2011 HALF-YEAR RESULTS
4 August 2011

António Horta-Osório
Group Chief Executive

LLOYDS BANKING GROUP

“Resilient business performance, in line with expectations, despite challenging market conditions”

AGENDA

LLOYDS BANKING GROUP

ECONOMIC AND REGULATORY ENVIRONMENT

BUSINESS PERFORMANCE

STRATEGIC REVIEW

GUIDANCE AND SUMMARY

MACRO ECONOMIC AND REGULATORY ENVIRONMENT
Challenging market conditions

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ECONOMIC ENVIRONMENT

- Weak UK economic recovery – GDP, interest rates, unemployment, property prices
- Uncertainty derived from the impact of austerity measures
- European peripheral crisis including Sovereign Exposures

REGULATORY ENVIRONMENT

- ICB – ring fencing/competition
- Capital/liquidity requirements – CRD IV
- Recovery and resolution; living wills
- Retail Distribution Review

COMPETITION

- Increasingly competitive market
- Increased switching
- Opportunities for new entrants

CUSTOMERS

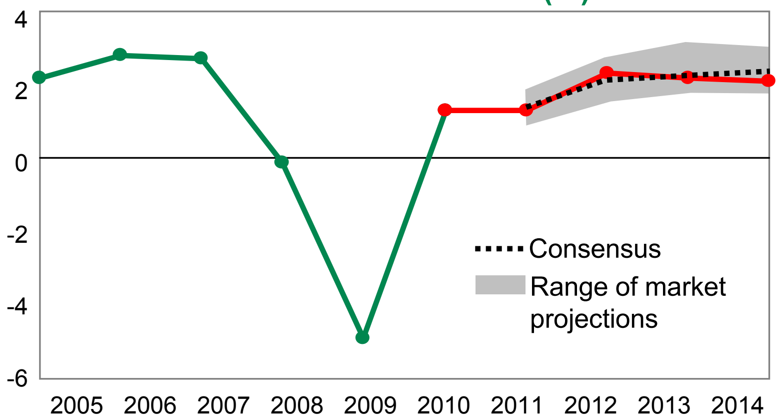
- Deleveraging/subdued demand for credit
- Increasing customer expectations
- Real incomes falling
- Deposit market growth slowing

MACRO ECONOMIC ENVIRONMENT

A cautious outlook for the UK economy

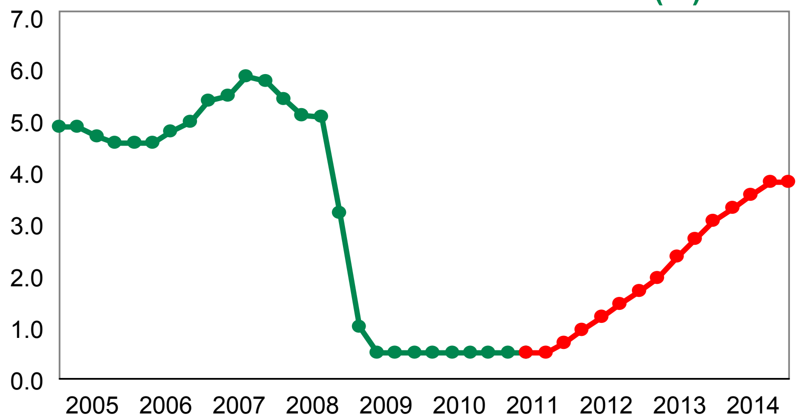
NORMALISING REAL GROWTH(1)

REAL GDP GROWTH (%)



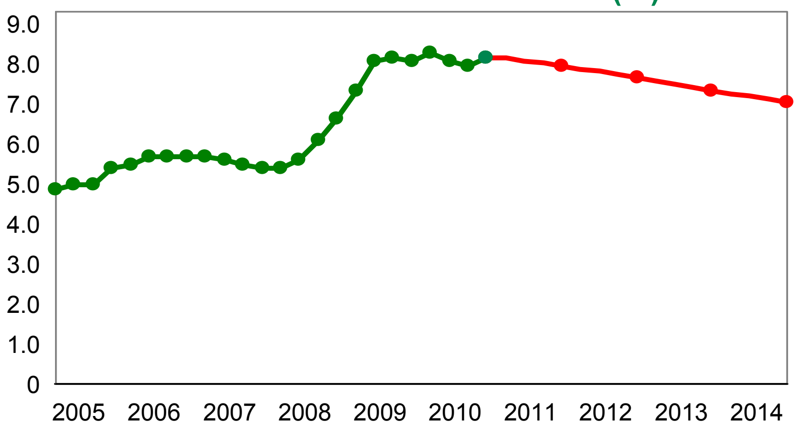
RISING BASE RATES(2)

BANK OF ENGLAND BASE RATE (%)



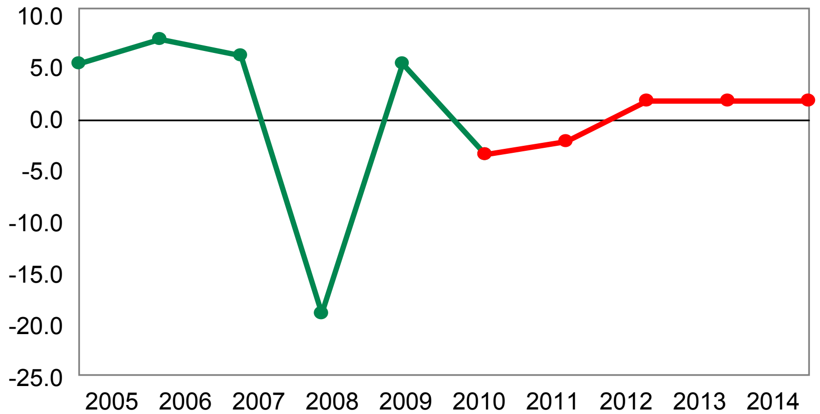
IMPROVING UNEMPLOYMENT(3)

ILO UNEMPLOYMENT RATE (%)



STABILISING PROPERTY VALUES(4)

HALIFAX PRICE INDEX



(1) Source: Office of National Statistics (historic data) & LBG (forecast) (2) Source: Bank of England & LBG (forecast)

(3) Source: ONS compiled consistently with International Labour Organisation methodology & LBG (forecast)

(4) Source: Halifax House Price Index & LBG (forecast)

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BUSINESS PERFORMANCE

Resilient underlying business performance, in line with expectations, despite challenging market conditions

GROUP

£m	H1 2010	H2 2010	H1 2011	
Underlying income[1]	11,866	11,775	10,414	*(12)%*
Costs[2]	(5,435)	(5,493)	(5,332)	*2%*
Impairments	(6,554)	(6,627)	(5,422)	*17%*
Underlying profit before tax[1,3]	988	1,421	1,340	*36%*
Margin	2.08%	2.12%	2.07%	
Cost:income	43.5%	50.1%	52.4%	
Core tier 1		10.2%	10.1%	
Loan to deposit		154%	144%	

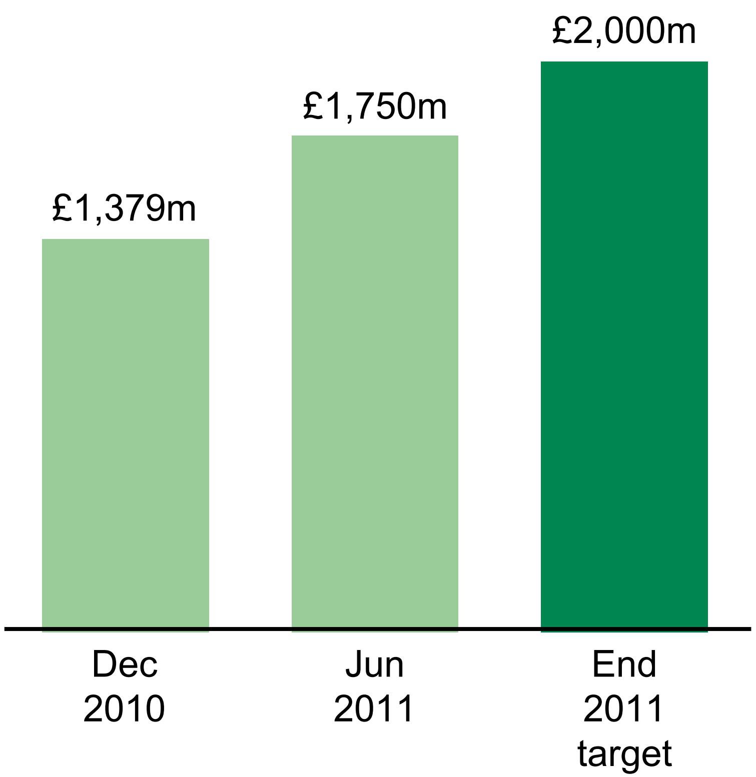
- Combined businesses underlying profit before tax of £1.3bn
- Statutory loss before tax of £3.3bn after £3.2bn PPI provision
- Core business generated £2.9bn of underlying profit, down from £3.1bn in H1 2010, primarily reflecting a modest reduction in core assets
- Non-core business losses fell from £2.1bn in H1 2010 to £1.6bn in H1 2011

(1) Net of insurance claims, excluding ECN volatility and liability management gains
(2) Excluding impairment of tangible fixed assets
(3) Including impairment of tangible fixed assets

BUSINESS PERFORMANCE: INTEGRATION

Strong delivery on integration: focus now moving to transformation

RUN RATE



STRONG PERFORMANCE IN H1 2011

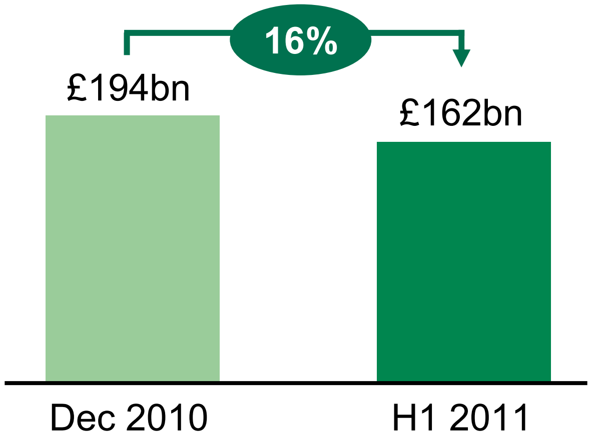
- Majority of integration projects now in final stages
- Core IT system integration to occur in H2 – to include migration of HBOS data to the scaled Lloyds TSB platform
- Property consolidation programme continues apace – with 187 non branch properties exited to date
- Asset Finance migration complete
- IT infrastructure build largely complete
- Single counter system implemented

BUSINESS PERFORMANCE

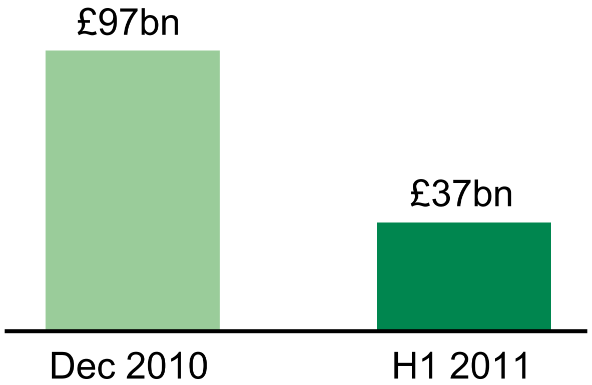
Significant progress in reducing the risk profile of the Group

LLOYDS BANKING GROUP

NON CORE PORTFOLIO REDUCTIONS



GOVERNMENT AND CENTRAL BANK FACILITIES



- Reduction in non-core assets to £162bn
- Excellent progress against term funding objectives with £25bn of wholesale term issuance in the half
- Further growth in customer relationship deposits
- Reduction in loan to deposit ratio to 144%
- Accelerated reduction in government and central bank facilities to £37bn
- Robust core tier 1 ratio of 10.1%

