

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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 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.

Sir Winfried Bischoff
Chairman

**LLOYDS
BANKING
GROUP**



30 March 2011

Lloyds Banking Group plc
25 Gresham Street
London EC2V 7HN

Dear Shareholder,

Annual general meeting

I am pleased to invite you to the annual general meeting of Lloyds Banking Group plc (the 'Company') which will be held in Hall 5, at the Scottish Exhibition and Conference Centre, Glasgow, G3 8YW on Wednesday 18 May 2011 at 11.00 am.

Enclosed with this letter you will find the Notice of annual general meeting (set out on pages 3-7 of this document) together with either a copy of our annual report and accounts or the annual review for the year ending 31 December 2010.

You will also find enclosed a proxy form or, if you hold shares in the Lloyds Banking Group Shareholder Account administered by Halifax Share Dealing Limited, a voting form to enable you to exercise your voting rights. Holders of shares through the Lloyds Banking Group Shareholder Account will also receive an annual statement of their shareholding.

The annual general meeting provides an opportunity for the Company's shareholders to communicate with the directors and I sincerely hope that you will take this opportunity to do so. However, I appreciate that most shareholders will not be able to attend the meeting in person. If you cannot attend, I strongly encourage you to exercise your right to vote by appointing a proxy.

To appoint a proxy, please complete the enclosed form according to the instructions printed on it and send to our registrar, Equiniti Limited, in the reply paid envelope provided. Alternatively, you may also register your proxy appointment and instructions electronically. Full details of the website to use are on the proxy or voting form. Instructions must be received by the registrar no later than 11.00 am on Monday 16 May 2011.

Appointing a proxy will not prevent you from attending and voting at the meeting in person, if you subsequently find that you are able to do so.

Meeting arrangements

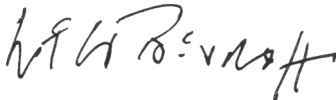
As in previous years, all the resolutions in the Notice of annual general meeting will be decided on a poll. We believe that this is fair and democratic and means that shareholders who attend the meeting, as well as those who vote by proxy, may have their votes taken into account, according to the number of shares they hold. The results of the poll will be announced through the London Stock Exchange information service and will appear on our website www.lloydsbankinggroup.com

If you are attending, you will have the opportunity to ask questions relating to the business of the meeting. There will be a designated area where customer service issues may be raised both before and after the meeting. Therefore, in the interests of all the shareholders who attend the meeting, it would not be appropriate for us to respond during the meeting to questions which relate to individual customer, as distinct from shareholder, issues.

Recommendation

Your directors consider that all the resolutions in the Notice of annual general meeting are in the best interests of the Company and shareholders as a whole and we recommend that you vote in favour of them.

Yours faithfully



Winfried Bischoff
Chairman

Note

If you wish to receive a paper copy of any of these documents, please contact our registrar, Equiniti Limited, on 0871 384 2990 (from inside the United Kingdom) or +44 121 415 7066 (from outside the United Kingdom), available 8.30 am to 5.30 pm Monday to Friday. Please have the accompanying proxy or voting form available as you may be asked to quote your account number shown on the form. A request for a paper copy of any of these documents may also be made in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Calls to 0871 numbers are charged at 8p per minute from a BT landline. Charges for calls from mobiles and other networks may vary. Calls to +44 121 415 7066 from outside the UK are charged at applicable international rates.

Notice of annual general meeting

The annual general meeting of Lloyds Banking Group plc (the 'Company') will be held in Hall 5, at the Scottish Exhibition and Conference Centre, Glasgow, G3 8YW on Wednesday 18 May 2011 at 11.00 am for the following purposes:

Resolutions 1. to 18. (inclusive) are proposed as ordinary resolutions. This means that for each of these resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 19. to 22. (inclusive) are proposed as special resolutions. This means that for each of these resolutions to be passed, at least three-quarters of the votes cast must be in favour of the 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 2010.

Resolution 2. Directors' remuneration report

To approve the directors' remuneration report for the year ended 31 December 2010.

Resolution 3. To elect Ms A M Frew as a director of the Company.

Resolution 4. To elect Mr A Horta-Osório as a director of the Company.

