Background to ring-fencing and our approach

Following the financial crisis, UK legislation was passed to better protect retail and business banking customers and the day-to-day banking services they rely on. Broadly the new rules mean large UK banks must separate personal and business activities such as current and savings accounts, from risks in other parts of the business such as complex wholesale banking. This is called 'ring-fencing'. Banks are taking different approaches to how they are implementing these rules and are making changes now, to complete them by 1 January 2019.

The legislation requires all UK banking groups with core deposits (broadly deposits from Retail and Small Business clients) of over £25bn (averaged over a 3 year period) 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
- A non-ring-fenced bank (NRFB) - for complex wholesale client banking needs and banking that is booked outside the European Economic Area (EEA)

We are setting up Lloyds Bank Corporate Markets plc as our non-ring-fenced bank so that we can continue to offer most of the products and services which will no longer be available from Lloyds Bank plc and Bank of Scotland plc (the ring-fenced banks) under the new legislation. Our plans are currently being reviewed by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). Both the ring-fenced banks and non-ring-fenced bank will remain part of the wider Lloyds Banking Group but will operate as separate banks.

Ring-fencing is being introduced under the Financial Services and Markets Act 2000, as amended by the Financial Services (Banking Reform) Act 2013 ("FSMA"), and secondary legislation and regulatory rules and guidance made pursuant to FSMA.

You can find more information about ring-fencing at:

The Bank of England website www.bankofengland.co.uk/pr/pages/supervision/structuralreform

Financial Conduct Authority website www.fca.org.uk/consumers/ring-fencing

Lloyds Banking Group website www.lloydsbankinggroup.com/ringfencing

Key elements of ring-fencing

- Ring-fenced banks will continue to provide core retail products and services, but cannot conduct other activities such as complex wholesale banking² which are not permitted to be carried on by ring-fenced banks under the ring-fencing legislation. Additionally, ring-fenced banks cannot own or operate branches outside the EEA or hold interests in shares above a certain threshold³ in undertakings outside the EEA.
- Ring-fenced banks need to have adequate separation from non-ring-fenced banks and other group entities which undertake activities that are no longer permitted under the ring-fencing legislation.

The ring-fencing legislation sets out the core retail activities that can only be provided within ring-fenced banks and the complex activities that cannot. Beyond this there is a degree of flexibility for banks.

²Complex wholesale banking includes undertakings such as certain types of Capital Markets & Financial Markets activity, though this is not exhaustive and other complex activities are also excluded - refer to the table in the section on Our Commercial Banking propositions for a complete product overview.

³This restriction will in almost all cases include subsidiaries.

Example of the activities permitted and not permitted in ring-fenced banks

Mandated within the ring-fenced banks	Not permitted from the ring-fenced banks	Permitted in either the ring-fenced or non-ring-fenced banks
<ul style="list-style-type: none"> Core deposit taking (e.g. retail and small business deposit-taking) 	<ul style="list-style-type: none"> Trading and selling securities, commodities and complex derivatives Exposures to Relevant Financial Institutions (RFIs) Operations (branches / subsidiaries) outside the EEA Underwriting securities Buying securitisations of other financial institutions 	<ul style="list-style-type: none"> Deposit taking activities for large corporates, high net worth individuals and Relevant Financial Institutions (RFIs) (provided certain procedural requirements are met) Lending to individuals and non-RFI corporates Holding own securitisations Payment services Hedging liquidity, interest rate, currency, commodity and credit risks Selling simple derivatives to non-RFI

This is a high level overview of the relevant activities, and is not intended as a full explanation of the legislation, please refer to the ring-fencing legislation and rules for further detail.

Perimeter rules that apply to ring-fenced banks

There are five broad criteria for assessing whether a transaction is allowed within the ring-fence. These criteria apply to all transactions within the ring-fenced part of Lloyds Banking Group. A summary of these is included below.

