



NOTICE OF ANNUAL GENERAL MEETING 2014

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If you would like a paper copy of this notice, or a version in large print, Braille or on audio CD, please contact the Company's registrar, Equiniti Limited, on 0871 384 2990 or textphone 0871 384 2255 (from inside the UK) or +44 121 415 7066 (from outside the UK).

Requests may also be made in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Calls cost 8p per minute plus network extras. Calls to +44 121 415 7066 from outside the UK are charged at applicable international rates.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

LLOYDS
BANKING
GROUP



LETTER FROM THE CHAIRMAN OF LLOYDS BANKING GROUP PLC

If you have any doubt about the action you should take, it is recommended that you consult your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your ordinary shares in Lloyds Banking Group plc, please give this document and the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was made.

4 April 2014

Dear Shareholder

Annual general meeting

I am pleased to invite you to the annual general meeting (the **"AGM"**) of Lloyds Banking Group plc (the **"Company"**) which will be held at the Edinburgh International Conference Centre, The Exchange, Edinburgh EH3 8EE on Thursday 15 May 2014 at 11.00 am.

The notice of AGM is set out on pages 4 to 7 of this document.

A copy of the annual report and accounts or annual review for the year ended 31 December 2013 is enclosed together with a proxy or voting form to enable you to exercise your voting rights. Members of the Lloyds Banking Group Shareholder Account (**"LBGSA"**) will also find an annual statement of their shareholding enclosed.

The AGM is an opportunity for shareholders to express their views directly with the Board and I hope you will take the opportunity to do so.

If you cannot attend, I strongly encourage you to exercise your right to vote by appointing a proxy to vote at the AGM on your behalf. To appoint a proxy, please complete the enclosed form and send it to the Company's registrar, Equiniti Limited (**"Equiniti"**), in the envelope provided. Alternatively, you can appoint a proxy online at www.sharevote.co.uk. Instructions are provided on the reverse of the enclosed form.

Proxy appointments must be received by the Company's registrar no later than 11.00 am on Tuesday 13 May 2014.

Changes in reporting

New legislation has brought about changes in how and what the Company reports to shareholders.

The annual report and accounts now incorporates a Strategic Report, which replaces the Business Review, and fulfils additional reporting obligations. In addition, the Directors' Remuneration Report includes proposals for directors' remuneration and that of Code Staff following changes implemented as a result of EU legislation which limits the amount of variable remuneration that may be paid as a percentage of fixed remuneration. Shareholders will be asked to approve three resolutions on Directors' remuneration at the AGM: the remuneration policy; the implementation of the directors' remuneration policy; and variable remuneration for Code Staff. The details are set out in the notice of AGM.

Directors

Biographical details of each director seeking election or re-election are set out on pages 17 to 19 of this document.

Related Party and Class 1 Transaction Approval

In addition to the AGM business that is covered by Resolutions 1 to 27 in the notice of AGM, Resolution 28 seeks your approval for a "related party transaction" and a "Class 1 transaction" (each as defined in the Listing Rules).

In connection with the subscription by HM Treasury for the Company's shares and other support provided in 2009, the Board at that time considered it

appropriate and in the best interests of the Company to prepare for and to facilitate the earliest possible return of the Company to full private ownership and to agree to provide such assistance to HM Treasury as may be necessary to achieve any HMT Sale. The scope of this assistance was documented in the Resale Rights Agreement and the Registration Rights Agreement, further details of which are set out in Annex II.

As a result, the Company may be required by HM Treasury to provide assistance to it in connection with any HMT Sale. In particular, the Company may be required to prepare and publish one or more prospectuses or other disclosure, listing or marketing documents for which it and the Directors will have statutory responsibility and uncapped liability (as would be the case in relation to a prospectus issued by the Company in respect of an issue of new shares). The Company may also be required to bear certain offering expenses and to provide contractual protections to HM Treasury, any underwriting or bookrunning banks and/or other advisers (and any of their respective affiliates), including in the form of representations, warranties, covenants and indemnities. Further, the Company will be required to indemnify HM Treasury and its affiliates against losses or claims that arise out of certain acts or omissions by the Company in connection with any HMT Sale.

The provision of such assistance by the Company constitutes a "related party transaction" and, due to the uncapped nature of the Company's liability and the requirement to prepare and publish a prospectus or other disclosure, listing or marketing document for which the Company will have statutory responsibility, also constitutes a "Class 1 transaction", and requires shareholder approval.

Accordingly, Resolution 28 proposes that the performance by the Company of the Resale Rights Agreement and the Registration Rights Agreement be approved on the terms outlined above and in this document.

The implementation and timing of any HMT Sale will be determined at the sole discretion of HM Treasury.

The Board remains of the view that it is appropriate and in the best interests of the Company to provide such assistance as may be required to prepare for and to facilitate the earliest possible return of the Company to full private ownership which is an important element of our stated strategy.

Your attention is drawn to the further information set out in pages 27 to 36 of this document and the important notes set out in pages 14 and 16 of this document. In particular, please note the section entitled "Summary of the Related Party and Class 1 Transaction" on page 27 of this document.

As a related party, HM Treasury is not permitted to vote on Resolution 28.

Recommendation

The Board considers that all of the resolutions in the notice of AGM and the HMT Sale Assistance are in the best interests of the Company and its shareholders as a whole and we unanimously recommend that you vote in favour of them. Your directors intend to vote in favour of all of the resolutions, except in regards to Resolution 21 where certain restrictions apply, in respect of their own beneficial holdings of 11,077,794 shares, representing approximately 0.02 per cent of the Company's existing issued ordinary share capital as at 2 April 2014, being the latest practicable date prior to publication of this document.

In addition, as required by the Listing Rules in relation to a related party transaction, the Board, which has been so advised by UBS Limited in its capacity as the Company's sponsor, considers that the HMT Sale Assistance is fair and reasonable so far as the shareholders of the Company are concerned. In providing its advice to the Board, UBS Limited has taken into account the Board's commercial assessment of the HMT Sale Assistance.

As previously announced, Sir Winfried Bischoff retired from the Board on 3 April 2014. I would like to take this opportunity, on behalf of our Board and shareholders, to thank Win for the outstanding job he has done in steering the bank through a tremendous turnaround. I look forward to the opportunities ahead and indeed my first AGM as Chairman.

Yours faithfully



Lord Blackwell
Chairman



FREQUENTLY ASKED QUESTIONS

Why are you holding the AGM in Scotland?

The Company's articles of association require the Company to hold its annual general meeting in Scotland.

Where is the Edinburgh International Conference Centre?

A map is provided on the reverse of the attendance card together with some useful travel information.

Can I receive a paper copy of the annual report?

Yes. Please contact the Company's registrar, Equiniti. Their contact details are provided below.

How do I contact Equiniti?

By post

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

By telephone

From UK: 0871 384 2990
Outside UK: +44 121 415 7066
Textphone: 0871 384 2255
Lines are open 8.30 am to 5.30 pm Monday to Friday.
Please have the enclosed proxy or voting form to hand as you may be asked to quote your Account number.

What is the cost of telephoning Equiniti?

Calls cost 8p per minute plus network extras.
Calls to +44 121 415 7066 from outside the UK are charged at applicable international rates.

Why should I vote?

Every shareholder is encouraged to vote. Your opinion counts and is very important in informing the Board on shareholder views. We urge you to use this opportunity to vote.

How do I return the proxy or voting form?

Please use the enclosed envelope.

Do I have to pay postage?

Postage is already paid if mailed in mainland UK.

Do I have to pay postage if I am overseas?

The enclosed envelope can be used if you are mailing your proxy or voting form from within mainland UK. If you mail these documents from overseas, you must pay the appropriate local postage costs.

Is it possible to receive a large print, audio or Braille version of the annual report or AGM communications?

Yes. Please contact Equiniti for assistance.

Can I lodge my proxy and voting instructions online?

Yes. Please see the reverse side of the proxy or voting form for details on how to do this.

What is a proxy and who can be one?

A proxy is someone appointed by you to attend the meeting and vote on your behalf. This can be a person of your choosing or the Chairman of the meeting. A proxy does not need to be a shareholder in the Company but must attend the meeting if your votes are to be cast.

I have shares in the LBGSA; the voting form does not provide an option to appoint a proxy, why is this?

In accordance with the terms and conditions of the LBGSA, only Halifax Share Dealing Limited can carry out your instructions in relation to these shares.

Where can I learn more about the terms used in this notice of meeting?

There is a glossary of terms on pages 20 and 21 which set out brief explanations of some of the terms used in this notice of AGM as well as the report and accounts for the year ended 31 December 2013.

The day of the AGM

The following times are indicative only and may change:

9.30 am

Doors open for shareholder registration
Refreshments available
Questions can be pre-registered
Shareholder and customer enquiry desks open

From 10.30 am

Shareholders invited to take seats in auditorium

11.00 am

Chairman opens the meeting
Webcast opens

11.05 am

Presentation by the Group Chief Executive

11.30 am

Shareholders invited to ask questions

1.00 pm

Shareholders invited to vote on resolutions
Preliminary results of each resolution are displayed after vote taken

1.30 pm

Chairman closes the meeting
Refreshments available

2.30 pm

Venue closes and shareholders invited to depart

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of Lloyds Banking Group plc (the “**Company**” and unless set out to the contrary, the “**Group**”) will be held at the Edinburgh International Conference Centre, The Exchange, Edinburgh EH3 8EE on Thursday 15 May 2014 at 11.00 am to transact the business set out in the resolutions below.

Resolutions 1. to 20. (inclusive) are proposed as ordinary resolutions. For each of these to be passed, more than half of the votes cast must be in favour of the resolution.

Resolution 21. requires approval by shareholders holding a majority of at least 66 per cent. of the shares represented (in person or by proxy) at the annual general meeting, provided that at least 50 per cent. of the total shares are represented at the annual general meeting or, failing that, a majority of at least 75 per cent. is required to approve this resolution.

Resolutions 22. to 27. (inclusive) are proposed as special resolutions. For each of these to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 28. is proposed as an ordinary resolution. For the resolution to be passed, more than half of the votes cast must be in favour of the resolution. HM Treasury is not permitted to vote on this resolution.

The Board recommends that you vote in favour of all resolutions.

Resolution 1. Report and accounts

To receive the Company's accounts and the reports of the Directors and of the auditors for the year ended 31 December 2013.

Resolution 2. To elect Mr J Colombás as a Director of the Company.

Resolution 3. To elect Mr D D J John as a Director of the Company.

Resolution 4. To re-elect Lord Blackwell as a Director of the Company.

Resolution 5. To re-elect Mr M G Culmer as a Director of the Company.

Resolution 6. To re-elect Ms C J Fairbairn as a Director of the Company.

Resolution 7. To re-elect Ms A M Frew as a Director of the Company.

Resolution 8. To re-elect Mr A Horta-Osório as a Director of the Company.

Resolution 9. To re-elect Mr N L Luff as a Director of the Company.

Resolution 10. To re-elect Mr D L Roberts as a Director of the Company.

Resolution 11. To re-elect Mr A Watson as a Director of the Company.

Resolution 12. To re-elect Ms S V Weller as a Director of the Company.

Resolution 13. Re-appointment of the auditors

To re-appoint PricewaterhouseCoopers LLP as auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

Resolution 14. Auditors' remuneration

To authorise the Audit Committee to set the remuneration of the Company's auditors.

Resolution 15. Authority for the Company and its subsidiaries to make political donations or incur political expenditure

- (a) That the Company and those companies which are subsidiaries of the Company at any time during the period for which this resolution has effect be authorised for the purposes of Part 14 of the Companies Act 2006:
- (i) to make political donations to political parties, and/or independent election candidates not exceeding £100,000 in total;
 - (ii) to make political donations to political organisations other than political parties not exceeding £100,000 in total; and
 - (iii) to incur political expenditure not exceeding £100,000 in total,
- in each case during the period from the date of the passing of this resolution and ending on the date of the next general meeting or on 30 June 2015, whichever is the earlier;
- (b) that all existing authorisations and approvals relating to political donations or expenditure under Part 14 of the Companies Act 2006 are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval; and
- (c) that words and expressions defined for the purpose of the Companies Act 2006 shall have the same meaning in this resolution.

Resolution 16. Directors' authority to allot shares

That the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:

- (i) up to an aggregate nominal amount of £2,381,719,846; and
- (ii) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a further nominal amount of £4,763,439,692 (such amount to be reduced by the aggregate nominal amount of shares allotted or rights to subscribe for or to convert any security into shares in the Company granted under paragraph (i) above) in connection with an offer by way of a rights issue,

such authorities to apply in substitution for all previous authorities pursuant to section 551 of the Companies Act 2006 and to expire at the conclusion of the next annual general meeting or on 30 June 2015, whichever is the earlier but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or convert other securities into shares to be granted after the authority ends.

Resolution 17. Directors' authority to allot shares in relation to the issue of Regulatory Capital Convertible Instruments

That the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into ordinary shares in the Company:

- (i) up to an aggregate nominal amount of £1,250,000,000 in relation to the issue of Regulatory Capital Convertible Instruments; and
- (ii) subject to applicable law and regulation, at such conversion prices (or such maximum or minimum conversion prices or conversion price methodologies) as may be determined by the directors of the Company from time to time,

such authority to apply in addition to all other authorities pursuant to section 551 of the Companies Act 2006 and to expire at the conclusion of the next annual general meeting or on 30 June 2015, whichever is the earlier, but in each case so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into ordinary shares to be granted after the authority ends.

Resolution 18. Authority to introduce a Scrip Dividend Programme

That the directors be generally and unconditionally authorised to exercise the power contained in article 121 of the Company's articles of association so that, to the extent and on such terms and conditions as may be determined by the directors, the holders

of ordinary shares be permitted to elect to receive new ordinary shares credited as fully paid instead of cash in respect of all or part of any future dividend (including any interim dividend), declared or paid by the directors or declared by the Company in a general meeting (as the case may be).

Such authority to commence from the date of approval of this resolution and to expire at the conclusion of the fifth annual general meeting so following approval or on 30 June 2019, whichever is the earlier, to the extent that the directors decide, at their discretion, to offer a scrip dividend alternative in respect of such dividend.

