Notice of proposed change of provider of the LBGSA corporate sponsored nominee service

We hereby notify you that from 1 July 2015, Halifax Share Dealing Limited ("HSDL") will no longer provide the LBGSA service. Provision of the LBGSA service will transfer to us, Equiniti Financial Services Limited. This notice is in accordance with Condition 7.9 of the Terms and Conditions between you and HSDL.

What does this mean for you?

Equiniti Financial Services Limited already provides the administration and share dealing services in respect of the LBGSA. This will not change the current service arrangements in respect of your holding of Lloyds Banking Group plc shares ("Lloyds Shares") through the LBGSA and you do not need to do anything, unless you wish to withdraw from the LBGSA (please see below).

Lloyds Shares that are currently held on your behalf by Halifax Nominees Limited will be transferred to a nominee that will hold the Lloyds Shares on your behalf as directed by Equiniti Financial Services Limited from 1 July 2015. From that date, Equiniti Financial Services Limited will be responsible for holding your Lloyds Shares and for all obligations under the New T&Cs (as defined below). HSDL will no longer be responsible for the LBGSA. There will be no changes to the contact details for the LBGSA.

What should I do if I do not wish to transfer to Equiniti Financial Services Limited?

You can withdraw your Lloyds Shares from the LBGSA free of charge prior to 1 July 2015. To do this you should contact Equiniti Financial Services Limited in writing at the address below providing your name and your shareholder reference number.

How can I leave the LBGSA after the transfer?

You can withdraw from the LBGSA at any time. You should contact us and we will provide you with the appropriate forms to transfer your Lloyds Shares into your own name and send you a share certificate.

Changes to your Terms and Conditions from 1 July 2015

When the LBGSA is transferred we will make certain changes to the LBGSA Terms and Conditions ("New T&Cs") as the new provider. A summary of the material changes is provided overleaf for your reference. Please familiarise yourself with the New T&Cs online at www.lloydsbankinggroup.com/investors/shareholder-info

We would remind you that you have a right to leave the LBGSA as described above.

If you have any questions or concerns, please contact us using the details below.

Equiniti Financial Services Limited
Aspect House, Spencer Road, Lancing,
West Sussex, BN99 6DA United Kingdom
Tel: 0871 384 2990 from within the UK[1]
+44 121 415 7066 from outside the UK
Lines open 8.30am to 5.30pm (UK time), Monday to Friday
(excluding English public holidays)
[1] Calls cost 8p per minute plus network extras

Yours faithfully

Paul Charman
Equiniti Financial Services Limited
Summary of material changes to Terms and Conditions from 1 July 2015

The below are the material changes only. For a full set of the amended Terms and Conditions, please see www.lloydsbankinggroup.com/investors/shareholder-info.

How we will handle your money

Holding your money as ‘client money’

• Any payments relating to your Lloyds Shares made by Lloyds Banking Group plc (‘Lloyds’) will be paid to us on your behalf. We will be responsible for distributing payments to you. We will hold funds as ‘client money’ in accordance with the Financial Conduct Authority (‘FCA’) rules, until such time that the funds are paid to you or you have cashed the appropriate cheque payment.

• To comply with FCA client money rules we will deposit cash in the UK or EEA with a bank (the ‘Bank’). The Bank will hold the cash on our behalf in an account separate from any account used to hold money belonging to us. We will not, however, be responsible for any acts or omissions of the Bank with which the funds are held.

• If the Bank becomes insolvent, we will have a claim on your behalf against them. If, however, the Bank cannot repay all of its creditors, any shortfall may have to be shared pro rata between such creditors.

• If we are holding funds whether as client money or not, we may withdraw the cash, to be applied towards paying fees, charges and other sums due and payable to us, as set out in the Terms and Conditions and in accordance with FCA Rules.

• You are not entitled to any interest. We will be entitled to keep any interest earned or other equivalent fee on cash balances.

Remedying shortfalls

• To ensure adequate protection for your money or assets held with us in accordance with the FCA rules, there is a process of reconciliation of money and assets due to customers, including correction of shortfalls, using our own funds if and where necessary.

• For all money held on your behalf we use controls, during each business day, to monitor these balances and provide immediate funding for any identified shortfalls. The funding by us of any shortfalls that may occur will remain in place until such time as the reason for the shortfall has been identified and corrected.

• We also monitor all assets (i.e. Lloyds Shares) held in custody for you during the normal course of business each day to ensure these equal the total Lloyds Shares we or our nominee hold for you as per our internal account records. In the event a shortfall is identified, we provide immediate funding equivalent to the market value of the asset. The funding by us of any shortfalls is subject to daily recalculation and will remain in place.

Unclaimed money or assets

• If we are unable to trace holders of Lloyds Shares to make dividend payments or any other entitlements, we will hold any such money and assets on behalf of that person. These will continue to be subject to the FCA rules.

• If a payment remains unclaimed you will not be entitled to interest. If we hold unclaimed funds for you for 6 years after we receive them, we can change the way that the funds are held, but we will still hold them on your behalf and pay them to you on your request.

New shares

• If Lloyds issue new shares, we will allocate them to you on a pro rata basis according to the terms of the issue so you receive the correct number of whole shares. Any remaining fractional entitlements to shares will be aggregated and sold. Funds greater than £0.01 will be distributed to you. We will be entitled to retain any remaining gain from fractional shares or fractional amounts of cash amounting to less than a penny.

Termination

• If we intend to terminate the LBGSA we will provide you with a notification of termination at least 3 months prior. In the case of such an event, we will write to you and advise you of your options.

Indemnities

• You will be required to indemnify us for any liabilities we incur arising from any transaction we undertake in good faith, on instruction from you in relation to us performing our duties in respect of the LBGSA, except for liabilities that are the result of our wilful default, negligence, fraud or a breach of the FCA Rules.

Disputes over your Lloyds Shares

• You must inform us of any dispute or court proceedings concerning your Lloyds Shares. We will not recognise instructions in relation to your Lloyds Shares unless you provide a signed agreement (between you and any disputing parties) to us confirming your interest in the Lloyds Shares.

Security in your Lloyds Shares

• You must not pass ownership of or transfer interest in your Lloyds Shares to anyone else or use your Lloyds Shares as a security for borrowing.

Financial Services Compensation Scheme

We are a member of the Financial Services Compensation Scheme, set up under the Financial Services and Markets Act 2000. If we cannot meet our obligations, you may be entitled to compensation from the Scheme. This will depend on the type of agreement you have with us and the circumstances of the claim. For example, the Scheme covers corporate sponsored nominees, individual savings accounts and share dealing. Most types of claims for FCA regulated business are covered for 100% of the first £50,000 per person. This limit is applicable to all aggregated assets held with Equiniti Financial Services Limited across its product range.