LLOYDS BANKING GROUP

RESULTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2011

8 November 2011

Tim Tookey

Interim Group Chief Executive and Group Finance Director

AGENDA

Overview

Balance sheet de-risking

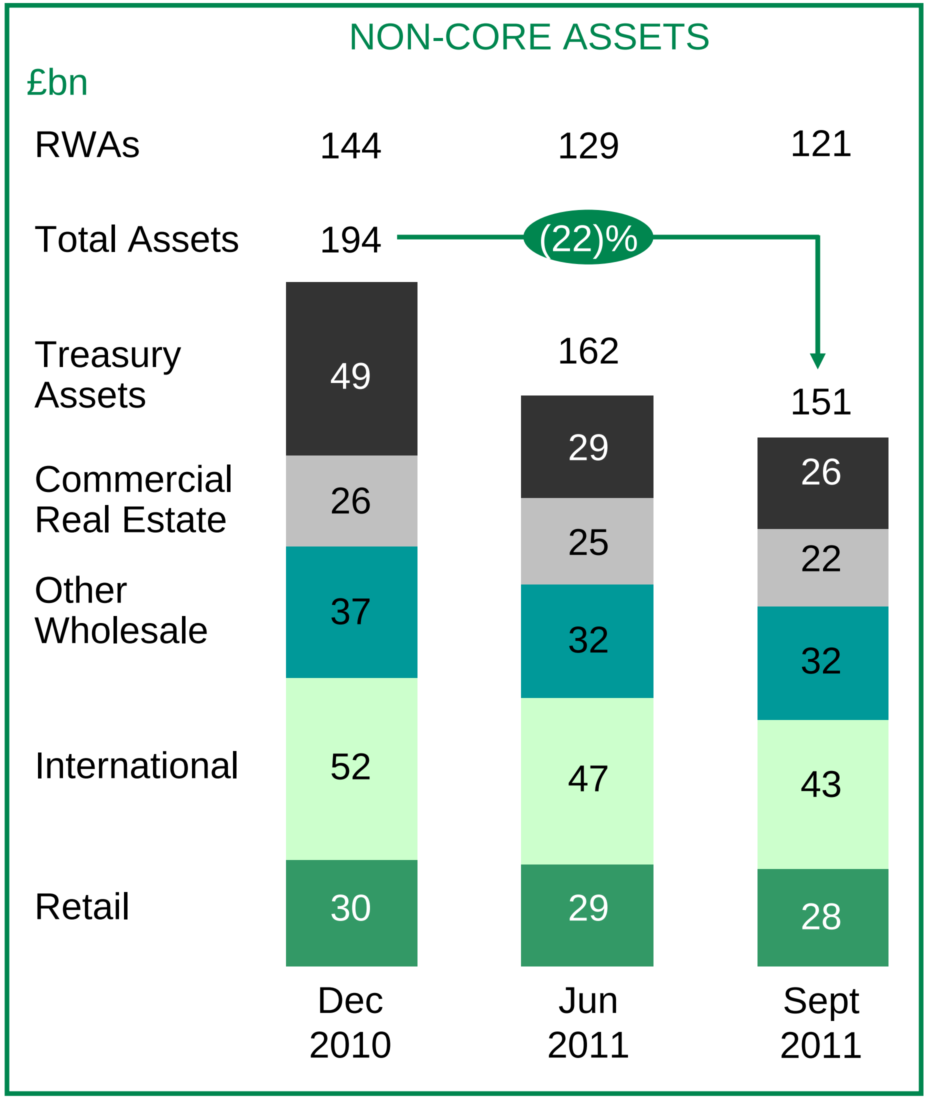
Combined businesses trading performance

Summary and financial targets

NINE MONTHS ENDED 30 SEPTEMBER 2011
Overview

- **Further progress in reducing the Group's risk**
  - Further good progress on non-core asset reductions
  - Robust capital, liquidity and funding position
  - Growing customer deposit base and an improving loan to deposit ratio
  - No deterioration in overall asset quality despite UK economic environment
- **Resilient underlying trading performance despite challenging market conditions**
  - Underlying income performance principally reflects subdued economic environment and further risk reduction
  - Overall income and profit adversely affected by volatility effects and the absence of liability management gains
  - Good reduction in operating expenses
  - Better-than-expected Q3 impairment charge, but no change to full year guidance

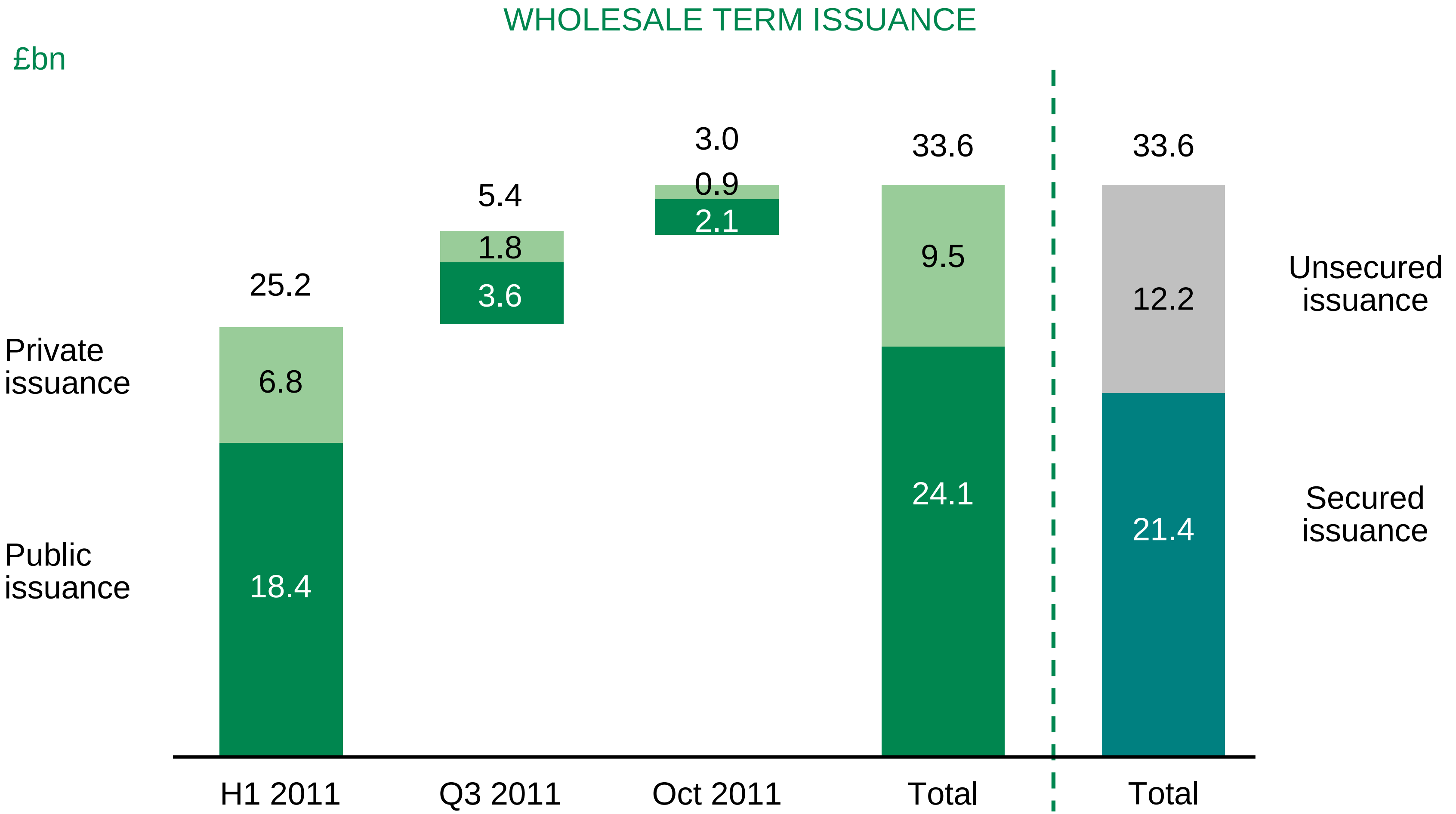
FURTHER GOOD PROGRESS ON NON-CORE ASSET REDUCTIONS



- £42bn reduction in non-core assets in year to September
- Further £11bn[1] reduction in Q3, with realised values broadly in line with book values
- > £1bn reduction in Irish portfolio in year to September (excluding currency and write–offs)
- CRE reduction in year to September of £3.6bn
  - Majority of UK commercial property reduction from secondary properties
  - Reduction also includes hotels and residential property companies

