RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

29 October 2013

António Horta-Osório, Group Chief Executive

George Culmer, Group Finance Director

KEY HIGHLIGHTS FOR THE FIRST NINE MONTHS OF 2013

Significant progress in delivering our strategy and supporting our customers

- **Continue to support the UK economy through lending to SMEs and first time buyers**
- **Core loan book now growing in all divisions; mortgage lending grew in third quarter**
- **Returned TSB to the high street and launched a rebranded, revitalised Lloyds Bank**
- **Strong performance in customer service and reducing customer complaints**
- **Non-core asset reduction targets achieved ahead of plan and capital accretive**
- **Increased UK focus and 2014 international presence target already achieved**
- **Strengthened capital position despite an additional charge for legacy PPI business**
- **Discussions commenced with our regulators on the timetable and conditions for dividend payments**

FINANCIAL PERFORMANCE

Profit and returns substantially improved

	GROUP(1)	CORE(1)
INCOME	↑ £14,019m 1%	↑ £13,500m 5%
NIM	↑ 2.06% 13bp	↑ 2.44% 12bp
COSTS	↓ £(7,110)m 6%	↓ £(6,720)m 3%
IMPAIRMENT	↓ £(2,483)m 44%	↓ £(1,231)m 9%
UNDERLYING PROFIT	↑ £4,426m 136%	↑ £5,549m 20%
STATUTORY PROFIT	↑ £1,694m	
RETURN ON RWAs	↑ 2.01% 127bp	↑ 3.17% 60bp

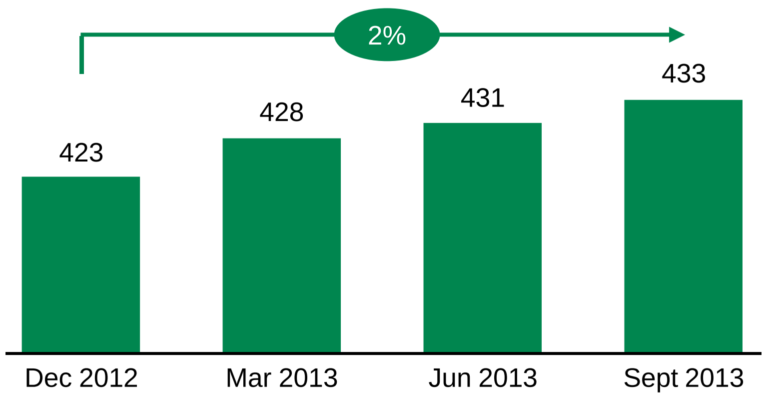
- **Continued strong underlying performance driven by:**
  - Good NII growth reflecting increased margin and increased core lending volumes in all divisions
  - Ongoing focus on costs, down 6%
  - Significantly lower impairment, down 44%, reflecting strong risk control and reduced non-core assets
- **Statutory profit increased by £2,301m to £1,694m despite an additional £750m charge for PPI**
- **Higher returns driven by increased profitability and lower RWAs**

(1) Change is movement between first nine months of 2013 and first nine months of 2012.

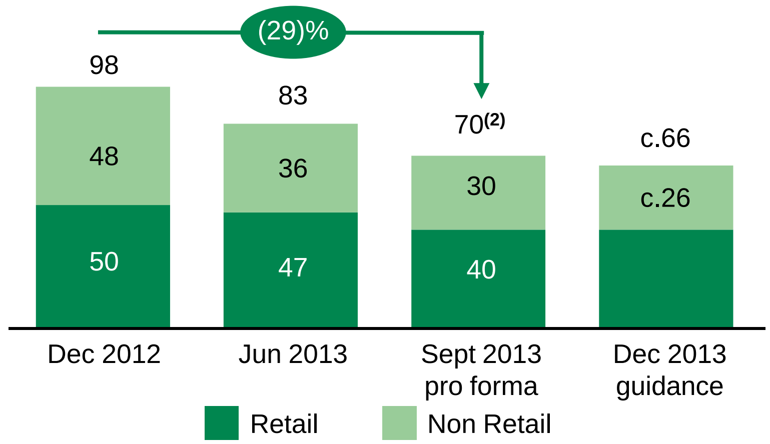
BALANCE SHEET

Capital and funding position continues to strengthen; non-core assets, including international exposure, further reduced

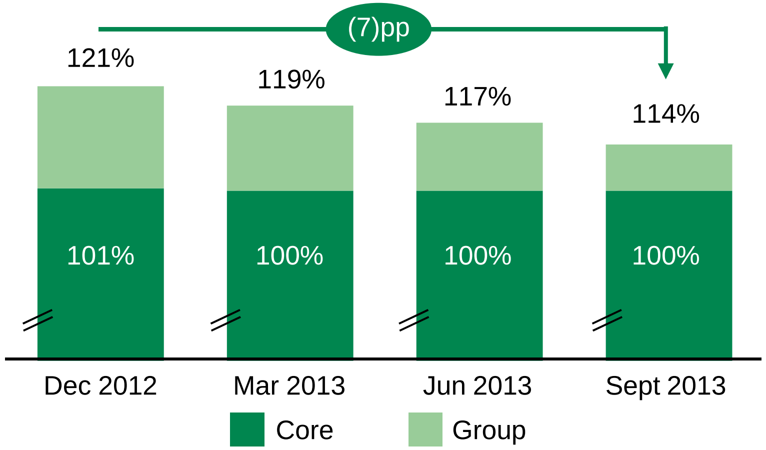
CUSTOMER DEPOSITS[1] (£bn)



