EXHIBIT A

FACTUAL STATEMENT

Introduction

1. This Factual Statement is made pursuant to, and is part of the Deferred Prosecution Agreements (the "DPAs"), dated January 9, 2009, between the New York County District Attorney's Office ("DANY") and Lloyds TSB Bank plc ("Lloyds"), and the United States Department of Justice ("DOJ") and Lloyds.

2. Beginning in or about the mid 1990s and continuing until January 2007, Lloyds, in the United Kingdom, systematically violated both New York State and United States laws by falsifying outgoing United States Dollar ("USD") payment messages that involved countries, banks, or persons listed as sanctioned parties by the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC"). In doing so, Lloyds removed material data from payment messages in order to avoid detection of the involvement of OFAC-sanctioned parties by filters used by U.S. depository institutions. This allowed transactions to be processed by Lloyds' U.S. correspondent banks that they otherwise could have blocked for investigation, or rejected pursuant to OFAC regulations. During the course of the conduct, Lloyds employees commonly referred to this process as "stripping." Lloyds' criminal conduct was designed to assist its clients in avoiding detection by filters employed by U.S. banks because of United States economic sanctions against Iran, Sudan, and Libya.[1] Lloyds' actions caused U.S. banks to provide services to those sanctioned countries, and falsified business records of banks primarily located in New York, New York ("New York"). This resulted in the processing of

[1] U.S. economic sanctions against Libya were lifted in 2004.

transactions in the United States by U.S. financial institutions which may have otherwise been prohibited.

3. In or around early 2002, facing generally heightened focus on industry-wide anti-money laundering and sanctions issues, and the possibility that the Financial Action Task Force ("FATF")[2] would recommend to member countries that they require their banks to include originator information on payment messages, concerns were raised within Lloyds about the legal and reputational implications of continuing to provide "stripping" services to OFAC-sanctioned countries and clients. In April 2003, when the issue was brought to the attention of Lloyds' Group Executive Committee ("GEC"), the GEC decided to withdraw from the USD clearing business on behalf of "U.K. Iranian Banks" (as defined below). Lloyds fully exited that business by April 2004. Notwithstanding the decision to cease providing USD clearing services to the U.K. Iranian Banks, Lloyds continued to perform these services on a smaller scale on behalf of four Sudanese banks until January 2007. Lloyds terminated its last relationship with a Sudanese bank in September 2007.

4. In April 2007, prosecutors contacted Lloyds' representatives in New York and informed them of an investigation into Lloyds' USD business on behalf of sanctioned entities, and that there was evidence of violations of New York State and United States laws. Prosecutors requested that Lloyds disclose the nature and extent of its misconduct and provide the evidence of that misconduct. As described herein, Lloyds promptly commenced a thorough internal investigation of its international USD clearing business.

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[2] FATF is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing. The FATF is therefore a 'policy-making body' created in 1989 that works to generate the necessary political will to bring about legislative and regulatory reforms in these areas. The FATF has published certain recommendations in order to meet this objective.

Lloyds has provided prompt and substantial assistance by sharing with DOJ and DANY, as well as other relevant regulators, the results of that internal investigation.

5. Lloyds accepts and acknowledges that the USD processing described in this Factual Statement constituted serious and systematic misconduct that violated both New York State and United States laws.

Lloyds' Business Organization and Background

6. Lloyds[3] is a wholly owned subsidiary of Lloyds TSB Group plc. ("LTSB Group").[4] LTSB Group, whose shares are publicly traded, was formed in 1995 by the merger of Lloyds Bank and the Trustee Savings Bank Group. Lloyds is a financial institution registered and organized under the laws of England and Wales. Lloyds provides a wide range of banking and financial services within its Wholesale and International Banking ("W&IB") division in the United Kingdom and has operations in countries around the world, including two branches in the United States, located in New York, New York, and Miami, Florida. Lloyds' U.S. branches are subject to oversight and regulation by the Board of Governors of the Federal Reserve System, the New York State Banking Department, and the State of Florida Office of Financial Regulation. None of the USD payments processed on behalf of OFAC-sanctioned parties were processed by Lloyds' U.S. branches. The United Kingdom's Financial Services Authority ("FSA") is Lloyds' primary home-country regulator.

7. As of December 2007, LTSB Group assets totaled $701.4 billion (£353.3 billion), and the organization employed over 67,000 staff across its divisions. Net profit

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[3] The principal place of business is 25 Gresham Street, London, EC2V 7HN, United Kingdom.