(1) Includes £2bn reduction due to foreign exchange movement

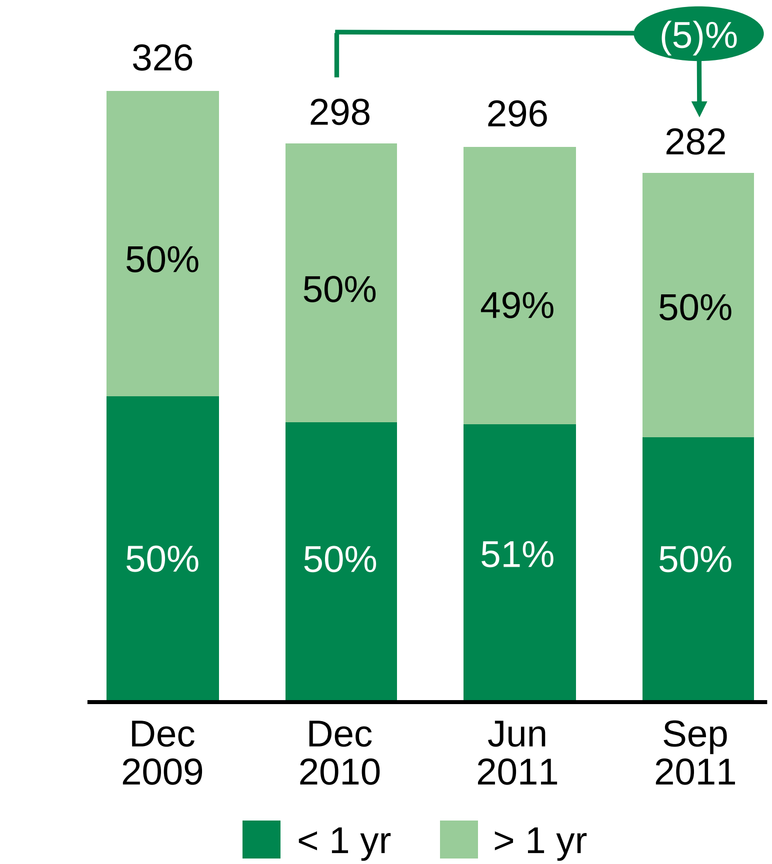
2011 WHOLESALE TERM FUNDING COMPLETED



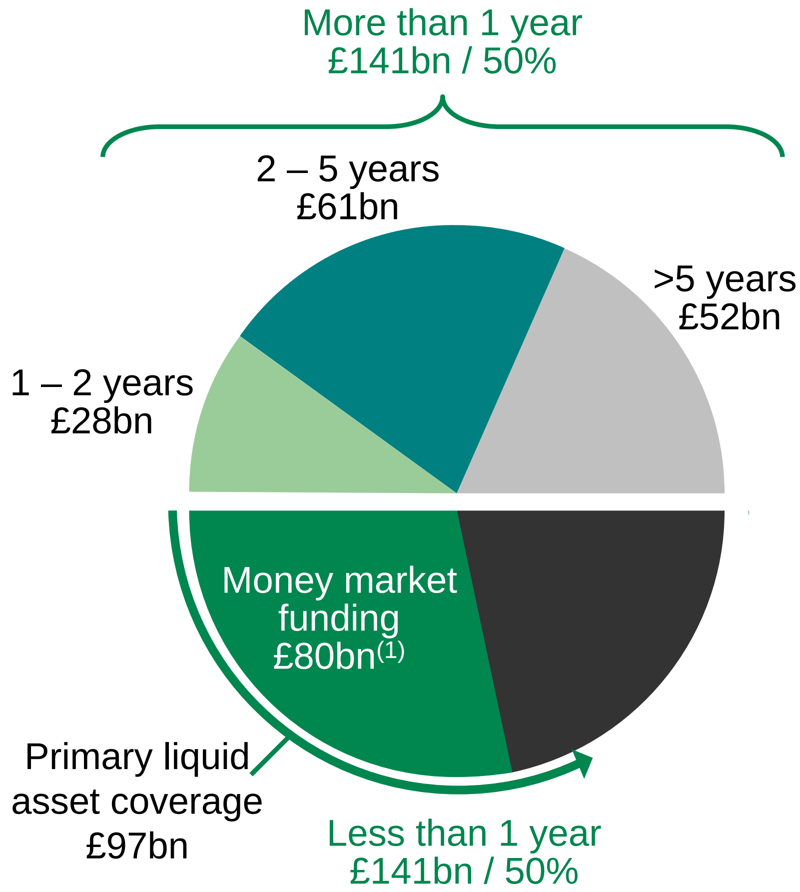
ANY FURTHER ISSUANCE IN 2011 WILL NOW PRE-FUND 2012

