

LLOYDS
BANKING
GROUP



Your invitation to join the

LLOYDS BANKING GROUP DIVIDEND REINVESTMENT PLAN



If you have any doubt about the action you should take, it is recommended that you consult your stockbroker, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your ordinary shares in Lloyds Banking Group plc, please give this and the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was made.

Dear Shareholder

Lloyds Banking Group plc (the 'Company') Dividend Reinvestment Plan

Information is provided below on how you can choose to receive your dividends from the Company in shares through our Dividend Reinvestment Plan ('DRIP').

What is the DRIP?

The DRIP is a low cost way to use your dividend payments from the Company to purchase additional shares, enabling you to increase your shareholding in a convenient and cost-effective manner.

The DRIP is administered by Equiniti Financial Services Limited ('Equiniti FS'). If you choose to join the DRIP, Equiniti FS will use your cash dividend to purchase shares on your behalf in the market as soon as practicable after the relevant dividend payment date. Fees and charges are located in the DRIP Terms and Conditions, further details of which are provided below.

For tax purposes, you are treated as if you had received the whole of your dividend in cash and bought the shares yourself.

What do you need to read?

Before deciding whether to join the DRIP, you should read this invitation booklet and the DRIP Terms and Conditions. Full details about the DRIP, including the DRIP Terms and Conditions, can be found at www.shareview.co.uk/info/drip

What do you need to do to join?

Please visit www.shareview.co.uk/info/drip to obtain a DRIP Application Form, and return the completed DRIP Application Form to Equiniti FS at the address on the bottom of the form.

You can also call or write to Equiniti FS to obtain an application form using the contact details set out in this booklet.

When do you need to join by?

You may apply to join the DRIP at any time. Should the Company propose or declare that a dividend be paid to shareholders, the Company will specify a time by which shareholders will need to return the application form to Equiniti FS to ensure they are accepted into the DRIP before the payment of the next dividend by the Company.

Participation in the DRIP is optional. This invitation does not constitute advice to join the DRIP. If you are unsure about joining the DRIP, we recommend that you seek independent financial advice.

If you have any questions about the DRIP, please contact our Shareholder Helpline on 0871 384 2990* or +44 121 415 7066 from outside the UK.

Yours faithfully

Lord Blackwell
Chairman

*Calls cost 8p per minute plus network extras.
Lines open 8.30am to 5.30pm (UK time), Monday to Friday
(excluding public holidays in England and Wales).

Joining the DRIP

If you do not currently participate in the DRIP, you can join for free in two easy steps:

STEP



Contact Equiniti FS to obtain a DRIP Application Form (CREST Holders see FAQs)

STEP



Return your completed application to Equiniti FS by post

Fees and charges

There is no charge for joining or leaving the DRIP and there is no annual fee.

There is a commission charge of 0.5% of the value of shares purchased on your behalf, with no minimum fee.

Payment of Stamp Duty Reserve Tax (currently 0.5% of the value of shares that you buy) will also be deducted from your dividend proceeds on your behalf.

If the sum to be re-invested, including these costs, is insufficient to buy one whole share, then no costs will be charged to you and the whole of your dividend will be carried forward to the next payment.

Equiniti FS can be contacted in the following ways:



Online

www.shareview.co.uk/info/drip



Post

Share Dividend Team
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA



Telephone

0871 384 2990*
from the UK or
+44 (0) 121 415 7066
from outside the UK

*Calls cost 8p per minute plus network extras.
Lines open 8.30am to 5.30pm (UK time), Monday to Friday
(excluding public holidays in England and Wales).

FAQs

What is a DRIP?

A DRIP allows the DRIP's administrator, Equiniti FS Financial Services Limited ('Equiniti FS'), to use your cash dividends to purchase shares for you in the market. You will not receive a cash payment while you remain in the DRIP. Any residual cash that is insufficient to buy a whole share will roll over to the next dividend payment to purchase additional shares.

Where can I obtain the terms and conditions of the DRIP?

The terms and condition of the DRIP are available from www.shareview.co.uk/info/drip or by telephoning/writing to Equiniti FS using the contact details provided on page 2 of this document.

Who can join?