- Ring-fencing applies to all banking groups that have £25bn or more of UK and EEA consumer and small business deposits
- The regulatory perimeter can be explained through five key classification criteria, summarised below, which determine whether products can be offered to customers by a RFB
- These criteria may overlap and all criteria apply to every transaction Lloyds Banking Group undertakes with customers

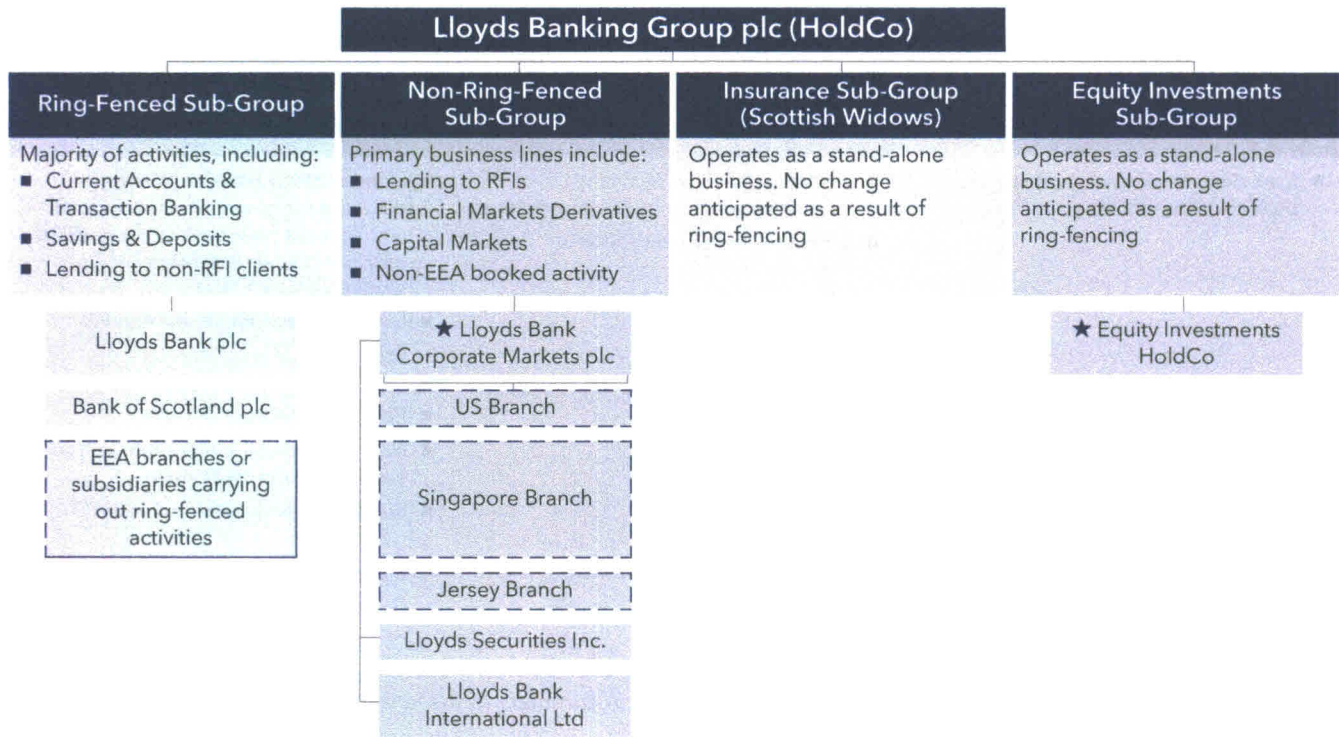
Client Who is the exposure to?	Product What is the Product booked?	Geography Where is the Product booked?	Timing When does the Product mature?	Purpose Test What is the purpose of the transaction?
<p>✗ No exposures to Relevant Financial Institutions (RFI)¹</p> <ul style="list-style-type: none"> RFBs are unable to incur financial exposures to institutions classified as RFIs unless an exemption applies 	<p>✗ No dealing in investments as principal or commodities trading by the RFB</p> <ul style="list-style-type: none"> Some exceptions apply, e.g. for certain 'simple' derivatives to non-RFIs, subject to certain quantitative thresholds 	<p>✗ No non-EEA (European Economic Area²) branches of the RFB</p> <p>✗ No participating interest of the RFB in entities incorporated outside the EEA</p>	<p>✓ Investments (e.g. derivatives) created/ acquired by RFB before 1 January 2019 which mature before 1 January 2021 can be held in the RFB</p>	<p>✓ All activity managing the RFB's own risk and/or liquidity can be conducted by the RFB</p>