STRONG LIQUIDITY AND FUNDING POSITION; MATURITY PROFILE MAINTAINED

WHOLESALE FUNDING MATURITY PROFILE

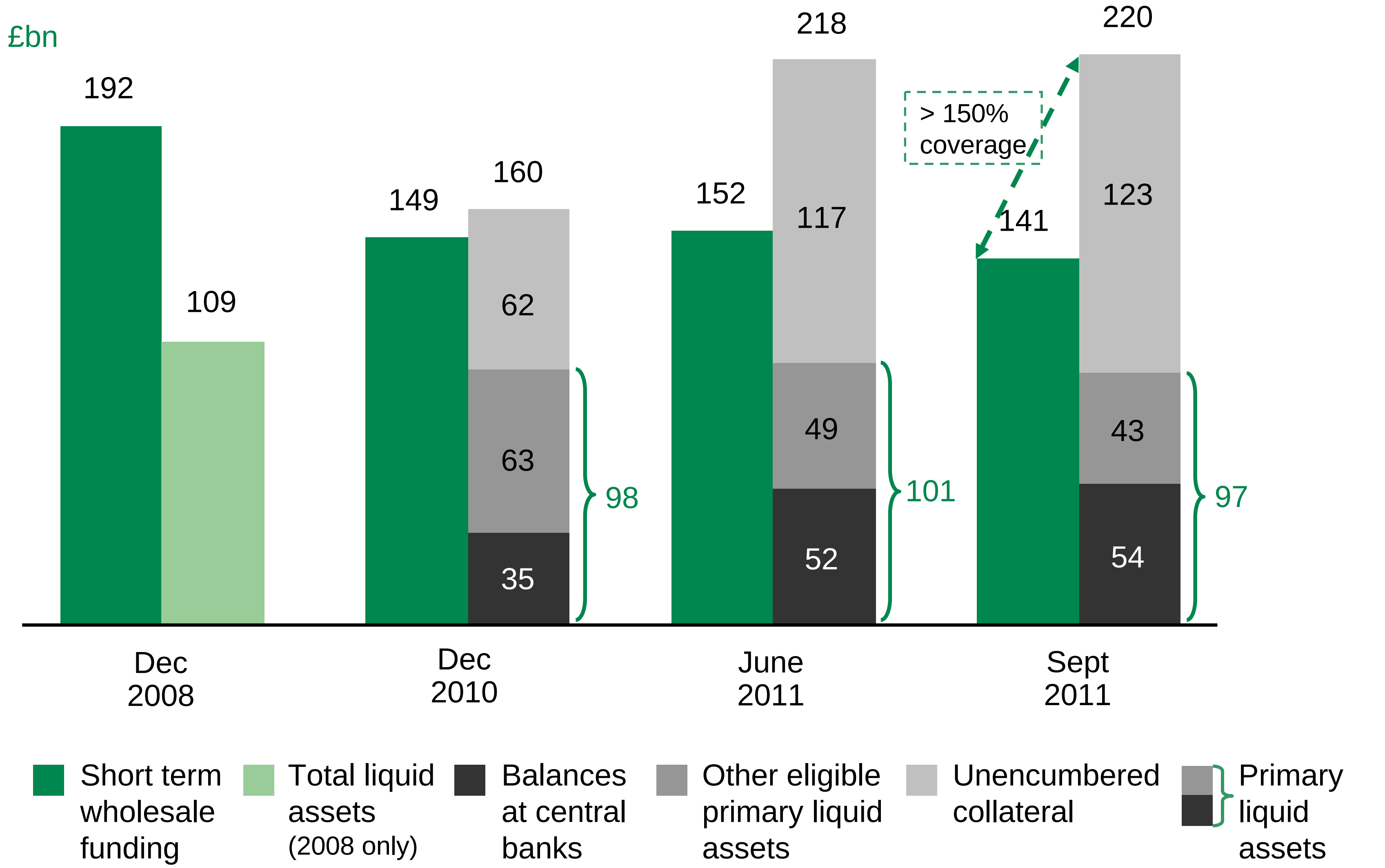


WHOLESALE FUNDING £282BN

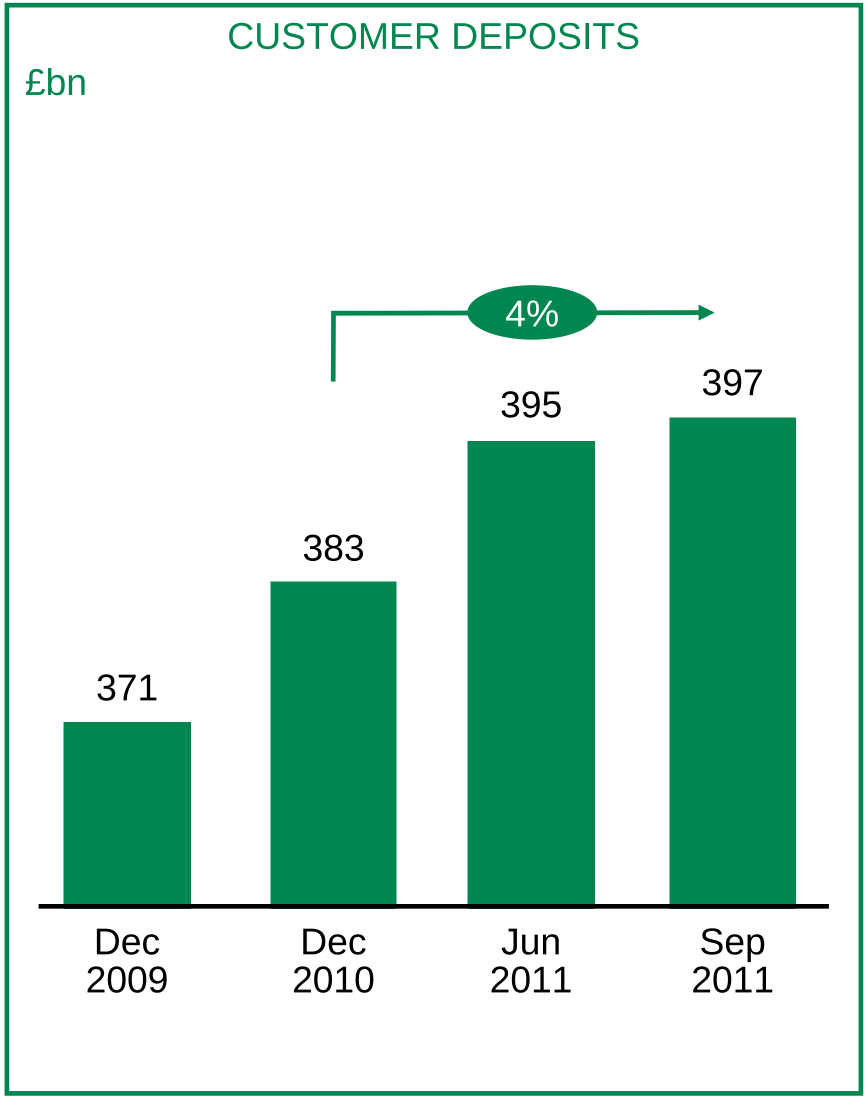


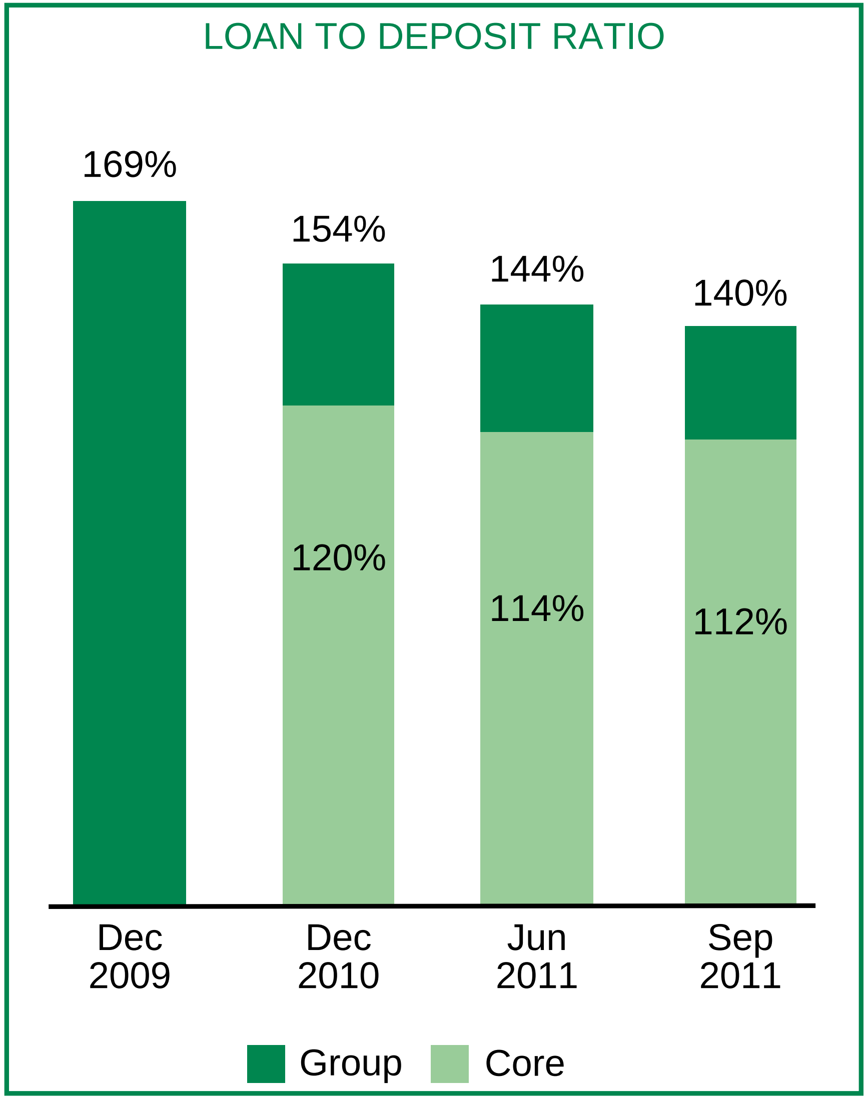
[1] Comprising CP, CDs, ABCP and interbank deposits

SHORT-TERM WHOLESALE FUNDING AND LIQUIDITY
Liquidity significantly exceeds short term funding and regulatory requirements

