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

Further to its announcement on 22 May 2013 of its intention to sell shares in St James's Place plc ('St James's Place', or the 'Company'), Lloyds Banking Group plc ('Lloyds', or the 'Group') announces that 77 million shares have been placed at a price of £5.80 per share (the 'Placing'). The gross proceeds of the Placing are approximately £450 million.

Settlement of the Placing will take place on 29 May 2013. On completion, Lloyds will hold 110 million St James's Place shares (approximately 21 per cent of the Company's issued share capital).

The existing 365 day lock-up, agreed at time of the prior placing in March, will remain in place in respect of Lloyds' remaining holding in St James's Place and, in addition, cannot be waived for at least 180 days from the date of completion.

### **Effect of the Placing on Lloyds**

As a result of the Placing, the Group will realise a gain on sale of approximately £40 million. The Placing will increase the Group's core tier 1 capital by approximately £40 million, equivalent to an approximate 1 basis point benefit to its core tier 1 capital ratio (under current capital rules). On a pro forma fully loaded CRD IV basis, the Placing will increase the Group's common equity tier 1 capital by approximately £500 million, equivalent to an approximate 16 basis points benefit.

Following the Placing the Group expects to continue to account for St James's Place as an associate, reflecting the Group's share of the Company's profit within its income statement. The statutory profit after tax but before minority interest attributable to St James's Place in the Group's accounts for the year ending 31 December 2012 was £76 million.

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### **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.