Notes:

¹ Relevant Financial Institution: Entities identified by ring-fencing legislation that the RFB cannot provide with credit exposures

² The European Economic Area: includes EU countries and Iceland, Liechtenstein and Norway

Lloyds Banking Group's new structure



Key
 ★ New Entity □ Branch

- Two new legal entities are being created under Lloyds Banking Group plc: Lloyds Bank Corporate Markets plc and Lloyds Banking Group Equity Investments HoldCo
- Lloyds Bank Corporate Markets plc is the business name for Lloyds Banking Group's new Non-Ring-Fenced Bank. Lloyds Bank Corporate Markets plc was authorised with restrictions on 25 July 2017, and is now included on the Financial Services Register (Reference number: 763256). Until the restrictions are removed by the Prudential Regulation Authority (PRA), Lloyds Bank Corporate Markets plc is limited in its ability to undertake or have migrated to it any regulated financial services activities
- The Non-Ring-Fenced Sub-Group will include branches in the US, Singapore and the Crown Dependencies and subsidiaries in North America, Singapore, Jersey and Guernsey, together with Gibraltar
- Ring-fencing legislation assumes the UK is part of the EEA and therefore the legal entity structure is subject to change in light of Brexit implications

Notes:

Entity structure as shown is simplified and indicative only: This slide is a summary of key booking entities for Commercial Banking Clients

Relevant Financial Institution (RFI) classification

To comply with ring-fencing requirements we need to identify clients whose business activities mean they are classified as a Relevant Financial Institution (RFI). You will have been notified by your Relationship Manager of any legal entities within your Group that have been classified as a RFI.

Bank of Scotland plc and other members of the ring-fenced sub-group cannot have exposures (such as overdrafts or loans) to RFIs, unless they're covered by an exemption. Currently all of the products and services we provide to you will remain with Bank of Scotland plc, who are permitted to provide non exposure bearing products to RFI clients. In future, if you require products and services that are not permitted within a ring-fenced bank we will discuss what this means for you at that time.

RFI classifications explained

Please find below a summary of the definitions of RFI classifications:

RFI classifications	Description
Credit Institutions (Banks)	<ul style="list-style-type: none"> An undertaking whose business is to take deposits or other repayable funds from the public and to grant credits for its own account i.e. a Bank. Relevant exceptions include: other ring-fenced banks, building societies, EEA mutuals, credit unions, central banks and certain supranational organisations.
Investment Firms (Security companies/broker dealers)	<ul style="list-style-type: none"> A legal person whose regular occupation or business is (i) the provision of one or more MiFID investment services to third parties; and/or (ii) the performance of one or more MiFID investment activities, on a professional basis. Relevant exceptions include: certain investment firms that are not authorised to deal in investments as principal or as agent.
Global Systemically Important Insurers (GSIIs)¹	<ul style="list-style-type: none"> Global Systemically Important Insurers as listed by the Financial Stability Board, and their regulated insurance and reinsurance subsidiaries.
Undertakings for Collective Investment in Transferable Securities (UCITS)	<ul style="list-style-type: none"> Undertaking with sole object of collective investment in transferable securities or in other liquid financial assets of capital raised from the public. Operates on the principle of risk-spreading with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings' assets.
Management Companies	<ul style="list-style-type: none"> A company, the regular business of which is collective portfolio management i.e. the management of UCITS in the form of common funds, or of investment companies.
Alternative Investment Funds (AIFs)	<ul style="list-style-type: none"> A collective investment undertaking that (i) raises capital from several investors; (ii) seeks to invest the capital in accordance with a defined investment policy for the benefit of those investors; and (iii) is not a fund requiring authorisation under the UCITS regime.
Alternative Investment Fund Managers (AIFM)	<ul style="list-style-type: none"> Provide both portfolio management and risk management services to one or more AIFs as its regular business.
Financial HoldCos	<ul style="list-style-type: none"> A financial institution (which is not a Mixed Financial HoldCo) with subsidiaries which are either exclusively or mainly (i) credit institutions; (ii) investment firms; or (iii) financial institutions, and which also has at least one subsidiary undertaking which is (a) a credit institution or (b) an investment firm.
Mixed Financial HoldCos	<ul style="list-style-type: none"> An undertaking which is not a credit institution, insurance undertaking or investment firm, which fulfils two key criteria: <ul style="list-style-type: none"> (i) it has at least one subsidiary undertaking which is (a) a credit institution, (b) an insurance undertaking, or (c) an investment firm and; (ii) it, together with its subsidiary undertakings, constitutes a financial conglomerate.
Structured Finance Vehicles (SFVs)	<ul style="list-style-type: none"> Structured Finance Vehicles are either a securitisation undertaking or a covered bond vehicle. Single purpose entities which tend to hold only financial assets.