BUSINESS PERFORMANCE: VERDE PROGRESS

The Verde disposal continues to progress at pace

- Verde disposal process accelerated
- Information Memorandum issued to prospective buyers
- Initial bids now being reviewed
- Expect to identify purchaser by the end of 2011
- Total implementation costs will vary depending upon the nature of the buyer but could be up to £1bn

BUSINESS PERFORMANCE: LENDING
Continued strong support for UK customers

CUSTOMER LENDING

- Continue to prioritise active support for the UK's economic recovery
- On track to deliver full year contribution on Merlin lending agreement

CUSTOMER LENDING – CORPORATE

- £21.2bn of committed gross lending to UK businesses of which £6.7bn to SMEs
- Year on year growth in our core Commercial lending (net advances) >2% at end of June, comparing favourably to c4% market contraction
- Continuing to approve '8 out of 10' new Commercial credit applications
- Committed to supporting 100,000 new start ups in 2011
- Actively supporting SME customers through delivery of Business Taskforce recommendations, running nearly 400 'charter' events/conferences

CUSTOMER LENDING – RETAIL

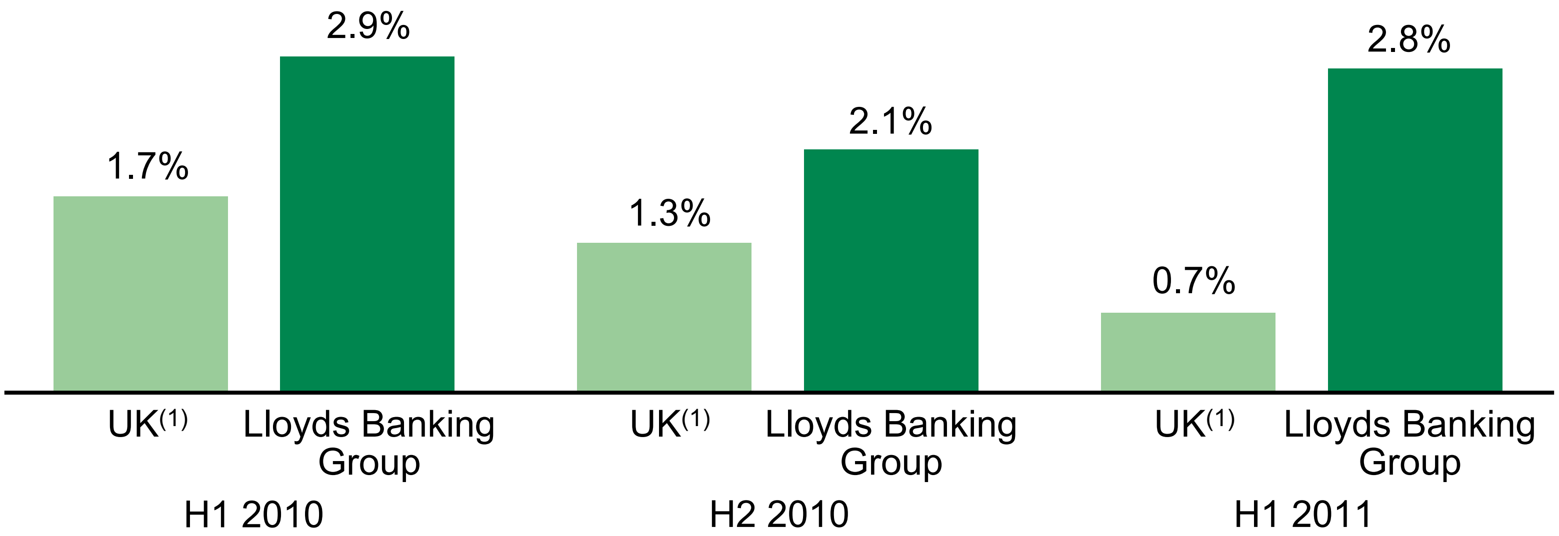
- Gross new mortgage lending market share of over 20% in H1 2011
- Supported over 24,000 customers buying their first home
- Proactively supporting UK housing market through our Equity Support scheme, Lend a Hand Local Authority scheme and leading positions in other areas
- Helped nearly 300,000 customers buy cars, improve homes and tidy up finances through unsecured consumer loans

BUSINESS PERFORMANCE: RETAIL CUSTOMER DEPOSITS

Maintained strong deposit growth in a weakening market

- UK household deposit growth has slowed
- Lloyds Banking Group has maintained growth in H1 2011
- Good performance in our high street brands supported by customer led products
- Growth delivered through deepening customer relationships via a multi-brand strategy
- Strong ISA season underpinned by the highly successful Halifax Cash ISA Promise

RETAIL CONSUMER DEPOSIT GROWTH



(1) Source: Bank of England

BUSINESS PERFORMANCE: CUSTOMER SERVICE
Good progress on customer service

CUSTOMER SERVICE

- Process simplification embedding across the Group to drive better end-to-end customer experience
- All Halifax branches to open every Saturday by the end of August
- Using customer insight to develop products and services (eg Lloyds TSB Lend a Hand mortgage)
- SME – Best for Business campaign launched and reaffirmed commitment to respond to 90% of lending appeals within 15 days (exceeding industry standards)
- Enhanced online offerings

BUSINESS PERFORMANCE: CUSTOMER SERVICE
Good progress on complaint handling

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TARGET	ACHIEVEMENT
In March we announced stretching targets:	
▪ Reduce the overall number of FSA reportable complaints we receive by 20% (excluding PPI)	✓ **24% reduction in level of complaints between H1 2010 & H1 2011 (excluding PPI)**
▪ Reduce the number of complaints customers escalate to the Financial Ombudsman Service (FOS) by 20%	✓ **Over 25% reduction in FOS complaints**
▪ Reduce the number of complaints overturned by FOS to 2 in 5 by end June 2011, then to 1 in 5 by end 2011	✓ **Less than 2 out of 5 FOS complaints decisions now being changed**

In addition:

- 90% of complaints now resolved at first touch
- Complaints per 1,000 accounts have reduced to 1.7 this year (2.4 in same period last year)
- Externally accredited complaint handling qualification being rolled out – we are the first financial services organisation to implement this
- New complaint handling targets for H2 2011 now being published

AGENDA

LLOYDS BANKING GROUP

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GUIDANCE AND SUMMARY

STRATEGIC REVIEW

A clear focus on being the best bank for customers and subsequently shareholders

THE BEST BANK FOR CUSTOMERS

STRONG CUSTOMER RELATION-SHIPS	STRONG ICONIC BRANDS	BROAD MULTI-CHANNEL DISTRIBUTION	CUSTOMER FOCUSED PEOPLE	INTEGRATED PLATFORM

THE BEST BANK FOR SHAREHOLDERS

CUSTOMER-DRIVEN, DIVERSIFIED INCOME	POSITIVE OPERATING JAWS	CAPITAL ALLOCATED TO CORE BUSINESS	PRUDENT RISK APPETITE	STRONG STABLE FUNDING	DISCIPLINED HIGH-RETURN INVESTING

STRATEGIC REVIEW
Four key elements to deliver the strategy

RESHAPE **our business portfolio to fit our assets, capabilities and risk appetite**	**Sustainable, predictable *RoE*, in excess of our CoE**
SIMPLIFY **the Group to improve agility, service, and efficiency**	**Significant cost savings and positive operating *JAWS***
INVEST **to grow our core customer businesses**	**Strong, stable, high quality *EARNINGS* streams**
Continue to *STRENGTHEN* our balance sheet and liquidity position	**Robust *CORE TIER 1 RATIO* and stable funding base**

STRATEGIC REVIEW: SIMPLIFICATION

Over £1.5billion of annual savings to be delivered in 2014 from over 100 projects

WORKSTREAM	PROGRAMME	EXAMPLE PROJECT ACTIVITY
OPERATIONS & PROCESSES	End-to-end Processes	Reduce account switching time by 30%
	IT Simplification	Develop a service orientated architecture
	Location Footprint	Establish multi-skilled centres of excellence
SOURCING	Sourcing	Reduce number of lead suppliers from 1,000 to c100
ORGANISATION	Organisation	Flatten structure further from 8 to 7 layers, increased spans of control
	International Business	Rationalise footprint from over 30 countries to less than 15
	Committees and Legal Entities	Reduce number of legal entities from over 1,600 to less than 1,000
DISTRIBUTION, CHANNELS & PRODUCTS	Service and Channel Model	Improve convenience and capability of internet and telephony channels
	Product Offering	Simplify range and pricing flexibility

STRATEGIC REVIEW: INVESTMENT INITIATIVES

Specific investment initiatives to drive revenue growth

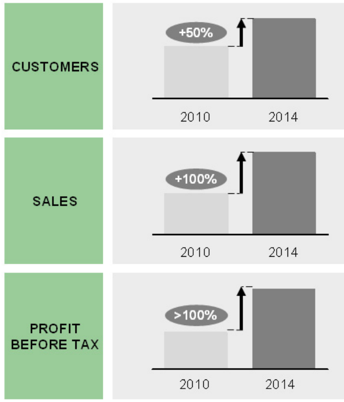
INVEST IN OUR CORE BUSINESS

Case study: Halifax will be a market challenger for today's high street

- New challenger products, including radical new Savings offer, to drive increasing volume and profit
- All branches open on Saturday
- Active on-line customers grow from 3.1 - 5.4m to drive lower costs
- Brand re-launch and exciting new marketing campaign
- A leading alternative to the 'Big-4' current account providers
- Engaged colleagues who identify with their customers

INVEST IN OUR CORE BUSINESS

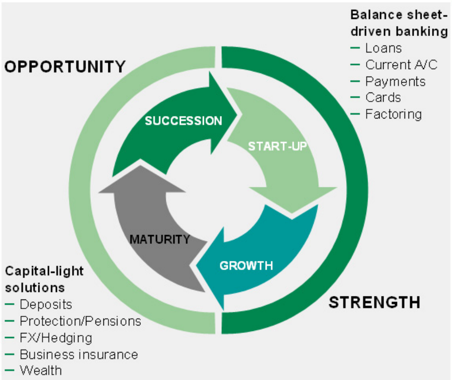
Case study: The UK's leading Retail Bancassurance provider



- Growing need for advice to plan/save for retirement/future
- Specialised advisor teams better able to help customers meet their protection and investment needs
- Ability to quickly develop products and services in response to identified customer need in an integrated manner
- Low-cost and capital efficient manufacturing utilising a leading brand
- Range of channels, including branch, e-commerce and telephony, to meet different customer segment needs
- Improved customer insight with single customer view at an integrated level

INVEST IN OUR CORE BUSINESS

Case study: Leading through-the-cycle partner to UK SMEs



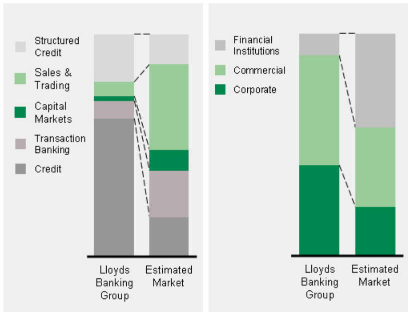
- Our highly rated RM's will have 100% more time with customers
- Time-to-cash for loans reduced by over 50%
- Targeted, informed propositions matched with customer life-stage
- Direct Relationship Bank to align service with customer needs, value and preference
- Delivering a comprehensive suite of products and services using unique customer insights

INVEST IN OUR CORE BUSINESS

Case study: Developing our wholesale markets business to capitalise on our corporate lending relationships