[4] The registered office of LTSB Group is Henry Duncan House, 120 George Street, Edinburgh, EH2 4LH, Scotland.

for LTSB Group was $7.9 billion (£4 billion) for 2007. The W&IB business accounted for approximately 46%, or $3.6 billion (£1.8 billion), of the LTSB Group profit.[5]

Applicable Law

8. In 1995 and 1997, President Clinton issued Executive Order Nos. 12957, 12959, and 13059 which strengthened existing United States sanctions against Iran. The Executive Orders prohibit virtually all trade and investment activities with Iran by U.S. persons or entities, regardless of where they are located, including but not limited to broad prohibitions on the importation of goods or services from Iran; prohibitions on the exportation, sale, or supply of goods, technology or services to Iran; prohibitions on trade-related transactions with Iran, including financing, facilitating or guaranteeing such transactions; and, prohibitions on investment in Iran or in property controlled by Iran (collectively, the "Iranian Sanctions").[6]

9. With the exception of certain exempt transactions, the OFAC regulations implementing the Iranian Sanctions prohibit U.S. depository institutions from servicing Iranian accounts, and prohibit U.S. depository institutions from directly crediting or debiting Iranian accounts. OFAC regulations permitted U.S. depository institutions to handle certain "U-turn" transactions, in which the U.S. depository institution acts only as an intermediary bank in clearing a USD payment between two non-U.S., non-Iranian banks.

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[5] USD amounts calculated based on the foreign exchange rate as of December 31, 2007.

[6] The Iranian Transactions Regulations are found at 31 CFR part 560 and can be reviewed at the OFAC website, located at www.ustreas.gov/ofac.

10. In 1997 and 2006, Presidents Clinton and Bush issued Executive Orders Nos. 13067 and 13412, among others, which imposed a trade embargo against Sudan and froze the assets of the government of Sudan (collectively, the "Sudanese Sanctions").[7]

11. DOJ has alleged, and Lloyds accepts, that its conduct, as described herein, violated Title 50, United States Code, Section 1705, part of the International Emergency Economic Powers Act ("IEEPA"), which makes it a crime to willfully violate or attempt to violate any regulation issued under IEEPA, including the Iranian Transactions Regulations, principally, 31 C.F.R. Section 560.204, which prohibits the exportation of services from the United States to Iran, and the Sudanese Sanctions Regulations, principally, 31 C.F.R. Section 538.205, which, similarly prohibits the exportation of services from the United States to Sudan.

12. DANY has alleged, and Lloyds accepts, that its conduct, as described herein, violated New York State Penal Law Sections 175.05 and 175.10, which make it a crime to, "with intent to defraud,... (i) make or cause a false entry in the business records of an enterprise (defined as any company or corporation)... or (iv) prevent the making of a true entry or cause the omission thereof in the business records of an enterprise." It is a felony under Section 175.10 of the New York Penal Law, if a violation under Section 175.05 is committed and the person or entity's "intent to defraud includes an intent to commit another crime or to aid or conceal the commission of a crime."

Lloyds' "Stripping" of USD Payments for the U.K. Iranian Banks That Terminated at U.S. Banks

13. Prior to 2002, Lloyds maintained USD correspondent accounts for what were then the London-based branches of Bank Sepah, Bank Melli, Bank Tejerat, Bank

[7] The Sudanese Sanctions Regulations are found at 31 CFR part 538 and can be reviewed at the OFAC website, located at www.ustreas.gov/ofac.

Mellat, Bank Saderat, and the Iranian Overseas Investment Bank. During this time, Lloyds was able to provide USD payment processing services through its relationships with other correspondent banks in New York and elsewhere in the United States. By 2002, these Iranian bank branches had become subsidiaries incorporated under United Kingdom law. The U.K. subsidiaries of the Iranian banks for which Lloyds maintained correspondent accounts were Melli Bank, plc., Bank Sepah International, plc., Bank Saderat, plc., and Persia International Bank, plc. The branches and successor U.K. subsidiaries are referred to collectively hereinafter as the "U.K. Iranian Banks." Additionally, Lloyds' branches in Dubai and Tokyo held USD correspondent accounts for certain Iranian banks.

14. The commercial relationships between Lloyds and the U.K. Iranian Banks were managed by personnel within Lloyds' Financial Institutions ("FI") unit, a business unit within the W&IB division of Lloyds.

15. Lloyds used the Society for Worldwide Interbank Financial Telecommunication ("SWIFT")[8] messaging system to transmit its international payment messages.