Notes:

¹ Aegon N.V.; Allianz SE; American International Group, Inc.; Aviva plc.; Axa S.A.; MetLife, Inc.; Ping An Insurance (Group) Company of China, Ltd.; Prudential Financial, Inc.; Prudential plc (correct as of 2016 FSB list)

Our Commercial Banking proposition

Below is a summary of our Commercial Banking proposition relevant to you, showing the products we plan to offer through the ring-fenced and non-ring-fenced banks.

The products and services you currently hold will continue to be provided by Bank of Scotland plc. In future, if you require products and services that are not permitted within the ring-fenced bank we will discuss what this means for you at that time.

Lloyds Banking Group Sub-Group		Ring-Fenced Sub-Group		Non-Ring-Fenced Sub-Group						
Lloyds Banking Group legal entity		Lloyds Bank plc & Bank of Scotland plc		Lloyds Bank Corporate Markets plc				Lloyds Securities Inc (US)	LBIL ⁶	
Client Type		Non-RFI		Non-RFI		All	All	All	All	All
Markets Traded Products	FX derivatives						1			
	Spot FX									
	Rates derivatives									
	Commodities derivatives									
	Repo									
	CPs & CDs									
	Deposits ²									
	Credit derivatives									
Markets Financing Products	Bonds ⁴									
	Conduit Securitisation				3					
	Asset Securitisation									
	Warehousing and bank b/s									
	Term Securitisation ⁴									
	Strategic Debt Finance									
Lending Products	Loan Markets									
	Variable Rate Loans									
	Fixed Rate Loans									
Transaction Banking	Revolving Credit Facilities									
	Cash Management & Payments									
	↳ Overdrafts									
	Asset Finance & Asset Based Lending									
	Invoice Finance									
	Trade Finance & Supply Chain Finance ⁵									
Consumer Finance	Trade Services ⁵									
	Corporate Charge Cards									

Key:	Product not booked	Product booked to Lloyds Bank plc / Bank of Scotland plc	Product booked to Lloyds Bank plc / Bank of Scotland plc under available exceptions	Product booked to Lloyds Bank Corporate Markets plc or its branches and subsidiaries
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Notes:

Product offering remains subject to review. Under the ring-fencing rules the RFB (Bank of Scotland plc) can continue to transact all necessary business lines, including REPO, CP & CD, for its own risk and liquidity management. ¹This includes certain FX derivatives only. ²This comprises money market deposits and accounts. ³Viability of type of conduit securitisation proposition remains under consideration. ⁴Own group issuance permitted. ⁵Trade products may be booked to RFB (Bank of Scotland plc) or NRFB (Lloyds Bank Corporate Markets plc or its subsidiaries) based on the application of exceptions and exemptions. There is no optionality, booking location is based on perimeter. ⁶Includes Jersey branch/Lloyds Bank International Limited (LBIL) Commercial products only.



