



77/09

12 August 2009

LLOYDS BANKING GROUP ANNOUNCES ASSET MANAGEMENT PLANS

Lloyds Banking Group announced today that it has concluded a strategic review of its asset management businesses which will lead to some structural changes in the business, including the sale of Insight Investment Management Limited (Insight).

The Group has a strong investment management business and is the largest bancassurance provider in the UK. It sees significant opportunities to build on its success given its investment expertise, strong brands and range of highly effective distribution channels.

The main conclusions of the strategic review are:

- The Group intends to transfer the investment management of the funds sourced from the Group's Halifax and Bank of Scotland bancassurance businesses, the Bank of Scotland wealth management operation and the Clerical Medical intermediary franchise from Insight Investment to Scottish Widows Investment Partnership (SWIP).
- SWIP will become a centre of excellence for the Group's asset management activity. Based in Edinburgh, SWIP currently has £83 billion of assets under management and, after the intended transfer of approximately £42 billion from Insight, this will increase to approximately £125 billion.
- Separately, and independently of this transfer, the Group is announcing an agreement in principle to sell Insight Investment to The Bank of New York Mellon Corporation. This sale will comprise Insight's external fund management operation which manages assets of approximately £80 billion for pension schemes, third party distributors, intermediaries and other corporates. The deal, for a total consideration of £235 million, comprising cash consideration of £200 million and equity consideration of £35 million, is expected to complete in the final quarter of this year.

SWIP – a centre of excellence for asset management

Bringing together the Group's asset management business under SWIP will provide significant scale benefits and reinforce SWIP's position as a dynamic research-driven asset manager, providing a broad range of high quality products to both the Group's insurance and wealth clients and, equally importantly, its external clients. Under the leadership of Dean Buckley, the Group expects to increase its investment management capability in Edinburgh over time to reflect the enlarged scale of SWIP's business.

Consultation

The Group is consulting with the unions about the sale and the transfer. Until these consultations are complete, the precise colleague impact will not be known. However, it is anticipated that as part of this asset management consolidation there will be some role reductions.

Jo Dawson, Wealth and International Director, Lloyds Banking Group said:

“As Lloyds Banking Group continues to develop and grow, both in the UK and internationally, it was essential that we undertook a thorough and robust review of our asset management businesses and future plans. Both SWIP and Insight are strong and well established asset managers but we believe Insight is better able to focus on developing its specialist external franchise outside the Group.

SWIP has been managing funds successfully for Lloyds TSB customers since 2000 as well as for a growing range of alliances, joint ventures and clients both in the UK and abroad. By positioning SWIP as a centre of excellence for the Group’s asset management activity we will create strong and sustainable value for our clients and shareholders.”

For further information:

Investor Relations

Michael Oliver +44 (0) 20 7356 2167
Director of Investor Relations
Email: michael.oliver@ltsb-finance.co.uk

Douglas Radcliffe +44 (0) 20 7356 1571
Senior Manager, Investor Relations
Email: douglas.radcliffe@ltsb-finance.co.uk

Media Relations

Shane O’Riordain +44 (0) 20 7356 1849
Group Communications Director
Email: shane.o’riordain@lloydsbanking.com

Mark Elliott +44 (0) 20 7356 1517
Head of Media Relations
Email: markelliott@hbosplc.com

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. 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 results may differ materially from the results expressed or implied in these forward looking statements as a result of a variety of factors, including UK domestic and global economic and business conditions, the ability to derive cost savings and other benefits as well as to mitigate exposures from the acquisition and integration of HBOS, risks concerning borrower quality, market related trends and developments, changing demographic trends, changes in customer preferences, changes to regulation, the policies and actions of governmental and regulatory authorities in the UK or jurisdictions outside the UK, including other European countries and the US, exposure to regulatory scrutiny, legal proceedings or complaints, competition 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. 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.