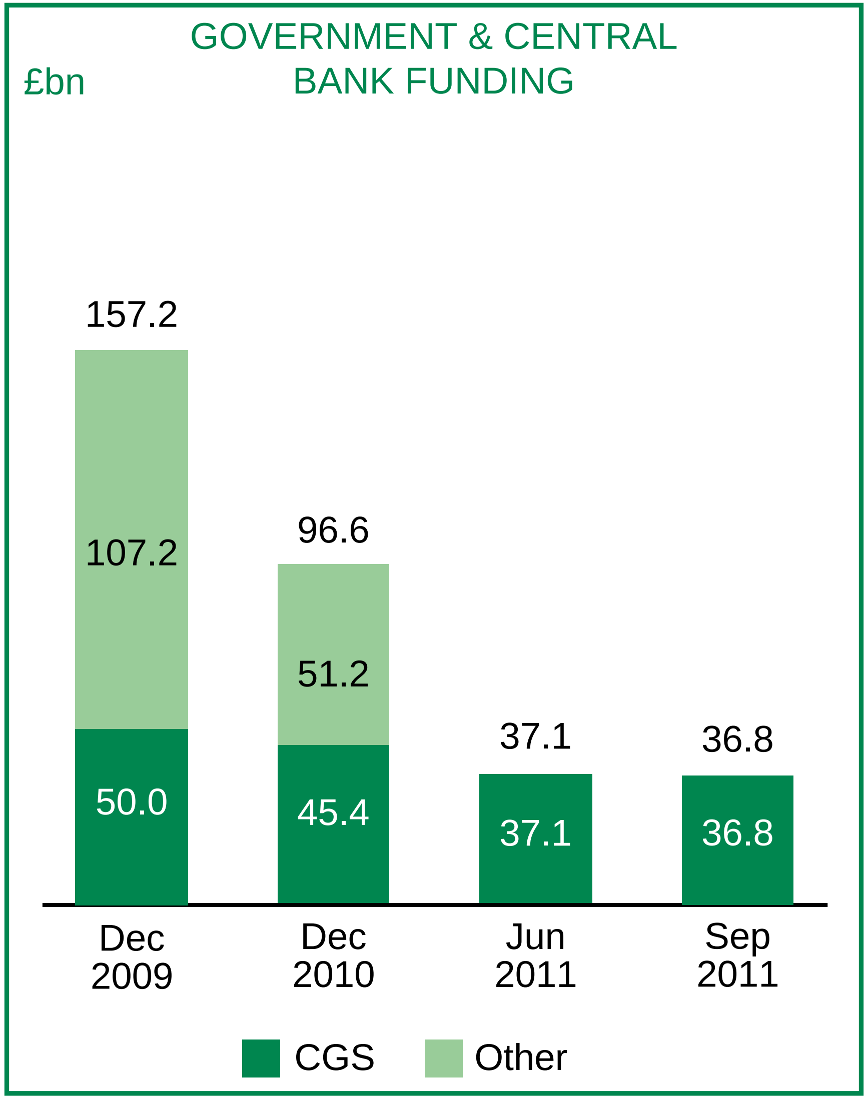


GROWING CUSTOMER DEPOSIT BASE AND IMPROVING LOAN TO DEPOSIT RATIO



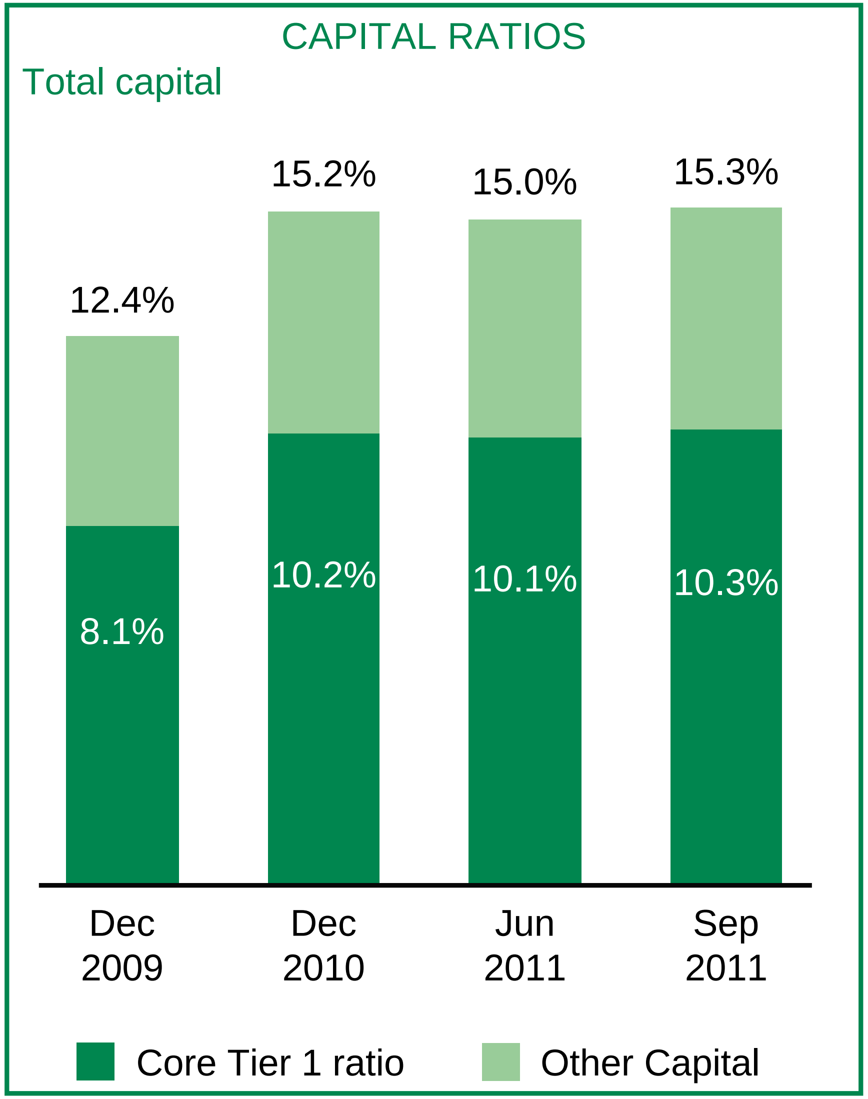


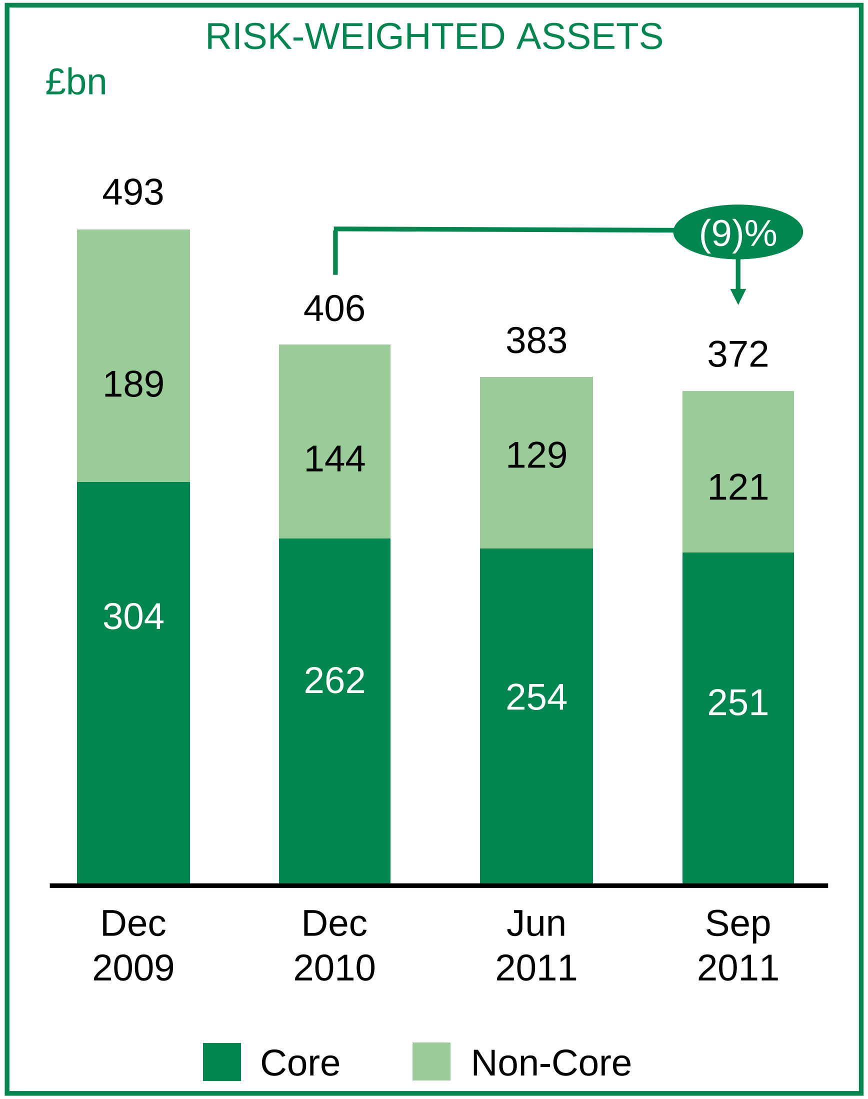
REDUCTION IN GOVERNMENT AND CENTRAL BANK FUNDING



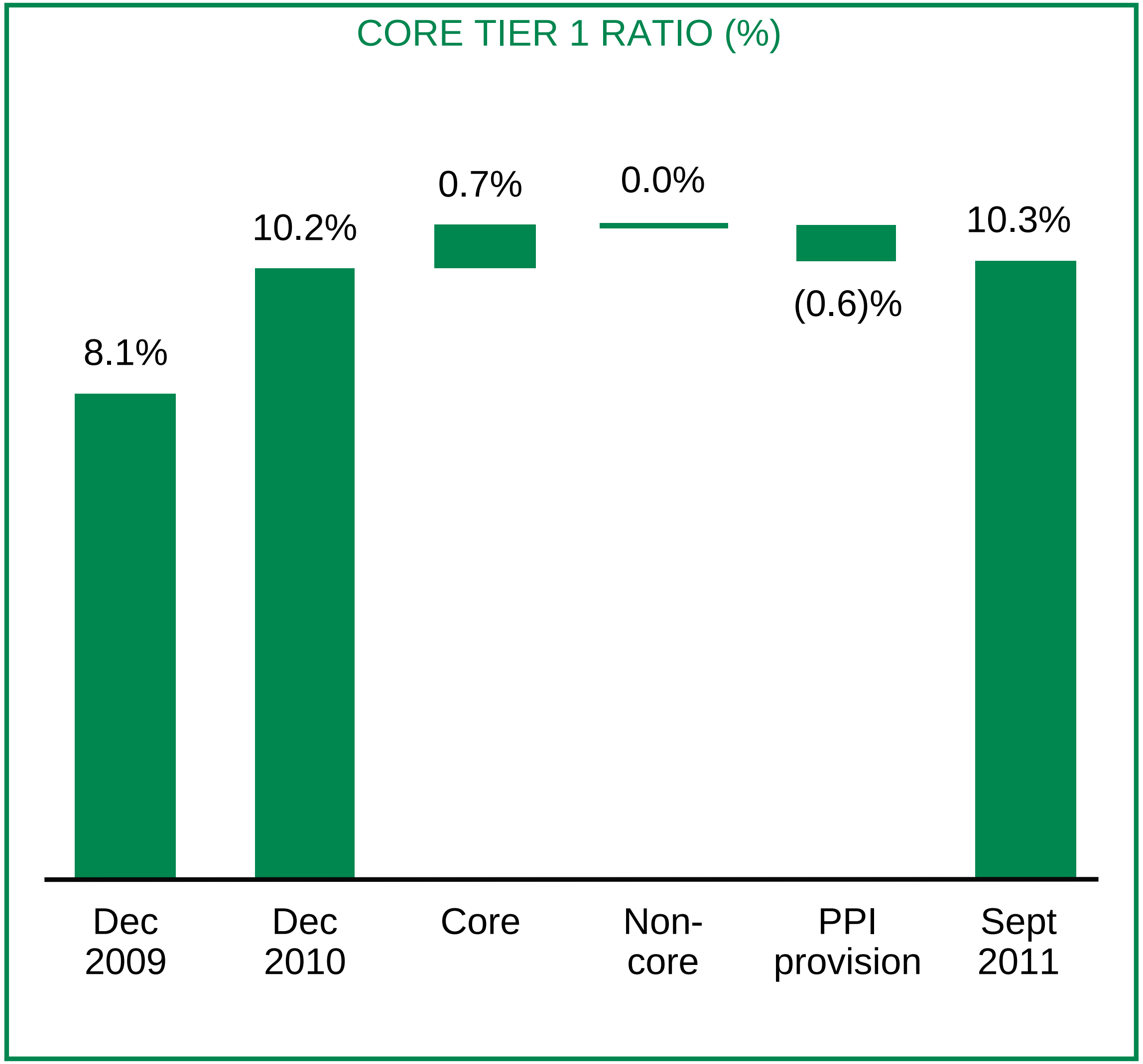
- Repayments of £0.6bn in Q3 2011 partially offset by foreign exchange movements of £0.3bn
- Further reduction expected in line with maturity profile:
  - Q4 2011: £13.4bn
  - H1 2012: £18.5bn
  - H2 2012: £4.9bn