Resolution 19. Remuneration policy section of the Directors' remuneration report

To approve the remuneration policy section of the Directors' remuneration report set out on pages 102 to 109 of the annual report and accounts for the year ended 31 December 2013.

Resolution 20. Implementation report section of the Directors' remuneration report

To approve the implementation report section of the Directors' remuneration report set out on pages 100 to 101 and 110 to 122 of the annual report and accounts for the year ended 31 December 2013.

Resolution 21. Variable component of remuneration for Code Staff

To approve, in respect of remuneration payable to Code Staff for services or performance from 1 January 2014, the variable component of total remuneration being up to 200 per cent. of the fixed component of total remuneration.

Resolution 22. Amendments to the articles of association

That the articles of association of the Company be amended by:

- (a) deleting the definition of "Lloyds TSB Scotland" from article 2.1;
- (b) deleting article 79.1 and renumbering existing articles 79.2 and 79.3 as articles 79.1 and 79.2 respectively;
- (c) inserting "or" at the end of article 87.5;
- (d) deleting ";or" at the end of article 87.6 and replacing with "."; and
- (e) deleting article 87.7.

Resolution 23. Limited disapplication of pre-emption rights

That, subject to the passing of Resolution 16, the directors be empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) wholly for cash:

- (i) pursuant to the authority given by paragraph (i) of Resolution 16 or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006 in each case:
 - (a) in connection with a pre-emptive offer; and
 - (b) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £357,257,977; and
- (ii) pursuant to the authority given by paragraph (ii) of Resolution 16 in connection with a rights issue, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment,

such power to expire at the conclusion of the next annual general meeting or on 30 June 2015, whichever is the earlier, but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends and the directors may allot equity securities under any such offer or agreement as if the power had not ended.

Resolution 24. Limited disapplication of pre-emption rights in relation to the issue of Regulatory Capital Convertible Instruments

That, subject to the passing of Resolution 17 above, and without prejudice to any existing authority, the directors be empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) wholly for cash:

- (i) pursuant to the authority given by Resolution 17 up to an aggregate nominal amount of £1,250,000,000; and
- (ii) in relation to the issue of such Regulatory Capital Convertible Instruments, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment,

such power to expire at the conclusion of the next annual general meeting or on 30 June 2015, whichever is the earlier, but in each case so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends and the directors may allot equity securities under any such offer or agreement as if the power had not ended.

Resolution 25. Authority to purchase ordinary shares

That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693 of the Companies Act 2006) of ordinary shares of 10p each in the capital of the Company and where such shares are held in treasury, the Company may use them for the purposes of its employees' share plans, provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased shall be 7,145,159,540;
- (b) the minimum price which may be paid for each ordinary share shall be 10p;
- (c) the maximum price, exclusive of expenses, which may be paid for each ordinary share shall be an amount equal to the higher of (i) 105 per cent. of the average of the closing price of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five London business days immediately preceding the day on which such share is contracted to be purchased or (ii) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003);
- (d) this authority shall expire at the conclusion of the next annual general meeting or on 30 June 2015, whichever is the earlier, unless such authority is renewed before then; and
- (e) the Company may make a contract to purchase its ordinary shares under this authority before its expiry which would or might be executed wholly or partly after such expiry, and may make a purchase of its ordinary shares under that contract.

Resolution 26. Authority to purchase preference shares

That the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693 of the Companies Act 2006) of the following issuances of securities:

- (a) £299,987,729 9.25 per cent. non-cumulative irredeemable preference shares;
- (b) £99,999,942 9.75 per cent. non-cumulative irredeemable preference shares;
- (c) £186,190,532 6.475 per cent. non-cumulative preference shares;
- (d) £745,431,000 6.0884 per cent. non-cumulative fixed to floating rate preference shares;
- (e) £334,951,000 6.3673 per cent. non-cumulative fixed to floating rate preference shares;
- (f) US\$750,000,000 6.413 per cent. non-cumulative fixed to floating rate preference shares;
- (g) US\$750,000,000 5.92 per cent. non-cumulative fixed to floating rate preference shares;
- (h) US\$750,000,000 6.657 per cent. non-cumulative fixed to floating rate preference shares; and
- (i) US\$1,000,000,000 6.267 per cent. fixed to floating rate non-cumulative callable dollar preference shares,

(together, the **"Preference Shares"**), provided that:

- (i) the maximum number of Preference Shares which may be purchased is all such Preference Shares in issue;
- (ii) the minimum price which may be paid for each Preference Share is the nominal value of the relevant Preference Share;
- (iii) the maximum price which may be paid for each Preference Share is an amount equal to 140 per cent. of the liquidation preference of the relevant Preference Share;
- (iv) this authority shall expire at the conclusion of the next annual general meeting or on 30 June 2015, whichever is the earlier, unless such authority is renewed before then; and
- (v) the Company may make a contract to purchase the Preference Shares under this authority before its expiry which would or might be executed wholly or partly after the expiry, and may make a purchase of the Preference Shares under that contract.

Resolution 27. Notice period

That a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice, such authority to expire at the conclusion of the next annual general meeting unless such authority is renewed at a general meeting of the Company before then.

Resolution 28. Related Party and Class 1 Transaction

That in connection with each and every HMT Sale (as defined in this document to shareholders dated 4 April 2014 (the **"Circular"**)), the performance by the Company of the Resale Rights Agreement and the Registration Rights Agreement be and is hereby approved and in particular:

- (a) the preparation and publication of any prospectus or other disclosure, listing or marketing documents or any supplement thereto by the Company (including the acceptance of statutory responsibility for any prospectus or other disclosure, listing or marketing document) be and is hereby approved;
- (b) any indemnity provided by the Company in favour of HM Treasury, any HM Treasury affiliate or representative, any underwriting or bookrunning banks and other advisers (or any of their respective affiliates) as appropriate against any losses or claims in connection with any HMT Sale that arise out of or are based upon:
 - (i) any prospectus or other disclosure, listing or marketing documents or any supplement thereto prepared, published or authorised by the Company in connection with any HMT Sale;

- (ii) failure or alleged failure by the Company or the Directors to comply with law or regulation applicable to any HMT Sale; and/or
- (iii) any breach or alleged breach by the Company of any of its obligations set out in or contemplated by the Registration Rights Agreement or the Resale Rights Agreement (each as defined in the Circular),

and the provision of any other contractual protections (including any representations, warranties, covenants and indemnities) to any such persons in or pursuant to the terms of the Registration Rights Agreement and the Resale Rights Agreement be and is hereby approved; and

- (c) the payment by the Company of all costs and expenses incurred or payable by:

- (i) the Company; and
- (ii) HM Treasury,

in connection with any HMT Sale (including, without limitation: (i) legal fees and expenses; (ii) the cost of preparing, advertising, printing and distributing all documents connected with any HMT Sale; (iii) registrars' fees; and (iv) the fees and expenses of any regulatory, depositary, clearing or settlement service), but excluding any underwriting discounts, selling commissions, share transfer taxes and the fees and expenses of HM Treasury's financial advisers, be and is hereby approved.

A member entitled to attend and vote at the annual general meeting can appoint a proxy or proxies to attend, speak and vote instead of that member.

A member may appoint more than one proxy in relation to the annual general meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member.

A proxy need not be a member of the Company.

Further information relating to voting and proxy appointments can be found on pages 14 and 15 of this document.

By order of the Board



Marc Boston
Company Secretary
4 April 2014

Registered office:
The Mound
Edinburgh
EH1 1YZ
Registered in Scotland, No 95000

EXPLANATORY NOTES ON RESOLUTIONS

Resolution 1. Report and accounts

The Directors are required to present the Company's accounts and the reports of the directors and of the auditors for the year ended 31 December 2013 at the annual general meeting.

Resolutions 2 to 12. Election and re-election of Directors

Juan Colombás and Dyfrig John have been appointed to the Board since the annual general meeting held in 2013 and stand for election in accordance with the Company's articles of association (Resolutions 2 and 3).

The Board considers that these directors should be elected to maintain the appropriate balance of skills, knowledge and experience on the Board.

In accordance with the provisions of the UK Corporate Governance Code, all of the other directors will retire and those willing to serve again will submit themselves for re-election at the annual general meeting (Resolutions 4 to 12).

Following an external evaluation in 2012, the Nomination and Governance Committee recommended to the Board that the 2013 evaluation of the Board, its committees and the performance of its directors should be conducted internally.

The evaluation of the previous Chairman (Sir Winfried Bischoff) was led by the Senior Independent Director.

The reviews concluded that the performance of the Board, its Committees, and Sir Winfried as Chairman and each of the Directors was effective and that they have each demonstrated commitment to their roles.

Further information on performance effectiveness can be found on page 86 of the annual report and accounts.

Following the announcement by our Chairman, Sir Winfried Bischoff, of his intention to retire before the 2014 annual general meeting, an extensive external search was conducted to find a suitable successor.

It was clear from Board feedback that Lord Blackwell was considered by his fellow Directors to be a suitable candidate to succeed Sir Winfried as Chairman and at the request of the Board, he made himself available for consideration for the role.

It is considered that Lord Blackwell, the unanimous choice of the Board, has the requisite skills, regulatory experience and credibility with our key stakeholders to lead our Board. His external experience, together with his experience and knowledge of Lloyds Banking Group and existing relationships with the Board, make him ideally placed to ensure a seamless handover as Chairman.

Further details of the selection process for the new Chairman can be found on page 82 of the annual report and accounts.

All non-executive Directors are independent in accordance with the criteria set out in the UK Corporate Governance Code. The Chairman was independent on appointment.

A summary of the skills and experience of each director proposed for election or re-election can be found on pages 17 to 19 of this document.

Resolutions 13 and 14. Auditors

Resolution 13 renews the appointment of PricewaterhouseCoopers LLP as auditors of the Company which terminates at the conclusion of the annual general meeting. The Company's Audit Committee recommends their re-appointment.

Resolution 14 follows best corporate governance practice in authorising the Audit Committee to set the auditors' remuneration.

The Committee considers each year whether to put the external audit to tender. With the current audit partner required to rotate off the audit after the 2015 audit, the Committee is considering whether to conduct a tender in 2014, with a view to appointing a new audit firm, or reappointing PwC, with effect from 1 January 2016, subject to shareholder approval at the AGM in 2015. A final decision will be made during the year, after consideration of the requirements of proposed EU legislation that may restrict the period for which PwC could be reappointed before a mandatory change of auditor is required.

Resolution 15. Authority for the Company and its subsidiaries to make political donations or incur political expenditure

This resolution will renew the authority to incur expenditure which would otherwise be prohibited under Part 14 of the Companies Act 2006.

In accordance with Group policy, the Company does not make any political donations or incur political expenditure in the UK or the rest of the EU within the ordinary meaning of those words.

However, the definitions of political donations, political organisations and political expenditure used in the Companies Act 2006 are very wide and the penalties for breaching the legislation, even if inadvertent, are severe. As a result, they may cover activities that form part of relationships that are an accepted part of engaging with our stakeholders to ensure that issues and concerns affecting our operations are considered and addressed.

The activities referred to above are not designed to support any political party nor to influence public support for any political party.

The authority the Company is requesting is a precautionary measure to ensure that the Company can continue to support the community and put forward its views without inadvertently breaching the Companies Act 2006.

While shareholders are permitted to grant authority for up to four years, the directors will seek shareholder authority each year in accordance with best practice.

Resolution 16. Directors' authority to allot shares

This resolution (as in previous years) renews the directors' authority to allot shares.

It gives directors the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

The directors consider it desirable to have this flexibility.

Paragraph (i) gives the directors the authority to issue new shares equal to approximately one third of the whole of the issued ordinary share capital of the Company (including the limited voting shares of 10p each – **"limited voting shares"**).

Paragraph (ii) authorises the directors to allot up to a further one-third for use only in connection with a fully pre-emptive rights issue.

The aggregate of the amounts in Resolution 16 represents approximately two-thirds of the whole of the issued ordinary share capital of the Company (including the limited voting shares). Information on the issued share capital can be found on page 14 of this document. No shares are held in treasury.

This authority will expire at the conclusion of the next annual general meeting or on 30 June 2015, whichever is the earlier.

There are no present plans to undertake a rights issue or to allot new shares other than in connection with employees' share plans and, if Resolution 18 is passed, to undertake the Company's Scrip Dividend Programme save that the directors may, as part of capital management planning, authorise new issuances of ordinary shares, in an amount that is not material in relation to the Company's capital nor in relation to the Pre-Emption Group as described in the notes to Resolution 23.

For the purposes of this resolution **"rights issue"** means an offer to:

- (a) ordinary shareholders in proportion (or as near as may be practicable) to their existing holdings; and
- (b) people who are holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before

payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or jurisdiction.

Resolution 17. Directors' authority to allot shares in relation to the issue of Regulatory Capital Convertible Instruments

This resolution renews the directors' authority to allot shares or grant rights to subscribe for or convert any security into ordinary shares, in accordance with section 551 of the Companies Act 2006 up to an aggregate nominal amount of £1,250,000,000 in connection with the issue of Regulatory Capital Convertible Instruments.

The Board believes it is in the best interests of the Company to have the flexibility to issue Regulatory Capital Convertible Instruments at any time and from time to time. The authority sought in this resolution will be utilised as considered desirable to comply with or maintain compliance with such regulatory capital requirements or targets applicable to the Group.

The Company intends to seek to renew authority for the issuance of such Regulatory Capital Convertible Instruments on an annual basis.

The amount of this authority is, in aggregate, equivalent to approximately 17.49 per cent. of the issued ordinary share capital of the Company (including the limited voting shares) as at 2 April 2014, the last practicable date before the publication of this document. No ordinary shares are held in treasury.

Resolutions 17 and 24 are intended to provide the directors with the flexibility to authorise the issue of Regulatory Capital Convertible Instruments which contain contractual debt to equity conversion features. The resolutions are not intended to provide authority for any future UK statutory conversion requirements as may become part of UK national law in the future, for which such authority would not be required.

