

Lloyds Banking Group Operational Resilience Statement

Our Operational Resilience Framework plays a key role in ensuring we help Britain Prosper by delivering resilient outcomes for our customers and clients when operational disruptions occur.

The Framework underpins our Operational Resilience policy and applicable standards. The Standards define and set the requirements for continuity planning, incident management response and recovery of our important business services.

To help us prepare for operational disruption and respond in a way that best protects our customers, financial markets and our Group.

We have implemented:

- ▶ robust business continuity strategies;
- ▶ effective incident management structures; and
- ▶ a rigorous testing programme.

Governance and oversight is provided through Operational Resilience Committees at Business Unit and Group level, the Group Board and Board Risk Committee.

Effective tested controls are in place that align with our Risk Management Framework. They reduce the likelihood of failure by highlighting and remediating Resilience gaps; while also ensuring we have effective and tested recovery plans to respond to events that impact or interrupt services.

Our Operational Resilience approach considers the following components and strategies:

Regulatory Expectations

The Operational Resilience Framework allows the Group to effectively manage Operational Resilience; shaping its delivery through Strategic principles, identifying, and managing the resilience of the Group's Important Business Services (IBS). The Group has embedded resilience through Pillars to protect the resilience of critical assets, and ensuring resilience across all areas of the Group through core capabilities.

Our IBSs are defined as an externally facing services that, if disrupted, could cause intolerable harm to one or more customers/clients, or pose a risk to the safety, soundness or stability of the Group, UK financial market or policy holder protection.

For each IBS, we set an impact tolerance (ITOL), this is the point at which intolerable harm to our customers, our policy holders, our Group or the market could occur. Intolerable harm is the point at which our customers cannot easily recover, and we cannot correct this position for them or where a serious non-financial impact cannot be effectively remedied.

Prevent and Detect

A comprehensive framework and operating model protects our services and data. We are committed to ensuring the resilience and security of our systems, people and processes.

We use multiple data centres and diversified service providers to host the underlying technology assets that support IBS. For the most critical technology assets, an 'active-active' configuration is deployed to ensure a highly resilient approach. Extensive Business Continuity planning is in place to recover from a disruption event linked to the denial of service, loss of data and the loss of a complete data centre.

Our Group Sourcing and Supplier Management team collaborate with businesses to deliver innovative, competitive and sustainable risk assured solutions. These ensure our internal and external supply chains are resilient and secure.

Response and Recover

If things go wrong that affect our customers, our colleagues will focus on minimising impacts and putting things right as quickly as possible.

To respond within defined recovery times and impact tolerances we have created a customer centric incident management framework. This includes robust incident management structures, plans, playbooks and customer treatment strategies.

We use scenario planning to stress test and rehearse our response and recovery strategies. We take action on the back of intelligence, events and near misses and use severe but plausible disruption scenarios to test our ability to remain within impact tolerances.

Collaborative scenario testing is undertaken with critical suppliers to test their response and recovery strategies and their ability to remain within impact tolerances.

Industry Engagement

To ensure that our approach is consistent with or better than the industry practice, we maintain regular contact with regulatory bodies including the FCA, PRA and other industry bodies and associations.

We regularly participate in industry exercises to test our response and recovery ability against cross industry events. We also support and participate in industry-wide collaboration groups at both strategic and operational levels to ensure best practice in relation to scenario testing.

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 on our Help & Support pages at: business.bankofscotland.co.uk/help/account-management/make-a-complaint

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 Relay UK. More information on the Relay UK Service can be found at relayuk.bt.com

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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. Lloyds Banking Group is a financial services group that incorporates a number of brands including Bank of Scotland. More information on Lloyds Banking Group can be found at lloydsbankinggroup.com