16. In June 1995, in response to the promulgation of heightened OFAC sanctions against Iran, Lloyds' U.K.-based international payment processing unit ("IPPU") implemented a procedure whereby its processing staff manually reviewed each SWIFT message received from the U.K. Iranian Banks before they were transmitted to the United States to ensure that references to Iran were removed from certain outgoing USD SWIFT messages. This process was described in an internal Lloyds letter dated

[8] SWIFT is a cooperative organized under Belgian law that supplies to its members and certain other users secure messaging services for various types of financial transactions and is used by the international banking industry as a means of sending and receiving payment messages in a secure environment.

June 24, 1996, which stated that Lloyds' IPPU "decided to handle all the outward payments manually to ensure that the [U.K. Iranian Bank] names were not included on the payment instructions received in the U.S.A."

17. Lloyds' IPPU memorialized the processing steps in an internal document called the "Payment Services Aide Memoire." The Aide Memoire notes that "any [Iranian] payments received either in paper form or via BIT IMT [a branch system through which Lloyds received payment instructions] expressed in U.S. Dollars must not be processed and should be immediately referred to the section management." The Aide Memoire also states that: "[T]he instructions received from the London Branches of the following [Iranian] banks are to be processed in the normal way." The investigation has disclosed that "the normal way" included removing information when necessary from the Iranian bank's payment instructions. Over time, Lloyds dedicated specific payment processors to focus exclusively on reviewing and amending, if necessary, SWIFT messages pertaining to USD payments for the U.K. Iranian Banks.

18. For Iranian customer transactions that terminated either at banks located inside the United States or at U.S. banks located outside the United States, the Lloyds' IPPU processor removed the incoming SWIFT payment message from Lloyds' Common System and manually re-keyed the payment back into the Common System. The Common System is the automated payment processing system used by Lloyds to process payments. The processor amended the payment message to ensure the re-keyed message did not contain any references to Iran. The amended message was then transmitted to the relevant U.S. bank. This practice made it appear that the transaction originated with Lloyds.

19. The investigation has revealed that Lloyds' IPPU processors took the following steps to process the payments described in the preceding paragraph:

> Step One: A member of Lloyds' IPPU would remove the payment instruction out of Lloyds' Common System by "busting out" the payment so that it could be manually processed (payments could be "busted out" of the Common System for a number of reasons, one of which included the presence of an Iranian reference).
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> Step Two: A member of Lloyds' IPPU then printed out a copy of the "busted out" payment instruction.
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> Step Three: A member of Lloyds' IPPU would physically mark up the printed payment instruction to show what information should be changed, including crossing out any reference to Iranian banks or other sanctioned entities and striking a line through Field 52 of the SWIFT payment instruction (Field 52 is used to identify the originating bank – in this case, a sanctioned entity).
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> Step Four: The marked up and crossed off message would be returned to Lloyds' IPPU repairers who would type the corrected information back into the Common System.

20. By manually amending these payment records in this fashion, Lloyds prevented the U.S. depository institutions located in New York and elsewhere in the United States from recognizing the transactions as originating from sanctioned countries, banks or persons, and then blocking them for investigation or rejecting such transactions. Lloyds additionally prevented those depository institutions from generating business records of transactions to be filed with OFAC, as required by law. Moreover, to the extent that any Iranian payments might have been permissible under an exemption to IEEPA or pursuant to a license issued by OFAC, Lloyds did not include such information in the payment message, and, made no inquiry into the existence of such exemption or license. Instead, Lloyds followed its practice of stripping information from certain outgoing Iranian payment messages. Lloyds' conduct deceived the OFAC filters at its U.S. correspondent banks, preventing them from detecting and blocking or rejecting wire

transfers processed on behalf of sanctioned entities, and preventing them from making and keeping accurate records of their transactions.

Lloyds' Removal of Iranian Payment Information from USD Payments in its Dubai and Tokyo Branches

21. Until October 2004, Lloyds maintained USD correspondent accounts for Iranian banks in its Dubai and Tokyo branch offices. In both branches, USD payments that terminated either at banks located inside the United States or at U.S. banks located outside the United States were transmitted on behalf of the Iranian banks in a manner designed to conceal the Iranian origin of the payments, in order to prevent the U.S. correspondent banks from blocking for investigation or rejecting the payments.

22. Lloyds' Dubai branch maintained USD correspondent accounts for the Bank of Industry and Mine, Bank Saderat, Bank Sepah, Bank Melli, Bank Mellat, Bank Karafarin, and Bank Refah-Kargaran. Between January 2000 and October 6, 2004 (the date by which all the accounts were closed) there were six transactions that terminated either at banks located inside the United States or at U.S. banks located outside the United States.