Shareholders who are resident in the UK, Channel Islands or European Economic Area may participate in the DRIP. Certain overseas shareholders may also be eligible to participate – please see paragraph 3 of the DRIP Terms and Conditions for further information. Overseas shareholders are responsible for checking that they can join the DRIP.

Can Lloyds Banking Group Shareholder Account ('LBGSA') participants join the DRIP?

Yes. The DRIP is open to ordinary shareholders or members of the LBGSA.

What if I am a CREST holder?

You can make your election to join the DRIP through CREST. Refer to the elections process document at www.shareview.co.uk/info/drip

What do I need to do to join?

Please visit www.shareview.co.uk/info/drip to obtain a DRIP Application Form, and return the completed DRIP Application Form to Equiniti FS at the address on the bottom of the form. You can also call or write to Equiniti FS to obtain an application form using the contact details set out in this booklet.

When will I receive the shares?

Equiniti FS will start the purchase of your shares as soon as practicable after the relevant dividend payment date. This may take several days to complete; however, all participants will receive the same average price. Shares will be added to your holding following the completion of the share purchase process, which is usually expected to be 3-4 days following the dividend payment date.

How many shares will I receive?

The number of shares you will receive will depend on:

- (i) your cash dividend, based on the number of shares you hold at the dividend record date;
- (ii) the purchase price of the shares; and
- (iii) the dealing costs and Stamp Duty Reserve Tax for the purchase of shares.

You will receive the maximum whole number of shares which can be purchased on your behalf. Any cash balance will be carried forward.

What happens if I do not have enough cash to purchase one share?

The cash will be rolled over and will be put towards the purchase of additional shares at the time of the next dividend if you remain a participant in the DRIP at that time. You will not be charged for the roll-over of your dividend. If you leave the DRIP, or if the DRIP comes to an end, Equiniti FS will send you any remaining cash as soon as possible.

Must my participation in the DRIP be in respect of my entire holding?

Usually you must participate in the DRIP in respect of your entire shareholding. However, if your shares are held for more than one beneficial owner, Equiniti FS may (at its discretion) allow you to reinvest the cash dividend on only part of your shareholding.

How will I receive my new shares?

Shares purchased by Equiniti FS on your behalf will be added to your shareholding. If this is certificated, you will receive an additional share certificate. Shares held in the LBGSA will be added to that holding and will show on your annual statement. CREST holders will receive new shares via CREST.

Fees and charges for the DRIP

There is no charge for joining or leaving the DRIP and there is no annual fee.

The commission charge is 0.5% of the value of shares purchased, with no minimum fee. Stamp Duty Reserve Tax is currently 0.5% of the value of shares that you purchase. These amounts will be deducted from your dividend proceeds.

If the sum re-invested, including these costs, is insufficient to buy one share, then no costs will be charged to you and the whole of your dividend will be carried forward to the next payment.

Can I leave the DRIP?

You can leave the DRIP at any time. There is no charge. Please write to Equiniti FS at the address opposite to confirm your revocation.

What are the tax effects of joining the DRIP? Will I still receive a tax voucher?

For tax purposes, you are treated as if you had received the whole of your dividend in cash. If you elect to join the DRIP:

- where shares are held by share certificate, upon completion of each DRIP share purchase Equiniti FS will send you a tax voucher with a contract note confirming the purchase price and number of new shares purchased with a new share certificate in respect of such shares;
- where shares are held in the LBGSA, you will receive a tax voucher and a contract note confirming the purchase and number of new shares purchased; or
- where shares are held in CREST, Equiniti FS will send you a tax voucher and a contract note confirming the purchase. The number of new shares purchased will be credited to CREST accounts.

Who should I contact if I have further questions?

If you have any questions about the DRIP, please contact Equiniti FS:

By post:
Share Dividend Team
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
United Kingdom

By telephone:
From UK: 0871 384 2990*
Outside UK: +44 121 415 7066
Lines open 8.30am to 5.30pm (UK time),
Monday to Friday (excluding public holidays
in England and Wales).

*Calls cost 8p per minute plus network extras.

Calls to +44 121 415 7066 from outside the UK are charged at applicable international rates.

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