This is separate and distinct from the authority sought in Resolution 16 which is the usual authority sought on an annual basis in line with guidance issued by the Association of British Insurers.

Conditional upon the passing of Resolutions 17 and 24, the directors would not expect to make use of Resolutions 16 and 23 to issue Regulatory Capital Convertible Instruments, although these resolutions may be used for other purposes and, if so used, would have the effect of diluting the interests of ordinary shareholders.

Current prudential regulatory requirements provide that banks in the European Union must hold at least 6.0 per cent. of risk weighted assets (RWAs) plus prescribed buffers in the form of tier 1 capital. Of the 6.0 per cent., 1.5 per cent. of RWAs can be met by additional tier 1 (AT1) instruments.

AT1 instruments are Regulatory Capital Convertible Instruments which convert into ordinary shares of the Company should the Company's common equity tier 1 (CET1) ratio fall below a contractually defined trigger point.

For the purpose of this resolution: **"Regulatory Capital Convertible Instruments"** means any securities to be issued by the Company or any member of the Group, or by a company outside of the Group with the consent of the Company or a member of the Group and which are intended on issue to form all or part of a type or class of securities the terms of which are eligible to meet any Regulatory Capital Requirements and which are:

- (i) convertible into or exchangeable for ordinary shares of the Company; or
- (ii) issued together with share warrants relating to ordinary shares of the Company,

and in each case, which grant to, or require, the holder of such security and/or its nominee a right or obligation (as applicable) to subscribe for such ordinary shares following a specified event relating to an actual or prospective adverse change in the capital position or viability of the Company, any member of the Group or the Group as a whole or any other event specified in the Regulatory Capital Requirements and otherwise on such terms as may be determined by the directors of the Company or a committee thereof upon issue.

"Regulatory Capital Requirements" means any applicable requirements specified by the Prudential Regulation Authority or other such authority having primary supervisory authority with respect to the Company from time to time in relation to the margin of solvency, capital resources, capital, contingent capital or buffer capital of the Company, a member of the Group or the Group taken as a whole.

For the purposes of this resolution, **"Group"** means the Company, its subsidiaries and its subsidiary undertakings from time to time.

Resolution 18. Authority to introduce a Scrip Dividend Programme

A summary of the Scrip Dividend Programme (the **"Programme"**) is set out on pages 22 to 24 of this notice of AGM. Prior to introducing the Programme, shareholders will be sent full details of the Programme's terms and conditions and instructions on how to participate.

Resolution 18 will allow the directors to introduce the Programme providing holders of Lloyds Banking Group plc ordinary shares of 10p each (**"Ordinary Shares"**), including those holders of Ordinary Shares within the

Lloyds Banking Group Shareholder Account, with the option to receive new fully paid ordinary shares in the Company instead of a cash dividend.

The Programme will enable those shareholders electing to participate to increase their shareholding in the Company without incurring dealing costs or stamp duty and allow the Company greater flexibility in managing its capital resources by retaining cash within the business.

The Programme is intended to replace the current Dividend Reinvestment Plan (DRIP) for holders of Ordinary Shares, which facilitates the reinvestment of their cash dividends in ordinary shares purchased on the London Stock Exchange.

The directors hereby give notice that from the date of this notice of AGM the DRIP is suspended until further notice.

The directors will retain discretion to decide whether to offer a scrip dividend alternative in respect of any and each future dividend. The directors will also retain discretion to withdraw the offer of a scrip dividend alternative should they feel it is in the best interests of shareholders to do so.

In line with investor protection guidelines, and in accordance with the Company's articles of association, the authority contained in this resolution is sought for five years. Unless circumstances change, the Company would expect to seek an extension of this authority before it expires.

It is the Company's intention to offer a similar programme for American Depositary Receipt ('ADR') holders.

The replacement of the DRIP with the Programme will not affect employees who receive dividend shares under the Group's Sharematch plan. That plan operates separately and will continue to do so.

Resolutions 19, 20 and 21. Remuneration

The Company is required to comply with the UK's new executive pay rules and the Prudential Regulation Authority's (**"PRA"**) Remuneration Code (the **"Code"**) as amended on 1 January 2014 to implement the fourth amendment of the Capital Requirements Directive (**"CRD IV"**).

These regulatory changes require:

- a binding shareholder vote on a remuneration policy for Directors;
- an advisory shareholder vote on the implementation of the policy; and
- the introduction of a cap on the variable element of remuneration at 100 per cent. of fixed remuneration which may be increased to 200 per cent., but only with shareholder approval.

The Remuneration Committee is committed to regular dialogue with stakeholders. During 2013, the Committee has consulted extensively with a number of major shareholders and key stakeholders, such as the Group's main regulators, the Financial Conduct Authority (**"FCA"**) and the Prudential Regulation Authority (**"PRA"**).

The following notes for Resolutions 19 to 21 should be read in conjunction with the Directors' remuneration report which is set out on pages 100 to 122 of the annual report and accounts for the year ended 31 December 2013.

Resolution 19. Remuneration policy section of the Directors' remuneration report

The Company is required to ask shareholders to approve by ordinary resolution the remuneration policy section of the Directors' remuneration report. The remuneration policy is set out on pages 102 to 109 of the annual report and accounts for the year ended 31 December 2013. In accordance with the new remuneration reporting rules, the resolution to approve the remuneration policy is a binding vote. This means that the Company must act according to the voting result. If the resolution is not approved, the remuneration policy cannot be used and the Company would need to present a revised remuneration policy to shareholders for approval at a General Meeting of the Company.

The remuneration policy for executive directors is based on principles which are applicable to all employees within the Group and in particular, the principle that the reward package should support the delivery of the Group's strategic goal to be the 'Best Bank for Customers'.

The remuneration policy embeds a performance-driven and meritocratic culture, and encourages effective risk disciplines.

The policy for non-executive directors, including the Chairman, is designed to provide an appropriate reward to attract and retain a high-calibre individual with the relevant skills, knowledge and experience to perform the role.

The remuneration policy is fully compliant with relevant regulation and codes of best practices.

It is currently intended that approval of the remuneration policy will be sought at three year intervals (unless amendments to the policy are required, in which case further shareholder approval will be requested).

Resolution 20. Implementation report section of the Directors' remuneration report

The Company is required to ask shareholders to approve by ordinary resolution the implementation of the Directors' remuneration policy. The implementation report is set out in the Directors' remuneration report and can be found on pages 100 to 101 and 110 to 122 of the annual report and accounts for the year ended 31 December 2013.

In accordance with the new remuneration reporting rules, the vote on the implementation report is an advisory vote. This means that the Company can still act according to the implementation report as proposed if the resolution is not approved. However, if the resolution were not to be approved, the Company would take this into account when considering future implementation reports.

Resolution 21. Variable component of remuneration for Code Staff

Under the PRA Remuneration Code, the variable element of remuneration for Code Staff is capped at 100 per cent. of fixed remuneration. The cap may be increased to 200 per cent., but only with shareholder approval.

The Remuneration Committee strongly believes in pay for performance, in providing a competitive package that allows the Company to attract and retain the key talent necessary to deliver the strategy set by the Board, and in ensuring that fixed costs are appropriately managed. The approval sought by this resolution will also enable the Company to defer a larger quantum of variable pay that could be subject to performance adjustment (i.e. a reduction or cancellation of unvested awards, if appropriate) than would be the case if the variable component of remuneration was restricted to up to 100 per cent. of the fixed component of remuneration. The Company is therefore seeking approval to award variable remuneration of up to a maximum of 200 per cent. of fixed remuneration.

The cap is relevant only to Code Staff (those who have a material impact on the Group's risk profile including directors, senior management risk takers and staff engaged in control functions). In 2013, the Group had 140 Code Staff according to the then prevailing regulations. The Company expects that number to increase for 2014 to around 400 if the revised definition of Code Staff is confirmed following the publication of the final rules from the European Banking Authority. Only a small percentage (less than 0.50 per cent.) of the Group's employees are affected. It is not anticipated that the passing of this resolution will have any impact on the Group's ability to maintain a sound capital base.

Special procedural rules apply to this resolution. Shareholders must approve the resolution by a majority of at least 66 per cent. of the shares represented (in person or by proxy) at the annual general meeting, provided that at least 50 per cent. of the total shares are represented at the annual general meeting. Failing that, a majority of 75 per cent. is required.

Colleagues who have an interest in the increased limit in respect of variable remuneration are not allowed to, and will be instructed not to, exercise, directly or indirectly, any voting rights they may hold as shareholders in respect of this resolution.

Resolution 22. Amendments to the articles of association

The amendments are proposed in order to update the Company's articles of association and to take account of changes to the structure of Lloyds Banking Group which will result from the divestment of all or part of TSB Bank plc, formerly known as Lloyds TSB Scotland plc.

The articles of association, including all the proposed changes are available for inspection

during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the head office of the Company at 25 Gresham Street, London EC2V 7HN and at the registered office of the Company at The Mound, Edinburgh EH1 1YZ up to and including the date of the AGM, and at the Edinburgh International Conference Centre, The Exchange, Edinburgh EH3 8EE from 10.00 am until the end of the AGM.

Resolution 23. Limited disapplication of pre-emption rights

The Companies Act 2006 requires that the allotment of new shares or other equity securities are first offered to shareholders in proportion to their existing holdings.

The passing of this resolution would (as in previous years) allow directors in limited circumstances the flexibility to finance business opportunities by allotting shares or other securities without first offering them to existing holders in proportion to their existing holdings.

Any issue of ordinary shares under these provisions would represent no more than 5 per cent. of the issued ordinary share capital of the Company (including the limited voting shares).

If the Company were to purchase its own shares and hold them in treasury, this resolution would give the directors power to sell these shares for cash to persons other than existing shareholders, subject to the same limit that would apply to issues of shares for cash to these persons.

In addition, the resolution authorises the directors to issue shares for cash in connection with a rights issue on a non pre-emptive basis.

In applying the powers to be granted by virtue of this resolution, the Company intends to adhere to the Pre-Emption Group's Statement of Principles which provides that no more than 7.5 per cent. of the issued share capital should be issued on a non pre-emptive basis over a rolling three-year period without prior consultation with shareholders.

For the purposes of this resolution:

- (a) **"rights issue"** has the same meaning as in the Explanatory Note to Resolution 16;
- (b) **"pre-emptive offer"** means an offer of equity securities open for acceptance for a period fixed by the directors to (i) holders of ordinary shares (other than the Company) on the register on a record date fixed by the directors in proportion to their respective holdings and (ii) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional

entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or jurisdiction;

- (c) references to an allotment of equity securities shall include a sale of treasury shares; and
- (d) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

Resolution 24. Limited disapplication of pre-emption rights in relation to the issue of Regulatory Capital Convertible Instruments

This resolution proposes that, without prejudice to any existing power including that contained in Resolution 23, the directors be empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) up to an aggregate nominal amount of £1,250,000,000 in relation to the issue of Regulatory Capital Convertible Instruments, wholly for cash or otherwise as if section 561 of the Companies Act 2006, to the extent applicable, did not apply to any such allotment. This is equivalent to approximately 17.49 per cent. of the issued ordinary share capital of the Company (including the limited voting shares) as at 2 April 2014, being the last practicable date before the publication of this document.

Renewing this resolution will permit the Company the flexibility necessary to allot equity securities pursuant to any proposal to issue Regulatory Capital Convertible Instruments and, by virtue of such disapplication, without the need to comply with the pre-emption requirements of the UK statutory regime.

For the purposes of this resolution, **"Regulatory Capital Convertible Instruments"** and **"Regulatory Capital Requirements"** have the same meanings as in Resolution 17.

Resolutions 25 and 26. Authority to purchase ordinary shares and preference shares

These resolutions renew the authority of the Company to purchase its own ordinary shares and certain of its preference shares (as listed in the resolution wording) in the market.

The authority for the Company to purchase its ordinary shares in the market is limited to 7,145,159,540 ordinary shares, equivalent to 10 per cent. of the issued ordinary share capital of the Company (including the limited voting shares) as at 2 April 2014, being the last practicable date before the publication of this document.

Any shares purchased in this way may be cancelled or held in treasury for eventual sale for cash, transfer in connection with an employees' share plan or cancellation. The resolution explicitly authorises

the Company to use any shares purchased and held in treasury for the purposes of its employees' share plans.

If any shares were used in this way, the Company would take them into account when calculating the share issuing limits in the share plans, to the extent required under the Association of British Insurers' guidelines. There is no limit on the number or value of preference shares that can be purchased.

1,081,254,325 ordinary shares, equivalent to 1.513 per cent. of the issued ordinary share capital as at 2 April 2014, may be issued on the exercise of outstanding awards and options. If the Company were to purchase and cancel shares up to the maximum permitted by this resolution, that percentage would increase to 1.681 per cent.

The directors would exercise the authority only if they felt that to do so would be in the best interests of the Company and would result in an increase in earnings per share.

To the extent that any such shares were held in treasury, earnings per share would only be increased on a temporary basis, until the shares were sold or transferred out of treasury. Also, if the directors were to decide to use the authority, they would, at that time, determine whether it would be in the best interests of shareholders as a whole for the shares purchased to be cancelled or held in treasury.

Resolution 27. Notice period

Under the Companies Act 2006, the notice period required for all general meetings of the Company is 21 days.

However, shareholders can approve a shorter notice period of not less than 14 clear days for general meetings other than annual general meetings. It is the Company's intention only to use this authority in circumstances when it would disadvantage the Company to delay shareholder approval for an urgent matter concerning, for instance, the issue or alteration of share capital. It is not intended to use this authority for routine Company business.

The resolution shall be valid until the conclusion of the next annual general meeting (unless the authority granted by the resolution is renewed at a general meeting of the Company before then) and it is the Company's intention to renew the authority at each annual general meeting.

Annual general meetings will continue to be held on at least 21 clear days' notice.

Resolution 28. Related Party and Class 1 Transaction

As HM Treasury holds more than 10 per cent. of the voting rights in the Company, HM Treasury is a "related party" for the purposes of the Listing Rules.

