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## **PROPOSED PLACING OF SHARES IN ST JAMES'S PLACE PLC**

Lloyds Banking Group plc ('Lloyds', or the 'Group') announces today its intention to sell approximately 109 million ordinary shares (the 'Placing Shares') in St James's Place plc ('St James's Place' or the 'Company'), representing approximately 21 per cent of St James's Place's existing issued ordinary share capital, and comprising Lloyds' entire remaining shareholding in the Company (the 'Placing').

The Placing follows the expiry of the 180-day unwaivable lock-up period agreed between Lloyds and the sole bookrunner ("the Sole Bookrunner") at the time of the placing of shares in the Company announced on 22 May 2013 and the agreement by the Sole Bookrunner to waive, pursuant to its terms, the remainder of the longer waivable lock-up period agreed between Lloyds and the sole bookrunner.

The Placing reflects the strong demand in the market for St. James' Place shares and will increase liquidity.

Institutional shareholders will be sought for the Placing Shares on the Group's behalf by the Sole Bookrunner through an accelerated bookbuild. The price at which the Placing Shares are to be placed will be agreed by Lloyds and Sole Bookrunner at the close of the bookbuilding process. The result of the Placing will be announced as soon as possible after the close of the bookbuilding process.

### **Information on St James's Place**

St James's Place is a FTSE 250 financial services group that provides wealth management services to individuals, trustees and businesses. With around 180,000 wealth management clients and £42 billion in funds under management as at 30 September 2013, the Company is well established as one of the UK's leading wealth managers. As at 30 June 2013, the Company had gross assets of £41 billion.

## **Effect of the Proposed Placing on Lloyds Banking Group**

On completion of the Placing, assuming the sale of a 21 per cent stake, the Group will realise a gain on sale of approximately £95 million. On a pro forma fully loaded CRD IV basis, it is estimated that the Placing will increase the Group's common equity tier 1 capital by approximately £670 million, equivalent to an approximate 24 basis points benefit.

### **António Horta-Osório, Group Chief Executive, Lloyds Banking Group said:**

The Group launched its strategy in 2011 to reshape the business to concentrate on its core UK retail and commercial banking customers. As part of that approach, the Group has been reducing non-core businesses and addressing historic issues, while focusing on increasing net lending to its core segments. The sale of the remaining stake in St. James's Place releases further resources and represents another step towards refocusing this business on its core customers.

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The distribution of this announcement and the offer and sale of the Placing Shares in certain jurisdictions may be restricted by law. The Placing Shares may not be offered to the public in any jurisdiction in circumstances which would require the preparation or registration of any prospectus or offering document relating to the Placing Shares in such jurisdiction. No action has been taken by the seller or the Sole Bookrunner or any of their respective affiliates that would permit an offering of the Placing Shares or possession or distribution of this announcement or any other offering or publicity material relating to such securities in any jurisdiction where action for that purpose is required.

This announcement is not for publication, distribution or release, directly or indirectly, in or into the United States of America (including its territories and possessions), Australia, Canada, Japan or Republic of South Africa or any other jurisdiction where such an announcement would be unlawful. The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession this document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement is not for publication, distribution or release, directly or indirectly, in or into the United States (including its territories and dependencies, any State of the United States and the District of Columbia). The securities referred to herein have not been and will not be registered

under the U.S. Securities Act of 1933, as amended (the '**Securities Act**'), and, subject to certain exemptions, may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). Neither this document nor the information contained herein constitutes or forms part of an offer to sell or the solicitation of an offer to buy securities in the United States. There will be no public offer of any securities in the United States or in any other jurisdiction. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended.

In member states of the European Economic Area ('EEA') which have implemented the Prospectus Directive (each, a 'Relevant Member State'), this announcement and any offer if made subsequently is directed exclusively at persons who are 'qualified investors' within the meaning of the Prospectus Directive ('Qualified Investors'). For these purposes, the expression 'Prospectus Directive' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in a Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression '2010 PD Amending Directive' means Directive 2010/73/EU. In the United Kingdom this announcement is directed exclusively at Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the 'Order') or (ii) who fall within Article 49(2)(A) to (D) of the Order, and (iii) to whom it may otherwise lawfully be communicated.

This announcement is not an offer of securities or investments for sale nor a solicitation of an offer to buy securities or investments in any jurisdiction where such offer or solicitation would be unlawful. No action has been taken that would permit an offering of the securities or possession or distribution of this announcement in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required to inform themselves about and to observe any such restrictions.

In connection with any offering of the Placing Shares, the Sole Bookrunner and any of its affiliates acting as an investor for their own account may take up as a proprietary position any Placing Shares and in that capacity may retain, purchase or sell for their own account such Placing Shares. In addition they may enter into financing arrangements and swaps with investors in connection with which they may from time to time acquire, hold or dispose of Placing Shares. They do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Sole Bookrunner, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting on behalf of Lloyds and no one else in connection with any offering of the Placing Shares and will not be responsible to any other person for providing the protections afforded to any of its clients or for providing advice in relation to any offering of the Placing Shares. The Sole Bookrunner will not regard any other person as its client in relation to the offering of the Placing Shares.

## **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 or may 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, 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; 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, including Eurozone instability and the impact of any sovereign credit rating downgrade or other sovereign financial issues; market-related risks including, but not limited to, 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 jurisdictions outside the UK in which the Group operates, including other European countries and the US; the implementation of the draft EU crisis management framework 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 complete satisfactorily the disposal of certain assets as part of 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 announcement are made as at the date of this announcement, and the Group undertakes no obligation to update any of its forward looking statements.