Section 2: The contract transfer process

The Ring-Fencing Transfer Scheme (RFTS) - The process of transferring contracts

The RFTS is effected through the High Court of England and Wales. The process is set out in the ring-fencing legislation (Part VII of the FSMA) and facilitates the transfer of large volumes of eligible agreements between a ring-fenced entity and a non-ring-fenced entity to enable banks to comply with ring-fencing requirements. For Lloyds Banking Group it is the most practical way of transferring large volumes of certain client agreements. Some agreements are not suitable for transfer via the RFTS (please see below on 'Agreements not included in the RFTS') and will instead be transferred to Lloyds Bank Corporate Markets plc through a process known as novation.

The transfer of agreements to Lloyds Bank Corporate Markets plc via the RFTS requires UK High Court approval. The Court will only sanction the RFTS if it is satisfied that it is appropriate, fair to clients and meets the legal requirements. The

Court will consider formal written objections to the RFTS raised by persons who allege they could be adversely affected.

Details of the RFTS

Our approach to the RFTS and any associated effects on our clients has been considered in an independent review, carried out by an external expert, the "Skilled Person", who has been approved by the Prudential Regulation Authority, in consultation with the Financial Conduct Authority. Further details regarding the full review (the "Scheme Report") together with a summary is available to view from our Group website lloydsbankinggroup.com/ringfencing/keydocuments or by contacting your Relationship Manager.

A preliminary hearing was held on 25 September 2017. The RFTS Court process formally began at a Court hearing on 4 December 2017, when the Court approved our application for the Court process to begin, including our overall plan for the communications we need to make. Final approval will be sought at the Court Sanction hearing expected to take place on 27 March 2018. If this date changes, and when the outcome of each hearing is known, we will publish updates on our Group website lloydsbankinggroup.com/ringfencing/courtprocess.



This Guide is part of the formal communication about the RFTS process and provides clients with detailed information about the RFTS.

Key dates for implementing our ring-fencing plans

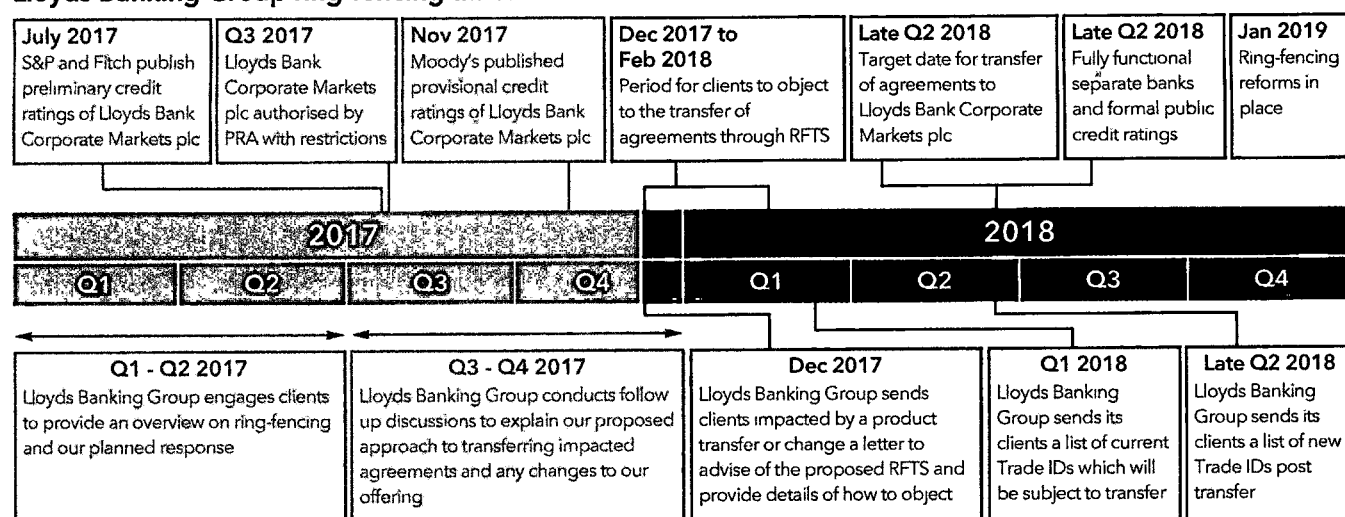
The ring-fencing legislation comes fully into force on 1 January 2019. Therefore along with other large UK banks, we're making changes to comply with the ring-fencing legislation now and will need to complete them by 1 January 2019.