A STRONG CAPITAL POSITION





A STRONG CAPITAL POSITION



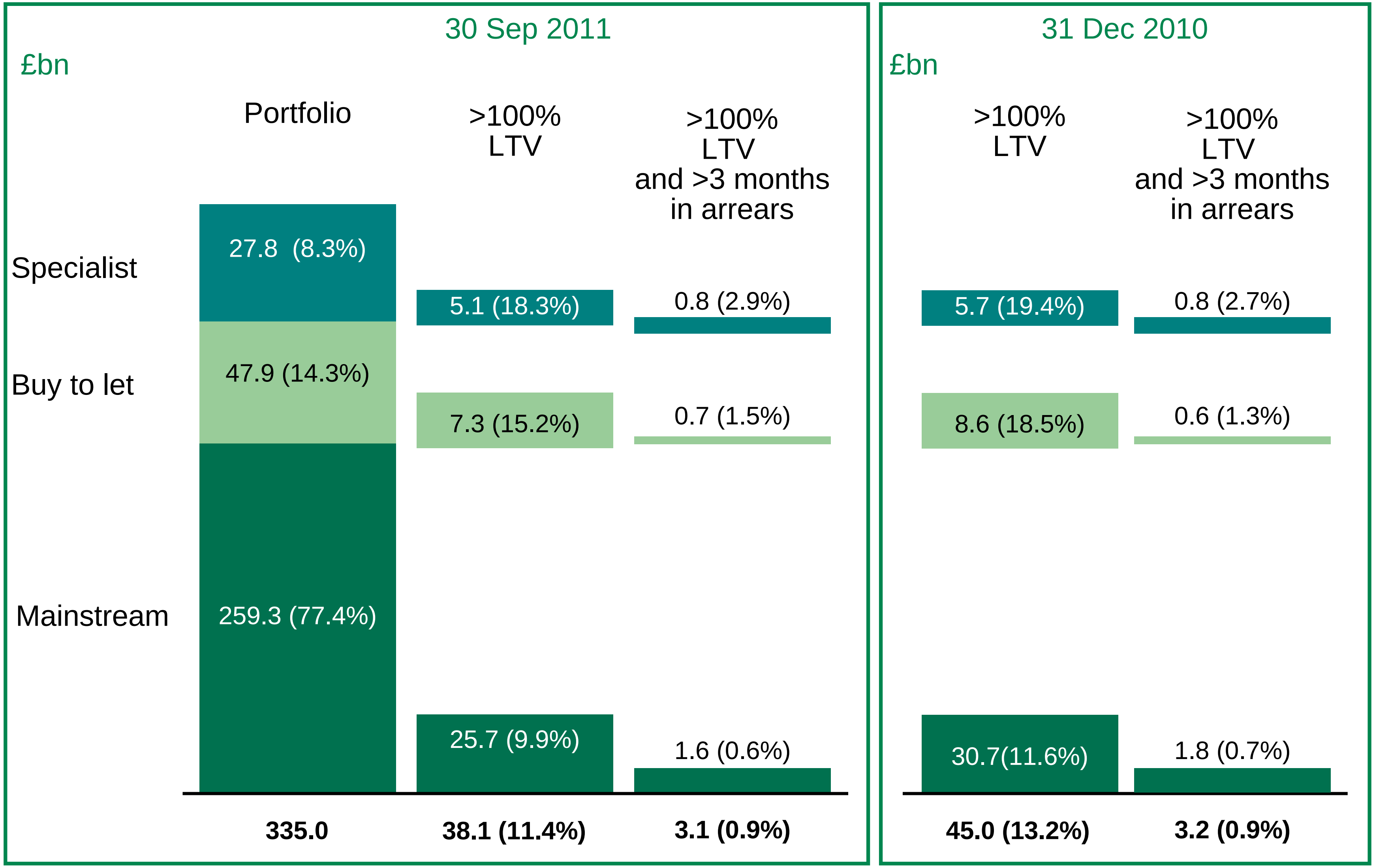
- Good capital generation from core business
- Effect of the statutory loss was broadly offset by the reduction in RWAs
- Core tier 1 ratio excludes the impact of ECN's which would increase it to 12.3%

EXPOSURES TO SELECTED EUROZONE COUNTRIES
Exposures declining and closely managed; minimal Sovereign exposures

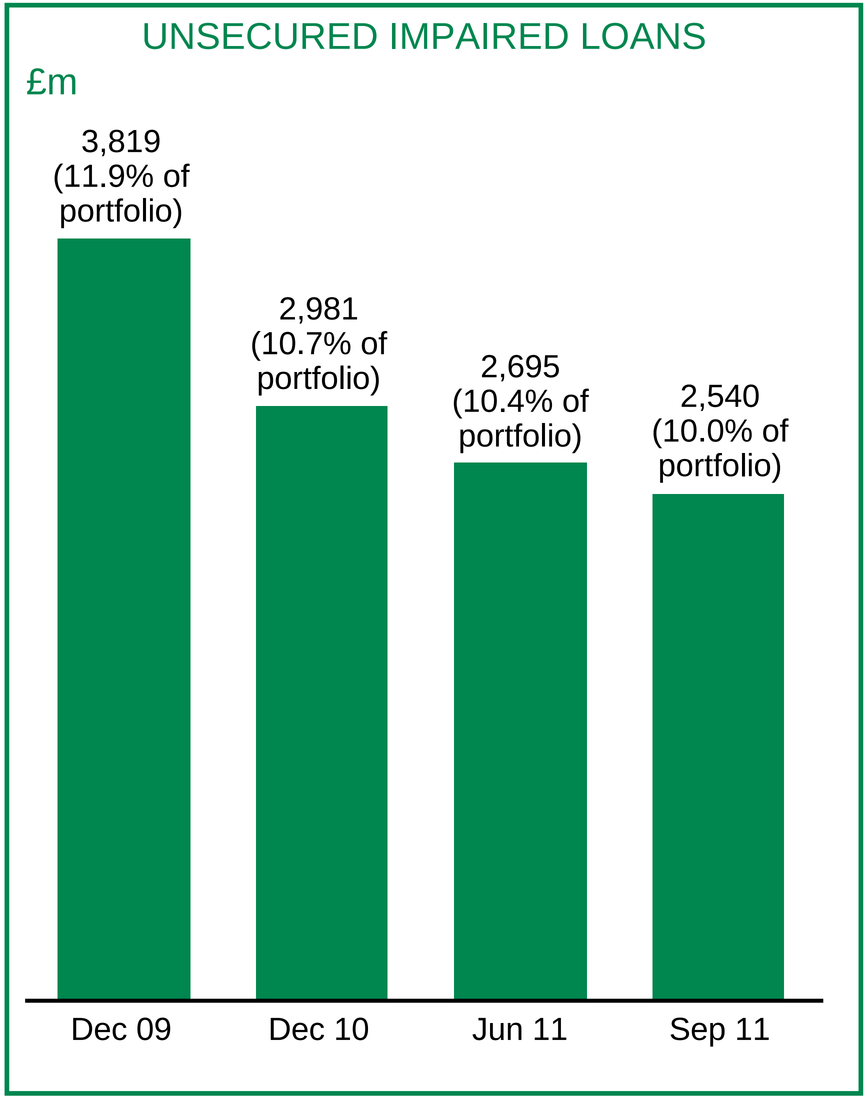
£m	Direct Sovereign	Banking groups	ABS	Financial and insurance businesses assets[1]	Corporate	Retail
Belgium	87	309	-	271	451	-
Greece	-	-	61	-	557	-
Ireland	-	346	329	82	8,646	6,453
Italy	52	1,226	44	394	65	-
Portugal	-	185	369	16	104	9
Spain	40	2,063	408	187	1,816	1,692
Total End Sept 11	**179**	**4,129**	**1,211**	**950**	**11,639**	**8,154**
Total End Jun 11	*156*	*4,841*	*1,365*	*1,305*	*12,825*	*8,849*