REVENUE BY PRODUCT

CUSTOMER-DRIVEN REVENUE BY SEGMENT



- Enhanced 'capital-light' offerings – Debt financing, Fixed Income and Rates to complement lending product and increase OOI
- Deepen existing corporate relationships across new product suite and expand distribution to cover UK insurers and asset managers
- More effective and efficient connectivity with customers via new Arena e-commerce platform (launching in September 2011)

AGENDA

LLOYDS BANKING GROUP

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GUIDANCE
Group Financial Targets 2014

LLOYDS BANKING GROUP

CUSTOMER-DRIVEN DIVERSIFIED INCOME	▪ Additional discretionary investment to grow our core customer franchise ▪ Core income growth ▪ OOI as % of total income[1] ▪ Net interest margin	▪ £500m pa by 2014 ▪ > nominal GDP growth ▪ c50% of Group income ▪ 2.15 – 2.30%; core business higher than Group
POSITIVE OPERATING JAWS	▪ Sustainable cost savings (over and above £2bn integration savings and pre discretionary investment) ▪ Cost:income ratio	▪ £1.5bn annual savings in 2014 (£1.7bn run-rate savings by end 2014) ▪ 42 – 44%[2]
CAPITAL ALLOCATED TO CORE BUSINESS	▪ Required capital for non-core ▪ Non-core assets reduced	▪ Net capital generative over the period 2012 to 2014 ▪ To ≤£90bn in 2014, accounting for ≤£65bn of RWA
PRUDENT RISK APPETITE	▪ Average AQR	▪ 50 – 60 bps. Core business AQR expected to be at the bottom end of this range
STRONG STABLE FUNDING	▪ Loan to deposit ratio ▪ LCR & NSFR	▪ ≤130% Group, ≤120% Core ▪ Requirements met ahead of regulatory implementation dates
DISCIPLINED HIGH-RETURN INVESTING	▪ Statutory return on equity ▪ Core tier 1 capital	▪ 12.5 – 14.5% ▪ Target core tier 1 capital ratio prudently in excess of 10% from 1 Jan 2013 when transition to Basel 3 commences

(1) OOI Net of Insurance claims

(2) Following adjustments to include the net of operating lease income and depreciation in Group Income this would be 39-41%

BUSINESS SUMMARY

LLOYDS BANKING GROUP

Good progress in reducing the Group's risk profile

- Reduction in non core assets
- Reduction in loan to deposit ratio
- Growth in customer relationship deposits
- Accelerated reduction in government and central bank facilities
- Provided clarity on PPI provisioning

Resilient business performance, in line with expectations, despite challenging market conditions

- Underlying profit before tax of £1.3bn(1)
- Total income down reflecting balance sheet reductions
- Costs slightly lower
- Integration on track to deliver £2bn per annum of run rate savings
- Impairments continue to fall
- Good progress on customer service and complaint handling

Organisational structure and strategic developments already being embedded throughout the Group to unlock the potential within the franchise

(1) Combined businesses basis

2011 HALF-YEAR RESULTS

4 August 2011

António Horta-Osório
Group Chief Executive

LLOYDS BANKING GROUP

2011 HALF-YEAR RESULTS

4 August 2011

Tim Tookey
Group Finance Director

DELIVERING ……

LLOYDS BANKING GROUP

PERFORMANCE IN LINE WITH EXPECTATIONS

PRUDENT MANAGEMENT OF NON-CORE BUSINESS

STABLE CAPITAL RATIOS, STRENGTHENED LIQUIDITY AND FUNDING POSITION

SUMMARY AND 2011 GUIDANCE

INCOME STATEMENT

Resilient underlying performance in line with expectations despite challenging market conditions

£m	GROUP			CORE		
	H1 2010	H2 2010	H1 2011	H1 2010	H2 2010	H1 2011
Underlying income[1]	11,866	11,775	10,414 *(12)%*	9,956	9,874	9,486 *(5)%*
Costs[2]	(5,435)	(5,493)	(5,332) *2%*	(4,908)	(4,976)	(4,860) *1%*
Impairments	(6,554)	(6,627)	(5,422) *17%*	(1,653)	(1,959)	(1,636) *1%*
FV unwind / share of results in JVs & assoc.	1,261	1,766	1,680 *33%*	(319)	(56)	(94) *70%*
Underlying profit before tax[1][3]	988	1,421	1,340 *36%*	3,076	2,883	2,896 *(6)%*
Margin	2.08%	2.12%	2.07%	2.28%	2.33%	2.35%

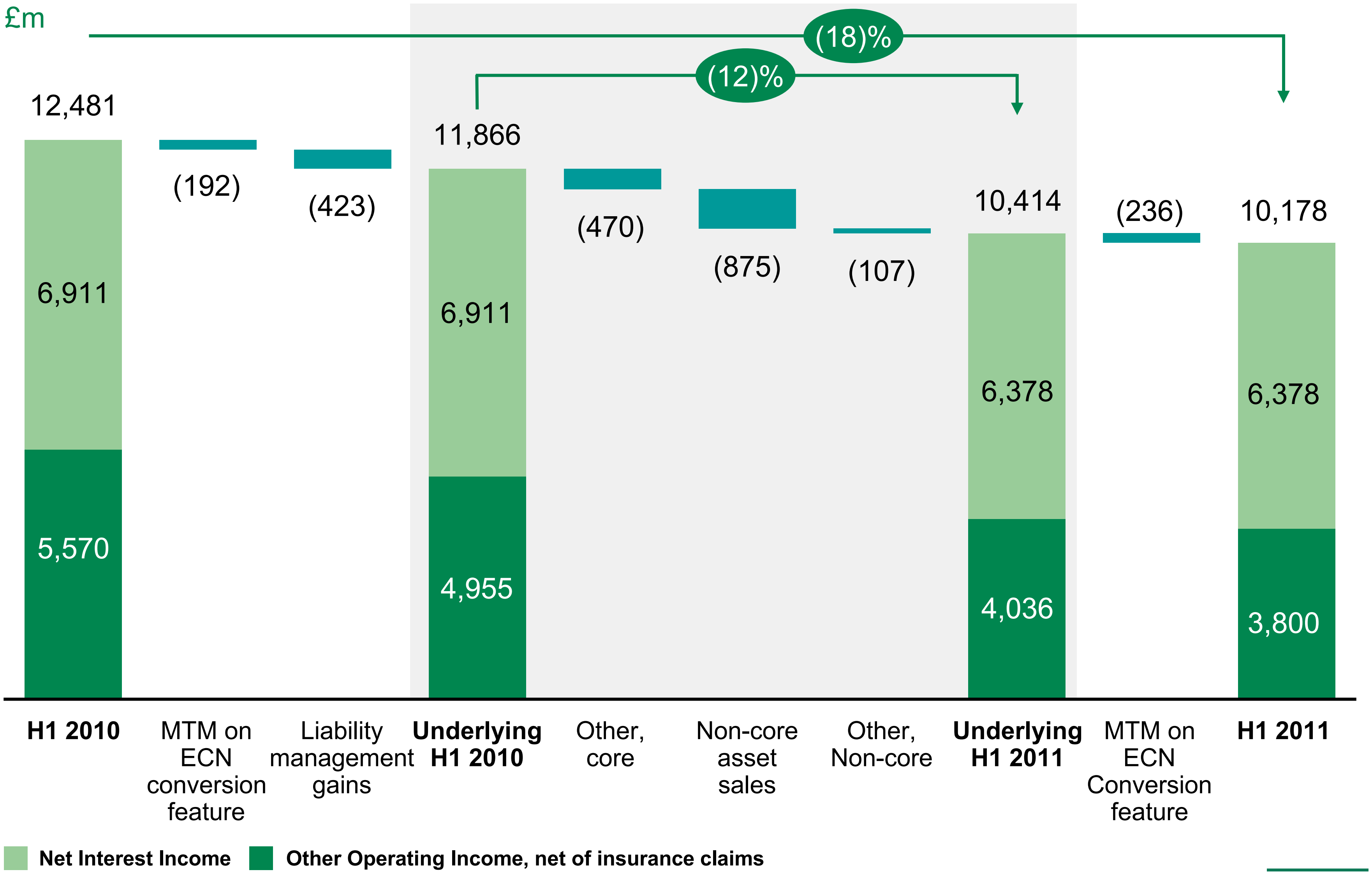
[1] Net of insurance claims, excluding ECN volatility and liability management gains
[2] Excluding impairment of tangible fixed assets [3] Including impairment of tangible fixed assets

BUSINESS PERFORMANCE & STATUTORY PROFIT

PROFIT BEFORE TAX (£m)	H1 2010	H2 2010	H1 2011
Underlying profit before tax	**988**	**1,421**	**1,340**
Liability management gains	423	-	-
Fair value movement of ECN conversion feature	192	(812)	(236)
Profit before tax – combined businesses basis	**1,603**	**609**	**1,104**
Integration costs	(804)	(849)	(642)
Amortisation of purchased intangibles	(323)	(306)	(289)
Volatility arising in insurance businesses	(199)	505	(177)
Customer goodwill payments provision	-	(500)	-
Pension curtailment gain/(loss)	1,019	(109)	-
Payment Protection Insurance provision	-	-	(3,200)
Project Verde costs	-	-	(47)
Loss on disposal of businesses	-	(365)	-
Profit/(loss) before tax - statutory	**1,296**	**(1,015)**	**(3,251)**