Resolution 5. To re-elect Sir Winfried Bischoff as a director of the Company.

Resolution 6. To re-elect Sir Julian Horn-Smith as a director of the Company.

Resolution 7. To re-elect Lord Leitch as a director of the Company.

Resolution 8. To re-elect Mr G R Moreno as a director of the Company.

Resolution 9. To re-elect Mr D L Roberts as a director of the Company.

Resolution 10. To re-elect Mr T T Ryan, Jr as a director of the Company.

Resolution 11. To re-elect Mr M A Scicluna as a director of the Company.

Resolution 12. To re-elect Mr G T Tate as a director of the Company.

Resolution 13. To re-elect Mr T J W Tookey as a director of the Company.

Resolution 14. To re-elect Mr A Watson as a director of the Company.

Resolution 15. 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 16. Auditors' remuneration

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

Resolution 17. Directors' authority to allot shares

To resolve 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 or grant rights to subscribe for or to convert any security into shares:

- (i) up to an aggregate nominal amount of £2,271,846,869; and

- (ii) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a further nominal amount of £4,543,693,738 (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, or preceding legislation, and to expire at the conclusion of the next annual general meeting or on 30 June 2012, 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. For the purposes of this resolution 'rights issue' means an offer to:

- (a) ordinary shareholders in proportion (or as nearly 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.

Resolution 18. Approve the Lloyds Banking Group Deferred Bonus Plan 2008

- (i) To approve changes to the rules of the Lloyds Banking Group Deferred Bonus Plan 2008 (the 'Plan') as set out in the Explanatory notes on Resolutions in this notice, a copy of which is produced in draft at this meeting and on which the proposed changes are marked and for the purposes of identification initialled by the Chairman, subject to such modification as the directors may consider necessary or desirable to take account of the requirements of the Financial Services Authority (or its successor(s)) or the London Stock Exchange or otherwise; and
- (ii) To authorise the directors to adopt the changes to the Plan and do all acts and things necessary and to implement the changes.

Resolution 19. Limited disapplication of the pre-emption rights

That, subject to the passing of Resolution 17 above, 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 17 above 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 £340,777,030; and
- (ii) pursuant to the authority given by paragraph (ii) of Resolution 17 above 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 2012, 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.

For the purposes of this resolution:

- (a) 'rights issue' has the same meaning as in Resolution 17 above;
- (b) 'pre-emptive offer' means an offer of equity securities open for acceptance for a period fixed by the directors to (a) holders (other than the Company) on the register on a record date fixed by the directors of ordinary shares in proportion to their respective holdings and (b) 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;
- (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 20. 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 and to satisfy bonus awards under the Plan, provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased shall be 6,815,540,607;
- (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 (a) 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 (b) 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 2012, 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 the expiry, and may make a purchase of its ordinary shares under that contract.

Resolution 21. 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;
- (i) US\$1,000,000,000 6.267 per cent. fixed to floating rate non-cumulative callable dollar preference shares;
- (j) US\$1,250,000,000 7.875 per cent. non-cumulative preference shares; and
- (k) €500,000,000 7.875 per cent. non-cumulative 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 a share is an amount equal to 120 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 2012, whichever is the earlier, unless this authority be 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 22. 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.

A member entitled to attend and vote is entitled to 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 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.

By order of the Board



Registered office:
The Mound
Edinburgh
EH1 1YZ

H F Baines
Company Secretary
24 February 2011

Notes

1. The annual general meeting must be held in Scotland, according to the Company's articles of association.
2. Only shareholders, proxies and authorised representatives of corporations which are shareholders of the Company are entitled to attend, speak and vote at the meeting and shareholders' names must be entered in the register at 6.00 pm on Monday 16 May 2011, so that such shareholders, proxies and authorised representatives of corporations may have the right to vote at the meeting. Should the meeting be adjourned, members who wish to attend and vote must have their names entered in the Company's register of members by 6.00 pm two days prior to the date fixed for the adjourned meeting.
3. Shareholders are invited to complete and return the enclosed form of proxy to Equiniti Limited, Aspect House, Lancing, West Sussex BN99 6DA or register their proxy appointment electronically at www.sharevote.co.uk. A proxy need not be a shareholder of the Company but must attend the meeting to represent a shareholder. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Appointment of a proxy will not prevent shareholders from subsequently attending and voting at the meeting. The form of proxy and, if relevant, the power of attorney or other authority under which it is signed, or a certified copy of that power or authority, must be received by Equiniti Limited no later than 11.00 am on Monday 16 May 2011.