On the terms of the Resale Rights Agreement and the Registration Rights Agreement, the

Company may be required by HM Treasury to provide assistance in connection with any HMT Sale. In particular, the Company may be required to prepare and publish one or more prospectuses or other disclosure, listing or marketing documents for which it and the Directors will have statutory responsibility and uncapped liability. Absent the terms of the Resale Rights Agreement and the Registration Rights Agreement, the Company would not be required to prepare, publish and take responsibility for a prospectus or other disclosure, listing or marketing document in connection with any HMT Sale. In connection with any HMT Sale and on the terms of the Resale Rights Agreement and the Registration Agreement, the Company may also be required to bear certain offering expenses and to provide contractual protections to HM Treasury, any underwriting or bookrunning banks and/or other advisers (and any of their respective affiliates), including in the form of representations, warranties, covenants and indemnities. The indemnity provided by the Company in favour of HM Treasury and its affiliates will be against losses or claims that arise out of or are based on: (a) any prospectus or other disclosure, listing or marketing documents prepared, published or authorised by the Company in connection with any HMT Sale; (b) failure or alleged failure by the Company or the Directors to comply with any law or regulation applicable to any HMT Sale; and (c) any breach or alleged breach by the Company of any of its obligations set out in or contemplated by the Resale Rights Agreement or the Registration Rights Agreement, subject to certain exceptions including for losses that have arisen as a result of certain acts or omissions by HM Treasury.

The provision of such assistance by the Company constitutes a "related party transaction" and, due to the uncapped nature of the Company's liability and the requirement to prepare and publish a prospectus or other disclosure, listing or marketing document for which the Company will have statutory responsibility, also constitutes a "Class 1 transaction", and requires shareholder approval.

Accordingly, Resolution 28 proposes that the performance of the Resale Rights Agreement and the Registration Rights Agreement by the Company be approved on the terms outlined above and in this document.

Further information on the Resale Rights Agreement and the Registration Rights Agreement, including the background to and reasons for, and the risks associated with, any HMT Sale contemplated to be undertaken thereunder, is set out on pages 27 to 36 of this document. In particular, please note that a summary of the principal terms of each of the Resale Rights Agreement and the Registration Rights Agreement is set out on pages 34 and 35 of this document.

IMPORTANT NOTES

Issued capital and voting rights

As at 2 April 2014 (the last practicable date prior to the publication of this document) the total number of shares, including shares represented by American Depositary Receipts, issued by Lloyds Banking Group plc was 71,451,595,404 ordinary shares of 10p each. At this date, no shares were held in treasury.

80,921,051 limited voting ordinary shares of 10p each are in issue and held by the Lloyds Bank Foundations. These shares do not entitle the holders to vote at general meetings except in certain limited circumstances.

Each ordinary share of 10p carries one vote, therefore the total number of voting rights is 71,370,674,353.

HM Treasury is not permitted to vote on Resolution 28. HM Treasury has further undertaken to take all reasonable steps to ensure that its associates, if any, will not vote on Resolution 28.

Directors

A summary of the skills and experience of each director proposed for election or re-election can be found on pages 17 to 19 of this document. Additional details relating to directors can be found on pages 69 to 122 of the annual report and accounts.

Attendance requirements

To be entitled to attend, speak and vote at the meeting, shareholder details must be entered on the register of members by 6.00 pm on Tuesday 13 May 2014.

Only shareholders, appointed proxies or corporate representatives are entitled to attend, speak and vote at the meeting.

If the meeting is adjourned, shareholders who wish to attend and vote must have their names entered on the Company's register of members by 6.00 pm on the day falling two days prior to the date fixed for the adjourned meeting.

Voting in advance by proxy

By post Complete the proxy/voting form and return it to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

The enclosed envelope is postage paid if mailed in the UK. If it is mailed from overseas, you will need to pay local additional postal charges.

Online Register your instruction at www.sharevote.co.uk using the Voting ID, Task ID and Account number noted on the enclosed proxy/voting form.

CREST Participants can provide instructions using the CREST electronic proxy appointment service through Equiniti Limited ID RA19 following the procedures described in the CREST manual available at www.euroclear.com/CREST

Voting deadline

Instructions, together with any supporting authority, e.g. certified copy power of attorney, must be received by Equiniti Limited no later than 11.00 am on Tuesday 13 May 2014.

For instructions submitted in CREST, the time of receipt by Equiniti Limited will be deemed to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Equiniti Limited is able to retrieve the message by enquiry of Euroclear in the manner prescribed by Euroclear. Equiniti Limited may treat as invalid a CREST instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointing a proxy

You can appoint one or more people to attend the meeting on your behalf (your proxy). To appoint a proxy, please add the name of the person in the relevant box on the proxy card/online.

A proxy need not be a shareholder of the Company but must attend the meeting to represent a shareholder.

Appoint more than one proxy

If you wish to appoint more than one proxy, you can obtain additional proxy cards by contacting Equiniti on 0871 384 2990 or +44 121 415 7066 from outside the UK. You should indicate the number of shares for which each proxy is entitled to vote next to their name.

Revoking a proxy

Proxy appointments may be revoked or amended by written notice to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA; CREST participants may also give these instructions by CREST message. To be valid, such instructions must be received by 10.00 am on Thursday 15 May 2014.

Joint shareholders

The signature of any one holder will suffice when completing the proxy/voting form. If multiple instructions are received, the instructions of the most senior joint holder will be accepted in priority to other instructions. Seniority will be determined by the order in which the names stand on the register of members for the joint holding.

Webcast

The AGM will be available to view online by webcast at www.lloydsbankinggroupagm.com. Shareholders attending the AGM may be broadcast and will be deemed to have consented to this. Shareholders choosing to view the AGM using the webcast will not be able to participate in proceedings at the AGM. It is recommended that shareholders choosing

to use this service allow good time in advance of the meeting to visit the website to check system connectivity.

Indirect investors

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146(2) of the Companies Act 2006 ("**Nominated Persons**"). Nominated Persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Attending the meeting

Information relating to the arrangements and facilities for the meeting are contained on the proxy/voting form.

Questions at the AGM

Shareholders, their appointed proxies and authorised corporate representatives have the right to and can ask questions at the AGM relating to the business of the meeting. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:

- (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- (b) the answer has already been given on a website in the form of an answer to a question; or
- (c) it is undesirable in the interests of the Company or good order of the meeting that the question be answered.

If you intend to come to the AGM and would like to ask a question about the business of the meeting, you may register this in advance by sending it by email to agmquestions@lloydsbanking.com. This should not be used to raise personal enquiries. If your question is not a matter for the AGM it may be referred to an appropriate team to respond. If you choose not to attend the meeting your question will not be raised at the AGM on your behalf. Shareholders are asked to be concise to ensure others who wish to ask a question are able to do so.

You may not use any electronic address provided either in this notice of AGM or any related documents to communicate with the Company for any purpose other than those expressly stated. Any electronic communication sent by a shareholder to the Company or Equiniti Limited that is found to contain a computer virus will not be accepted.

Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged. Shareholders who decide to use them will receive an electronic mail message sent to the electronic address registered. This will give details of the location on the Company's website www.lloydsbankinggroup.com where this notice, together with other relevant documents and information may be viewed. The Company will not regard itself as responsible for any failure in transmission beyond its control. There is no particular software needed, other than that which is described and is available on the Company's website.

Right to include a resolution at the AGM

Under sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:

- (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or
- (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be moved or a matter may properly be included in the business unless:

- (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);
- (b) it is defamatory of any person; or
- (c) it is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must have been received by the Company not later than 2 April 2014, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Right to publish a statement about the auditors

Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

- (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the annual general meeting for the financial year ended 31 December 2013; or
- (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which an annual report and accounts were laid.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 (requirements as to website availability) of the Companies Act 2006.

Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM for the relevant financial year includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

Documents available for inspection

The following documents, which are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) at the head office of the Company at 25 Gresham Street, London EC2V 7HN and at the Company's registered office, The Mound, Edinburgh, EH1 1YZ, will also be available for inspection at the Edinburgh International Conference Centre from 10.00 am on Thursday 15 May 2014 until the end of the meeting:

- (i) the Registration Rights Agreement;
- (ii) the Resale Rights Agreement;
- (iii) the 2013 Form 20-F;
- (iv) the Company's annual report and accounts for the year ended 31 December 2013;
- (v) copies of the executive Directors' service contracts;
- (vi) copies of the non-executive Directors' letters of appointment; and
- (vii) a copy of the articles of association together with a copy of the articles of association which include the alterations proposed by Resolution 22.

Sponsor

UBS Limited, which is authorised by the Prudential Regulation Authority (the "PRA") and is regulated by the FCA and the PRA in the UK, is acting exclusively for the Company and for no other person in connection with the Related Party and Class 1 Resolution and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Related Party and Class 1 Resolution and, apart from the responsibilities and liabilities, if any, which may be imposed on UBS Limited by the FSMA or the regulatory regime established thereunder, will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Related Party and Class 1 Resolution or any transaction or arrangement referred to in this document.

Forward-looking statements

This document contains forward looking statements with respect to the business, strategy and plans of the 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; and 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 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 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 annual report and accounts for the year ended 31 December 2013 or the 2013 Form 20-F for a discussion of certain factors together with examples of forward looking statements. The forward looking statements contained in this document are made as at the date of this document, and except as required by the FCA, the London Stock Exchange, the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules or any other applicable law or regulation, the Group undertakes no obligation to update any of its forward looking statements.

RESOLUTIONS 2 AND 3: ELECTION OF DIRECTORS

Juan Colombás

Executive Director and
Chief Risk Officer

Joined the Board on 29 November 2013



Dyfrig John CBE

Independent Director

Joined the Board on 1 January 2014

Member of the Audit Committee
and the Risk Committee.



Skills and experience: Juan has significant banking and risk management experience having spent 28 years working in these fields both internationally and in the UK. He has served as the Group's Chief Risk Officer and as a member of the Group Executive Committee since January 2011. Juan is responsible for developing the Group's risk framework, recommending its risk appetite and ensuring that all risks generated by the business are measured, reviewed and monitored on an ongoing basis. Juan has a BSc in Industrial Chemical Engineering from the Universidad Politécnica de Madrid, a Financial Management degree from ICADE School of Business and Economics and an MBA from the Institute de Empresa Business School.

External appointments: Member of the International Financial Risk Institute Executive Committee.

Former appointments: Juan was previously the Chief Risk Officer of Santander's UK business. Prior to this position, he held a number of senior risk, control and business management roles across the Corporate, Investment, Retail and Risk Divisions of the Santander Group.

Skills and experience: Dyfrig has spent his career in banking, principally at HSBC where he worked for 37 years. During that time he held a number of senior management and board positions in the UK and overseas including Chief Executive Officer of HSBC Bank PLC. He has the knowledge and experience to provide valuable insight and contribute effectively as a Non-Executive Director and Member of the Audit Committee and Risk Committee. Dyfrig has a Sloan Fellowship from the London Business School. He is also a fellow of the Chartered Institute of Bankers.

External appointments: Dyfrig is the Chairman of Principality Building Society and will step down from that position on 17 April 2014. He is a Member of the Welsh Rugby Union's Audit Committee.

Former appointments: Dyfrig was a Director of HSBC Bank PLC from 2003 to 2009, Chief Executive Officer from 2006 to 2009 and Deputy Chairman from 2008 to 2009. Prior to joining the Board of HSBC Bank PLC, he held a number of senior roles including Group Managing Director and member of the Group Management Board. Until recently he was a Board member of the Wales Millennium Centre.

RESOLUTIONS 4 TO 12: RE-ELECTION OF DIRECTORS

Lord Blackwell

Chairman

Joined the Board in June 2012

Chairman of the Nomination & Governance Committee

Member of the Remuneration Committee and the Risk Committee



Skills and experience: Lord Blackwell has extensive insurance, banking, regulatory and public policy experience gained from senior positions in a wide range of industries. Lord Blackwell's deep financial services knowledge and experience, leadership qualities and credibility with key stakeholders, made him the unanimous choice of the Board to succeed Sir Winfried as Chairman of Lloyds Banking Group. Lord Blackwell has an MA in Natural Sciences from the University of Cambridge, and a Ph.D in Finance and Economics and an MBA from the University of Pennsylvania.

External appointments: Lord Blackwell is the Chairman of Interserve plc. He is a Non-Executive Director of Halma plc.

Former appointments: Lord Blackwell was a Non-Executive Director of Ofcom until the end of March 2014. He is a former Senior Independent Director of Standard Life and chaired their UK Life and Pensions Board. He was a Non-Executive Director of Dixons Group and SEGRO, a member of the Board of the Centre for Policy Studies and a Non-Executive Member of the Office of Fair Trading. He was a partner of McKinsey & Co. and a Director of Group Development at NatWest Group. From 1995 to 1997, Lord Blackwell was Head of the Prime Minister's Policy Unit and was appointed a Life Peer in 1997.

George Culmer

Executive Director and Chief Financial Officer

Joined the Board in May 2012



Skills and experience: George is a chartered accountant and has deep operational and financial expertise including strategic and financial planning and control. He has worked in financial services in the UK and overseas for over 20 years. With a strong background in insurance and shareholder advocacy, his skills and experience enhance the Board and strengthen further the senior management team. George is a chartered accountant and has a History degree from the University of Cambridge.

External appointments: None.

Former appointments: George was an Executive Director and Chief Financial Officer of RSA Insurance Group. He is also the former Head of Capital Management of Zurich Financial Services and Chief Financial Officer of its UK operations. George previously held various senior management positions at Prudential.

Carolyn Fairbairn

Independent Director

Joined the Board in June 2012

Member of the Audit Committee and the Remuneration Committee



Skills and experience: Carolyn has extensive digital and on-line, government and regulatory experience gained across a range of sectors including media and financial services. With her broad experience and strong analytical mind, Carolyn plays an active part in reviewing the strategy of the Board and contributing to the debate at Board and Committee meetings. Carolyn has a BA in Economics from the University of Cambridge, an MA in International Relations from the University of Pennsylvania and an MBA from INSEAD.