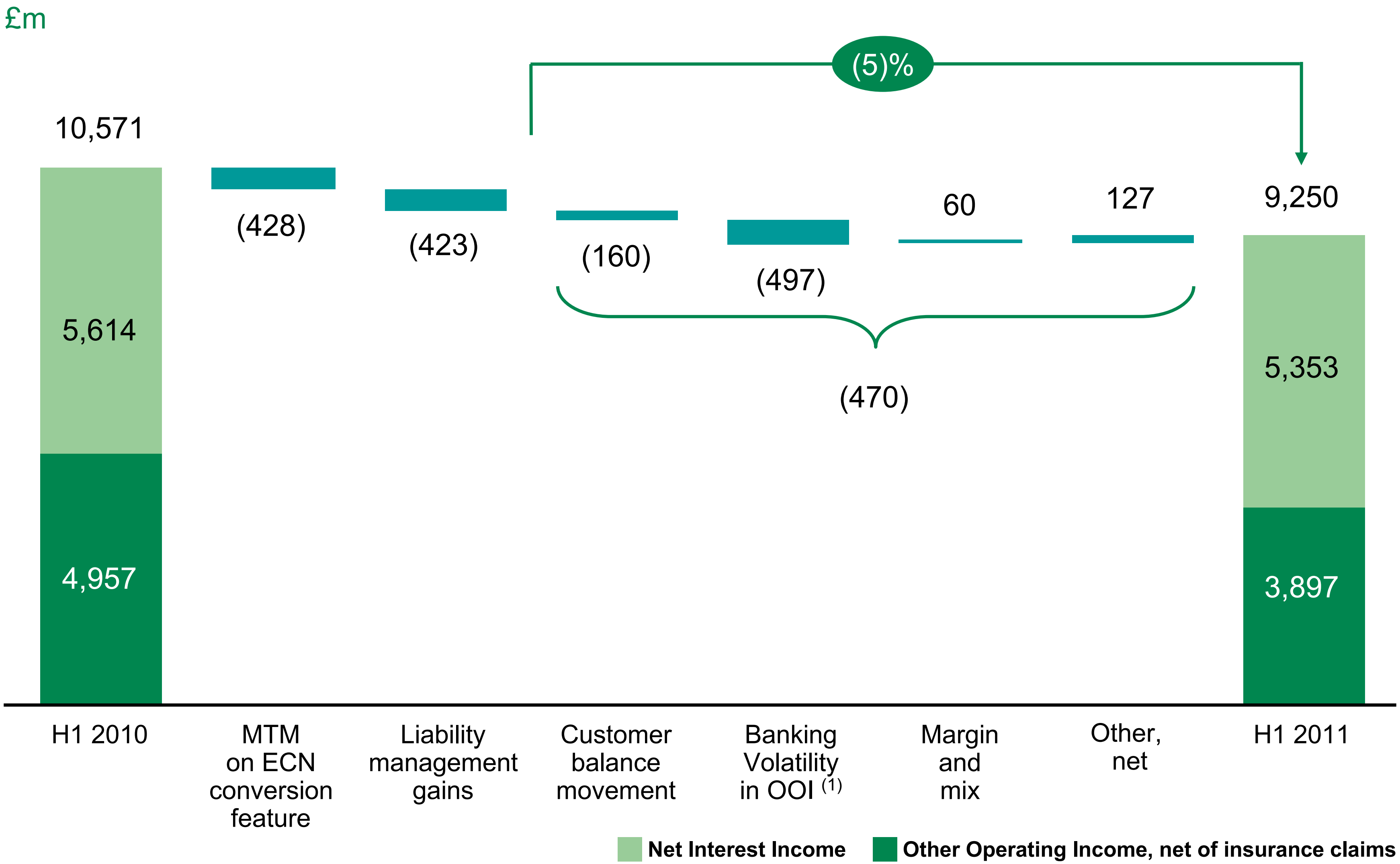
GROUP REVENUE

Trend driven by non-core reductions and specific items



CORE REVENUE TRENDS

Principally due to subdued demand and customer deleveraging



(1) On derivatives not mitigated through hedge accounting

PERFORMANCE OF CORE BUSINESS

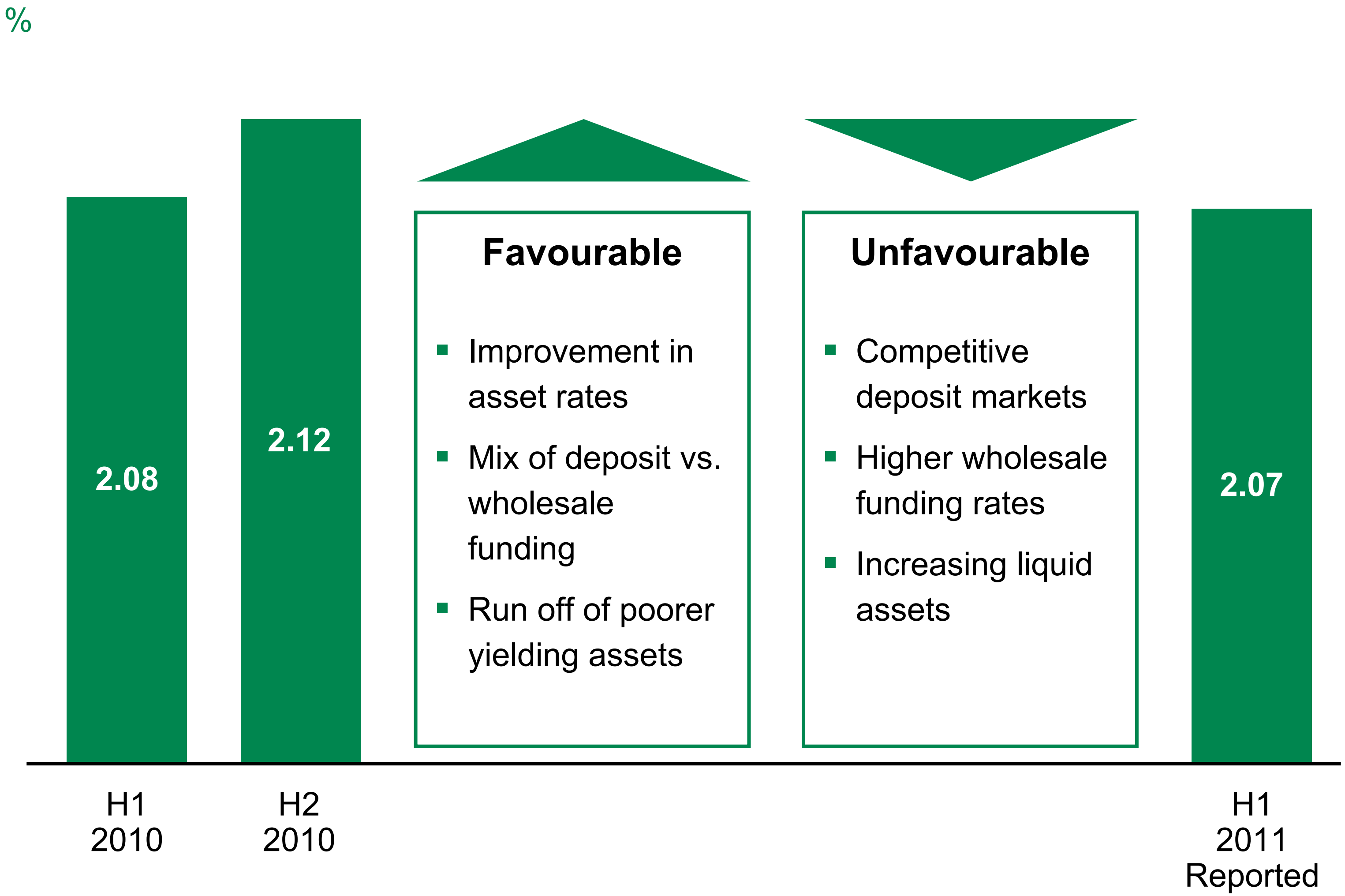
£m

	H1 2010	H2 2010	H1 2011
Net interest income	5,614	5,420	5,353
Other operating income			
Other	5,218	3,923	4,095
Insurance Claims	(261)	(281)	(198)
Total income	10,571	9,062	9,250
Costs	(4,908)	(4,976)	(4,860)
Impairment	(1,653)	(1,959)	(1,636)
FV unwind & share of JV's/Assoc.	(319)	(56)	(94)
Profit before tax[1]	3,691	2,071	2,660
Margin	2.28%	2.33%	2.35%

[1] **Combined businesses basis**

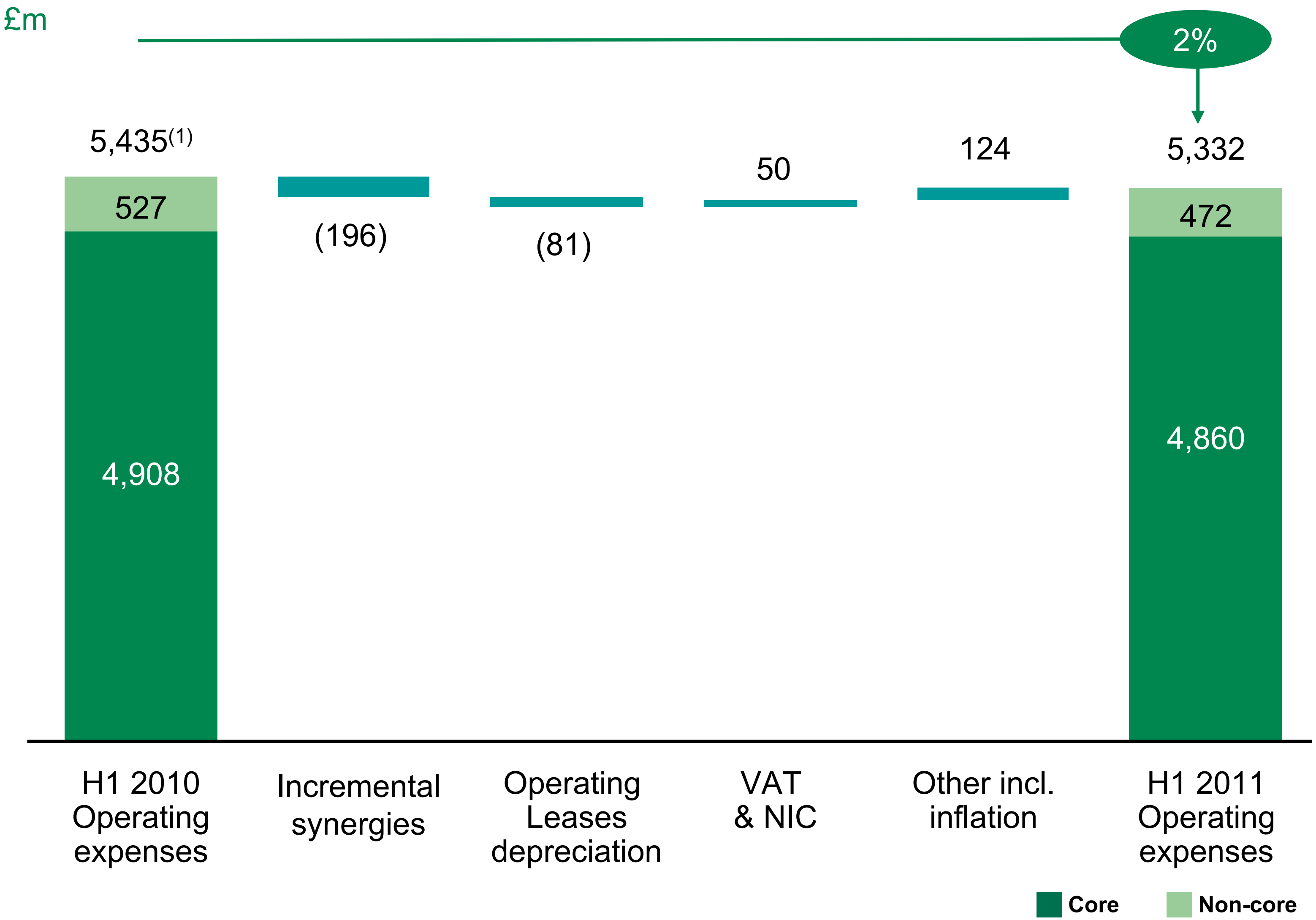
GROUP NET INTEREST MARGIN

Reduced banking margins



COST PERFORMANCE

Continued strong cost control and delivery of synergies

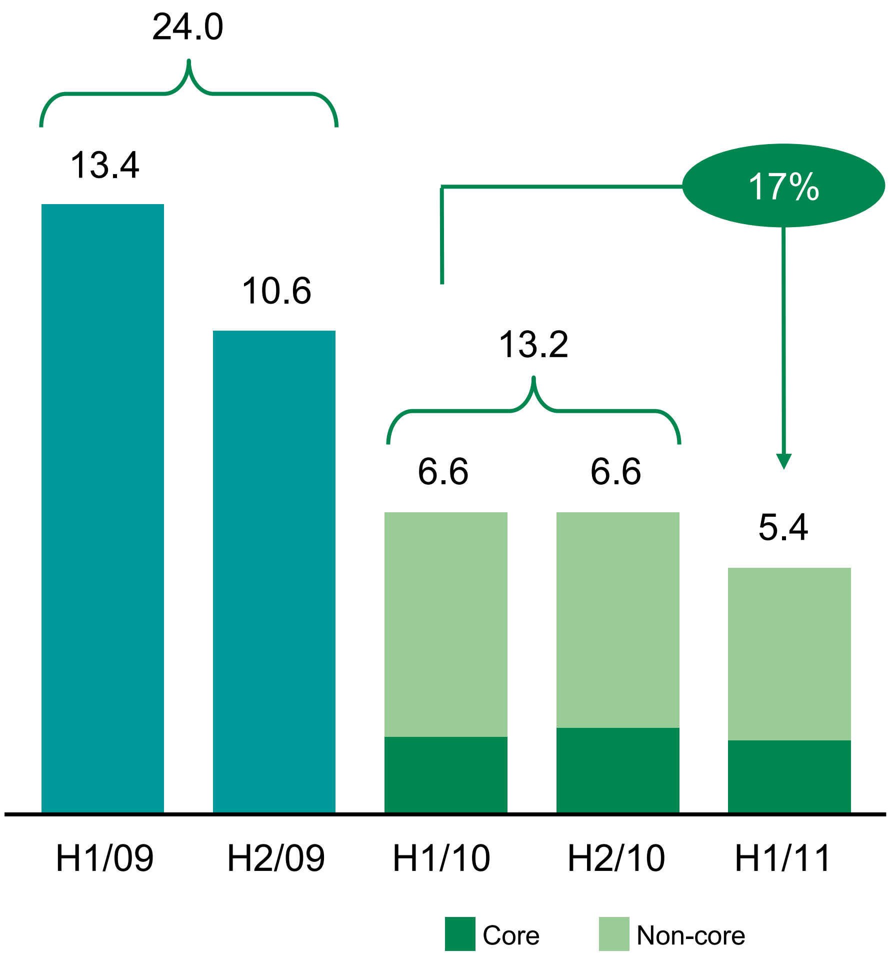


(1) **Excluding impairment of fixed assets acquired after debt restructuring**

GROUP IMPAIRMENT CHARGE

Significant reduction, primarily driven by Wholesale

£bn



Group	↓	£1.1bn	17%
Retail	↓	£0.2bn	12%
Wholesale	↓	£1.2bn	44%
Commercial	↓	£30m	16%
W&I	↑	£0.3bn	(14%)

