



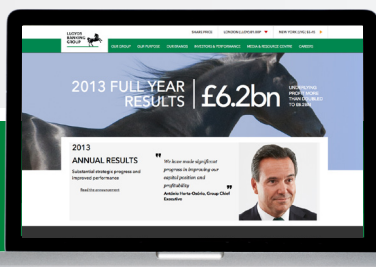
PERFORMANCE SUMMARY 2013

*As I promised in August 2013,
I am writing to update you on
our 2013 financial results and the
progress we have made on our
strategy to become the best bank
for customers.*

*In this performance summary,
you will find my review of the year
along with an introduction to our
new Helping Britain Prosper Plan.*

*We have also included information
about the forthcoming Annual
General Meeting.*

António Horta-Osório
Group Chief Executive

**View our report online**

Our Annual Report and Accounts and information
relating to Lloyds Banking Group is also available at:

www.lloydsbankinggroup.com

GROUP AT A GLANCE

A simple, low risk retail and commercial bank

*focused on becoming the best bank
for customers and helping Britain prosper.*



80,000

We provided more than 80,000 mortgages to first-time buyers in 2013.

2013 highlights

£6.2bn

More than doubled underlying profit to £6.2bn

£415m

Returned to statutory profit before tax

-5%

Reduced costs by 5% to £9.6bn

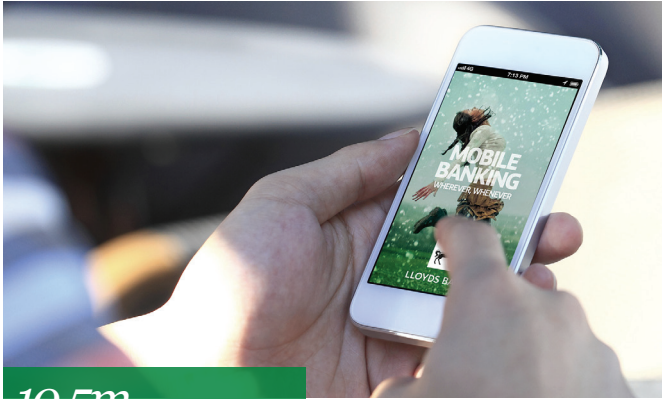
+2%

Grew underlying income to £18.8bn, up 2%

£85m

We are one of the largest community investors in the UK, providing £85 million per annum to worthy causes.





10.5m

We have a strong digital presence: over 10.5 million internet banking users and 1.2 billion log ons in 2013.

+6%

We grew net SME lending in a market that is contracting.



2013 highlights

+3%

Our core loan book grew across all divisions

-47%

We reduced the charge for impairment by 47%

-£35bn

We reduced non-core assets by a third, or £35 billion, to £64 billion

10.3%

We have a strong capital position, with our pro forma fully loaded common equity tier 1 ratio now increased to 10.3 per cent despite legacy charges



5

We have a multi-brand strategy with five major financial services brands serving the needs of customers in the UK market.

GROUP CHIEF EXECUTIVE'S LETTER



Dear shareholder

In 2013 the Group delivered a strong performance, underpinned by the rapid progress we have made on our strategic objectives, many of which we have now delivered ahead of plan. Since we set these objectives in June 2011, we have substantially reduced costs and risk, strengthened our balance sheet and capital base and increased investment in our core franchise, creating a unique competitive position with a low cost of equity. We continue to be well placed to support our customers and the UK economic recovery and to deliver strong and sustainable returns to shareholders above our cost of equity.

Results overview

As a result of this progress, we have substantially improved our underlying performance, returned the Group to profitability in spite of additional legacy costs and in September, the UK government began returning the Group to full private ownership.

Group underlying profit more than doubled to £6,166 million when compared to 2012, due to improved profitability in our core business and a significant reduction in non-core losses. On an underlying basis, the Group net interest margin increased to 2.12 per cent, total costs reduced by 5 per cent and the impairment charge fell by 47 per cent to £3,004 million. On a statutory basis, the Group reported a profit before tax of £415 million, compared to a pre-tax loss of £606 million in 2012.

Strengthening the balance sheet

Over the course of 2013 we made further progress in strengthening the balance sheet and reducing risk, while continuing to manage down our wholesale funding.