External appointments: Carolyn is a Non-Executive Director of The Vitec Group and is the Chairman of its Remuneration Committee. She is a trustee of Marie Curie and a Non-Executive Director of the Competition and Markets Authority and the UK Statistics Authority.

Former appointments: Carolyn was a Non-Executive Director of the Financial Services Authority and chaired their Risk Committee, a Director of Group Development and Strategy at ITV plc and Director of Strategy and a member of the Executive Board at the BBC. She is a former partner of McKinsey & Co. and was a policy adviser in the Prime Minister's Policy Unit. Carolyn began her career as an Economist at the World Bank.

Anita Frew

Independent Director

Joined the Board in December 2010

Member of the Audit Committee, the Risk Committee and the Nomination & Governance Committee



Skills and experience: Anita has extensive board, financial and general management experience across a range of sectors, including banking, asset management, manufacturing and utilities. Her breadth of experience and strong leadership qualities make her an effective Non-Executive Director. Anita is the Chairman of the Responsible Business Committee. She has a BA (Hons) in Business from the University of Strathclyde and an MRes in Humanities and Philosophy from the University of London.

External appointments: Anita is the Chairman of Victrex plc, having previously been its Senior Independent Director, and is a Senior Independent Director of Aberdeen Asset Management and IML.

Former appointments: Anita was an Executive Director of Abbott Mead Vickers, Director of Corporate Development at WPP Group and a Non-Executive Director of Northumbrian Water. She has held various investment and marketing roles at Scottish Provident and the Royal Bank of Scotland.

António Horta-Osório

Executive Director and Group Chief Executive

Joined the Board in January 2011

Appointed Group Chief Executive in March 2011



Skills and experience: António brings extensive experience in, and understanding of, both retail and commercial banking. This has been built over a period of more than 25 years, working both internationally as well as in the UK. António's drive, enthusiasm and commitment to customers, along with his proven ability to build and lead strong management teams, brings significant value to all stakeholders of Lloyds Banking Group. António has a Degree in Management & Business Administration from the Universidade Católica Portuguesa, an MBA from INSEAD and has completed the Advanced Management Program at Harvard Business School.

External appointments: António is a Non-Executive Director of Fundação Champalimaud and Sociedade Francisco Manuel dos Santos in Portugal and is a Governor of the London Business School.

Former appointments: António joined Grupo Santander in 1993, having previously worked for Goldman Sachs and for Citibank, and held various senior management positions culminating in becoming Executive Vice President of Grupo Santander and a member of its Management Committee. In November 2004, he was appointed as a Non-Executive Director of Santander UK and, from August 2006 until November 2010, served as its Chief Executive. António is also a former Non-Executive Director of the Court of the Bank of England.

Nicholas Luff

Independent Director

Joined the Board on 5 March 2013

Chairman of the Audit Committee
Member of the Risk Committee



Skills and experience: Nick is a chartered accountant and has significant financial experience in the UK listed environment having served in a number of senior finance positions within a range of sectors. His background and experience enables him to fulfil the role of Audit Committee Chair and, for SEC purposes, the role of Audit Committee Financial Expert. Nick is a Mathematics graduate from the University of Oxford.

External appointments: Nick is currently the Group Finance Director of Centrica. He will step down from the Centrica Board before the end of 2014 to take up a new position as Chief Financial Officer of Reed Elsevier.

Former appointments: Nick was previously Finance Director of The Peninsular & Oriental Steam Navigation Company and Chief Financial Officer of P&O Princess Cruises plc. Until December 2010, he served as a Non-Executive Director and was the Audit Committee Chair of QinetiQ Group. Nick started his career with KPMG where he qualified as a chartered accountant in 1991.

RESOLUTIONS 4 TO 12: RE-ELECTION OF DIRECTORS (CONTINUED)

David Roberts

Deputy Chairman
Independent Director

Joined the Board in March 2010

Chairman of the Risk Committee
Member of the Audit Committee, the
Remuneration Committee and the
Nomination & Governance Committee

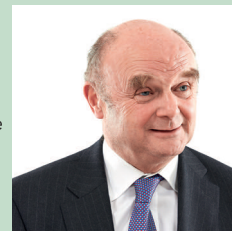


Anthony Watson, CBE

Senior Independent Director

Joined the Board in April 2009

Chairman of the Remuneration Committee
Member of the Audit Committee,
the Risk Committee and the Nomination
& Governance Committee



Skills and experience: David has many years of experience at board and executive management level in retail and commercial banking in the UK and internationally. As Chair of the Risk Committee, he has a deep understanding of risk management, underpinned by recent, in-depth knowledge of all aspects of banking operations. David's valuable contributions to the deliberations of the Board and Committee meetings, combined with natural leadership qualities, make him an effective Deputy Chairman. David has a Diploma in Marketing from the Chartered Institute of Marketing, a degree in Mathematics & Applications from Birmingham University and an MBA from the University of Reading.

External appointments: Member of the Strategy Board of Henley Business School.

Former appointments: David joined Barclays in 1983 and held various senior management positions culminating in Executive Director, member of the Group Executive Committee and Chief Executive, International Retail and Commercial Banking, a position which he held until December 2006. He is a former Non-Executive Director of BAA and Absa Group and was Chairman and Chief Executive of BAWAG P.S.K. AG.

Skills and experience: Tony is Senior Independent Director and Chair of the Remuneration Committee. He maintains close dialogue with shareholders with the aim of aligning executive reward with shareholder interests. With over 40 years of experience in the investment management industry and related sectors, he is well placed to carry out these roles. Tony is a Barrister at Law. He has a BSc (Hons) in Economics from the Queen's University Belfast, a Diploma in Security Analysis from the New York Institute of Finance and was called to the Bar of England and Wales.

External appointments: Tony is a Non-Executive Director of Vodafone Group. Senior Independent Director of Hammerson and Witan Investment Trust, Chairman of the Lincoln's Inn Investment Committee and a member of the Norges Bank Investment Management Corporate Governance Advisory Board.

Former appointments: Former Chief Executive of Hermes Pensions Management and formerly Chairman of the Asian Infrastructure Fund, MEPC and of the Strategic Investment Board (Northern Ireland). Former member of the Financial Reporting Council and the Marks & Spencer Pension Trustees.

Sara Weller

Independent Director

Joined the Board in February 2012

Member of the Remuneration Committee
and the Risk Committee



Skills and experience: With a background in retail and associated sectors, including financial services, Sara brings a broad perspective to the Board. She is a strong advocate of customers and of the application of new technology, both of which directly support Lloyds Banking Group's strategy. Sara has considerable experience of boards at both executive and non-executive level. She has an MA in Chemistry from Oxford University.

External appointments: Sara is a Non-Executive Director of United Utilities Group and Chair of their Remuneration Committee.

Former appointments: Sara is the former Managing Director of Argos. She held various senior positions at J Sainsbury including Deputy Managing Director and served on its Board between January 2002 and May 2004. She was a Non-Executive Director of Mitchells & Butler and also held senior management roles for Abbey National and Mars Confectionery.

Further information relating to the Directors, including the Company's remuneration policy, is given in the annual report and accounts, the annual review and on the Company's website, www.lloydsbankinggroup.com

GLOSSARY OF TERMS

The following is a brief explanation of some of the terms used within this notice of AGM and the annual reports and accounts and which may also be used during the course of the AGM.

This glossary of terms is not intended to provide legal guidance or advice. Shareholders are advised to seek independent legal or financial advice with regards to any matters contained in this notice of AGM.

Additional Tier 1 capital/instruments (AT1)

This relates to capital instruments other than ordinary shares that meet the regulatory requirements for Tier 1 capital. They may include instruments that convert into ordinary shares in certain circumstances.

Annual General Meeting

A public company is required in law to hold a meeting with its shareholders and to table its accounts within six months of the end of its preceding financial year. The meeting at which annual accounts are laid before the meeting is called an Annual General Meeting – any other meeting of shareholders is simply a General Meeting.

Basel III

This is a global regulatory standard on banking, issued by the Basel Committee on Banking Supervision, designed to strengthen capital requirements through increasing liquidity whilst reducing leverage and increasing prudential soundness of banks.

Capital

In its simplest terms, capital relates to the financial resources available for a company's use. The amount of capital available is usually calculated by deducting a company's total liabilities from its total assets.

Capital Buffers

This is the amount of capital a bank holds over and above the minimum regulatory requirements. In general the regulators will set capital requirements that they expect the bank to hold, and management will set additional capital buffers to mitigate against the risk of using the regulatory buffers.

During periods of economic growth, regulators will set higher capital buffers to minimise the risk of exposure to financial stress during periods when the economy shrinks (recession).

Capital Requirements Directive IV (CRD IV)

This is the EU implementation of Basel III which introduces a supervisory framework on capital measurement and capital standards. This also includes rules on remuneration.

Code Staff

This means senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the company's risk profile.

Common Equity Tier 1 Capital (CET1)

This is the highest quality form of regulatory capital under CRD IV and comprises common shares issued and related share premium, together with other reserves and earnings and taking into account specified regulatory adjustments.

Contingent or Regulatory Capital Convertible Instruments

These are securities which are designed to absorb losses of Common Equity Tier 1 (CET1) capital in stress.

If the capital falls below a contractually agreed level, the security or instrument converts into ordinary shares at an agreed price, thus increasing CET1 capital.

These securities must meet a number of requirements to be recognised as regulatory capital instruments.

Financial Conduct Authority (FCA)

The FCA was formed as one of the successors to the Financial Services Authority. It is responsible for regulating firms providing financial services to consumers, regulating the conduct of retail and wholesale financial services firms, whilst maintaining the integrity of the UK's financial markets.

Leverage Ratios

This is the ratio of Tier 1 capital to total exposure to debtors and other obligations and is expressed in percentage terms. This equates to the number of times the exposure exceeds such Tier 1 capital.

The leverage ratio can be used to provide insight into a company's ability to absorb losses through capital held.

Basel III introduced a standard which is expected to require banks to hold a minimum leverage ratio in excess of 3 per cent. by January 2018.

Pillar 3

The Basel capital standards are built on three Pillars. Pillar 1 being minimum capital requirements, Pillar 2 being supervisory review processes, and Pillar 3 being a set of disclosures to help market participants understand or gauge the capital adequacy of a company.

Disclosures made under Pillar 3 are required to be consistent with how senior management and the board of a company assess and manage its risks.

Tier 1 capital

Tier 1 capital is capital of the Group that meets a number of regulatory requirements designed to demonstrate that it is highly permanent and capable of absorbing losses. It contains only Common Equity Tier 1 capital and other capital instruments that meet these requirements (Additional Tier 1 Capital).

Pre-Emption Group

This means the group formed by the Association of British Insurers and the National Association of Pension Funds, together with City and industry representatives, to control and monitor the issue of equity securities by listed public companies.

Profit before tax

Before a company calculates its profits on which tax is payable it is allowed to deduct its expenses including operating expenses and interest payments on debt instruments or loans. The resulting figure is the profit the company has made before it incurs its tax liability.

Prudential Regulation Authority (PRA)

The PRA was formed as one of the successors to the Financial Services Authority. It is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms.

Prudential Regulation or Prudential regulatory requirements

This imposes standards which require firms to control risks and to hold adequate capital as a form of protection from financial crises.

PRA Remuneration Code

The code sets out standards that firms regulated by the PRA must follow in conjunction with remuneration. It identifies which staff are caught by the code and sets out the shareholder authorities required in order for the resolutions to be approved.

Risk Weighted Assets (RWA)

This relates to the assets of a company, which will include for example cash, debt owed to the company, property and investments. These are assigned risk weightings between 0 per cent. and 1,250 per cent. according to the level of risk associated with that asset with riskier assets having higher weighting.

As an example, an unsecured loan is generally likely to be considered riskier (in terms of the ability to receive repayment in full) than a loan secured with collateral such as property.

The total of risk weighted assets is used to calculate a company's required capital.

Underlying profit

This is used by companies to show what they believe to be an accurate reflection of the profit position of the company. This is not based on the regulatory standards required to be applied to accounting standards and reports and may exclude one off charges or events.

Wholesale Funding

This is a common method of fund raising by companies where large sums of capital are borrowed from other institutions. It is often a quick method of obtaining capital as it takes the form of loans rather than the issuance of bonds or shares.

SCRIP DIVIDEND PROGRAMME SUMMARY

IMPORTANT: No action relating to participation in the Scrip Dividend Programme (the “Programme”) needs to be taken at this time. The purpose of this summary is to provide shareholders with information so that they may consider how they wish to vote in respect of Resolution 18.

Further information regarding the Programme

What are shareholders being asked to do?

The Board is recommending to shareholders that they authorise the introduction of the Programme in respect of all or part of any future dividend (including any interim dividend). The Programme is intended to replace the current Dividend Reinvestment Plan (‘DRIP’) for holders of Lloyds Banking Group plc ordinary shares (“**Ordinary Shares**”).

If approved, this authority will expire in five years. Unless circumstances change, the directors expect to seek an extension to this authority before it expires.

The DRIP is suspended forthwith from the date of this notice of AGM.

Why not just pay cash to everyone?

The Programme will allow those shareholders who wish to participate the opportunity to increase their shareholding without incurring dealing charges and stamp duty. This is often an attractive option for shareholders who might otherwise receive a cash dividend of relatively small economic value.

The Programme will also give the Company greater flexibility in managing its capital resources as it will be able to retain in the business the cash which would otherwise have been paid to participating shareholders who have elected to receive shares.

When will the Programme be launched?

The Company expects to apply to the Prudential Regulation Authority (the “**PRA**”) in the second half of 2014 to restart dividend payments. Subject to receiving approval from the PRA to recommence dividend payments, and receiving shareholder approval for the Programme at the AGM, the Company expects the Programme will apply to the first payment from the recommencement of dividend payments.

Who can participate in the Programme?

The Programme will be made available to shareholders entered on the register of members at the relevant time and those holders of shares in the Lloyds Banking Group Shareholder Account (“**LBGSA**”).