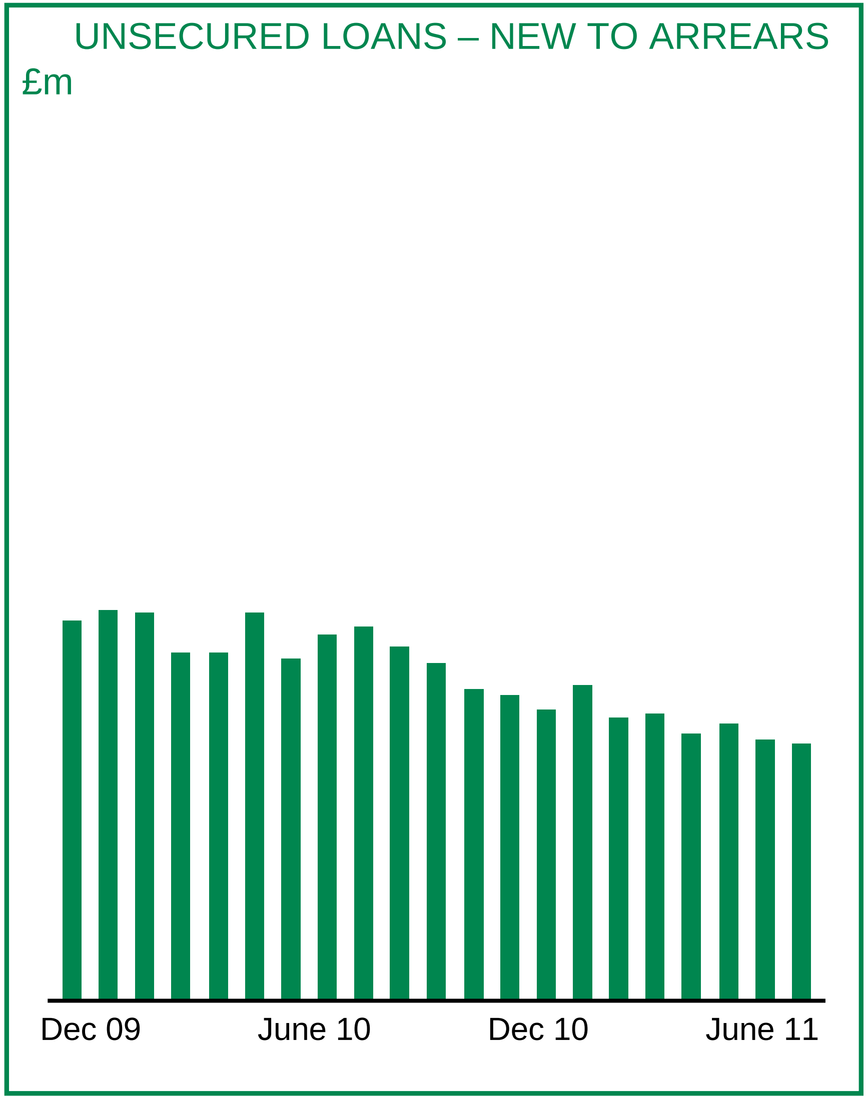
[1] Comprises financial assets held for trading and assets held by insurance businesses

ASSET QUALITY: UK MORTGAGE PORTFOLIO
Books performing satisfactorily with stable profiles



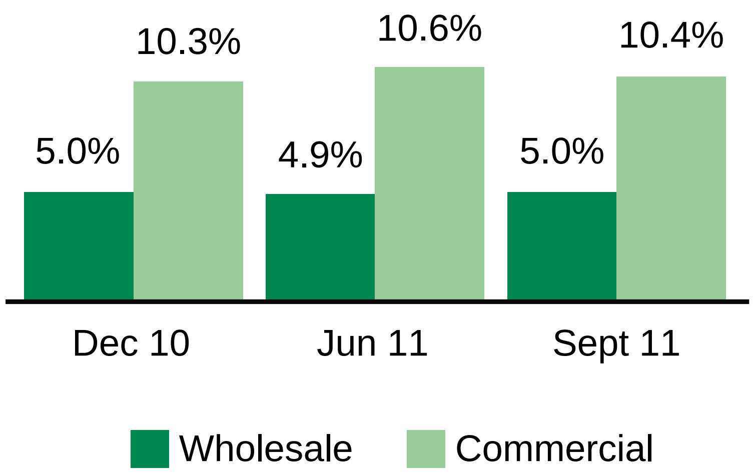
ASSET QUALITY: RETAIL UNSECURED LENDING PORTFOLIO
Impaired loans continue to decline





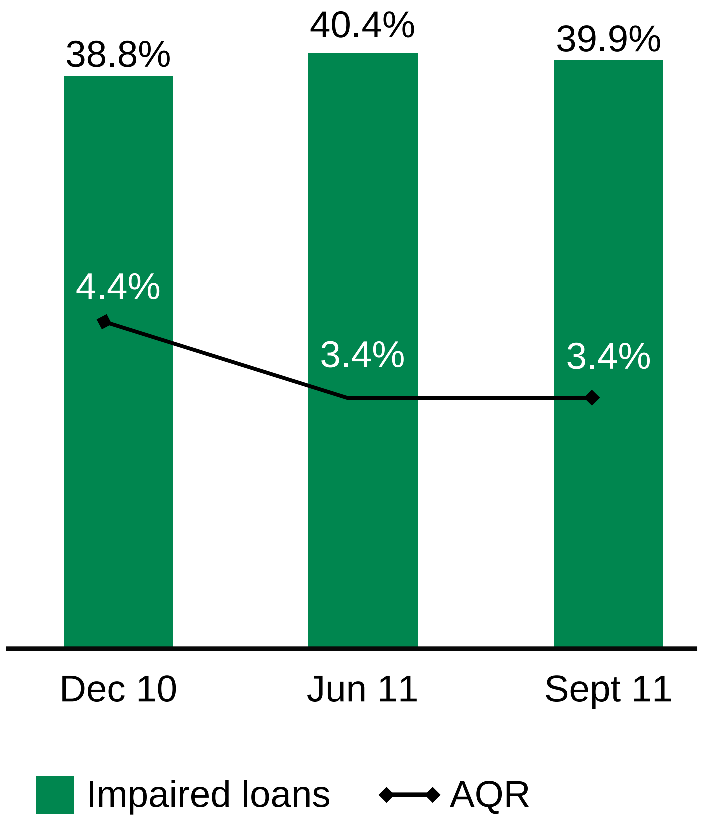
ASSET QUALITY: WHOLESALE AND COMMERCIAL

CORE WHOLESALE AND COMMERCIAL: IMPAIRED LOANS BROADLY STABLE



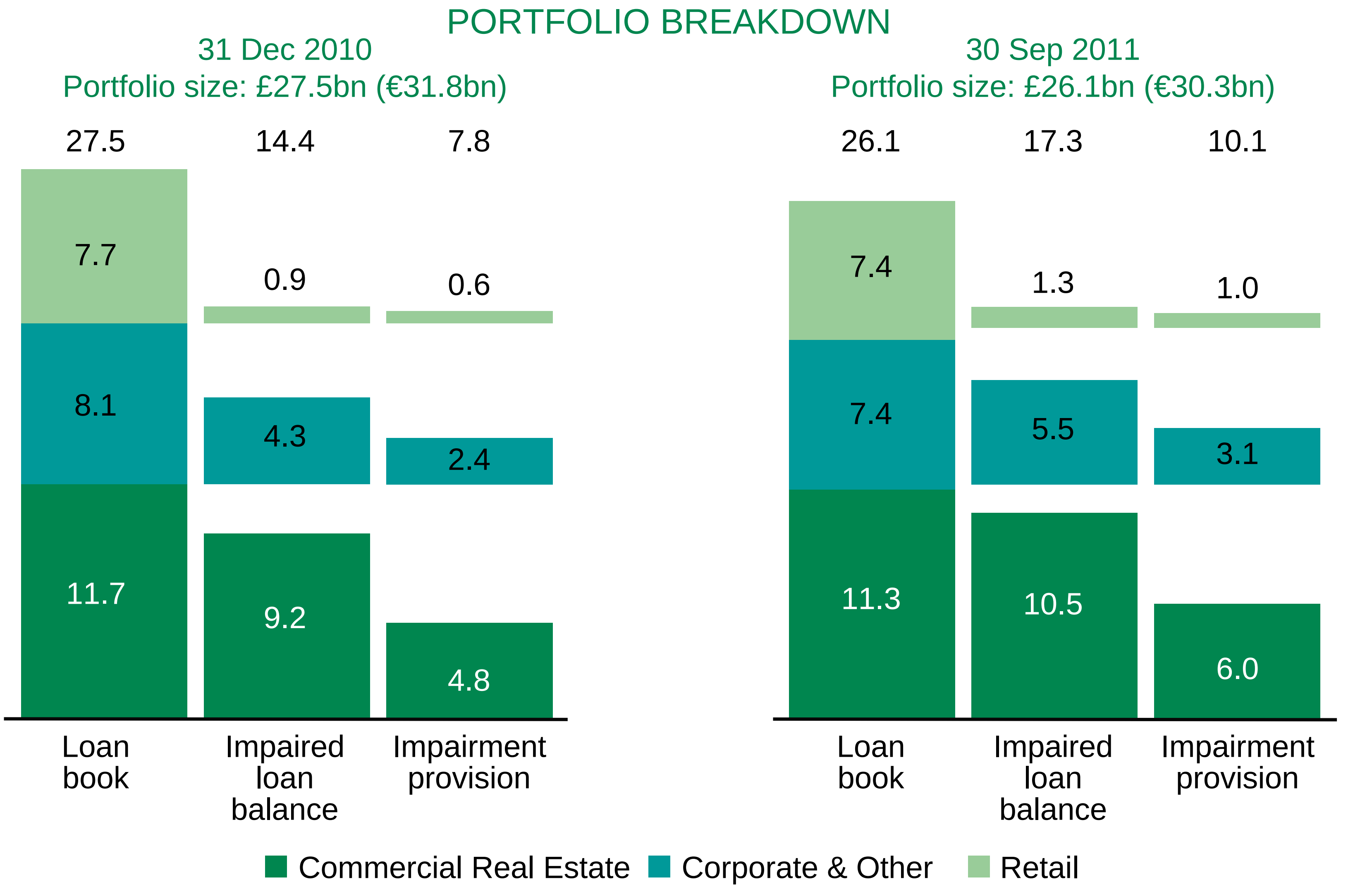
(% of gross advances)

NON-CORE WHOLESALE: ASSET QUALITY STABILISING



ASSET QUALITY: IRISH PORTFOLIO

Some portfolio reduction in Q3, but impaired loans and provisioning continue to increase