We substantially strengthened our capital position, with our pro forma fully loaded common equity tier 1 ratio increasing to 10.3 per cent, despite the additional legacy charges during the year. This uplift was driven by capital generation in the core business, as well as management actions including the reshaping of our core business portfolio, and the substantial reduction of non-core assets.

We further reduced wholesale funding and the 4 per cent increase in customer deposits, together with non-core asset reduction, drove a further improvement in the Group's loan to deposit ratio to 113 per cent. In acknowledgement of the significant progress we have made in improving the Group's capitalisation and transforming its financial profile, the rating agencies Fitch and Standard & Poor's upgraded Lloyds Bank's standalone ratings.

5%

Reduction in costs

£6.2bn

Underlying profit

6%

Increase in SME lending

80,000+

Mortgages provided to first-time buyers

Legacy customer issues

Our results and capital position reflect further provisions for legacy issues taken in 2013 totalling £3,455 million which had a material effect on our statutory performance. This includes £3,050 million related to PPI and £130 million related to the sales of interest rate hedging products to certain small and medium-sized businesses. We remain committed to resolving such issues efficiently, while treating our customers fairly.

Reshaping the Group to increase our focus on the UK and our core customers

Asset disposals during 2013 included the sales of our shares in St. James's Place and the disposals of our German life insurance operation, Heidelberger Leben and our asset management business Scottish Widows Investment Partnership. We also continued to reduce our international presence with the sales of our Australian and Spanish banking businesses and we have now exited, or announced the exit from, 21 countries or overseas branches since June 2011. Following completion of these exits, we will operate in nine countries, achieving our target of operating in 10 countries or fewer by the end of 2014.

We continue to refresh our operating structure and at the beginning of 2014 we split our Wealth and Asset Finance division. Wealth has been integrated into our Retail division and the Asset Finance business has formed the foundation of a newly created Consumer Finance division which also includes our consumer and corporate credit card business. We also moved our Business Banking unit, which services approximately one million small business customers with less complex needs, into Retail.

Substantial further progress in our Simplification programme

Through our Simplification programme, we have made excellent progress in improving and rationalising processes, and reducing management layers, suppliers and our non-branch property portfolio. The ongoing programme realised approximately £0.6 billion in further cost savings in 2013, generating a total of around £1.5 billion annual run-rate savings since inception.

Investing in the business

We are reinvesting a large proportion of the savings made from our Simplification programme to further improve processes and the quality of customer service. In 2013, we relaunched the Lloyds Bank brand and launched TSB as a new challenger to the high street. We continue to target an Initial Public Offering of TSB in 2014.

We are also continuing to grow our Halifax challenger brand, including extending its geographical reach into Scotland. In 2013, Bank of Scotland began its first ever national campaign targeting lending to small and medium-sized enterprises and 2014 has already seen us relaunch the Scottish Widows brand.

Our customer service scores continue to improve with an increase of 11 per cent in Net Promoter Scores and a fall in Group reportable banking complaints to 1.0 per 1,000 accounts (excluding PPI) which represents the lowest of any major UK bank. Our digital channels go from strength to strength, with internet banking users now at more than 10.5 million, mobile banking users at more than four million, and over 1.2 billion log-ons in 2013.

Supporting our customers and the economic recovery

We continued to deliver on our pledge to help Britain prosper and support sustainable economic recovery. We were the first bank to access funding from the government's Funding for Lending Scheme and are its largest lender having committed over £37 billion of gross new lending since the start of the scheme.

We helped more than 80,000 new homeowners to purchase their first home, exceeding our target of 60,000 and advancing mortgages totalling over £9.7 billion. Through our participation in government schemes such as Help to Buy, we are providing strong support for the recovery in the housing market.

Our net lending to small and medium-sized businesses grew by 6 per cent despite a market contraction of 3 per cent; and we committed over £1.3 billion to the UK manufacturing sector by the end of September which exceeded our £1 billion target and provided finance to approximately 120,000 start-up enterprises.

GROUP CHIEF EXECUTIVE'S LETTER

Dividends

In the second half of 2013, the Group commenced discussions with the Prudential Regulation Authority (PRA) on the timetable and conditions for resuming dividend payments. Given the progress the Group has made in substantially strengthening its capital position and improving its financial performance, the PRA has now confirmed that it will consider the Group's applications to make dividend payments in line with its normal procedures for other banks.