Shareholders whose shares are held indirectly, such as through a nominee account, should contact the registered shareholder at the time the Programme is launched to determine if they can participate in the Programme.

Participation in the Programme will be subject to and in accordance with the full terms and conditions which will be sent to shareholders, together

with forms of election inviting shareholders to participate, following the announcement of the recommencement of dividend payments. The full terms and conditions will also be made available in the ‘Shareholder Information’ (‘Investors & Performance’) section online at www.lloydsbankinggroup.com

What is the Programme?

The Programme will provide eligible shareholders with an opportunity, if they wish, to receive new, fully paid Ordinary Shares in the Company (the “**New Shares**”) instead of a cash dividend in respect of all or part of any future dividends for which the Programme is offered.

This means that once an election to participate in the Programme has been made, shareholders will not need to elect to receive New Shares for every subsequent dividend as the election will apply to all future dividends where the Programme is offered. Shareholders can, however, cancel their instruction at any time and receive a cash dividend instead.

The operation of the Programme will be subject to the decision of the directors to make the Programme available in respect of any particular dividend. Should the directors decide not to offer the Programme in respect of any particular dividend, a cash dividend would be paid instead.

Who will be eligible to join the Programme?

The Programme will be made available to all shareholders entered on the register of members, including CREST members and those holders of shares in the LBGSA, subject to certain restrictions for shareholders resident outside the UK as set out below. The right to elect to join the Programme will not be transferable.

Shareholders whose shares are held indirectly, such as through a nominee account, should contact the registered shareholder at the time the Programme is launched to determine if they can participate in the Programme.

ADR holders

It is intended that an alternative similar to the Programme will be offered for American Depositary Receipt (“**ADR**”) holders.

Shareholders resident outside the UK

Shareholders who are resident outside the UK will be able to participate in the Programme provided that they do not live in nor are subject to the jurisdiction of any country where their participation in the Programme would require the Company to

comply with local legal, governmental or regulatory requirements or procedures, or any similar formalities.

Shareholders resident outside the UK will be responsible for ensuring that they may validly participate in the Programme and for observing all relevant formalities.

How can shareholders join or leave the Programme?

When the Programme is launched the Company will send to shareholders instructions on how to elect to participate. This will include forms of election and full terms and conditions, which will also explain how shareholders can leave the Programme.

The full terms and conditions will also be made available in the 'Shareholder Information' ('Investors & Performance') section online at www.lloydsbankinggroup.com

What will be the deadline for joining the Programme?

When the Programme is launched the Company will set out the timetable for participation. This will include the latest date and time (the **"election date"**) that shareholders may elect to receive New Shares instead of cash for that dividend (and for future dividends).

In order to be eligible to receive New Shares in respect of a particular dividend under the Programme, shareholders' elections to participate must be received by the registrar to the Company (or, where applicable, input through CREST) no later than 4.30pm (London time) on the election date.

The election date will not be more than 15 working days before the payment date for that dividend. Elections to participate in the Programme which are received after the election date deadline for any dividend will only apply to subsequent dividends. In that scenario the shareholder would receive a cash dividend in respect of the immediate dividend.

What will be the deadline for leaving the Programme?

Shareholders may opt out of the Programme at any time following its introduction. For each dividend where the Programme is to apply, the Company will set out a timetable for participation. This will include the latest date and time that shareholders may elect to opt-out of the Programme and hence receive cash instead of New Shares.

To opt out of the Programme in respect of a particular dividend, notice of the withdrawal must be received by the registrar to the Company (or, where applicable, input through CREST) no later than 4.30pm (London time) on the election date for that dividend.

The election date will not be more than 15 working days before the payment date for that dividend.

Elections to opt out of the Programme that are received after the election date deadline for any dividend will only apply to subsequent dividends. The shareholder would receive New Shares in respect of the immediate dividend.

Will current participants in the DRIP automatically be treated as having elected to participate in the Programme?

The DRIP is suspended forthwith from the date of this notice of AGM.

A new election will need to be made by each shareholder wishing to participate in the Programme.

Those shareholders who have elected to participate in the DRIP and do not wish to participate in the Programme may wish to contact the registrar to the Company to arrange for cash dividends to be paid direct into a nominated bank account. Otherwise, payments will be made by cheque.

What will happen to residual cash balances held under the DRIP?

Participants in the DRIP who have cash residue entitlements held by the scheme administrator and wish to have these refunded, can contact Equiniti Limited using the contact details provided on page 3 of this document.

Where will shareholders find details of scrip dividends under the Programme?

Eligible shareholders will be invited to join the Programme when it is launched and this will contain all necessary details.

Following the launch of the Programme, this and all future scrip dividend key information including the dividend record date, ex-dividend date, Scrip Reference share price, election date and any further information announced will be made available in the 'Shareholder Information' ('Investors & Performance') section online at www.lloydsbankinggroup.com

How many New Shares will shareholders receive under the Programme?

The number of New Shares that shareholders will acquire for each dividend will depend on the amount of the cash dividend to which they are entitled. Only whole shares may be issued and the number of shares that can be acquired will be rounded down to the nearest whole number of New Shares. Once the calculation has been made and shares allocated, any cash left over that is insufficient to acquire one New Share will be held as a residual cash balance (**"residual cash"**).

Residual cash will be held until the next scrip dividend and added to the amount of cash available from that dividend (see below).

Shares will be acquired according to the cash available and using the Scrip Reference share price

to determine the value per share allocated. This will be the average of the middle market quotations for Lloyds Banking Group Ordinary Shares on the Daily Official List of the London Stock Exchange on the five consecutive dealing days beginning on (and including) the date on which the ordinary shares are first quoted ex-dividend.

The maximum number of New Shares to be received for each dividend will be calculated as per the worked example on pages 25 and 26.

What will happen to any residual cash?

Any residual cash remaining after the issue of New Shares, or which was insufficient to acquire a whole share, will be carried forward (without interest) by the Company and included in the calculation for the next dividend entitlement under the terms and conditions of the Programme.

Further details of the treatment of residual cash balances will be provided in the terms and conditions, which will be sent to shareholders and made available in the 'Shareholder Information' ('Investors & Performance') section online at www.lloydsbankinggroup.com

How will shareholders be notified of how many New Shares they have received?

Once the New Shares have been issued, a scrip dividend statement will be sent to the shareholder along with a new share certificate or, if shares are held in the LBGSA, an account statement.

The scrip dividend statement will show the number of New Shares issued, the Scrip Reference share price, and the total cash equivalent of the New Shares for tax purposes. If the cash dividend entitlement, together with any residual cash entitlement brought forward, is insufficient to acquire at least one new share, the statement will explain that no New Shares have been issued and will show how much cash will be carried forward.

CREST members will have their accounts credited directly with New Shares on the dividend payment date or as soon as practicable thereafter and will receive a scrip dividend statement as described above.

Will New Shares issued under the Programme be included in the next scrip dividend?

Yes. All New Shares issued under the Programme will automatically increase the shareholding on which the next entitlement to a scrip dividend will be calculated.

What happens if a shareholder buys or sells shares?

The entitlement will be calculated based on the number of shares registered in the shareholder's name at the relevant record date.

A shareholder's election will be deemed to be cancelled in relation to any shares that are sold or transferred to another person, but only with effect from the registration of the relevant transfer.

Are there other circumstances in which an election will be deemed cancelled?

Yes. A shareholder's election to participate will be deemed to be cancelled on receipt by the registrar to the Company of proper notice of the shareholder's death, bankruptcy or mental incapacity or, in the case of a corporate shareholder, of such body being placed in liquidation.

However, where the shares are held jointly with others, participation in the Programme will continue for that shareholding.

Can shareholders participate in the Programme in respect of part of their holdings?

No, an election will only be accepted in relation to the whole of a shareholding. The directors may, at their discretion, allow shareholders to elect in respect of part of their shareholding where they are acting on behalf of more than one beneficial holder.

Shareholders acting on behalf of more than one beneficial holder should contact the registrar to the Company.

What happens if a shareholder has more than one holding?

If shares are registered in more than one holding, each holding will require a separate election.

Can the Company change or cancel the Programme?

Yes. The operation of the Programme is subject to the directors' decision to offer the Programme in respect of any particular dividend. The directors may also, after such an offer is made, withdraw the offer generally at any time prior to the issue of New Shares under the Programme.

The Programme may be modified, suspended or terminated at any time at the discretion of the directors without notice to shareholders individually.

What are the tax consequences of taking part in the Programme?

The precise tax consequences of electing to receive New Shares instead of a cash dividend will depend on shareholders' individual circumstances.

A summary of the tax treatment, based on United Kingdom legislation and HM Revenue & Customs practice in place at the date that the Programme is introduced, will be provided in the full terms and conditions to be sent to shareholders and made available in the 'Shareholder Information' ('Investors & Performance') section online at www.lloydsbankinggroup.com

ILLUSTRATIVE EXAMPLES OF NEW SHARE ENTITLEMENTS UNDER THE PROGRAMME

NOTES

- 1) The rates shown in these examples are for illustrative purposes only and should not be taken as a forecast of future share prices or dividend payment rates.
- 2) For illustrative purposes only, these examples assume that a residual cash balance is held.
- 3) No residual cash balance will be available for inclusion in respect of the first dividend that the Programme applies to.

Notes		
Number of ordinary shares held:	500	
Dividend paid per Ordinary Share	1p (£0.01)	
Scrip Reference share price	£0.80	Calculated according to Programme terms and conditions
Residual cash balance carried forward	£0.47	
Step 1 - calculate maximum cash available		
Cash dividend payable plus residual cash balance: (500 x £0.01) + £0.47	£5.47	
Step 2 - calculate number of new shares to be issued		
Maximum cash available (Step 1) divided by the Scrip Reference share price: £5.47 ÷ £0.80	6.8375 shares	Only whole shares can be issued; this must be rounded down to the nearest whole number of shares.
Number of whole New Shares acquired	6	
Value of New Shares acquired (number of shares multiplied by the Scrip Reference share price): 6 x £0.80	£4.80	
Step 3 - calculate residual cash balance carried forward		
Maximum cash available (Step 1) less value of New Shares (Step 2) £5.47 - £4.80	£0.67	This is carried forward as residual cash to the next scrip dividend

(CONTINUED OVERLEAF)

ILLUSTRATIVE EXAMPLES OF NEW SHARE ENTITLEMENTS UNDER THE PROGRAMME (CONTINUED)

Number of ordinary shares held:	1,500	
Dividend paid per Ordinary Share	1p (£0.01)	
Scrip Reference share price	£0.80	Calculated according to Programme terms and conditions
Residual cash balance carried forward	£0.78	
Step 1 - calculate maximum cash available		
Cash dividend payable plus residual cash balance: (1,500 x £0.01) + £0.78	£15.78	
Step 2 - calculate number of new shares to be issued		
Maximum cash available (Step 1) divided by the Scrip Reference share price: £15.78 ÷ £0.80	19.725 shares	Only whole shares can be issued; this must be rounded down to the nearest whole number of shares.
Number of whole New Shares acquired	19	
Value of New Shares acquired (number of shares multiplied by the Scrip Reference share price): 19 x £0.80	£15.20	
Step 3 - calculate residual cash balance carried forward		
Maximum cash available (Step 1) less value of New Shares (Step 2) £15.78 - £15.20	£0.58	This is carried forward as residual cash to the next scrip dividend

SUMMARY OF THE RELATED PARTY AND CLASS 1 TRANSACTION

1. Background to, and reasons for, assisting HMT Sales

As announced on 3 February 2014, the Company has commenced preparatory work, including the preparation of certain public documents, in connection with a potential HMT Sale to the public.

This assistance by the Company in connection with an HMT Sale was contemplated and agreed to by the entry into the Registration Rights Agreement and the Resale Rights Agreement in January and June 2009 when HM Treasury acquired shares in the Company. The subscription for shares by HM Treasury was part of a series of measures that the Company took during 2009 to significantly strengthen the Group's capital position against the backdrop of the severe economic downturn at that time and the capital increases which took place in January and June 2009 were approved by shareholders at the time.

The Board now considers it appropriate in the context of the preparatory work being undertaken in connection with a potential HMT Sale to the public to request shareholder approval prior to the Company incurring any material liability under either the Registration Rights Agreement or the Resale Rights Agreement.

In connection with each HMT Sale, the terms of the Registration Rights Agreement and the Resale Rights Agreement include obligations on the Company to:

- (i) prepare, publish and take statutory responsibility for any prospectus or other disclosure, listing or marketing document that, in each case, HM Treasury may reasonably require and which, absent the terms of the Registration Rights Agreement and the Resale Rights Agreement, the Company would not be required to prepare, publish and take responsibility for;
- (ii) indemnify HM Treasury and any of its affiliates against losses or claims that arise out of or are based on: (a) any prospectus or other disclosure, listing or marketing documents prepared, published or authorised by the Company in connection with any HMT Sale; (b) failure or alleged failure by the Company or the Directors to comply with any law or regulation applicable to any HMT Sale; and (c) any breach or alleged breach by the Company of any of its obligations set out in or contemplated by the Resale Rights Agreement or the Registration Rights Agreement, subject to certain exceptions including for losses that have arisen as a result of certain acts or omissions by HM Treasury;

- (iii) provide other contractual protections (including any representations, warranties, covenants and indemnities) to HM Treasury, any underwriting or bookrunning banks and any other advisers (and any of their respective affiliates) in relation to any HMT Sale; and
- (iv) pay certain offering-related costs and expenses of HM Treasury in relation to any HMT Sale but excluding any underwriting discounts, selling commissions, share transfer taxes, and fees and expenses of HM Treasury's financial advisers.

The Company's liability pursuant to the Registration Rights Agreement and the Resale Rights Agreement is uncapped.

Please note that a summary of the principal terms of each of the Resale Rights Agreement and the Registration Rights Agreement is set out on pages 34 and 35 of this document.