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.

4. CREST participants who wish to appoint and/or give instructions to a proxy or proxies through the CREST electronic proxy appointment service may do so through Equiniti Limited ID RA19, by following the procedures described in the CREST manual available at www.euroclear.com/CREST. Instructions must be received by Equiniti Limited no later than 11.00 am on Monday 16 May 2011. 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.
5. Proxy appointments may be revoked by written notice to Equiniti Limited, Aspect House, Lancing, West Sussex BN99 6DA, which must be received by 10.00 am on Wednesday 18 May 2011. Proxy instructions may be amended by notice under article 127 of the Company's articles of association served at any time up to the time of the relevant poll. CREST participants may also give instructions to revoke or amend by CREST message but only if the message is received by Equiniti Limited no later than 10.00 am on Wednesday 18 May 2011.
6. It would be helpful if any shareholder intending to come to the meeting would remove the attendance card from the form of proxy and bring it to the meeting. The shareholder will then be asked to produce the attendance card to show that he or she has the right to attend, speak and vote. The card is not transferable and may only be used by the shareholder attending in person. If you are using the website www.sharevote.co.uk to appoint a proxy, you may also use it to register your intention to attend the meeting.
7. Any member attending the meeting has the right to ask questions. 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 any shareholder intending to come to the meeting would like to ask a question, which should relate to the business of the meeting, they may, if they wish, register this in advance. They can send advance notice of their question to agmquestions@lloydsbanking.com.
8. You may not use any electronic address provided either in this Notice of annual general meeting 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.
9. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged. Shareholders who decide to use them will, in future, receive an electronic mail message sent to the electronic address registered. This will give details of the location on our 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 our website.
10. Biographical details relating to the directors are given in the annual report and accounts and the annual review.
11. As at 24 February 2011 (the date this notice was approved) the total number of shares issued by Lloyds Banking Group plc with rights to vote which are exercisable in all circumstances at general meetings is 68,074,485,023 ordinary shares of 10p each, which includes shares represented by American Depositary Receipts. The holders of ordinary shares are entitled to attend and vote at general meetings of the Company. On a vote by show of hands every ordinary shareholder who is present has one vote and every proxy present who has been duly appointed by a shareholder entitled to vote has one vote. On a vote by poll every ordinary shareholder who is present in person or by proxy has one vote for every ordinary share held. Each of the resolutions to be put to the meeting will be voted on by poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting.
12. Shareholders should note that, 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 auditor's report and the conduct of the audit) that are to be laid before the annual general meeting for the financial year ended 31 December 2010; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year ended 31 December 2010 ceasing to hold office since the previous meeting at which 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 auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the annual general meeting 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.
13. Copies of this notice are available in large print, Braille or on audio CD. If you would like a copy in any of these forms, please contact Equiniti Limited, Aspect House, Lancing, West Sussex BN99 6DA; telephone 0871 384 2990; textphone 0871 384 2255.

Explanatory notes on Resolutions

Resolution 1. Report and accounts

The first item of business is for shareholders to receive the Company's accounts and the reports of the directors and of the auditors for the year ended 31 December 2010.

Resolution 2. Directors' remuneration report

To approve the directors' remuneration report for the year ended 31 December 2010. This is contained on pages 124 to 141 of the annual report and accounts.

Resolutions 3 and 4. Election of directors

To elect as directors Ms A M Frew and Mr A Horta-Osório, who retire under article 79 of the Company's articles of association, having been appointed by the Board since the last annual general meeting.