In the light of this, and subject to a return to sustainable profitability and there being no major unexpected changes in the Group's business outlook or regulatory requirements, the Board expects that it will apply to the PRA in the second half of 2014 to restart dividend payments, commencing at a modest level. The Board expects thereafter to have a progressive dividend policy with the aim of moving, over the medium term, to a dividend payout ratio of at least 50 per cent of sustainable earnings.

Outlook

We have made further substantial progress in 2013 on our strategy to be the best bank for customers. We delivered a significantly improved financial performance while increasing investment in our core franchise and people, strengthening our balance sheet and capital position, reducing costs and risk, and addressing legacy issues.

There is still a lot to do and we are not complacent, but the progress we have made means we have a simpler, more efficient, low risk business, which given the additional investments we are making, is well placed to serve our customers and to help Britain prosper. We therefore remain confident in the Group's prospects, despite continued regulatory uncertainty, and in our ability to generate strong and sustainable returns for our shareholders.

António Horta-Osório
Group Chief Executive

The Helping Britain Prosper Plan

We see ourselves as having a clear role to play in helping Britain prosper and, as a significant UK retail and commercial bank, we are already doing more than our peers to help people manage their finances. To demonstrate that responsible business is fully integrated into our broader business strategy, our management structures and the way we measure performance, we have launched a new Helping Britain Prosper Plan (see opposite).

People across Britain are facing some big issues – a lack of affordable housing, the challenge of finding a job or escaping the trap of financial exclusion, the health issues that arise as more of us live longer and the difficulties of starting or running a successful business in tough times. The Helping Britain Prosper Plan is our response to some of these big issues; the ones we're best placed to help our customers tackle.

We're the first UK bank to launch a plan like this. We're doing it because we're sure of our purpose: to be a responsible, sustainably successful business that helps Britain prosper. We also believe that the Helping Britain Prosper Plan is a way to rebuild trust with our customers by demonstrating that we're focused on the issues they face. Customers will be able to see from the Plan that their concerns are also our concerns. Other stakeholders will be able to benchmark our future performance against the Plan.

People across Britain are facing some big issues. The Helping Britain Prosper Plan is our response to them.



HELPING BRITAIN PROSPER. ONE PLAN. SEVEN COMMITMENTS.

At Lloyds Banking Group, we firmly believe that economic stability is at the heart of any thriving society.

With that in mind we are launching a simple, but ambitious plan of seven commitments supported by over 20 measurable metrics.

It's a plan we feel can make the biggest positive difference to the households, businesses and communities of Britain.

To find out more about the measures we've set against each of our seven commitments visit

lloydsbankinggroup.com/prosperplan

- 1** We'll help more customers get on the housing ladder – and more customers climb up it
- 2** We'll help our customers plan and save for later life
- 3** We'll take a lead in financial inclusion to enable all individuals to access, and benefit from, the products and services they need to make the most of their money
- 4** We'll help businesses to start up and scale up and we will procure responsibly
- 5** We'll help businesses and individuals succeed with expert mentoring and training
- 6** We'll be the banking group that brings communities closer together to help them thrive
- 7** We'll better represent the diversity of our customer base and our communities at all levels of the Group

ANNUAL GENERAL MEETING INFORMATION

Lloyds Banking Group plc annual general meeting (AGM) Thursday 15 May 2014 at 11.00 am Edinburgh International Conference Centre, The Exchange, Edinburgh EH3 8EE

The AGM is an opportunity for shareholders to express their views directly with the Board, either by attending the meeting itself or submitting their votes in advance.

Further details about the venue and arrangements for the AGM itself can be found on the reverse of the enclosed proxy/voting form.

Annual Report and Accounts/ Annual Review

Our Annual Report and Accounts and the Annual Review (both of which include our Strategic Report) for the year ending 31 December 2013 are now available online at www.lloydsbankinggroup.com

Resolutions

Information regarding the resolutions can be found in the Notice of AGM, available online at www.lloydsbankinggroup.com

The Board considers that all of the resolutions being proposed are in the best interests of Lloyds Banking Group and shareholders as a whole and recommends that you vote in favour of them.