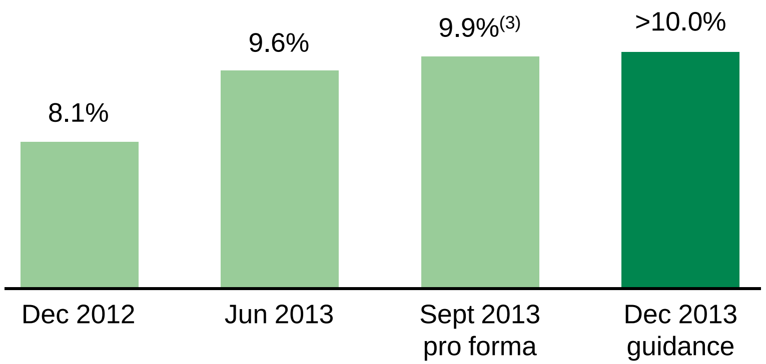
NON-CORE ASSETS (£bn)



LOAN TO DEPOSIT RATIO[1]



FULLY LOADED CORE TIER 1

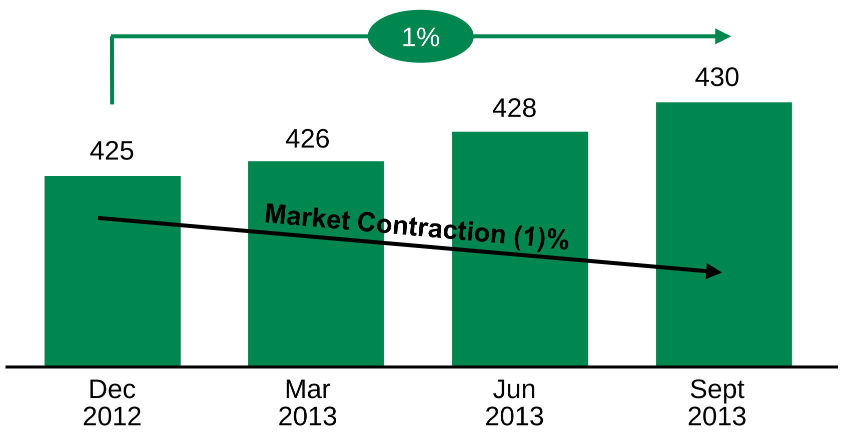


[1] Excluding reverse repos and repos. [2] Including asset reduction from announced sales of the Australian operations and Heidelberger Leben. [3] Pro forma fully loaded core tier 1 capital ratio including benefits of announced sales of the Australian operations, Sainsbury's Bank and Heidelberger Leben.

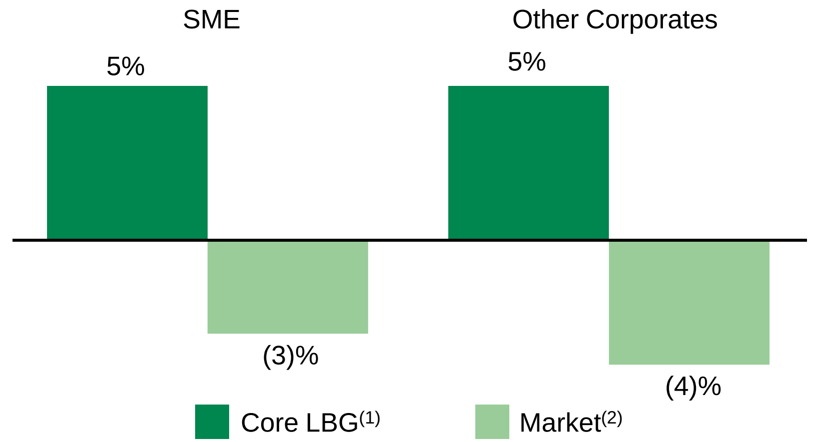
SUPPORTING OUR CUSTOMERS AND THE UK ECONOMY

Core loan book now growing in all divisions. Continued support for corporate and SME customers

CORE LOANS AND ADVANCES (£bn)



CORE LOAN BOOK MOVEMENTS (%)



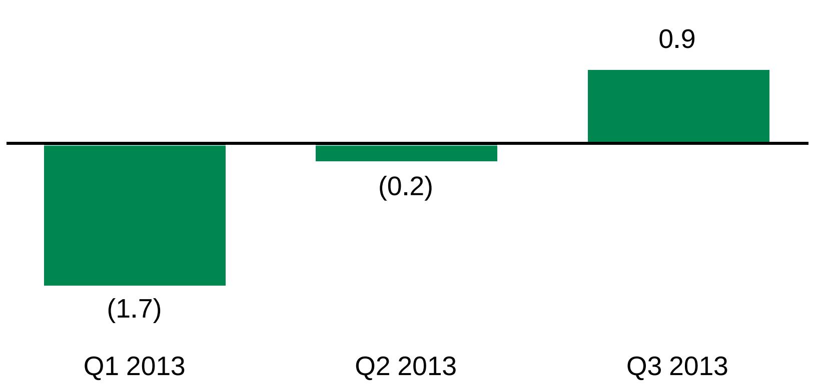
- **Core loan book grown 1% since beginning of the year, against market contraction of 1%[3]**
- **Committed over £28bn to UK customers through Funding for Lending**
  - Net growth in FLS lending in the first nine months
- **Supporting our corporate clients**
  - Over £1.3bn committed to UK manufacturing in last 12 months, ahead of target
- **Continued support for UK SMEs**
  - Net growth in lending of 5% in last 12 months, against market contraction of 3%
  - Supported 94,000 start-ups year-to-date

[1] Sept 2013 vs Sept 2012 adjusted to exclude the effect of asset transfers between divisions. [2] Market data source: BoE Aug 2013 vs Aug 2012. [3] Market data source: BoE Dec 2012 vs Aug 2013.