23. Lloyds' Tokyo branch maintained two USD correspondent accounts, one for Bank Refah-Kargaran and one for the Seoul branch of Bank Mellat. Between February 1, 2001, and October 26, 2004 (the date by which both accounts were closed), thirty-nine payments terminated either at banks located inside the United States or at U.S. banks located outside the United States.

Lloyds' Removal of Information from USD Payment Messages Processed on Behalf of Sudanese Banks

24. Beginning in 1987 and lasting until September 2007, Lloyds maintained United Kingdom-based USD correspondent accounts for four Sudanese banks: National

Bank of Khartoum; Al Baraka Bank; Animal Resources Bank; and the Commercial and Real Estate Bank, which became subject to U.S. sanctions in 1997.

25. While Lloyds did not have a dedicated "stripping" unit for Sudan as it did for Iran, Lloyds' IPPU similarly ensured that on a transaction-by-transaction basis all outgoing USD payment messages for Sudan did not contain references to Sudan. This manipulation of the Sudanese payment instructions had the same intent and practical effect as the manipulation of the Iranian wire instructions.

26. Although Lloyds made the decision to exit from the Iranian USD payments business in April 2003, Lloyds' IPPU continued to manipulate Sudanese USD payment instructions until January 2007, although at levels that decreased over time as Lloyds wound down the business and closed all of the Sudanese USD correspondent accounts by September 2007.

Trade Finance Activity

27. Lloyds also engaged in certain USD trade finance transactions, primarily from the United Kingdom, Tokyo and Dubai, involving banks from countries subject to OFAC sanctions, principally, Iran and Sudan. The trade finance transactions included import and export letters of credit, inward and outward documentary collections and guarantees. For the period that has been reviewed, from on or about January 1, 2002, to on or about December 31, 2007, Lloyds engaged in approximately 1500 trade finance transactions involving Iranian banks in its United Kingdom, Dubai and Tokyo offices with an aggregate value of approximately $300 million. During the same time period, Lloyds engaged in approximately 300 trade finance transactions involving Sudanese banks in its United Kingdom and Dubai offices with an aggregate value of approximately $21 million. Lloyds removed material information from certain USD payments used to

effect the underlying trade finance transactions. A detailed review of 300 of these transactions indicates that a large number of them were cancelled or rejected, and that of those transactions that were completed, only three involved funds that terminated either at banks located inside the United States or at U.S. banks located outside the United States, and many involved payments that did not clear through the United States. Additionally, a number of the Iranian trade finance transactions selected for detailed review involved exports of goods originating in the U.S. to Iran through third countries. Lloyds initiated trade finance transactions involving banks in OFAC-sanctioned countries until December 2007. None of these trade finance transactions were processed by Lloyds' U.S. operations.

Lloyds' Decision to Terminate the U.K. Iranian Bank Business

28. In or around early 2002, senior Lloyds' IPPU staff and the Director of Lloyds' Group Financial Crime Unit ("GFC") raised concerns with FI about the intentional removal of Iranian-related information in connection with the processing of USD payments for the U.K. Iranian Banks. Some of Lloyds' IPPU staff were concerned that this process might violate United States laws. In April 2002, FI proposed that Lloyds' IPPU no longer remove Iranian-related information from outgoing SWIFT messages sent by the U.K. Iranian Banks and instead, returned to the U.K. Iranian Banks any payment instruction containing an Iranian reference for correction by the U.K. Iranian Banks themselves. FI's proposal was implemented in or around July 2002. At that time, FI personnel met with representatives of the U.K. Iranian Banks and informed them how to format the SWIFT messages to avoid detection by the OFAC filters. Thus, instead of Lloyds' employees stripping the payment messages, the information would be removed by the U.K. Iranian Banks themselves. Lloyds' employees instructed the U.K.

Iranian Banks not to leave the originating bank information field blank, but rather to populate that field with a dot, hyphen, or another symbol. In connection with bank-to-bank payments which stayed in the United States, the inclusion of these symbols prevented the Common System from automatically populating that field with the name of the originating Iranian bank. Consequently, the payment message sent to the U.S. correspondent bank would not contain any reference to the ordering institution that would be detected by the OFAC filters at the U.S. correspondent banks. However, even after July 2002, Lloyds' IPPU staff continued to manually re-format outgoing messages on customer payments that terminated at banks in the United States to omit references to Iran because the Common System automatically populated the relevant field with the name of the originating Iranian bank.