SUMMARY: CONTINUED GOOD IMPROVEMENTS IN BALANCE SHEET STRENGTH AND RISK REDUCTION

- Further good progress on non-core asset reductions
- 2011 term funding objectives completed
- A robust capital and liquidity position
- Growing customer deposit base and an improving loan to deposit ratio
- No deterioration in overall asset quality despite UK economic environment

FURTHER PROGRESS IN REDUCING THE GROUP'S RISK DESPITE WEAKENING ECONOMIC ENVIRONMENT

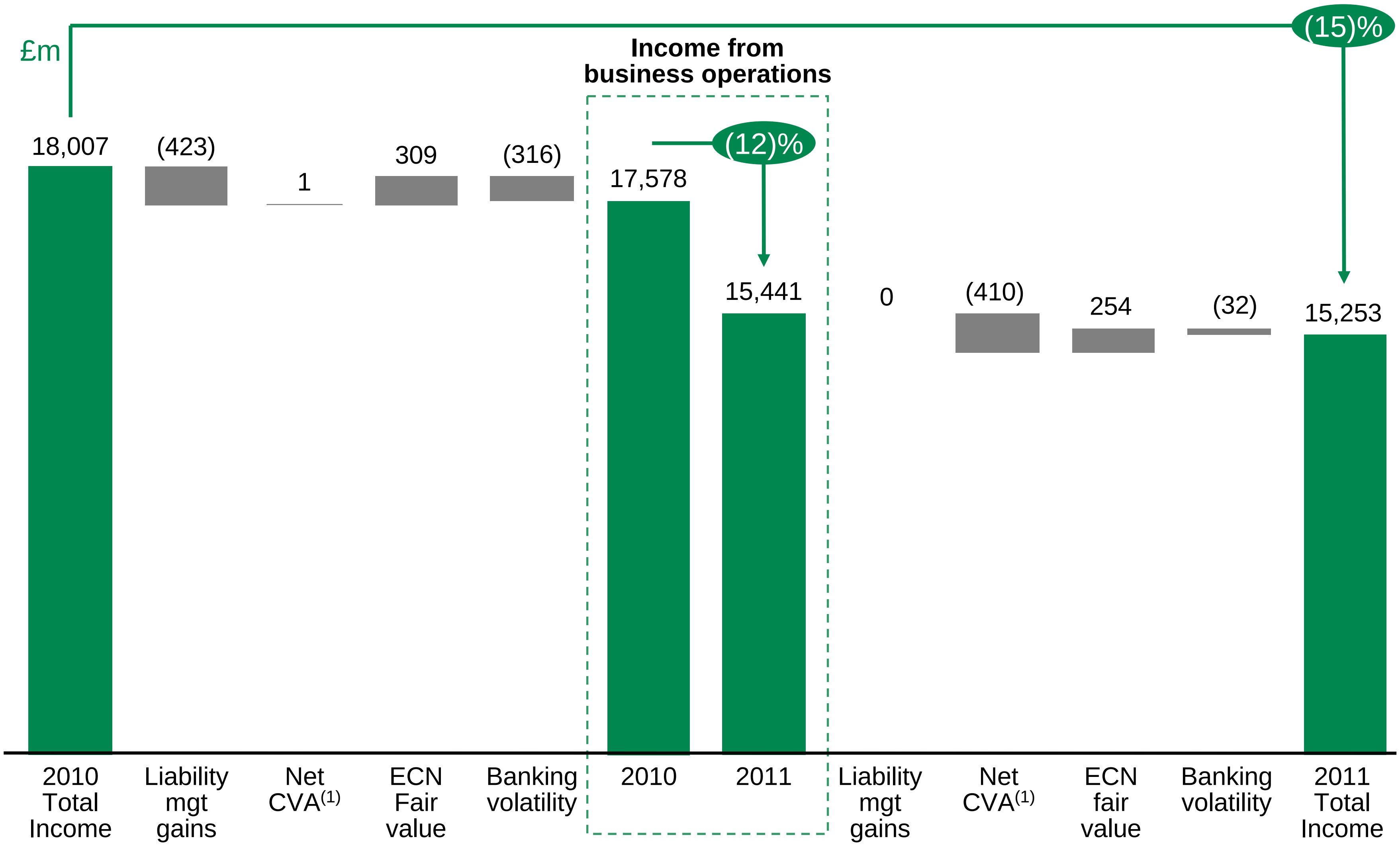
BUSINESS PERFORMANCE - INCOME

LLOYDS BANKING GROUP

	Nine months to 30 Sept 2011	Nine months to 30 Sept 2010	Change
Total income[1]	£15,253m	£18,007m	(15)%
Income before volatility effects and liability management gains	£15,441m	£17,578m	(12)%
Income before volatility effects and liability management gains excluding loss on sale of assets	£16,095m	£17,650m	(9)%
of which core	*£14,274bn*	*£15,117bn*	*(6)%*
Average interest earning banking assets	£591.4bn	£628.4bn	(6)%
of which core	*£440.5bn*	*£461.9bn*	*(5)%*
Margin	2.10%	2.20%	(5)%
of which core	*2.45%*	*2.47%*	*(1)%*

[1] Net of insurance claims

BUSINESS PERFORMANCE – INCOME
Volatility and liability management effects

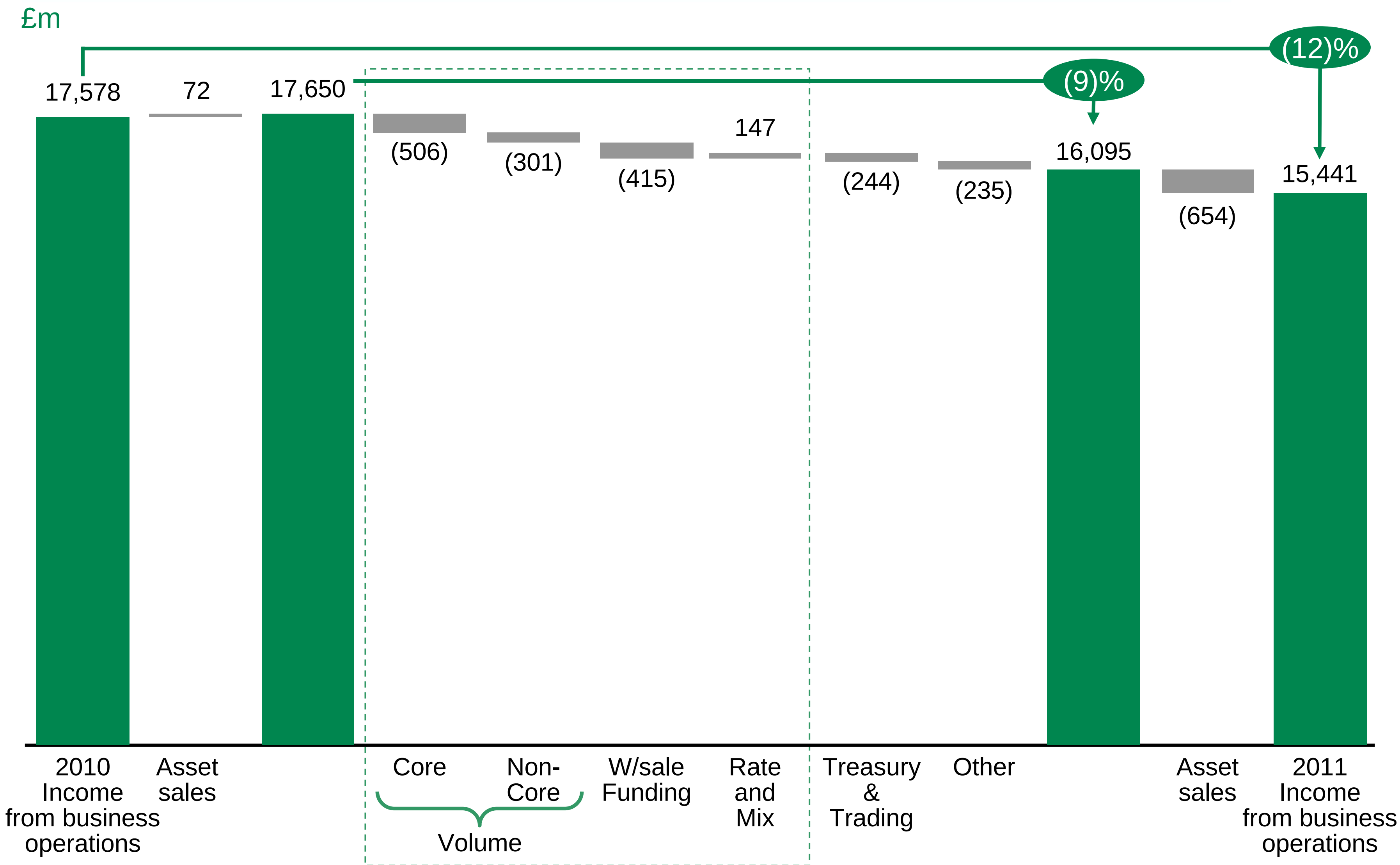


(1) Credit Value Adjustment net of Debit Value Adjustment

NET CREDIT VALUE ADJUSTMENT

- Relates to the provision of risk management solutions for our corporate franchise within Wholesale
- Charge relates only to credit risk comprises Credit Value Adjustment net of Debit Value Adjustment
- Driven by current market conditions, not by any accounting change, or by a change in the volume or type of business undertaken
- Current conditions causing significant widening in modelled credit spreads for largely unrated relationship customers
- Flows into default are stable to declining