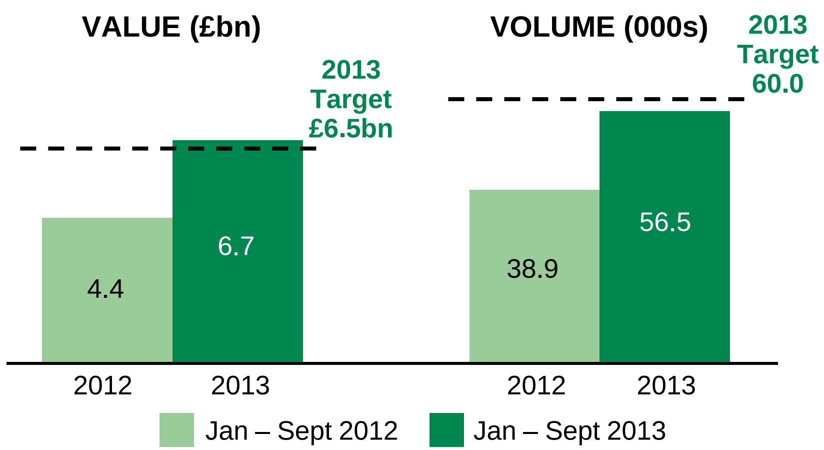
SUPPORTING OUR CUSTOMERS AND THE UK ECONOMY

Core retail loan book now growing and strong first time buyer performance

RETAIL CORE LOAN BOOK (£bn)



GROSS LENDING TO FIRST TIME BUYERS



- **RETAIL**
  - Core loan book returned to growth in Q3 with growth in line with the market in the quarter
- **MORTGAGES**
  - Already fulfilled our £6.5bn first time buyer commitment with £6.7bn lent at end of September, three months ahead of schedule
  - Helped more than 56,000 customers buy their first home by end of September; in October reached our 60,000 full year target
  - Through Help to Buy enabling buyers with a small deposit to access the housing market

FINANCIAL PERFORMANCE
Substantial increase in Group underlying profit

(£m)	Nine months to 30 Sept 2013	Nine months to 30 Sept 2012	Change %
Net interest income	**7,967**	7,790	*2%*
Other income	**6,052**	6,041	–
Underlying income	**14,019**	13,831	*1%*
Total costs	**(7,110)**	(7,537)	*6%*
Impairment	**(2,483)**	(4,419)	*44%*
Underlying profit	**4,426**	1,875	*136%*
Core underlying profit	**5,549**	4,632	*20%*
Non-core underlying loss	**(1,123)**	(2,757)	*59%*
Statutory profit	**1,694**	(607)	

- **£2.5bn increase in underlying profit to £4.4bn**
- **Net interest income growth driven by improved net interest margin and core loan growth**
- **Other income reflects subdued environment and non-core reduction**
- **Strong progress on cost reductions primarily from Simplification**
- **Impairment down 44% with strong performance in the core and substantial improvement in non-core**
- **£2.3bn increase in statutory profit to £1.7bn**

FINANCIAL PERFORMANCE

Increased Group statutory profit

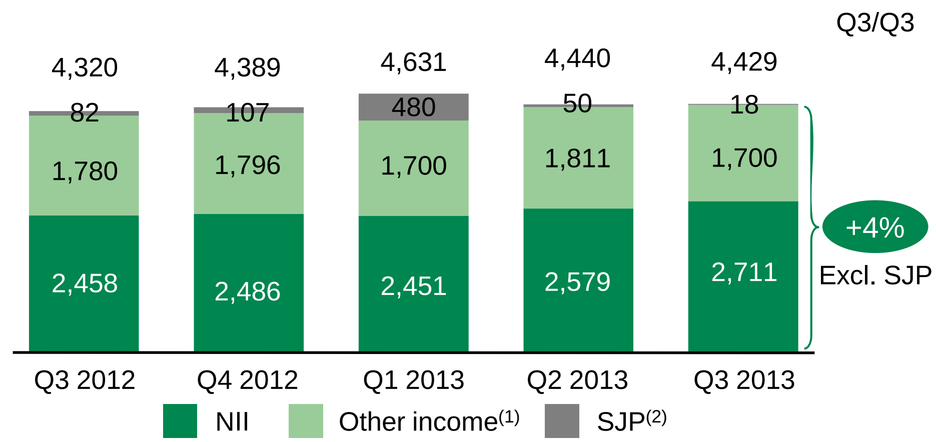
(£m)	Nine months to 30 Sept 2013	Nine months to 30 Sept 2012
Underlying profit	**4,426**	1,875
Asset sales	**(637)**	(27)
Government bonds	**786**	1,326
Volatile items	**39**	(713)
Simplification costs	**(608)**	(332)
Verde costs	**(586)**	(399)
Legacy provisions	**(1,325)**	(2,225)
Other statutory items	**(401)**	(112)
Statutory profit (loss) before tax	**1,694**	(607)
Tax	**(1,414)**	(429)
Statutory profit (loss) after tax	**280**	(1,036)

- **Loss on asset sales of £637m includes non-core disposals, including HLE (c.£330m) and Spain (£256m)**
- **Volatile items includes positive insurance volatility, offset by other items including banking volatility and ECNs**
- **Simplification costs of £608m with run-rate savings of £1.3bn**
- **Verde costs now total £1,368m**
- **Legacy costs of £1,325m, including £750m PPI provision in third quarter**
- **Tax charge mostly reflects changes to UK tax rate and the write-down of Australian deferred tax assets**