The first hearing for the formal RFTS Court process was on 4 December 2017 in which the Court approved our approach to formal communications regarding the RFTS although preliminary hearings were held on 26 May 2017 (for general directions on the approach banks should adopt around communications) and on 25 September 2017 (for preliminary directions on some of the communications we need to make for the RFTS). Subject to the approval of the Court in March 2018, the process is expected to conclude with the transfer of agreements in May 2018. The Court dates for this process are expected to be as follows:

- Between the Directions hearing on 4 December 2017 and 28 February 2018: Broadly, the period during which anyone wishing to object to, or otherwise make their views known about the RFTS can do so. For details see Section 3 below or our Group website at lloydsbankinggroup.com/ringfencing/courtprocess
- 27 March 2018: Sanction hearing for the Court to consider whether to sanction the RFTS i.e. to allow the RFTS to become effective and transfer the relevant customer agreements and related business. Clients and other persons may put forward their objections to the RFTS in person before the Court at this hearing, but in order to do so need to have filed written representations with the Court outlining those objections beforehand, and served those representations on Lloyds Banking Group and on the PRA. For details see our Group website at lloydsbankinggroup.com/ringfencing/courtprocess

As our plans for the RFTS progress we will update our Group website at lloydsbankinggroup.com/ringfencing with the latest position. Subject to the approval of the Court, below is the expected timeline for the implementation of our ring-fencing reforms.

Lloyds Banking Group ring-fencing timeline



There is a grace period granted for transactions which mature prior to 1 January 2021.

Transfer date

Subject to the Court approving the transfer, the point where business transfers to Lloyds Bank Corporate Markets plc (the

"Effective Date") is currently expected to be on 28 May 2018. Any changes to this date will be communicated on our Group website at lloydsbankinggroup.com/ringfencing so please do check this regularly. Please note in the legal documents for technical reasons the Effective Date is sometimes referred to as the Relevant Date.

Keeping up to date

Our dedicated Group website lloydsbankinggroup.com/ringfencing will be kept up to date as our plans progress, it includes:

- The dates and outcomes of Court Hearings. In particular the outcome of the Sanction Hearing will be published here
- Should any additional steps be required in the Court process we will explain what these are and provide dates and relevant details
- The Effective Date of the transfer to Lloyds Bank Corporate Markets plc

Scheme Document and Skilled Person's Scheme Report

The Skilled Person is an independent expert who has written the Skilled Person's Scheme Report which must consider whether persons, other than Lloyds Bank plc and Bank of Scotland plc, are likely to be adversely affected by the RFTS and, if so, whether the adverse effect is likely to be greater than is reasonably necessary to achieve the purpose of the RFTS (which, in broad terms, is to enable Lloyds Bank plc and Bank of Scotland plc to continue their activities as RFBs in a way that is compliant with ring-fencing legislation). The PRA in consultation with the FCA will have regard to the Skilled Person's Scheme Report in deciding whether to approve Lloyds Banking Group's application to the Court for sanction of the RFTS. The Court will also rely in part on the Skilled Person's Scheme Report when deciding whether to sanction the RFTS. Lloyds Banking Group has appointed Mike Lloyd of Deloitte as Skilled Person for the RFTS.

The formal Scheme document (which sets out the legal terms of the RFTS), a summary of the Scheme document, the Skilled Person's Report, a summary of that report, and other key information in relation to the scheme will be available on our Group website lloydsbankinggroup.com/ringfencing/keydocuments and will also be provided by post upon request via your Relationship Manager. These documents provide full details of the RFTS.

Section 3: The objections process

The Court will only sanction (approve) the RFTS if it is satisfied that the changes are appropriate, fair to clients and meet the legal requirements. The Court will consider objections to the RFTS and, although your business is not included in the transfer, any person who alleges they would be adversely affected by the carrying out of the scheme can raise an objection.