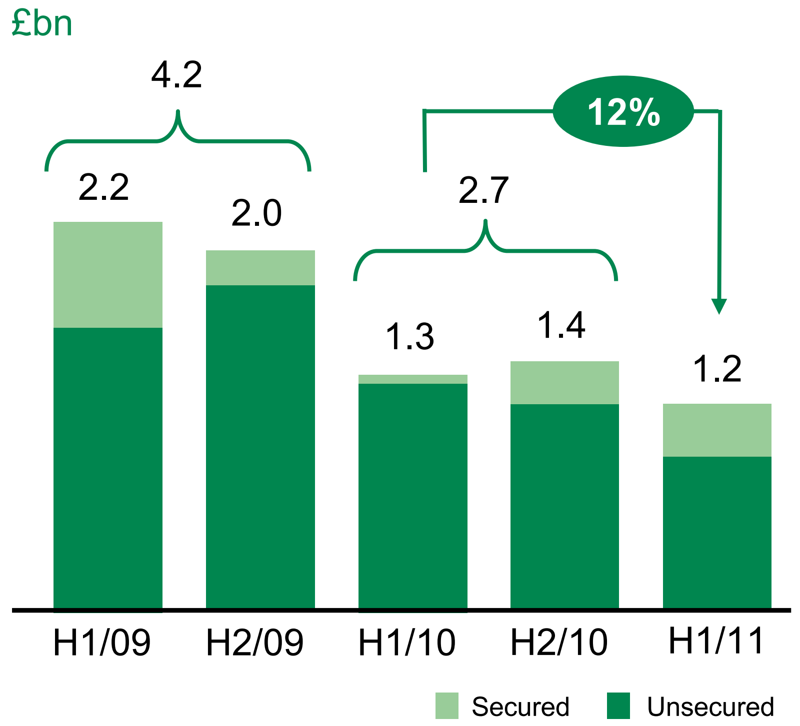
Rounding is to nearest £*bn
Percentage calculated on actual millions

IMPAIRMENT CHARGE

Portfolio performance in line with expectations

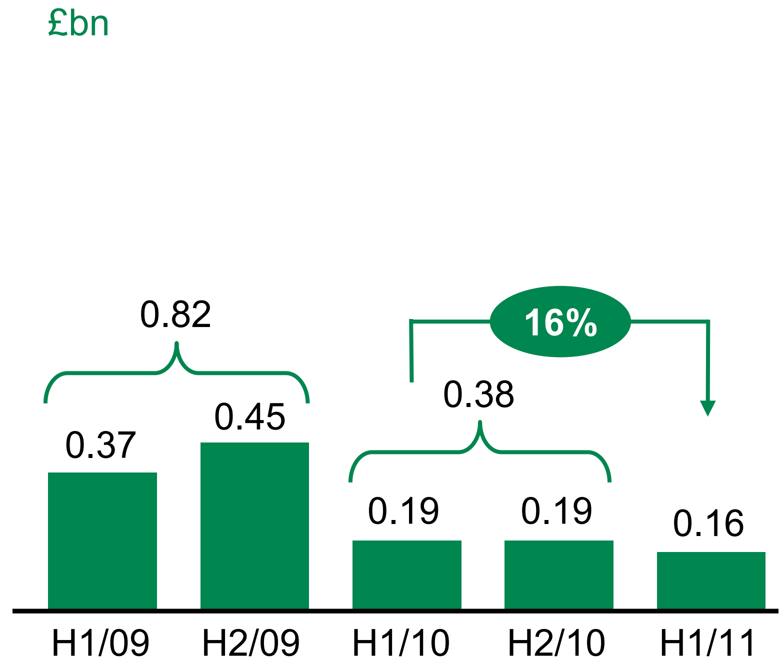
RETAIL

- Lower unsecured impairments reflect improved risk management and business quality
- Secured charges reflect house price movements and stable arrears



COMMERCIAL

- Lower default levels in a subdued UK economy
- Our outlook remains cautious

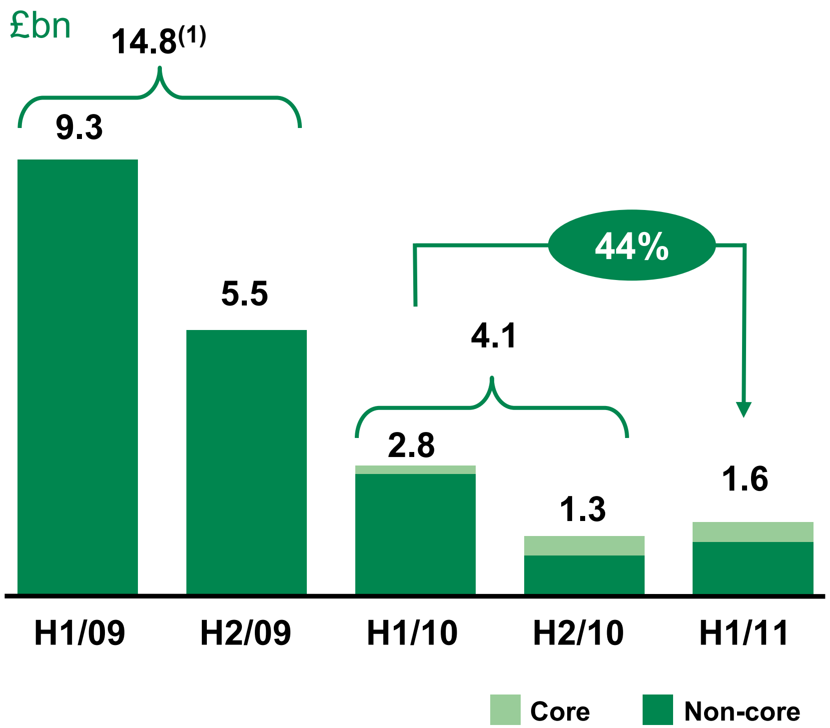


IMPAIRMENT CHARGE

Portfolio performance in line with expectations

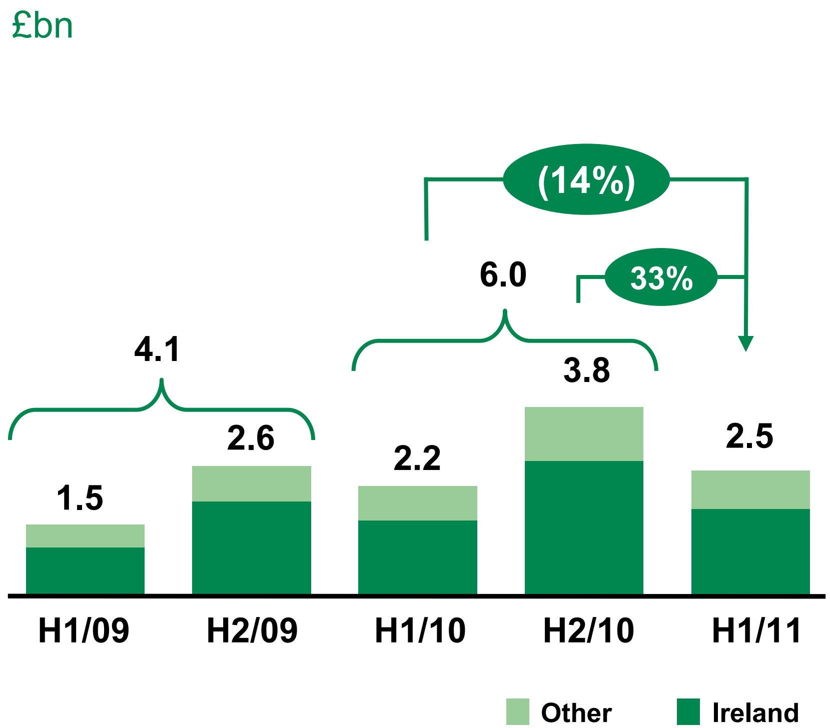
WHOLESALE

- Material reduction primarily in corporate real estate and related portfolios
- Supported by the stabilising UK and US economic environment and low interest rates



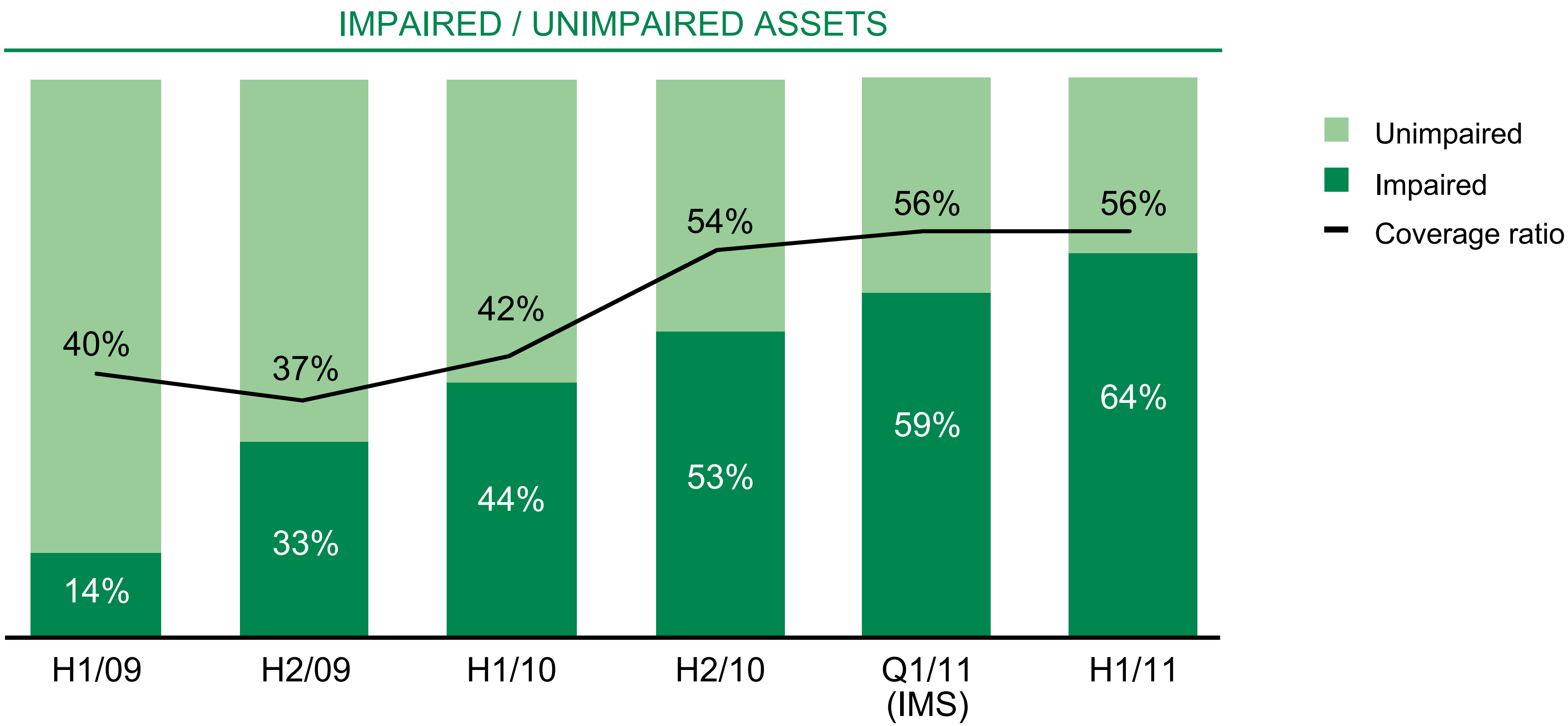
W&I

- Trend continues to be dominated by Irish economy
- Decline in valuations of Australasian property