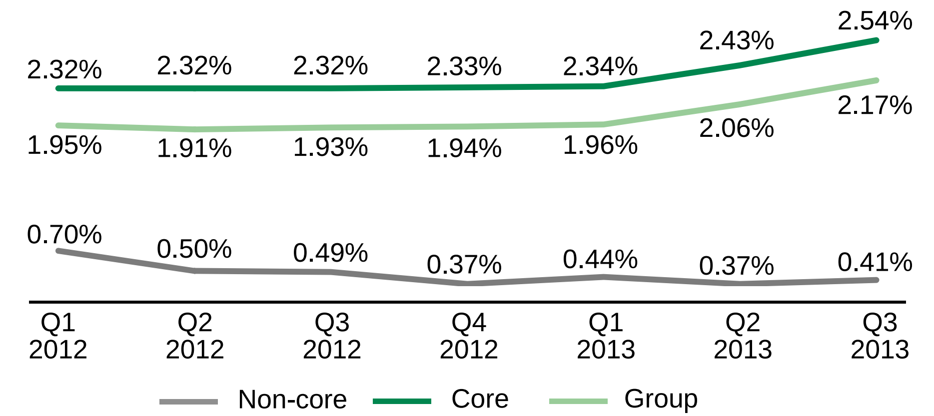
FINANCIAL PERFORMANCE

Positive net interest income trends

CORE UNDERLYING INCOME(1) (£m)



NET INTEREST MARGIN



- **Core income year-to-date of £13,500m up 5%, 2% excluding SJP**
- **Core income in the quarter of £4,429m up 3% on Q3 2012, 4% up excluding SJP**
- **Good quarterly progress in NII – up 5% in the last quarter and 10% on Q3 2012**
- **OOI reflects subdued environment and industry trend towards interest income**

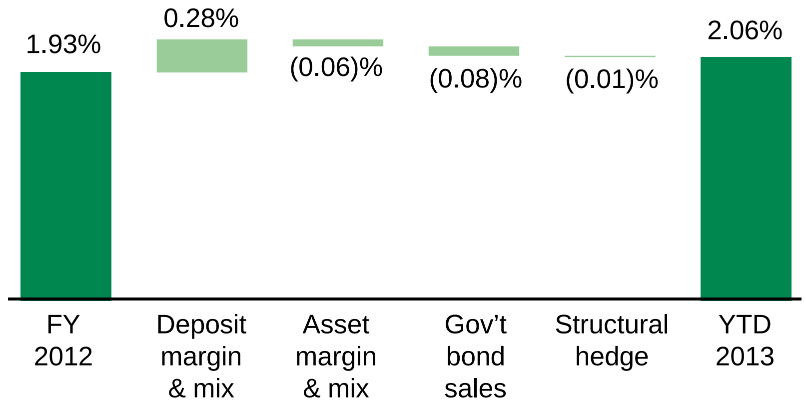
- **Group margin improved to 2.17% in the quarter driven by:**
  - Improved core margin
  - Non-core reduction
- **Now expect a full year margin of 2.11%**

(1) Net of insurance claims. (2) Deconsolidated from 1 April 2013.

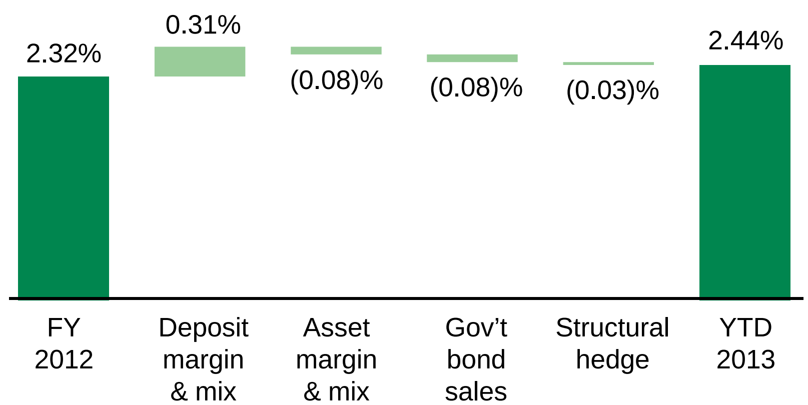
FINANCIAL PERFORMANCE

Improving Group margin driven by positive deposit margin

GROUP MARGINS



CORE MARGINS

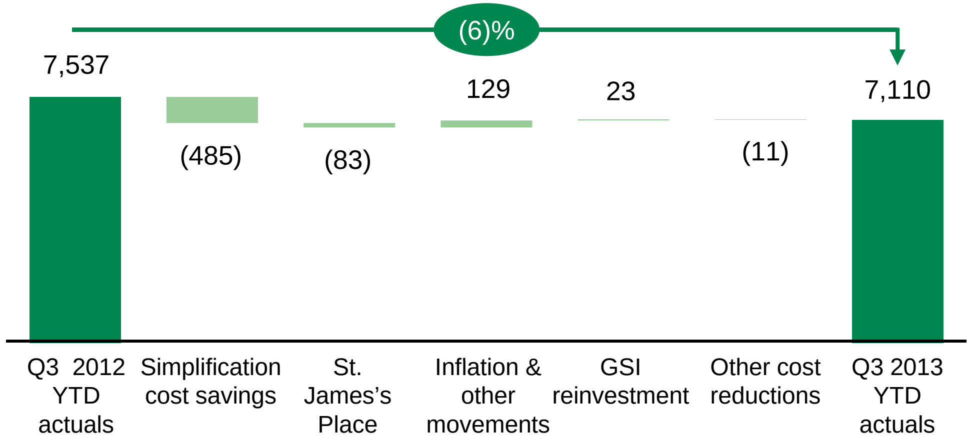


- **Margin improvement in Group and core driven by deposit margin**
- **Reduction in core asset margins primarily in Retail, partly offset by non-core reduction in the Group**
- **Government bond sale effect in line with expectations; full year guidance of 8bps unchanged**
- **Effect of repositioning structural hedge maintained in Q3**

