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**PLACING OF 57.5 MILLION ORDINARY SHARES IN TSB BANKING GROUP PLC (“TSB” OR THE “COMPANY”)  
BY LLOYDS BANKING GROUP PLC (THE “GROUP”)**

26 September 2014

Further to the announcement released on 25 September 2014, Lloyds Banking Group plc announces that it has sold 57.5 million ordinary shares (the “Placing Shares”) in the Company, representing approximately 11.5% of the Company’s issued ordinary share capital, at a price of 280 pence per share (the “Placing”) raising aggregate gross sale proceeds of £161 million.

Following completion of the Placing, which is expected to take place on 1 October 2014, Lloyds Banking Group plc, through Lloyds Bank plc (a wholly owned subsidiary of Lloyds Banking Group plc), will continue to hold approximately 50% of the Company’s ordinary shares. It is expected that Lloyds Banking Group plc will continue to consolidate the Company’s results in its accounts.

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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 Lloyds Banking Group plc, Lloyds Bank or any bookrunner in connection with the Placing 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.

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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, any bookrunner in connection with the Placing 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.

## FORWARD LOOKING STATEMENTS

This announcement 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; 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 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 as a result of the referendum on Scottish independence and also including changes to regulatory capital or liquidity requirements; the policies, decisions and actions of governmental or regulatory authorities in the UK and other jurisdictions in which the Group operates; the implementation of the Bank Recovery and Resolution Directive and Banking Reform Act; 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 provision of a range of banking operations services to TSB; 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 and competition 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.