(1) Excludes Commercial

IRISH PORTFOLIO
Coverage level increased due to economic uncertainties



- Weakness in Irish economy continues
- Reflecting actual and anticipated further falls in the commercial real estate market
- Low levels of redemptions and recoveries due to severe lack of liquidity
- Portfolio of £27.6bn
- Wind down managed by dedicated UK based Business Support Unit credit team

EXPOSURES TO SELECTED EUROZONE COUNTRIES

Monitored on a regular basis and managed accordingly

£m

	Corporate[1]	Retail[1]
Belgium	556	-
Greece	773	-
Ireland[2]	9,252	7,034
Italy	172	-
Portugal	146	10
Spain	1,926	1,805
Total	12,825	8,849

- Belgium corporate performing well with no underlying problems
- Greek exposures – generally secured shipping loans
- Spanish Retail – secured residential mortgage lending; 63% average LTV, 5% impaired, 30% coverage ratio
- Spanish Corporate - corporate lending, commercial real estate and project finance; modest impairments and well provided

(1) Exposures are net of impairment provisions
(2) Excludes Irish lending to customers domiciled in the UK

EXPOSURES TO SELECTED EUROZONE COUNTRIES

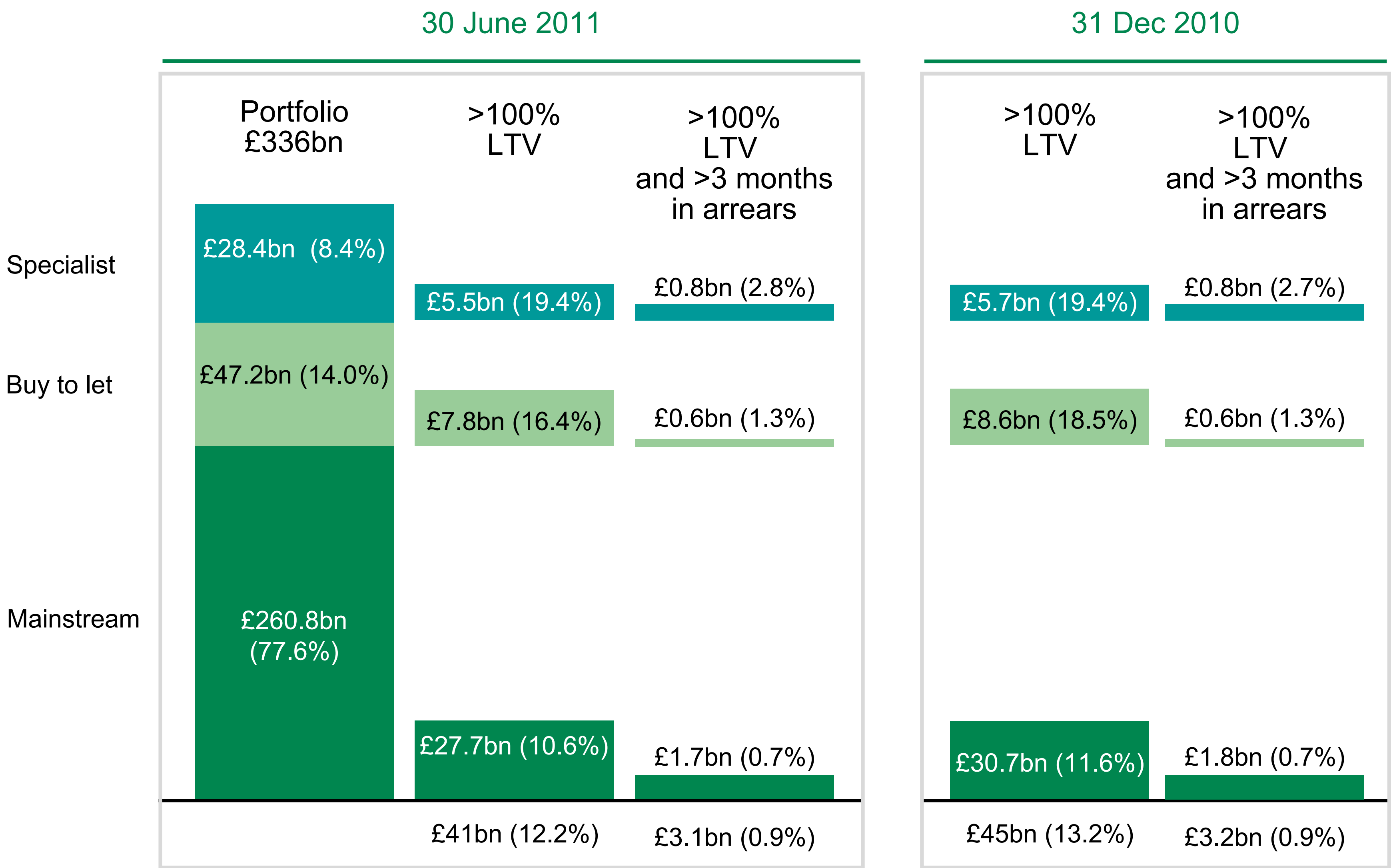
More than 40% of exposures are secured

£m	Direct Sovereign	Banking groups: Covered bonds	Banking groups: FRNs	Banking groups: Money market & general facilities[1]	ABS	Assets held by insurance businesses	**Total**
Belgium	87	-	242	77	-	477	**883**
Greece	-	-	-	-	70	-	**70**
Ireland	-	145	-	224	373	79	**821**
Italy	35	-	216	1,785	48	143	**2,227**
Portugal	-	150	-	112	424	-	**686**
Spain	67	1,584	163	538	450	211	**3,013**
Total	189	1,879	621	2,736	1,365	910	**7,700**

[1] Includes financial assets held for trading of £395m and derivatives of £42m

UK MORTGAGE PORTFOLIO

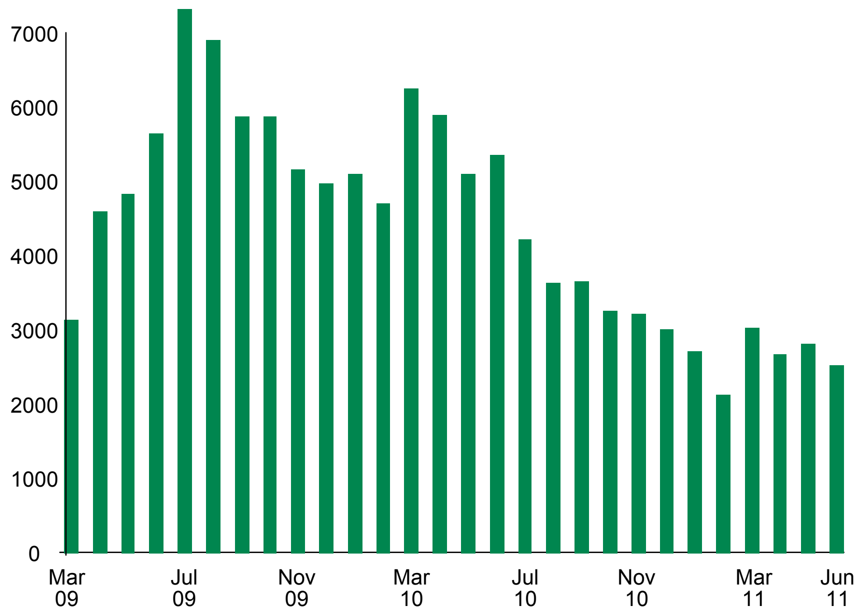
Books performing satisfactorily with stable profiles



UK MORTGAGE FORBEARANCE

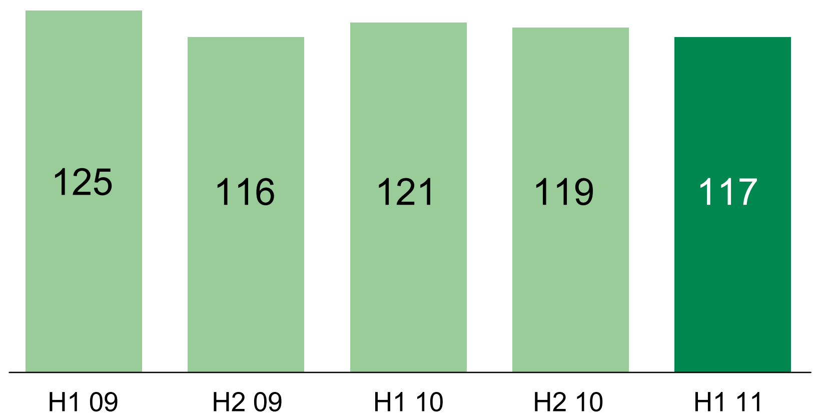
Reducing forbearance activity and stable arrears trends

CUSTOMERS NEW TO FORBEARANCE



CUSTOMERS NEW TO ARREARS

Volume '000s



- Volumes of forbearance have steadily reduced from over 7,000 cases per month at its peak to less than 2,500 cases in June 2011.
- Capitalisation volumes have decreased to less than 25% of their peak
- The decrease in capitalisation has not manifested itself in higher levels of arrears