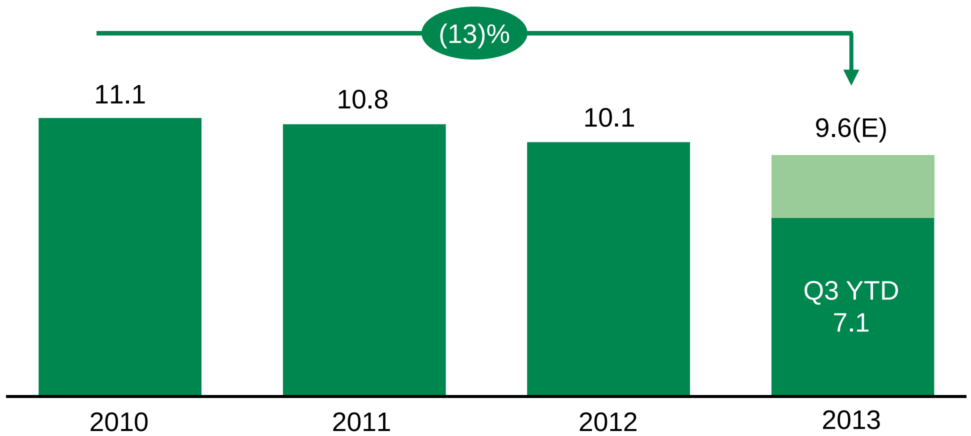
FINANCIAL PERFORMANCE

Continued reductions in absolute costs

TOTAL COSTS (£m)



TOTAL COSTS TREND (£bn)

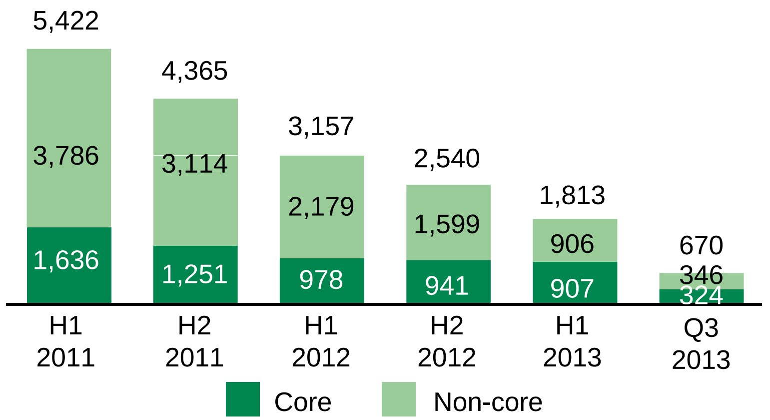


- **6% Year-on-year cost reduction**
  - Driven by strong Simplification savings
  - Further investment in strategic initiatives
- **Projected costs still expected to be around £9.6bn in 2013**
  - Q4 costs will include FSCS and Bank Levy
- **Strong downward cost momentum continues**

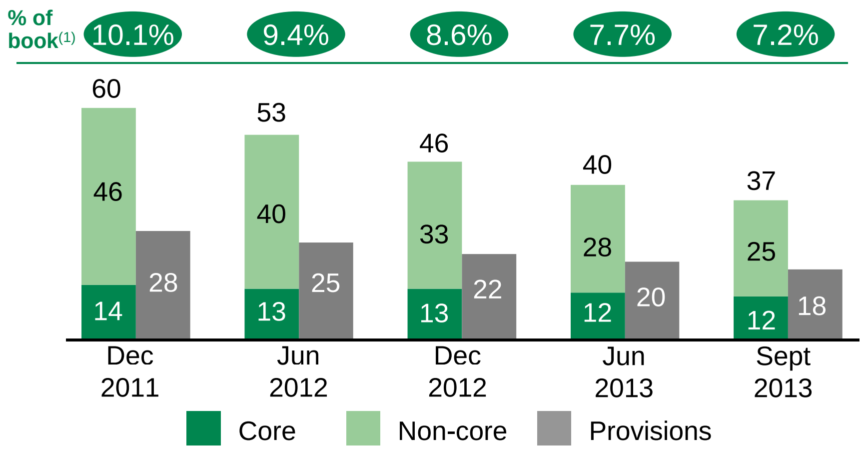
FINANCIAL PERFORMANCE

Continued progress towards a lower risk business

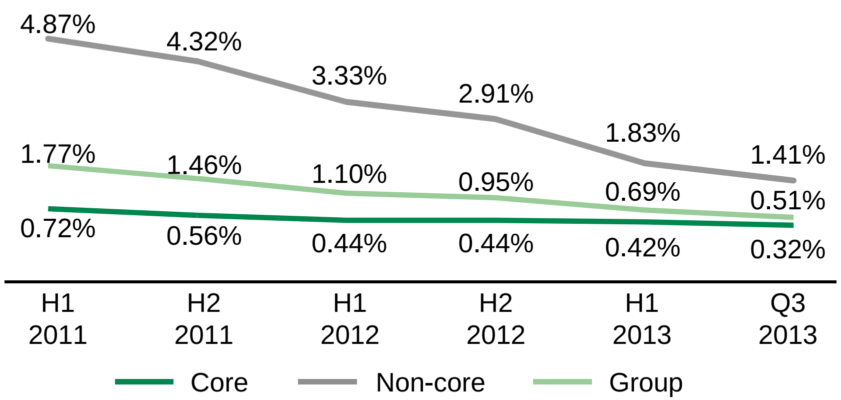
GROUP IMPAIRMENT (£m)



