



20 March 2014

SALE OF A PORTFOLIO OF EUROPEAN COMMERCIAL REAL ESTATE LOANS

Lloyds Banking Group plc (Group) announces today that it has agreed the sale of a portfolio of European commercial real estate loans to MELF S.à r.l, an entity affiliated with Marathon Asset Management LP, for a cash consideration of approximately €280 million, or approximately £235 million at current exchange rates. The transaction is part of the Group's strategy to reduce its non-core run-off portfolio.

The gross assets subject to the transaction are £494 million and in the year to 31 December 2013 incurred a loss of £(54) million. The sale proceeds will be used for general corporate purposes and the transaction is not expected to have a material effect on the Group, including on its capital position, due to existing provisions taken against these assets.

The transaction is expected to complete in the second quarter of 2014.

– END –

For further information:

Investor Relations

Charles King

+44 (0) 20 7356 3537

Investor Relations Director

Email: charles.king@finance.lloydsbanking.com

Corporate Affairs

Emile Abu-Shakra

+44 (0) 20 7356 1878

Head of Media Relations, SME Banking

Email: emile.abu-shakra@lloydsbanking.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. 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 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 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 other jurisdictions in which the Group operates, including the US; the implementation of the 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 or 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.