DELIVERING ……

LLOYDS BANKING GROUP

PERFORMANCE IN LINE WITH EXPECTATIONS

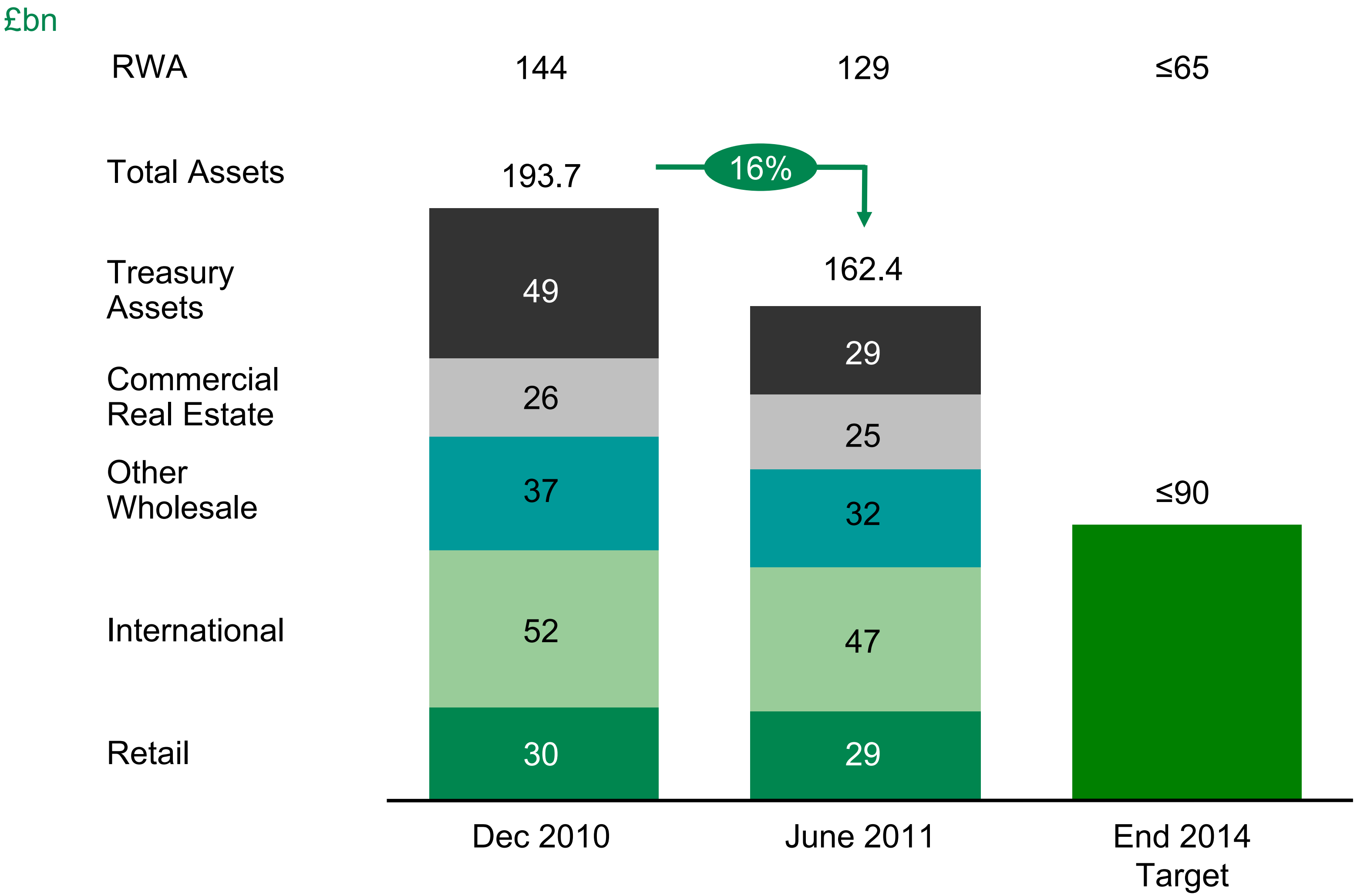
PRUDENT MANAGEMENT OF NON-CORE BUSINESS

STABLE CAPITAL RATIOS, STRENGTHENED LIQUIDITY AND FUNDING POSITION

SUMMARY & 2011 GUIDANCE

NON-CORE PORTFOLIO

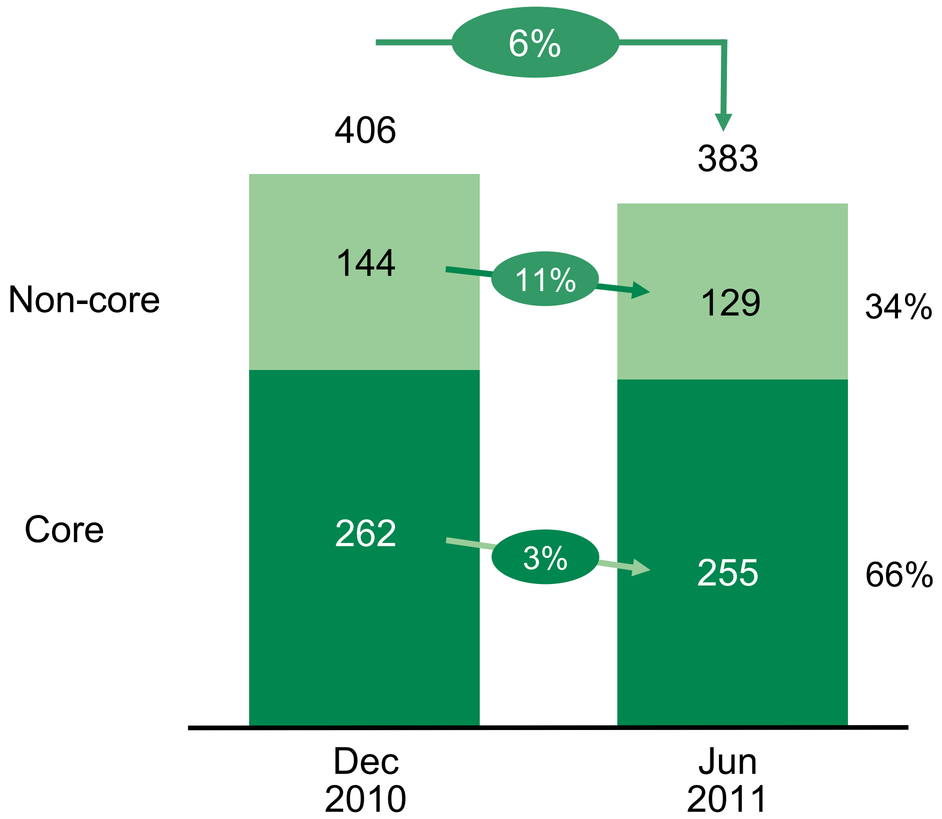
Continued disciplined reductions in non-core portfolio



BALANCE SHEET DE-RISKING

Reducing risk & capital intensity of our business

RISK-WEIGHTED ASSETS (£bn)



- Overall RWA reduction driven by:
  - Focussed non-core asset run-down
  - Subdued new lending demand
  - Lower risk new lending
- Expected year-end RWA's to be broadly flat on H1 including implementation of CRD 2 and 3

PERFORMANCE OF NON-CORE BUSINESS

£m

	H1 2010	H2 2010	H1 2011
Net interest income	1,297	1,491	1,025
Other operating income			
Profit/(losses) on asset sales	137	(369)	(738)
Other	476	779	641
Total income	1,910	1,901	928
Costs	(677)	(517)	(472)
Impairment	(4,901)	(4,668)	(3,786)
FV unwind & share of JV's/Assoc.	1,580	1,822	1,774
Loss before tax(1)	(2,088)	(1,462)	(1,556)
Margin	1.50%	1.52%	1.23%

(1) **Combined businesses basis**

NON-CORE CAPITAL CONSUMPTION / RELEASED

£m

	H1 2011
Loss before tax [1]	(1,556)
Post tax loss -> 'Capital consumed'	(1,144)
Reduced RWAs (£bn)	15.2
at 10% -> 'Capital released'	1,520
Decrease/(increase) in EEL	(487)
Net capital released	(111)
Funding benefit (£bn)	26.8
Closing CT1 allocated to non-core @ 10% (£bn)	13.4

[1] **Combined businesses basis**

DELIVERING ……

LLOYDS BANKING GROUP

PERFORMANCE IN LINE WITH EXPECTATIONS

PRUDENT MANAGEMENT OF NON-CORE BUSINESS

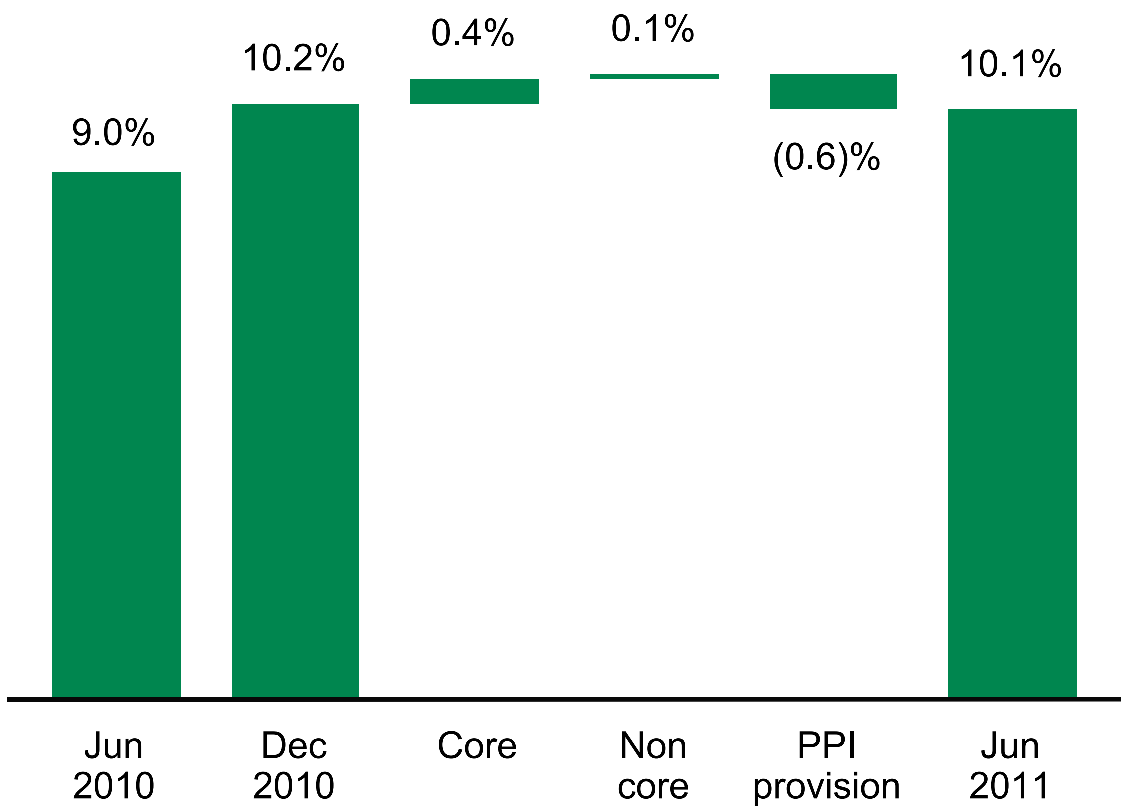
STABLE CAPITAL RATIOS, STRENGTHENED LIQUIDITY AND FUNDING POSITION

SUMMARY & 2011 GUIDANCE

A STRONG AND STABLE CAPITAL POSITION

Improving quality and quantity of capital

CORE TIER 1 RATIO (%)

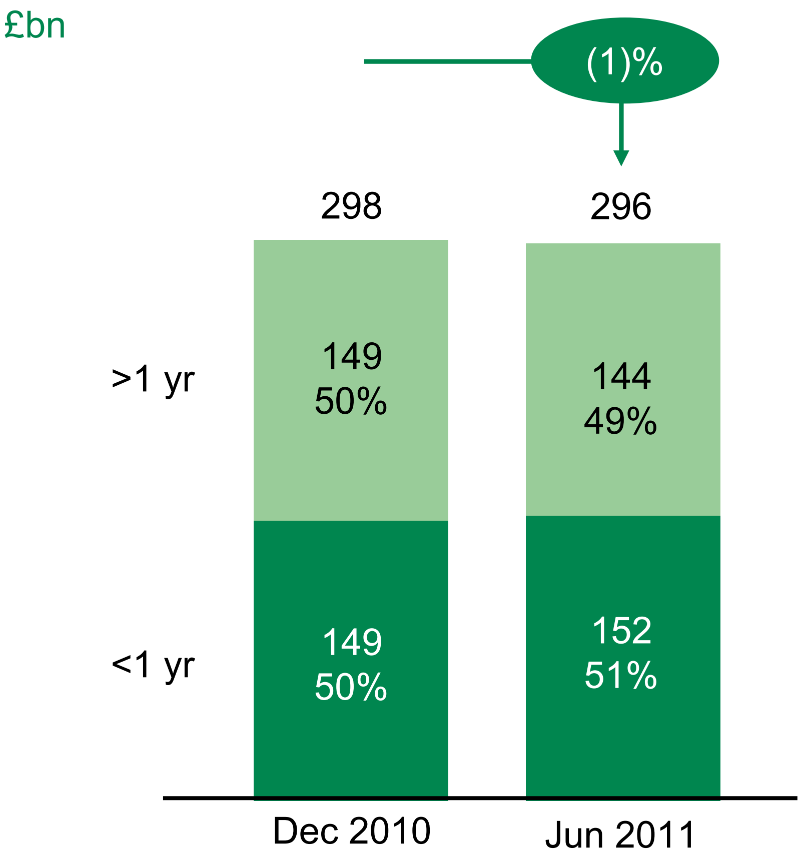


- Tier 1 ratio: 11.6%
- Total capital ratio: 15.0%
- Effect of the statutory loss was broadly offset by the reduction in RWAs
- Core tier 1 ratio excludes the impact of ECN's which would increase it to 12.2%