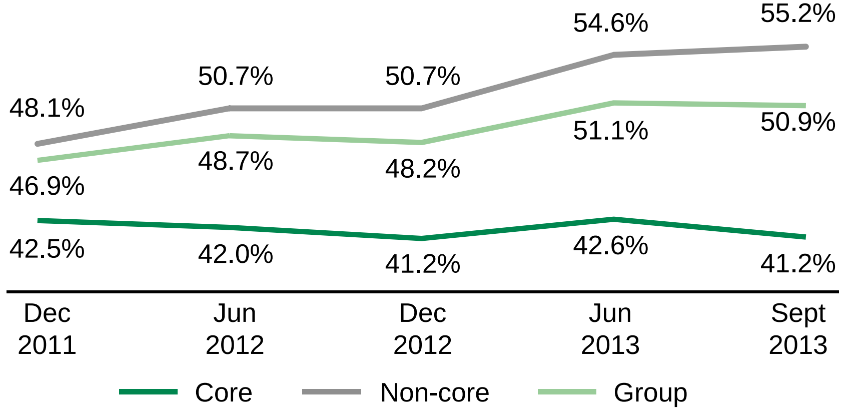
GROSS IMPAIRED LOANS (£bn)



ASSET QUALITY RATIO



COVERAGE RATIO

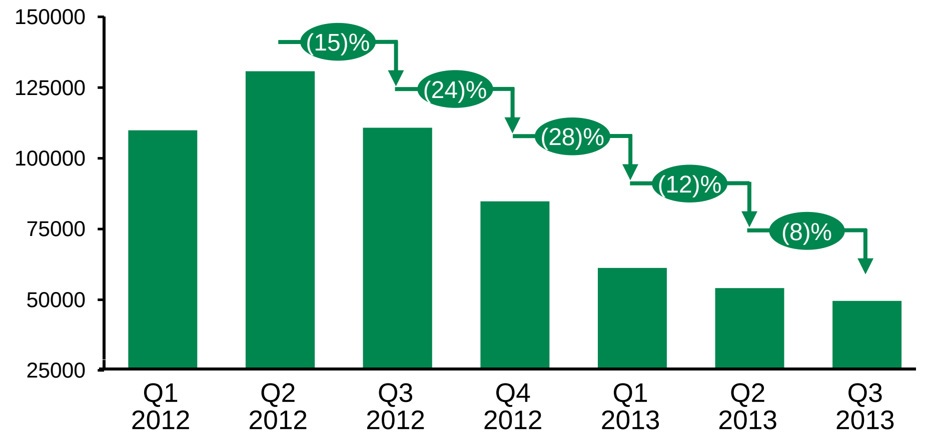


(1) Gross impaired loans as a percentage of total loans and advances to customers.

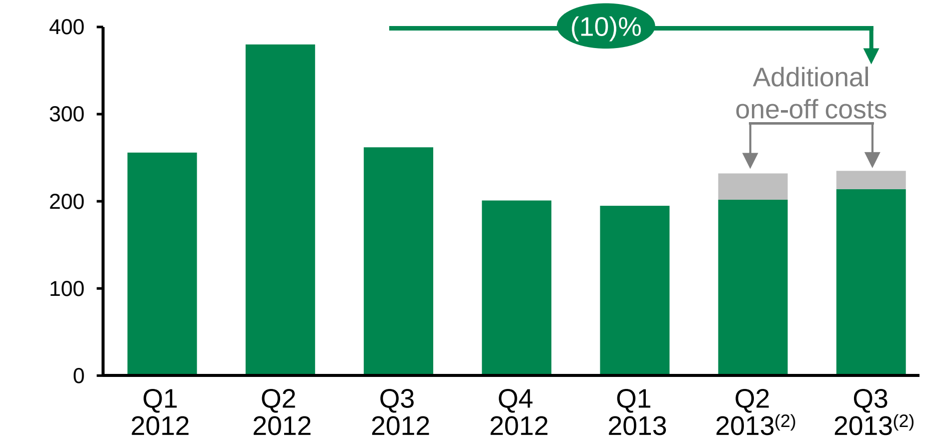
LEGACY ISSUES

PPI complaint volumes falling, but more slowly than projected

AVERAGE COMPLAINT VOLUMES PER MONTH[1]



AVERAGE PPI COSTS PER MONTH (£m)