Directors

Biographical details of each Director seeking election or re-election are included in the Notice of AGM.

Submitting your vote

See the reverse of the enclosed proxy/voting form for instructions about how to vote prior to the AGM and the deadline.

Attending the AGM

If you wish to attend the AGM, your name(s) must be entered in the register of members by 6.00pm on Tuesday 13 May 2014. Please bring the attendance card (attached to the proxy/voting form) with you.

Webcast

The AGM will be broadcast live by webcast on Thursday 15 May 2014 from 11.00 am at www.lloydsbankinggroupagm.com

Questions

All shareholders who attend the AGM will have the chance to ask questions relating to the business of the AGM. You may wish to register these in advance by email at agmquestions@lloydsbanking.com

Voting at the AGM

The resolutions proposed in the Notice of AGM will be decided on a poll to ensure that all shareholders who are either in attendance, or have submitted their instructions in advance of the AGM, have their votes taken into account according to the number of shares they hold.

Results

The results of the poll will be announced as soon as possible after the AGM through the London Stock Exchange information service and will appear on our website www.lloydsbankinggroup.com

All shareholders should review the note on the attached attendance card about keeping their details up to date.

Lloyds Banking Group Shareholder Account Terms and Conditions

Attention is drawn for the members of the Lloyds Banking Group Shareholder Account to the changes in Terms and Conditions for the service as indicated on the statement attached to your voting form.

Lloyds Banking Group Share ISA Terms and Conditions

Attention is drawn for customers of the Lloyds Banking Group Share ISA to the changes in Terms and Conditions, as detailed in the enclosed leaflet (where applicable).

SHAREHOLDER INFORMATION

Shareholder enquiries including the Lloyds Banking Group Shareholder Account

For queries about your shareholding or to tell us about changes to your circumstances, please contact Equiniti Limited using the details shown below:

Equiniti Limited
Aspect House, Spencer Road
Lancing, West Sussex BN99 6DA

Telephone: 0871 384 2990¹
Textphone: 0871 384 2255
Overseas: +44 121 415 7066

Online services

www.shareview.co.uk
help.shareview.co.uk

Lloyds Banking Group Share ISA – to be used by ISA customers only

The Lloyds Banking Group Share ISA is maintained by Halifax Investment Services Limited. Contact them if you have any enquiries at:

Halifax Investment Services Limited
BNY Mellon House, Ingrave Road,
Brentwood, Essex CM15 8TG

Online shareholder information

The Shareholder Information pages located within the Investors and Performance section of our website, www.lloydsbankinggroup.com, contain information about our share price, share dealing facilities, our communications and much more.

You will also find information about how to protect yourself from share fraud for which we would ask all shareholders to remain vigilant.

¹Lines are open 8.30 am to 5.30 pm, Monday to Friday. Calls from the UK cost 8p per minute plus network extras. Calls from outside the UK are charged at applicable international rates. The call prices we have quoted were correct in March 2014.

For a large print, audio or Braille version of this document, please contact Equiniti Limited at the above address.

Forward looking and cautionary statements

This Performance Summary contains forward looking statements with respect to the business, strategy and plans of the Lloyds Banking Group and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group or the Group's management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur.

The Group's actual future business, strategy, plans and/or results may differ materially from those expressed or implied in this document as a result of a variety of economic, commercial, legal and regulatory risks, uncertainties and other factors, including, without limitation, those set out in the Group's 2013 Annual Report and Accounts. Please also refer to the Group's latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission for a discussion of certain factors, together with examples of forward looking statements.

Except as required by any applicable law or regulation, the forward looking statements contained in this Performance Summary are made as at the date of this Performance Summary and the Group undertakes no obligation to update any of its forward looking statements.

This Performance Summary is extracted (without material adjustment) from, and should be read in conjunction with, Lloyds Banking Group's 2013 Annual Report and Accounts. The Performance Summary is provided for information only, and is not intended to be a substitute for reading the Annual Report and Accounts. In particular, the Performance Summary does not constitute Summary Financial Statements and does not contain sufficient information to allow for a full understanding of the results of the Group. Shareholders may view a copy of the Annual Report and Accounts on www.lloydsbankinggroup.com or obtain a hard copy, free of charge, by contacting our Registrar. 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.