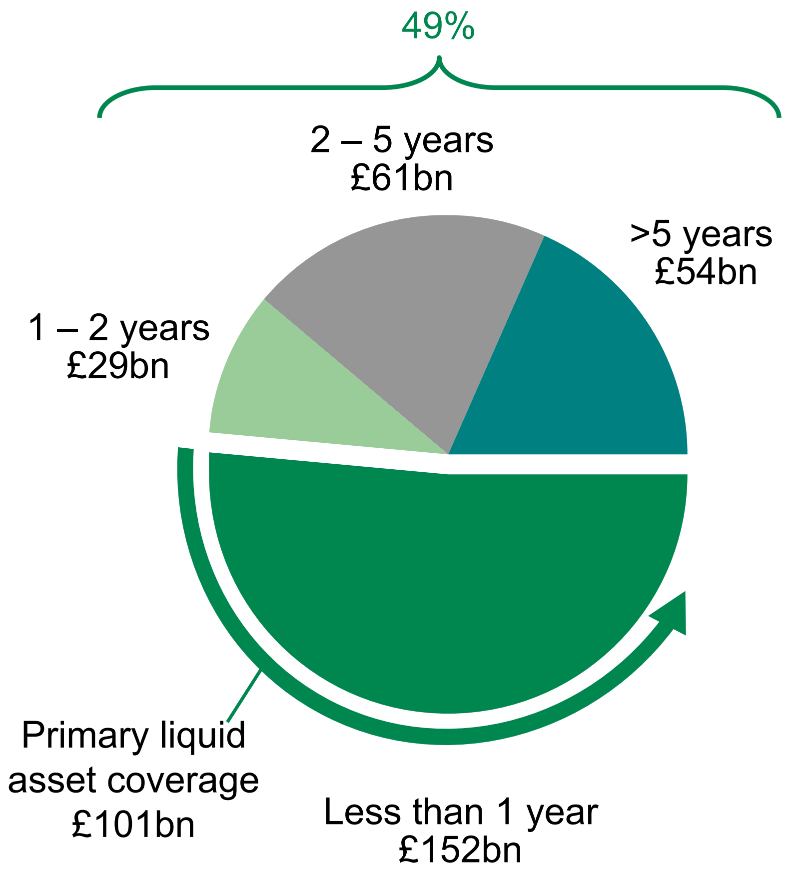
SOLID AND STABLE WHOLESALE FUNDING POSITION

…and long term maturity profile improved

WHOLESALE FUNDING MATURITY PROFILE



WHOLESALE FUNDING £296BN

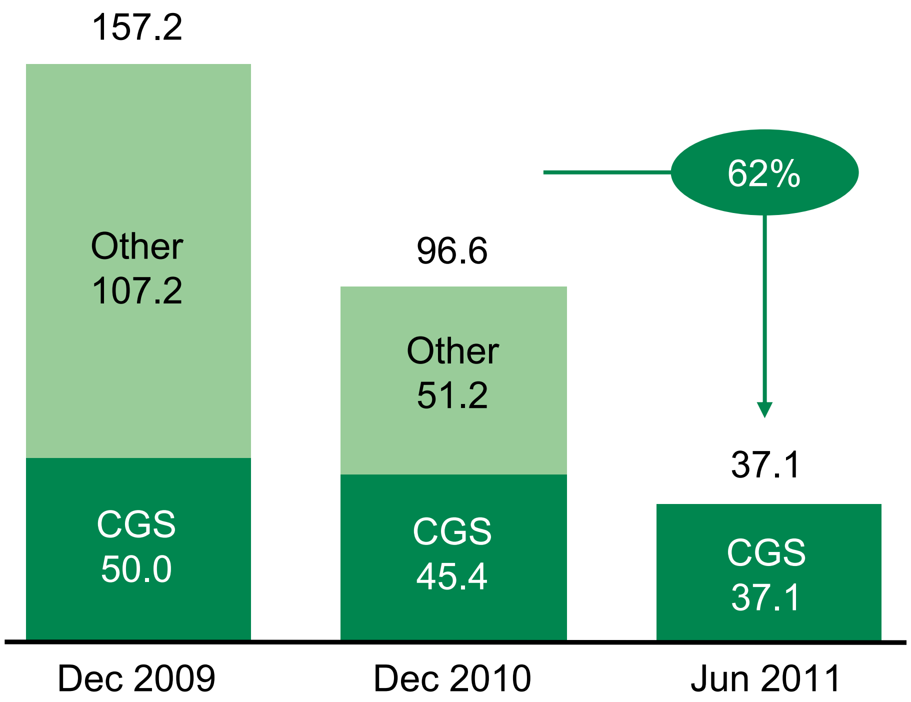


Total primary and secondary liquidity assets of £218bn

GOVERNMENT & CENTRAL BANK FUNDING

Excellent progress in reducing liquidity support

£bn

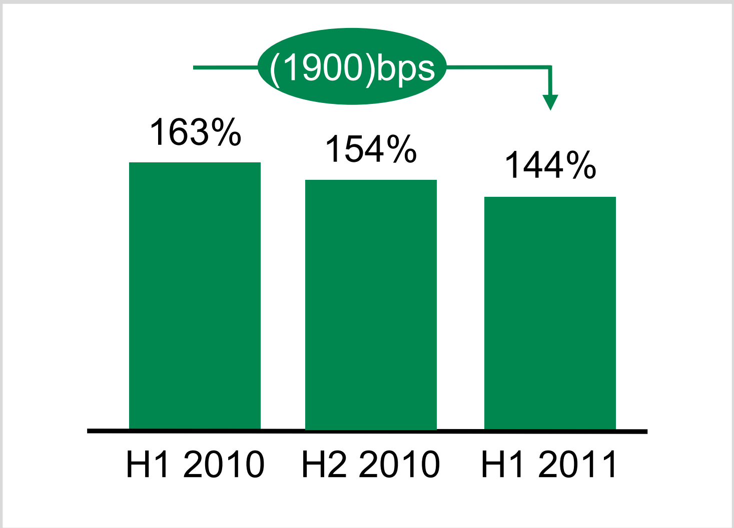


- £60bn reduction in government and central bank funding in H1
- All remaining facilities mature by October 2012
- Current plans assume that remaining facilities will be repaid in line with contractual maturity dates

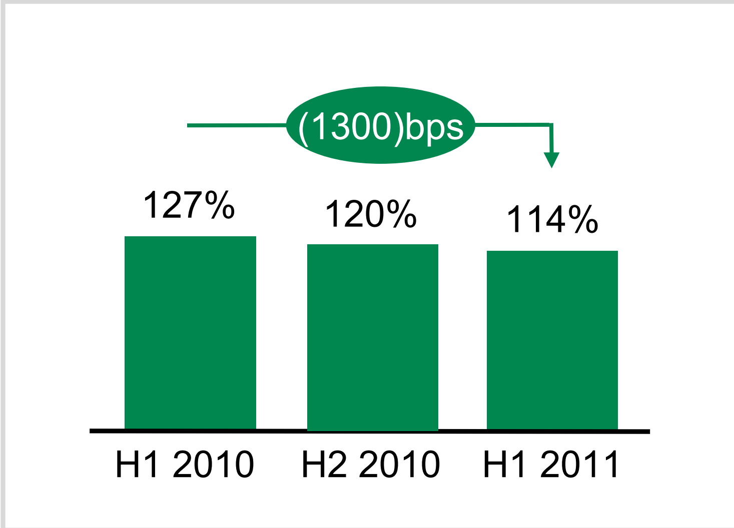
FURTHER IMPROVEMENT IN OUR LOAN TO DEPOSIT RATIO

Loan to deposit ratio now at 144% - Core book ratio is 114%

GROUP RATIO



CORE RATIO



- Loan to deposit ratio continues to improve due to:
  - Excellent relationship deposit growth
  - Continued customer deleveraging
  - Subdued new lending demand
- Group loan to deposit ratio of 130% or below by the end of 2014

DELIVERING ……

LLOYDS BANKING GROUP

PERFORMANCE IN LINE WITH EXPECTATIONS

PRUDENT MANAGEMENT OF NON-CORE BUSINESS

STABLE CAPITAL RATIOS, STRENGTHENED LIQUIDITY AND FUNDING POSITION

SUMMARY & 2011 GUIDANCE

SUMMARY AND 2011 GUIDANCE

	H1 2011	Guidance 2011
Net interest margin	H1 2011 NIM at 2.07%	Expect NIM to be just above 2% in 2011
Income	Trends continue to reflect customer deleveraging and subdued demand	Non-core asset run-off will further reduce balance sheet size and thus income
Costs	Down slightly for the half year due to new cost actions started in Q2 2011	Continue to expect slight decline in costs for FY 2011
Synergies	Annual run rate savings of £1,750m	On track for £2bn run rate by end 2011
Impairment	17% reduction in Group impairment charge in H1 2011	Guidance for year-on-year reduction unchanged
Funding	Government and Central Bank debt materially reduced already	Expect reduced wholesale funding requirement and further deposit growth

FORWARD LOOKING STATEMENTS AND BASIS OF PRESENTATION

LLOYDS BANKING GROUP

FORWARD LOOKING STATEMENTS

This announcement contains forward looking statements with respect to the business, strategy and plans of the Lloyds Banking Group, 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 occur in the future. The Group's actual future business, strategy, plans and/or results may differ materially from those expressed or implied in these forward looking statements as a result of a variety of risks, uncertainties and other factors, including, without limitation, UK domestic and global economic and business conditions; the ability to derive cost savings and other benefits, as well as the ability to integrate successfully the acquisition of HBOS; the ability to access sufficient funding to meet the Group's liquidity needs; changes to the Group's credit ratings; risks concerning borrower or counterparty credit quality; instability in the global financial markets; changing demographic and market related trends; changes in customer preferences; changes to regulation, accounting standards or taxation, including changes to regulatory capital or liquidity requirements; the policies and actions of governmental or regulatory authorities in the UK, the European Union, or jurisdictions outside the UK, including other European countries and the US; the ability to attract and retain senior management and other employees; requirements or limitations imposed on the Group as a result of HM Treasury's investment in the Group; the ability to complete satisfactorily the disposal of certain assets as part of the Group's EU state aid obligations; the extent of any future impairment charges or write-downs caused by depressed asset valuations; exposure to regulatory scrutiny, legal proceedings or complaints, actions of competitors and other factors. Please refer to the latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission for a discussion of such factors together with examples of forward looking statements. The forward looking statements contained in this announcement are made as at the date of this announcement, and the Group undertakes no obligation to update any of its forward looking statements.

BASIS OF PRESENTATION

The results of the Group and its business are presented in this presentation on a combined businesses basis and include certain income statement, balance sheet and regulatory capital analysis between core and non-core portfolios to enable a better understanding of the Group's core business trends and outlook. Please refer to the Basis of Presentation in the 2011 Half-Year Results News Release which sets out the principles adopted in the preparation of the combined businesses basis of reporting as well as certain factors and methodologies regarding the allocation of income, expenses, assets and liabilities in respect of the Group's core and non-core portfolios.

2011 HALF-YEAR RESULTS
4 August 2011

Tim Tookey
Group Finance Director