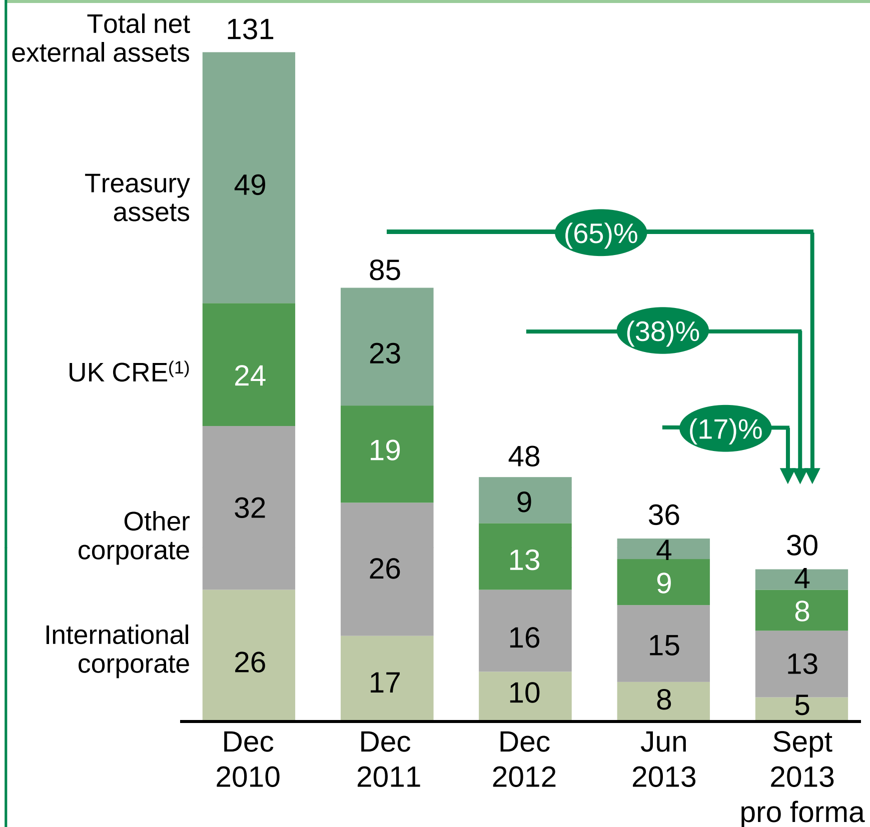
- **Complaint volumes continue to fall, but more slowly than projected**
  - Down 8% in the third quarter
- **Costs to end Q3 higher than projected**
  - Higher than projected reactive volumes
  - Higher response rate from proactive mailing
  - Further acceleration of FOS cases
- **Risks and uncertainties remain in relation to volumes and regulatory action**

[1] Excludes complaints where no PPI policy is held. [2] Additional one-off costs include acceleration of FOS cases and VAT Ruling.

NON-CORE PORTFOLIO

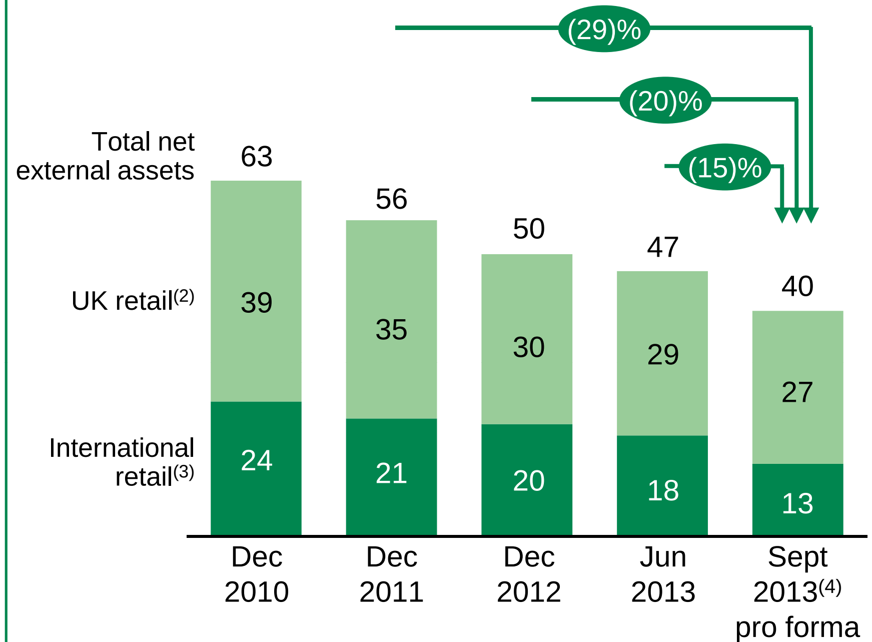
Year end targets achieved. Further capital accretive reduction of £29bn (£28bn after currency effects)

NON RETAIL (£bn)



RWAs	74	(42)%	43	(35)%	28	(18)%	23
Assets	85	(44)%	48	(25)%	36	(17)%	30
Underlying loss (£m)	(5,282)		(3,474)		(778)		(1,188)

RETAIL (£bn)

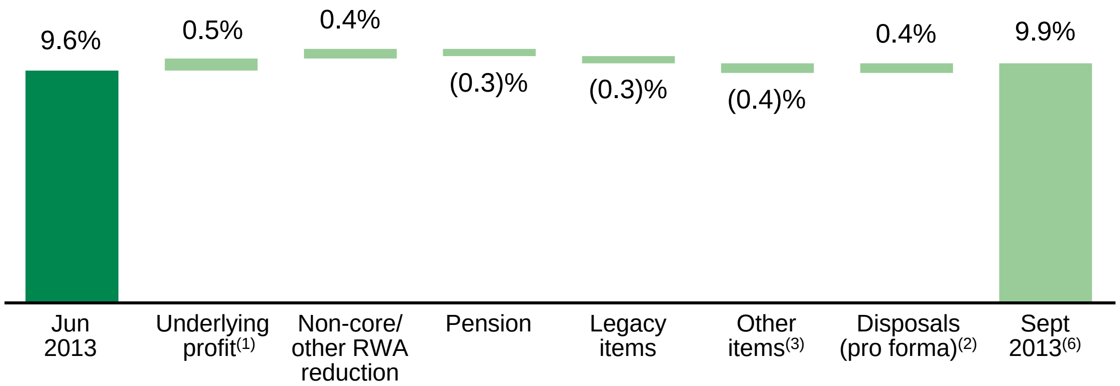


RWAs	35	(14)%	30	(10)%	27	(22)%	21
Assets	56	(11)%	50	(6)%	47	(15)%	40
Underlying loss (£m)	(276)		(73)		(16)		65