29. Senior Lloyds' IPPU staff continued to raise concerns about USD payment processing for the U.K. Iranian Banks, and in September 2002, as part of an overall review of the Iranian USD payments business, the Director of Lloyds' GFC unit requested that Lloyds' IPPU and FI personnel evaluate the risks of these payment practices. Lloyds IPPU continued to express concern about the payment practices while FI maintained that Lloyds should continue to provide the U.K. Iranian Banks with USD payment processing services on the mistaken belief that because Lloyds is a U.K. institution it was not subject to OFAC regulations for such processing activity. This internal debate continued into 2003.

30. In March 2003, the GFC Director instructed a senior GFC staff member to conduct a sampling analysis of Iranian USD payments. The results of the analysis noted that, prior to July 2002, a dedicated team of Lloyds' IPPU staff manually reviewed and

removed any references to Iran from SWIFT messages submitted by the U.K. Iranian Banks. Shortly after the GFC concluded its analysis, the executive director of Lloyds' Group Risk Management (the overall business unit in which GFC was located) advised the executive director of the W&IB division that regardless of whether the OFAC regulations applied to the USD payment services, they should either operate on a fully transparent basis or be terminated. At its meeting on April 1, 2003, the GEC received a risk report from Group Risk that mentioned the existence of the USD payment processing services provided to the U.K. Iranian Banks. The GEC expressed concerns over the continuance of the business and directed that it receive further information and analysis as a matter of urgency. A week later on April 9, 2003, the GEC received a more detailed analysis that described the systematic removal of Iranian-related information from SWIFT messages and recommended that the GEC terminate the USD correspondent banking accounts held for the Iranian Banks on reputational grounds. The GEC decided that the USD correspondent accounts of the Iranian Banks should be terminated.

31. On May 22, 2003, the Executive Director of W&IB instructed FI to exit the business. FI relationship managers informed their contacts at the U.K. Iranian Banks that Lloyds was exiting the business. Activity through the accounts was wound down over the ensuing months and all of the USD correspondent accounts maintained by the U.K. Iranian Banks with Lloyds in the United Kingdom were closed by April 2004.

Transaction Value of Stripping Conduct

32. From 2002 to 2004, Lloyds processed approximately three hundred million dollars in outgoing USD payment transactions on behalf of the U.K. Iranian Banks that terminated either at banks located inside the United States or at U.S. banks located outside the United States. The payment messages related to these transactions

were busted out and processed as described herein to allow them to be processed through U.S. banks in New York and elsewhere without detection by OFAC filters.

33. From August 2002 to September 2007, Lloyds processed more than twenty million dollars in outgoing USD payment transactions on behalf its Sudanese bank customers through its U.S. correspondent banks in a manner that prevented the U.S. banks from identifying their Sudanese origin.

34. From August 2002 to April 2004, Lloyds processed approximately twenty million dollars in outgoing USD payment transactions on behalf of a Libyan customer through its U.S. correspondent banks in a manner that prevented the U.S. banks from identifying their Libyan origin.

Actions Taken by Lloyds

35. Throughout the course of this investigation Lloyds' cooperation has provided substantial assistance to DANY and DOJ. Lloyds' prompt and substantial cooperation has included the following:

- Committing substantial resources to conducting an extensive internal investigation into the provision of USD clearing services to the Iranian banks, their U.K. subsidiaries and branches, and banks from other OFAC-sanctioned countries including Sudan and Libya.
- Conducting a review of its operations in the United Kingdom and around the world to determine the existence of USD correspondent accounts held for banks in OFAC-sanctioned countries and confirming the closure of all such accounts.

- Conducting a detailed forensic review across various accounts related to OFAC-sanctioned countries, including an analysis of underlying SWIFT transmission data associated with USD activity for accounts of banks in OFAC-sanctioned countries.
- Conducting a screening of payments cleared through the United States between August 2002 through the closure of those accounts that were processed through vostro accounts held by banks of OFAC-sanctioned countries against names on contemporaneous OFAC terrorist and weapons of mass destruction watch lists. Lloyds found no confirmed matches to any names on such lists.
- Providing regular and detailed updates to DANY and DOJ on the results of its investigation and forensic SWIFT data analyses and responding to additional specific requests of DANY and DOJ.

36. Lloyds has also agreed, as part of its cooperation with DANY and DOJ, to undertake the further work necessary to enhance and optimize its sanctions compliance programs. The full scope of Lloyds' continued efforts and commitments, including its look-back review of payment messages, are outlined in the DPAs and the Factual Statement. Lloyds has also agreed to cooperate in DANY and DOJ's ongoing investigations into these banking practices. Furthermore, Lloyds has agreed to be in compliance with the Wolfsberg Anti-Money Laundering Principles of Correspondent banking.