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

Resolutions 5 to 14. Re-election of directors

The Company's articles of association require all directors to retire and submit themselves for re-election every three years. However, in the interests of good corporate governance and in accordance with the provisions of the UK Corporate Governance Code, effective from 2012, the Board has resolved that each year each director will retire voluntarily and those willing to serve again will submit themselves for re-election by the shareholders. Mr A G Kane and Mrs H A Weir have announced their intention to retire from the Board and will not be submitting themselves for re-election.

The Nomination & Governance Committee recommended to the Board that as in 2009, the 2010 evaluation of the Board, its committees and the performance of its directors should be facilitated externally. The evaluation was carried out by Dr Tracy Long of Boardroom Review. Following feedback of the evaluation, we consider that the performance of each of the directors continues to be effective, and that they have each demonstrated commitment to their roles.

Resolutions 15 and 16. Auditors

The appointment of PricewaterhouseCoopers LLP as auditors of the Company terminates at the conclusion of the annual general meeting. They have indicated their willingness to stand for re-election, and the Company's Audit Committee recommends their re-appointment. Resolution 16, follows best corporate governance practice in authorising the Audit Committee to set their remuneration.

Resolution 17. Directors' authority to allot shares

This resolution (as in previous years) renews the directors' authority and gives them 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. In relation to paragraphs (i) and (ii) this would, as in previous years, extend the directors' authority, so that for the period expiring at the conclusion of the next annual general meeting or on 30 June 2012, whichever is the earlier, the directors would be able to allot up to 66.7 per cent. of the whole of the issued ordinary share capital of the Company (including the limited voting shares). None of the ordinary shares of the Company are held in treasury.

There are no present plans to undertake a rights issue or to allot new shares other than in connection with employee share and incentive plans.

Resolution 18. Approve the Lloyds Banking Group Deferred Bonus Plan 2008

The Plan was originally adopted by the Company in 2008 and has been used as the primary vehicle under which annual bonus awards have been deferred.

Proposed amendments

- (i) To the extent shares in the Company were required to satisfy awards, these were purchased in the market. To assist the Company in achieving its objective of supporting its capital base, it is proposed to amend the Plan to permit bonus awards to be satisfied with new issue and treasury shares.
- (ii) In addition, the Plan did not previously cover executive directors of the Company. It is proposed to also amend the Plan to enable executive directors to participate.

A description of the Plan is set out below.

Overview of the Plan

Under the Plan, all or part of a participant's annual bonus may be deferred by granting a right to receive bonuses in the form of ordinary shares in the Company, debt instruments and/or cash (a 'Bonus Deferral Award'). Bonus Deferral Awards may vest in tranches over a vesting period subject to continued employment and, if the directors determine, may be forfeited for malus events. Vested Bonus Deferral Awards may also be clawed back in certain circumstances. Shares or debt instruments may also be used to satisfy that part of a bonus which is not deferred and paid in cash.

Eligibility to participate

Executive directors and employees of the Lloyds Banking Group will be eligible to participate in the Plan.

Timing of grants

Bonus awards, including a Bonus Deferral Award, will normally be granted within 42 days of the announcement of results for any period. Subject to dealing restrictions, they may be granted at other times, for example, if there is a change in tax or share plans legislation or in exceptional circumstances, as determined by the Remuneration Committee. No grants under the Plan can be made more than 10 years after the Plan's approval by shareholders.

Grant of Bonus Deferral Awards

The number of shares or debt instruments comprised in a Bonus Deferral Award will be determined by reference to the amount of the participant's bonus which is to be deferred and the market value of a share/value of the relevant debt instrument at the time of grant.

Bonus Deferral Awards will normally be structured as conditional awards but, at the Remuneration Committee's discretion, may alternatively be structured as nil cost options, forfeitable awards or phantom awards.

Plan limits

In any 10 year period, not more than 10 per cent. of the issued ordinary share capital of the Company may be issued or be issuable under the Plan and all other employees' share plans operated by the Company. In addition, in any 10 year period, not more than 5 per cent. of the issued ordinary share capital of the Company may be issued or be issuable, other than on an all-employee basis, under all employee share plans adopted by the Company. These limits do not include awards which have lapsed.

To the extent treasury shares are used, they will be counted as if new shares had been issued.