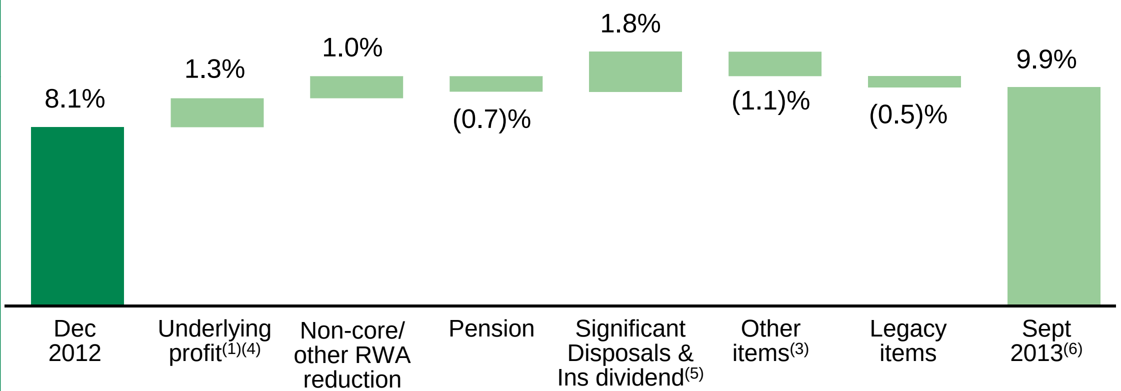
(1) UK CRE includes all non-core CRE BSU (£7.3bn) and other non-core CRE (£0.8bn). (2) Includes asset finance. (3) International retail includes Dutch & Irish mortgages and Australia asset finance prior to its sale (reflected in September 2013 numbers). (4) Includes asset reduction from announced sales of Australian operations and Heidelberger Leben.

FURTHER STRENGTHENING THE BALANCE SHEET
A strongly capital generative business

FULLY LOADED CORE TIER 1 RATIO – JUNE TO SEPT



FULLY LOADED CORE TIER 1 RATIO – YTD



- **Estimated pro forma fully loaded CRD IV core tier 1 ratio improved to 9.9%**
- **Strong pro forma tier 1 leverage ratio of 4.1% (3.4% excluding tier 1 capital)**
- **Core tier 1 ratio improved to 13.5%**

Expect fully loaded core tier 1 ratio to be above 10% by end 2013

(1) Excludes profit in the Insurance business. (2) Announced sales of Australian operations, Sainsbury's Bank and HLE. (3) Includes other statutory items and movements in CRD IV adjustments to capital (incl. excess expected loss, deferred tax and AFS reserve). (4) Excludes underlying profit relating to SJP disposal. (5) Announced sales of Australian operations, HLE, SJP, US RMBS, Sainsbury's Bank and £1.6bn dividend from Insurance business. (6) Pro forma.

GUIDANCE
Guidance enhanced for margin and non-core assets

- **Now expect full year 2013 net interest margin of 2.11%**
- **Non-core assets to reduce to around £66bn by end 2013**
- **Non-retail non-core assets at around £26bn at end 2013 and around £15bn at end 2014**
- **Targeting a fully loaded core tier 1 ratio above 10% by end 2013**
- **Expect Group total costs of around £9.6bn in 2013**
- **Expect to continue to grow core loan book in remainder of year**

SUMMARY

Strong progress in delivering clearly differentiated strategy

- Significant progress in delivering our strategy and supporting customers
- Substantial increase in Group underlying profit and returns
- Strong core business performance, with net lending growing in all divisions
- Continued capital and balance sheet strengthening with non-core risk reduction in a capital accretive way

- Remain confident in delivering our strategic plan
- UK government commenced returning Group to full private ownership at a profit
- Discussions commenced with regulators on the timetable and conditions for dividend payments

FORWARD LOOKING STATEMENTS AND BASIS OF PRESENTATION

FORWARD LOOKING STATEMENTS

This presentation 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 future events and 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 these forward looking statements as a result of a variety of factors, including, but not limited to, UK domestic and global economic and business conditions; the ability to derive cost savings and other benefits, including as a result of the Group's Simplification programme; and 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, including Eurozone instability and the impact of any sovereign credit rating downgrade or other sovereign financial issues; market-related risks including changes in interest rates and exchange rates; changing demographic and market-related trends; changes in customer preferences; changes to laws, 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 other jurisdictions in which the Group operates, including the US; the implementation of Recovery and Resolution Directive and banking reform following the recommendations made by the Independent Commission on Banking; 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 satisfactorily dispose of certain assets or otherwise meet the Group's EC state aid obligations; the extent of any future impairment charges or write-downs caused by depressed asset valuations, market disruptions and illiquid markets; the effects of competition and the actions of competitors, including non-bank financial services and lending companies; exposure to regulatory scrutiny, legal proceedings, regulatory investigations or complaints, 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 certain factors together with examples of forward looking statements. The forward looking statements contained in this presentation are made as at the date of this presentation, 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 underlying 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. In addition, certain items are reported on a pro forma -basis. Please refer to the Basis of Presentation in the Q3 2013 Interim Management Statement which sets out the principles adopted in the preparation of the underlying 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.