2. Related Party and Class 1 Transaction

As HM Treasury holds more than 10 per cent. of the voting rights in the Company, HM Treasury is a "related party" for the purposes of the Listing Rules. The provision of assistance by the Company, in each case, under the Resale Rights Agreement and Registration Rights Agreement as set out above constitutes a "related party transaction" and, due to the uncapped nature of the Company's liability and the requirement to prepare and publish a prospectus or other disclosure, listing or marketing document for which the Company will have statutory responsibility, also constitutes a "Class 1 transaction", and requires shareholder approval.

The Listing Rules provide that a related party transaction entered into by a listed company must be approved by its shareholders other than the related party. Therefore, HM Treasury is not permitted to vote on the Related Party and Class 1 Resolution. HM Treasury has further undertaken to take all reasonable steps to ensure that its associates, if any, will not vote on the Related Party and Class 1 Resolution.

3. Relationship with HM Treasury

Details of the Company's relationship with HM Treasury are set out on pages 186 to 188 of the 2013 Form 20-F, incorporated by reference herein.

On 26 March 2014, HM Treasury announced that it had disposed of approximately 5.6 billion ordinary shares in the Company, reducing its holdings from approximately 32.7 per cent. of the Company's ordinary share capital to approximately 24.9 per cent. of the Company's ordinary share capital. Further information on HM Treasury's current holdings in the Company is set out in paragraph 7 of Annex II on page 33 of this document.

ANNEX I – RISK FACTORS

Prior to making any decision to vote in favour of the Related Party and Class 1 Resolution, shareholders should carefully consider all the information contained in this document and the documents incorporated by reference herein, including, in particular, the specific risks and uncertainties described below. The risks and uncertainties set out below are those which the Directors believe are the material risks relating to the Resale Rights Agreement and Registration Rights Agreement, material new risks to the Group as a result of the provision of assistance by the Company under the Resale Rights Agreement and the Registration Rights Agreement, and the existing material risks to the Group which will be impacted by the provision of such assistance by the Company. If any, or a combination of, these risks actually materialise, the business operations, financial conditions and prospects of the Group could be materially and adversely affected. The risks and uncertainties described below are not intended to be exhaustive and are not the only ones that face the Group. The information given is as at the date of this document and, except as required by the FCA, the London Stock Exchange, the Listing Rules and DTRs (and/or any regulatory requirements) or applicable law, will not be updated. Additional risks and uncertainties not currently known to the Directors or that they currently deem immaterial, may also have an adverse effect on the business, financial condition, results of operations and prospects of the Group. If this occurs, the price of the Company's shares may decline and shareholders could lose all or part of their investment.

Risks relating to the provision of assistance by the Company under the Resale Rights Agreement and the Registration Rights Agreement

The Company may be exposed to uncapped liability in relation to the content of any prospectus or other disclosure, listing or marketing documents prepared, published or authorised by the Company in connection with any HMT Sale

If the Company issues a prospectus in connection with any HMT Sale, under the FSMA and the Prospectus Rules the Company and the Directors will be required to take responsibility and will have uncapped liability for the content of the prospectus.

Under the Resale Rights Agreement and the Registration Rights Agreement, the Company has agreed to indemnify HM Treasury for any loss suffered by HM Treasury that arises as a result of the inclusion of any untrue or inaccurate statement, or the omission of any material information (other than certain information provided to the Company by, or relating to, HM Treasury) in any prospectus or other disclosure, listing or marketing documents

prepared, published or authorised by the Company in connection with any HMT Sale.

To the extent that any prospectus or other disclosure, listing or marketing documents prepared, published or authorised by the Company contain any untrue or inaccurate statements or omits any material information, the Company may be exposed to uncapped liability. Absent the terms of the Resale Rights Agreement and the Registration Rights Agreement, the Company would not be required to prepare, publish, take responsibility for and therefore potentially incur liability in relation to any such documents.

Any HMT Sale could result in reputational damage to the Company

The Company could suffer damage to its reputation (including to customer confidence) as a result of any actual or perceived inadequacies, weaknesses or failures in connection with the structuring, implementation and marketing of any HMT Sale. Such reputational damage could have an adverse effect on the Company's results of operations, financial condition or prospects.

Risks if the Related Party and Class 1 Resolution is not passed

The means by which the Company is returned to full private ownership may be impacted and the Company will need to enter into discussions with HM Treasury in relation to the level of assistance that the Company can provide in connection with any HMT Sales

The Board believes that the return of the Company to full private ownership as soon as possible is in the best interests of the shareholders of the Company as a whole. If the Related Party and Class 1 Resolution is not passed, the Company will need to enter into discussions with HM Treasury in relation to the level of assistance and responsibility that the Company is able to provide or assume in connection with any HMT Sales, having regard to the Registration Rights Agreement and the Resale Rights Agreement. As a result, if the Related Party and Class 1 Resolution is not passed the means and timing of the Company's return to full private ownership may be impacted.

ANNEX II – ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names are set out in paragraph 4 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information

2. Company

The Company was incorporated and registered in Scotland on 21 October 1985 with registered number 95000 as a public company limited by shares under the name TSB Group Public Limited Company. On 28 December 1995, it changed its name to Lloyds TSB Group plc. On 16 January 2009, the Company changed its name to its present name.

The principal legislation under which the Company operates, and pursuant to which the shares were created, is the Companies Act and regulations made thereunder.

The Company is domiciled in Scotland. Its principal executive office is at 25 Gresham Street, London EC2V 7HN (Tel. +44 (0)20 7626 1500) and its registered office is at The Mound, Edinburgh EH1 1YZ.

3. Trend information

Information on the significant recent trends that are reasonably likely to have a material effect on the Company's prospects are set out on pages 13 to 15 of the 2013 Form 20-F, incorporated by reference herein.

4. Directors and registered office

The Directors and their principal functions are as follows:

Lord Blackwell	Chairman
David Roberts	Deputy Chairman and Independent Non-Executive Director
António Horta-Osório	Group Chief Executive
Juan Colombás	Chief Risk Officer
George Culmer	Chief Financial Officer
Carolyn Fairbairn	Independent Non-Executive Director
Anita Frew	Independent Non-Executive Director
Dyfrig John CBE	Independent Non-Executive Director
Nicholas Luff	Independent Non-Executive Director
Anthony Watson CBE ⁽¹⁾	Independent Non-Executive Director
Sara Weller	Independent Non-Executive Director

NOTE

1) Denotes Senior Independent Non-Executive Director.

The business address of each of the Directors is the Company's principal executive offices at 25 Gresham Street, London EC2V 7HN, United Kingdom.

5. Directors' interests in shares

5.1 Shares

As at 2 April 2014 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial unless otherwise stated) of the Directors, their immediate families and (so far as is known to them or could with reasonable diligence be ascertained by them) persons connected (within the meaning of section 252 of the Companies Act) with the Directors in the issued ordinary share capital of the Company, including: (i) those arising pursuant to transactions notified to the Company pursuant to DTR 3.1.2R; or (ii) those of persons connected with the Directors, which would, if such connected person were a Director, be required to be disclosed under (i) above are set out in the following table:

As at 2 April 2014		
Directors	Number of Ordinary Shares	Percentage of issued ordinary share capital of Lloyds Banking Group
Lord Blackwell	50,000	0.00
David Roberts	968,641	0.00
António Horta-Osório ⁽¹⁾	5,574,310	0.01
Juan Colombás	2,522,592	0.00
George Culmer	878,509	0.00
Carolyn Fairbairn	-	-
Anita Frew	300,000	0.00
Dyfrig John CBE	27,385	0.00
Nicholas Luff	80,000	0.00
Anthony Watson CBE	476,357	0.00
Sara Weller	200,000	0.00

NOTE

1) Shareholdings held by Mr A Horta-Osório are partially in the form of ADRs.

5.2 Directors' options and awards

The following Directors had interests in the following options and awards relating to ordinary shares under one or more of the Lloyds Banking Group Employee Share Plans as at 2 April 2014 (being the latest practicable date prior to publication of this document).

Name	Share plan	Date of grant	Number of Shares	Option price	Market price at date of award	Vested/unvested	Exercise period/ vesting date/year
				£	£		
António Horta-Osório	Sharesave	12/04/2013	22,156	0.4062	0.4869	Unvested	01/06/2016
	LTIP	09/03/2012	9,644,684	-	0.34786	Unvested	03/2015 ⁽¹⁾
		25/03/2013	7,425,441	-	0.4929	Unvested	03/2016 ⁽²⁾
		24/03/2014	4,640,077	-	0.78878	Unvested	03/2017 ⁽³⁾
	Deferred Bonus	25/03/2013	3,012,781	-	0.4929	Unvested	03/2016 ⁽²⁾
		24/03/2014	2,155,227	-	0.78878	Unvested	03/2017 ⁽³⁾
	Overall Total		26,900,366				
Juan Colombás	Share Buy outs	30/03/2011	235,499	1.00	0.58573	Vested	15/06/2011 – 30/03/2021
		30/03/2011	299,732	1.00	0.58573	Vested	15/06/2012 – 30/03/2021
	LTIP	09/03/2012	4,146,064	-	0.34786	Unvested	03/2015 ⁽¹⁾
		25/03/2013	3,576,283	-	0.4929	Unvested	03/2016 ⁽²⁾
		24/03/2014	2,234,780	-	0.78878	Unvested	03/2017 ⁽³⁾
	Deferred Bonus	30/03/2011	46,826	-	0.62288	Unvested	09/2014 ⁽⁴⁾
		09/03/2012	222,790	-	0.34786	Unvested	09/2014 ⁽⁴⁾
		09/03/2012	222,790	-	0.34786	Unvested	03/2015 ⁽⁵⁾
		09/03/2012	222,790	-	0.34786	Unvested	09/2015 ⁽⁶⁾
		25/03/2012	167,376	-	0.4929	Unvested	09/2014 ⁽⁴⁾
		25/03/2012	167,376	-	0.4929	Unvested	03/2015 ⁽⁵⁾
		25/03/2012	167,376	-	0.4929	Unvested	09/2015 ⁽⁶⁾
		25/03/2012	167,376	-	0.4929	Unvested	03/2016 ⁽⁷⁾
		25/03/2012	167,376	-	0.4929	Unvested	09/2016 ⁽⁸⁾
		24/03/2014	545,145	-	0.78878	Unvested	03/2016 ⁽⁷⁾
		24/03/2014	545,145	-	0.78878	Unvested	09/2016 ⁽⁸⁾
	Overall Total		13,134,730				
George Culmer	Executive Share Awards	06/08/2012	2,216,187	-	0.3136	Unvested	01/04/2013 – 31/03/2018
		06/08/2012	2,243,816	-	0.3136	Unvested	01/04/2014 – 31/03/2019
	Sharesave	12/04/2013	22,156	0.4062	0.4869	Unvested	01/06/2016
	LTIP	04/09/2012	4,657,045	-	0.34786	Unvested	03/2015 ⁽¹⁾
		25/03/2013	4,017,041	-	0.4929	Unvested	03/2016 ⁽²⁾
		24/03/2014	2,510,205	-	0.78878	Unvested	03/2017 ⁽³⁾
	Deferred Bonus	25/03/2013	710,083	-	0.4929	Unvested	03/2015 ⁽⁵⁾
		25/03/2013	710,083	-	0.4929	Unvested	09/2015 ⁽⁶⁾
		24/03/2014	576,840	-	0.78878	Unvested	03/2016 ⁽⁷⁾
		24/03/2014	576,840	-	0.78878	Unvested	09/2016 ⁽⁸⁾
	Overall Total		18,240,296				

NOTE

- (1) Awards are subject to performance conditions which must be satisfied over the performance period. Awards vest on the date on which the Remuneration Committee determines whether the performance conditions have been satisfied and whether any performance adjustment should be made. This will be in the first quarter of 2015.
- (2) Awards are subject to performance conditions which must be satisfied over the performance period. Awards vest on the date on which the Remuneration Committee determines whether the performance conditions have been satisfied and whether any performance adjustment should be made. This will be in the first quarter of 2016.
- (3) Awards are subject to performance conditions which must be satisfied over the performance period. Awards vest on the date on which the Remuneration Committee determines whether the performance conditions have been satisfied and whether any performance adjustment should be made. This will be in the first quarter of 2017.
- (4) Awards are subject to the application of performance adjustment. Awards vest on the date on which the Remuneration Committee determines whether any performance adjustment should be made. This will be in the third quarter of 2014.
- (5) Awards are subject to the application of performance adjustment. Awards vest on the date on which the Remuneration Committee determines whether any performance adjustment should be made. This will be in the first quarter of 2015.
- (6) Awards are subject to the application of performance adjustment. Awards vest on the date on which the Remuneration Committee determines whether any performance adjustment should be made. This will be in the third quarter of 2015.
- (7) Awards are subject to the application of performance adjustment. Awards vest on the date on which the Remuneration Committee determines whether any performance adjustment should be made. This will be in the first quarter of 2016.
- (8) Awards are subject to the application of performance adjustment. Awards vest on the date on which the Remuneration Committee determines whether any performance adjustment should be made. This will be in the third quarter of 2016.

Save as disclosed in this section 5, no Director nor their immediate families, nor any person connected with any Director within the meaning of section 252 of the Companies Act has any interests (beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.

6. Chairman's appointment letter and Directors' service contracts

Details of the Chairman and Executive Directors' notice periods under their appointment letter and service agreements, as applicable, with the Company are set out below:

Name	Date of current contract/letter of appointment	Notice period - from Company	Notice period - from individual
Lord Blackwell	31 March 2014	6 months	6 months
António Horta-Osório	3 November 2010	12 months	6 months
Juan Colombás	16 May 2012	12 months	6 months
George Culmer	16 May 2012	12 months	6 months

Save as set out below, the Chairman's appointment letter and the Executive Directors' service agreements make no provision for compensation in the event of early termination of their appointment or employment.

The service agreements for each of the Executive Directors specify that the compensation payable in the event of termination without cause should be calculated on base salary only for the applicable notice period save that any monthly payments will be reduced by any remuneration received from any new employment in respect of the same period. Lord Blackwell's letter of appointment provides for six months' notice. In the event of termination without cause, the compensation payable to him in the event he was not required to work for the notice period would be based on his base fee and contractual benefits for the applicable notice period.