Vesting

Bonus Deferral Awards will usually vest in tranches over the vesting period set by the Remuneration Committee. Typically the vesting period will be no less than three years.

Participants will not be entitled to vote or to receive dividends in respect of Bonus Deferral Awards. However, the Remuneration Committee may decide to pay participants a dividend equivalent or (if in respect of debt instruments) interest equivalent on vesting.

The Remuneration Committee may forfeit or reduce a participant's Bonus Deferral Award if certain malus events occur prior to vesting.

Leaving employment

Generally a Bonus Deferral Award will only lapse if the participant leaves the Lloyds Banking Group before vesting because of gross misconduct.

However, Bonus Deferral Awards may be awarded subject to good leaver reasons so that they will lapse where the participant leaves the Lloyds Banking Group before vesting unless the employment ceases due to ill health, injury or permanent disability, retirement, redundancy, death, where there is a sale of the employing business or company, or for other reasons specifically allowed by the Remuneration Committee.

Any subsisting Bonus Deferral Awards held by a participant after ceasing to be employed will continue until the normal vesting date subject to any forfeiture for malus events.

Corporate events before vesting

If there is a reconstruction or takeover of the Company or a demerger, the Remuneration Committee will make such arrangements as it considers necessary, including whether the Bonus Deferral Awards vest either immediately or on another date and to what extent.

Issue of shares

Any shares issued on the vesting of Bonus Deferral Awards will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

Rights issues and other variations of share capital

In the event of a rights issue, demerger or other variation in share capital, the number of shares subject to a Bonus Deferral Award may be adjusted.

Restrictions

Awards are not transferrable and are not pensionable.

Amendments

The Plan may generally be amended by the Remuneration Committee. However, shareholder approval is required for amendments to the following provisions which are to the advantage of participants: eligibility, plan limits, the rights attaching to awards, shares and debt instruments, the adjustment of Bonus Deferral Awards on a variation in share capital and the amendment power. However, shareholder approval is not required to make minor amendments to the rules to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment.

The Remuneration Committee may, without obtaining shareholder approval, establish further plans (whether by way of schedules or otherwise) based on the Plan, but modified to take account of local tax, exchange control or securities law in non-UK territories. Any shares issued under such further plans will count towards the limits described above.

Resolution 19. Limited disapplication of the pre-emption rights

The Companies Act 2006 requires that if the directors wish to allot new shares or other equity securities that these 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). In addition, 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.

Resolutions 20 and 21. Authority to purchase ordinary shares/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 6,815,540,607 ordinary shares, equivalent to 10 per cent. of the issued ordinary share capital of the Company (including the limited voting shares). 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, as long as required under the guidelines of the Association of British Insurers. There is no limit on the number or value of preference shares that can be purchased.

1,256,282,551 ordinary shares, equivalent to 1.84 per cent. of the issued ordinary share capital, may be issued on the exercise of outstanding awards and options (including, to the extent Resolution 18 is passed, the shares that would be required to satisfy outstanding awards under the Plan). If the Company were to purchase and cancel shares up to the maximum permitted by this resolution that percentage would increase to 2.05 per cent. The directors would exercise the authority only if they felt it would be in the best interests of the Company to do so 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, in the best interests of shareholders as a whole, the shares purchased should be cancelled or held in treasury.

Resolution 22. Notice period

Under the Companies Act 2006, as amended, the notice period required for all general meetings of the Company is 21 days. Annual general meetings will continue to be held on at least 21 clear days' notice however shareholders can approve a shorter notice period for other general meetings, which cannot be less than 14 clear days.

It is our 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.

Note

If you wish to receive a paper copy of any of these documents, please contact our registrar, Equiniti Limited, on 0871 384 2990 (from inside the United Kingdom) or +44 121 415 7066 (from outside the United Kingdom), available 8.30 am to 5.30 pm Monday to Friday. Please have the accompanying proxy or voting form available as you may be asked to quote your account number shown on the form. A request for a paper copy of any of these documents may also be made in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Calls to 0871 numbers are charged at 8p per minute from a BT landline. Charges for calls from mobiles and other networks may vary. Calls to +44 121 415 7066 from outside the UK are charged at applicable international rates.

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