How to object to the RFTS

If you wish to allege that you could be adversely affected by the RFTS, the process to raise an objection to the Court is available on our Group website at lloydsbankinggroup.com/ringfencing/courtprocess

It is also available as a printed document in any of our branches or by contacting your usual point of contact. Please note the Court may restrict the way in which it hears your objection if made after 28 February 2018, so if you do wish to raise one it may be advantageous to do so before then.

Section 4: Our principles and undertakings when designing our ring-fencing plans

Principles

As we've considered implementing our ring-fencing plans, we've made every effort (as far as possible) to follow certain principles and aim to minimise disruption to affected clients. However in some instances, we may not be able to meet all of these principles due to the effect of the ring-fencing requirements in those circumstances.

- All **clients will be treated fairly**. Clients with certain contractual rights and obligations will not be treated preferentially over other clients with the same contractual rights and obligations.
- Clients who need products and services from both Bank of Scotland plc and Lloyds Bank Corporate Markets plc will have a **single Relationship Manager** covering both banks.
- There will be **no change to sort-codes or account numbers** as a result of the RFTS.
- We won't change existing contractual rights and obligations, except where there is a requirement to do so in order to make the transfer under the RFTS effective and meet the requirements of ring-fencing legislation.
- We will not seek to gain a commercial advantage from the RFTS. It will only be used to effect a transfer of your products or services from Bank of Scotland plc to Lloyds Bank Corporate Markets plc, so that we comply with ring-fencing

legislation.



Section 5: Lloyds Bank Corporate Markets plc preliminary credit rating

UK banking groups with both ring-fenced and non-ring-fenced entities will be rated separately by credit rating agencies. You can see details of the preliminary ratings for Lloyds Bank Corporate Markets plc on our Group website at lloydsbankinggroup.com/credit-ratings

Next steps

- This guide and accompanying letter are part of the process leading up to the Court Sanction Hearing that is currently scheduled for 27 March 2018, in which the Court will determine whether to approve Lloyds Banking Group's use of the RFTS. Please refer to the website periodically for further information on the timing and location of that hearing.
- If you wish to allege that you could be adversely affected by the RFTS, the process to raise an objection to the Court is available on our Group website at lloydsbankinggroup.com/ringfencing/courtprocess. It is also available as a printed document in any of our branches or by contacting your usual point of contact. Please note the Court may restrict the way in which it hears your objection if made after 28 February 2018, so if you do wish to raise one it may be advantageous to do so before then.
- If you have any questions, please contact your Relationship Manager.



Haines Watts (Preston) Ltd

Smugh Trading Ltd

Morgan Direct

Green Planet Corporate Solutions

Rima Freight Services

Pension Prachikovet. Com

Susan Cooper

24-7 CCTV system

Kaysted Directors

Goodacre Scheme - Carolann Yule

Roger Howell

PT Dolan Retirement

Stephen Hill

The Lenin

David Thomas

Simon Collins

Trojan Capital Trading Ltd

Goodacre Scheme - Christina Lowe

Solrechem Ireland Ltd

Micheal Pollard

Mirko Jovanovic

Markita Landscapes

Goodacre Scheme - Shirley Marshall

Whick Promotional Gifts

Ajmer Chhina

John Ryan

Building Compliance Certification

Amran Yousaf

Allen Thompson

Calibre Homes (SW) Ltd

Goodacre Scheme

Paul Dolan

Dandyford

Turbine Specialists Ltd

Selta UK Ltd

BrandAlley

Goodacre - Linda Morrison

Leonard Liverpool

J1 Trading Ltd

CN Pension Fund

Torquil Rowley

Stephen Bates

Iplux Ltd

Jariwala Ltd

PLM Investments Ltd

David Parish

Jennifer Francis

Diamond

Patricia Welton

Hansen Pension Scheme

Keeley Thomas

Lakeside Property Maintenance Ltd

Blooms Pension Fund

Joanne Curtis

Farmwell Direct

GL + YM Margetts