It is not the Company's policy to compensate Executive Directors for loss of bonus in respect of any period of notice of termination.

The Non-Executive Directors do not have service agreements or notice periods (other than Lord Blackwell who has a six month notice period in his letter of appointment), although they each have letters of engagement reflecting their responsibilities and commitments. Under the Company's articles of association, all Directors must retire and seek election by the Company's shareholders at the annual general meeting following next after his or her appointment. No compensation would be paid to any Non-Executive Director (other than Lord Blackwell, whose entitlements are set out above) in the event of early termination.

7. Major shareholders

As at 31 March 2014 (the latest practicable date prior to the publication of this document), notification had been received of the following interest in 3 per cent. or more of the Company's issued ordinary share capital:

As at 31 March 2014		
Shareholder	Number of Ordinary Shares	Percentage of issued ordinary share capital
The Solicitor for the Affairs of Her Majesty's Treasury as Nominee for Her Majesty's Treasury	17,771,118,604	24.9

Save as disclosed above, the Directors are not aware of any person who is interested (within the meaning of rule 5 of the Disclosure and Transparency Rules), directly or indirectly, in the total voting rights attaching to, 3 per cent. or more of the issued share capital of the Company.

As at 31 March 2014, being the latest practicable date prior to the publication of this document, the Company was not aware of any person or persons, save for HM Treasury, who directly, indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements, save for the holding of shares by HM Treasury, the operation of which may, at a subsequent date, result in a change in control of the Company.

8. Related party transactions

Details of related party transactions entered into by the Company during the year ended 31 December 2013 are set out on pages 303 to 306 and pages 372 to 373 of the Company's annual report and accounts for the year ended 31 December 2013, incorporated by reference herein.

The Company has not entered into any related party transactions between 31 December 2013 and the date of this document.

9. Significant changes

Save as set out below, there has been no significant change in the financial or trading position of the Group since 31 December 2013, the date to which the Group's last published financial information was prepared.

On 6 March 2014, the Company announced the launch of concurrent Sterling, Euro and Dollar exchange offers for holders of certain series of the Group's Enhanced Capital Notes ("ECNs") to exchange them for new Additional Tier 1 ("AT1") securities. At the same time, the Company announced that in addition to the exchange offers, a tender offer will be made to eligible retail holders outside of the United States to sell their Sterling-denominated ECNs for cash. The maximum nominal amount of new AT1 securities that will be issued by the Group in the exchange and tender offers is approximately £5 billion. As announced on 20 March 2014, the AT1 securities that will be issued under the Sterling and Euro exchange offers will be £4.3 billion. Assuming the full issuance of AT1 securities under the exchange and tender offers, the Group is expected to suffer a one-off accounting charge of approximately £1 billion in the first half of 2014. This one-off accounting charge is expected to be partially offset in the medium term by the removal of future accounting charges that would have arisen over the remaining life of the ECNs.

On 11 March 2014, the Company announced: (i) a change to the Group's defined benefit pension schemes, whereby with effect from 2 April 2014 the cap on increases in pensionable pay that is used in calculating the pension benefit, was revised from 2 per cent. to 0 per cent.; and (ii) that the estimated effect of the change on the Group's income statement was a one-off benefit of approximately £1 billion to the Group to be recognised in the second quarter of 2014.

10. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) are the only contracts which the shareholders would reasonably require to understand in making a properly informed assessment of how to vote on the Related Party and Class 1 Resolution. The following is a summary of the principal terms of

the Resale Rights Agreement and the Registration Rights Agreement, as previously disclosed in the 2009 Rights Issue Prospectus.

10.1 Resale Rights Agreement

Pursuant to its obligations to HM Treasury under the May 2009 Open Offer Agreement, the Company entered into a Resale Rights Agreement with HM Treasury with effect from 11 June 2009, in which it agreed to provide its assistance to HM Treasury, and to take all such steps and do all such things as HM Treasury may request, in connection with any proposed sale by HM Treasury of ordinary shares and other securities held by HM Treasury in the Company from time to time, and of any securities of any description caused by HM Treasury to be issued by any person from time to time and which are exchangeable for, convertible into, give rights over or are referable to such ordinary shares or other securities issued by the Company, to be sold in such jurisdictions (other than pursuant to a public offer in the United States) and in such manner as HM Treasury may determine. Such assistance may include: (i) the participation in, and provision by the Company of documents and information for, due diligence; (ii) the entry into underwriting, sale and purchase and/or bookrunners' agreements, and the provision by the Company of contractual protections to underwriting or bookrunning banks and/or other advisers thereunder (including in the form of warranties, covenants and indemnities); (iii) the preparation of any prospectus or other disclosure, listing or marketing documents, and the procurement of the Directors' responsibility for the content of any such documents; and (iv) entering into such other customary agreements as are reasonably required to effect any HMT Sale, in each case in relation to (i) to (iv) above to the extent reasonably requested by HM Treasury.

Further, the Company will be required to indemnify HM Treasury and its affiliates against losses or claims that arise out of or are based on: (a) any prospectus or other disclosure, listing or marketing documents prepared, published or authorised by the Company in connection with any HMT Sale; (b) failure or alleged failure by the Company or the Directors to comply with any law or regulation applicable to any HMT Sale; and (c) any breach or alleged breach by the Company of any of its obligations set out in or contemplated by the Resale Rights Agreement, subject to certain exceptions including for losses that have arisen as a result of certain acts or omissions by HM Treasury.

For further information relating to the Resale Rights Agreement, including the arrangements in place in respect of any liability incurred and any costs and expenses payable on any HMT Sale, see the section on page 27 entitled "Summary of the Related Party and Class 1 Transaction".

10.2 Registration Rights Agreement

Pursuant to its obligations to HM Treasury under the Placing and Open Offer Agreement entered into by Lloyds TSB Bank plc with effect from 13 October 2008, the Company entered into a Registration Rights Agreement with HM Treasury on 12 January 2009, as amended and restated with effect from 11 June 2009, granting customary demand and "piggyback" registration rights in the United States under the Securities Act to HM Treasury with respect to any ordinary shares or other securities held by HM Treasury in the Company from time to time, and any securities of any description caused by HM Treasury to be issued by any person from time to time and which are exchangeable for, convertible into, give rights over or otherwise reference any such ordinary shares or other securities issued by the Company (for the purposes of this paragraph 10.2 only, **"Registrable Securities"**). Pursuant to the Registration Rights Agreement, HM Treasury is permitted to transfer its registration rights to any of its wholly-owned, directly or indirectly, entities, as well as to any third party to whom it transfers not less than US\$500 million in Registrable Securities. In connection with any registered offering of securities by the Company under the Securities Act, any holders of Registrable Securities will have the right to participate in the registered offering (otherwise known as "piggyback" registration rights) to the extent that such participation would not prevent successful completion of the offering, although the "piggyback" registration rights do not entitle such holders to require or demand registration or a registered offering of Registrable Securities by the Company. In addition, all holders of Registrable Securities have "piggyback" registration rights, on a pro rata basis, in any demand registration made by a holder of demand registration rights, pursuant to the Registration Rights Agreement.

If required to effect the registration of any Registrable Securities, the Company will, amongst other things, prepare and file any registration statement and prospectus (in each case including any supplement thereto) required with the SEC, enter into any underwriting, bookrunners or other customary agreement and the provision by the Company of contractual protections to underwriting or bookrunning banks and/or other advisers thereunder (including in the form of warranties, covenants and indemnities), and participate in marketing presentations. The Company will bear all expenses incurred in connection with any registration of Registrable Securities, qualification or compliance (subject to certain exceptions) pursuant to the Registration Rights Agreement.

Further, the Company will be required to indemnify HM Treasury and its affiliates against losses or claims that arise out of or are based on any registration statement, including any preliminary prospectus or final prospectus therein, prepared, published or

authorised by the Company in connection with any HMT Sale, subject to certain exceptions including for losses that have arisen as a result of certain acts or omissions by HM Treasury.

The Registration Rights Agreement was amended with effect from 11 June 2009 to include as "Registrable Securities" (as defined in the Registration Rights Agreement) any new shares subscribed for under the May 2009 Open Offer Agreement, any B Shares and other securities in the Company called by HM Treasury to be issued by any person from time to time and securities issued by HM Treasury from time to time which are exchangeable for, convertible into, give rights over or are referable to any such securities.

For further information relating to the Registration Rights Agreement, including the arrangements in place in respect of any liability incurred and any costs and expenses payable on any HMT Sale, see the section on page 27 entitled "Summary of the Related Party and Class 1 Transaction".

11. Litigation

Details of any governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which the Company is aware), during the year ended 31 December 2013 which may have or have had in the recent past, significant effects on the financial position or profitability of the Company are set out on pages 281 to 283, 307 and 308 of the Company's annual report and accounts for the year ended 31 December 2013, incorporated by reference herein.

There have been no further governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which the Company is aware), between 31 December 2013 and the date of this document which may have or have had in the recent past, significant effects on the financial position or profitability of the Company and/or the Group.

12. Working Capital

The Company is of the opinion that, after taking into account the existing cash resources available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

13. Consents

UBS Limited has given and not withdrawn its written consent to the inclusion of its name in this document in the form and context in which it is included.

ANNEX III – DOCUMENTS INCORPORATED BY REFERENCE

The Company's annual report and accounts for the year ended 31 December 2013 and the 2013 Form 20-F are available for inspection in accordance with page 16 of this document. These documents are also available on the Company's website at www.lloydsbankinggroup.com

The tables below set out the various sections of such documents which are incorporated by reference into this document so as to provide the information required under the Listing Rules and to ensure shareholders are aware of all information which is necessary to enable shareholders to make a properly informed decision before voting on the Related Party and Class 1 Resolution.

Document	Section	Page numbers in such document
Annual Report and Accounts for the year ended 2013	Directors' Remuneration Report	100 to 122
Annual Report and Accounts for the year ended 2013	Notes to the Consolidated Financial Statements	212 to 365
Annual Report and Accounts for the year ended 2013	Note to the Parent Company Financial Statements	369 to 376
2013 Form 20-F	Overview and Trend Information	13 to 15
2013 Form 20-F	Major Shareholders and Related Party Transactions	186 to 188

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

2009 Rights Issue Prospectus	the prospectus dated 3 November 2009 and published by the Company in connection with a rights issue;
2013 Form 20-F	the Company's annual report and accounts for the year ended 31 December 2013 filed with the SEC on Form 20-F;
AGM	the annual general meeting of the Company;
Board or Directors	the board of directors of the Company;
Chairman	the Chairman of the Company from time to time;
Code Staff	the senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the Company's risk profile;
Companies Act	the Companies Act 2006 of England and Wales, as amended, supplemented or replaced from time to time;
Company	Lloyds Banking Group plc;
DTR	the disclosure rules and transparency rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended;
Executive Directors	the executive directors of the Company;
FCA Handbook	means the FCA's Handbook of Rules and Guidance (formerly the FSA's Handbook of Rules and Guidance);
Financial Conduct Authority or FCA	the Financial Conduct Authority of the United Kingdom;
FSMA	the Financial Services and Markets Act 2000, as amended;
Group	the Company and its subsidiary undertakings from time to time;
HM Treasury	Her Majesty's Treasury;
HMT Sale	any future sale by HM Treasury of securities in the Company, or of any securities of any description caused by HM Treasury to be issued by any person from time to time and which are exchangeable for, convertible into, give rights over or otherwise reference any securities of the Company held by HM Treasury, in each case pursuant to the Registration Rights Agreement or the Resale Rights Agreement (whether by way of a public offer, private placement or by any other means, and whether to persons located in the United Kingdom and/or in any other jurisdiction);
HMT Sale Assistance	those matters for which the Company is seeking shareholder approval in Resolution 28 as a Class 1 transaction in accordance with the requirements of the Listing Rules and which also constitute a related party transaction that requires independent shareholder approval in accordance with the requirements of the Listing Rules;
LBGSA	Lloyds Banking Group Shareholder Account;
Listing Rules	the listing rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended;

Lloyds Banking Group Employee Share Plans	Lloyds Banking Group Long-term Incentive Plan 2006; Lloyds Banking Group Deferred Bonus Plan 2008; Lloyds Banking Group Executive Share Plan 2003; Lloyds Banking Group Sharesave Scheme 2007; Lloyds Banking Group Share Incentive Plan; HBOS plc Inland Revenue Approved Employee Share Option Plan 2002; St James's Place Partners Share Option Plan; and Scottish Widows Investment Partnership Long-Term Incentive Plan;
London Stock Exchange	London Stock Exchange plc;
May 2009 Open Offer Agreement	the agreement entered into with effect from 7 March 2009 by the Company and HM Treasury, as amended and restated on 20 March 2009 between the Company, Citi, UBS, J. P. Morgan Cazenove and HM Treasury and further amended and restated on 18 May 2009, relating to the Placing and Compensatory Open Offer;
Non-Executive Directors	the non-executive directors of the Company;
Placing and Compensatory Open Offer	the placing and compensatory open offer of 10,408,535,000 new ordinary shares in the Company at the issue price of 38.43 pence per new ordinary share, as detailed in the prospectus dated 20 May 2009;
Pre-Emption Group	the group formed by the Association of British Insurers and the National Association of Pension Funds, together with City and industry representatives to control and monitor the issue of equity securities by listed public companies;
Prospectus Rules	the prospectus rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended;
Prudential Regulation Authority or PRA	the Prudential Regulation Authority of the United Kingdom;
Related Party and Class 1 Resolution	Resolution 28 set out in the notice of AGM;
Registration Rights Agreement	the registration rights agreement entered into by the Company with HM Treasury with effect from 12 January 2009 as amended with effect from 11 June 2009;
Resale Rights Agreement	the resale rights agreement entered into by the Company with HM Treasury with effect from 11 June 2009;
SEC	the United States Securities and Exchange Commission;
UK Corporate Governance Code	the UK Corporate Governance Code published by the Financial Reporting Council, as in force from time to time;
UK Listing Authority	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA; and
United Kingdom	United Kingdom of Great Britain and Northern Ireland.

LLOYDS BANKING GROUP