BUSINESS PERFORMANCE - INCOME
Income from business operations

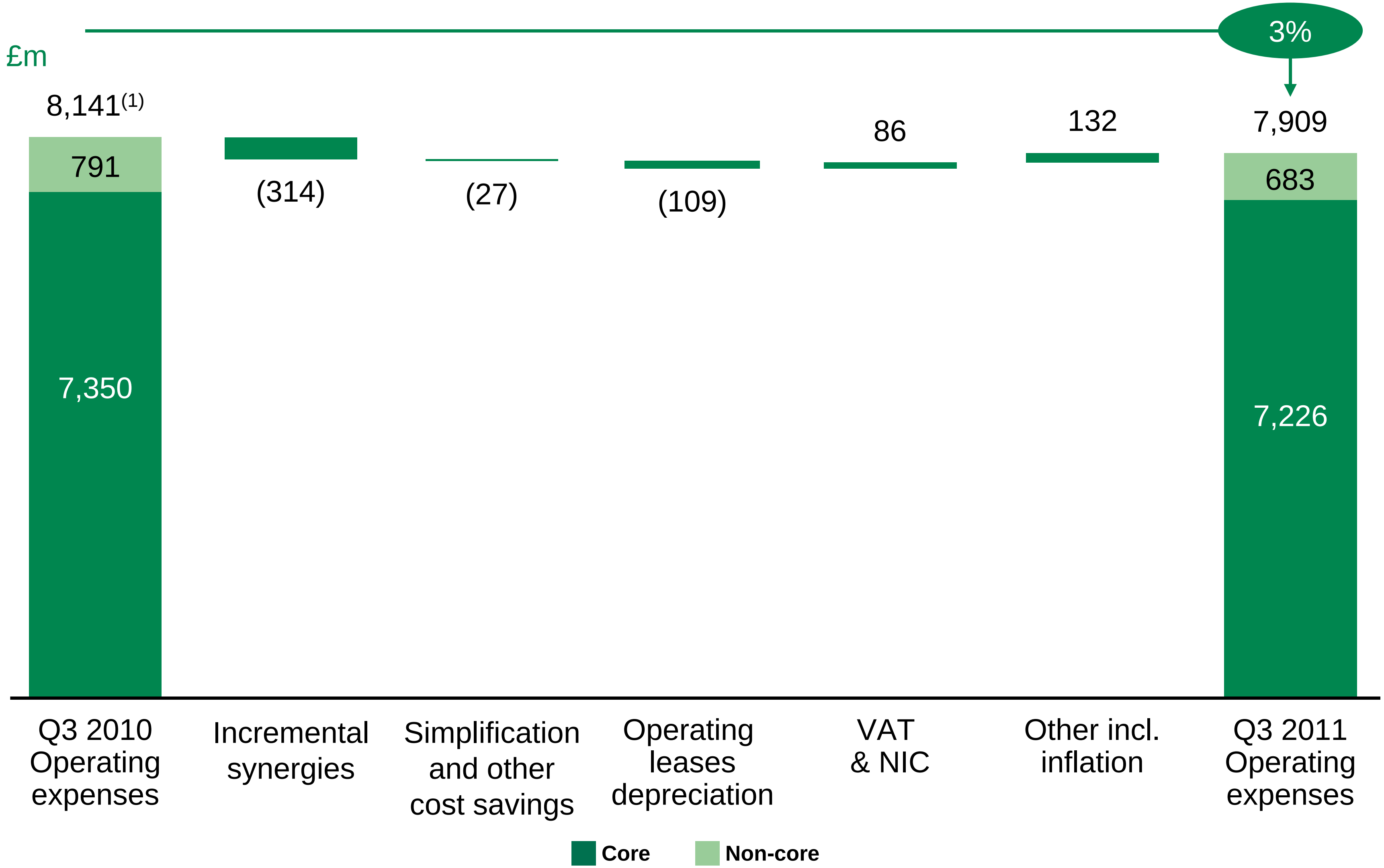


BUSINESS PERFORMANCE

£m	Nine months to 30 Sept 2011	Nine months to 30 Sept 2010	Change
Operating expenses	(7,909)	(8,141)	3%
Integration savings run-rate	*1,930*	*1,268*	*52%*
Impairment	(7,378)	(9,426)	22%
Profit before tax[1]	1,748	2,488	(30)%
Statutory loss before tax	(3,858)	1,967	

[1] Combined businesses basis

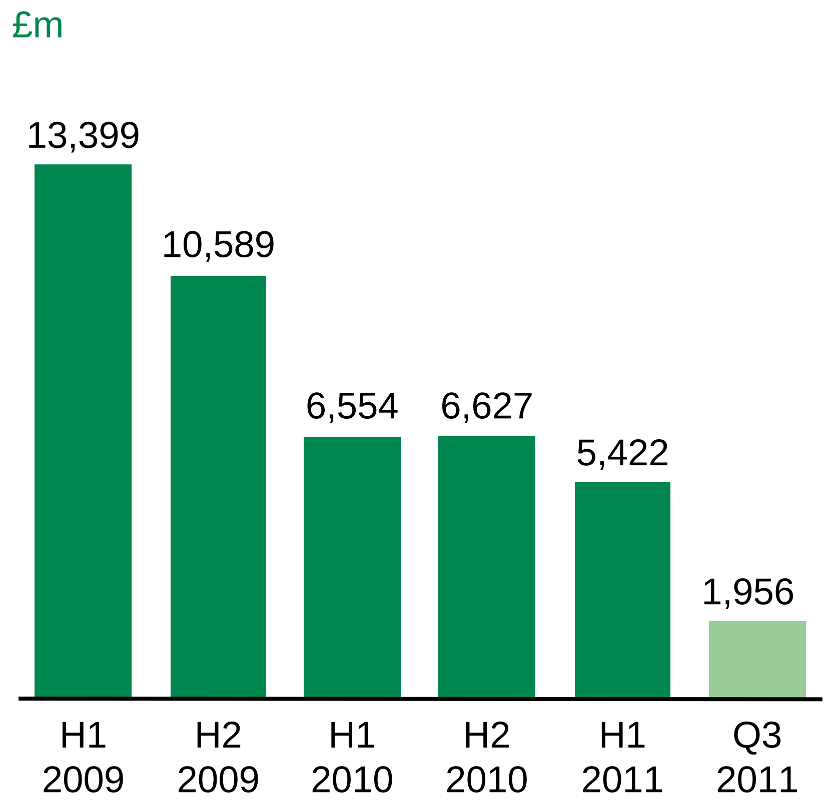
COST PERFORMANCE: 3% REDUCTION
Continued strong cost control delivers 2% core reduction



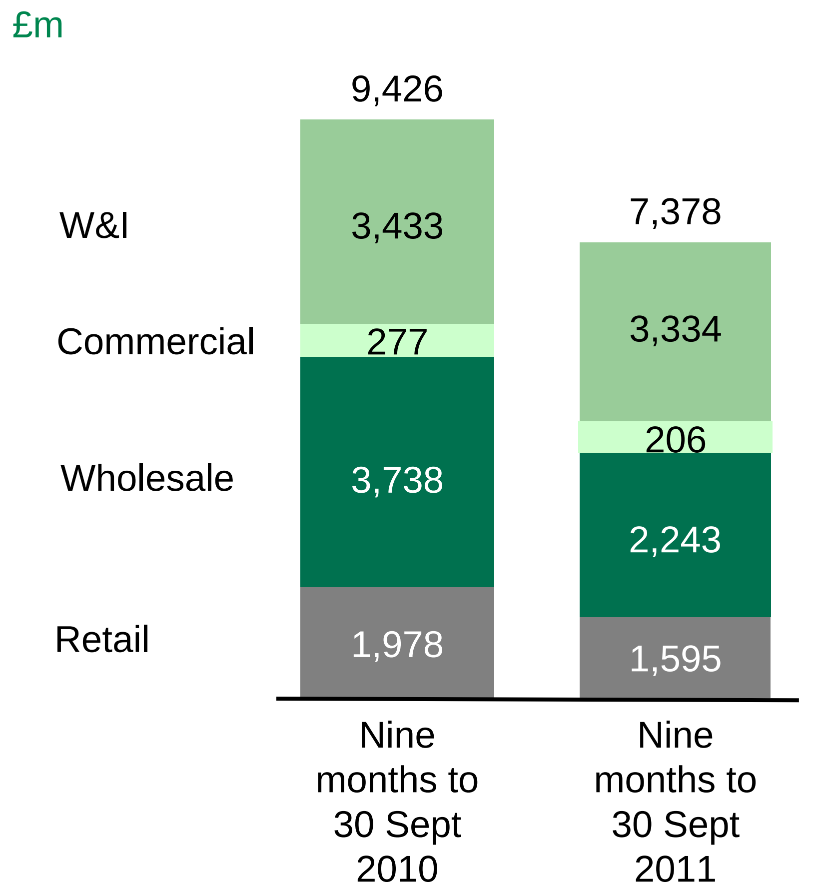
[1] Excluding impairment of fixed assets acquired after debt restructuring

IMPAIRMENT CHARGE
Q3 Performance better than expected

GROUP IMPAIRMENT

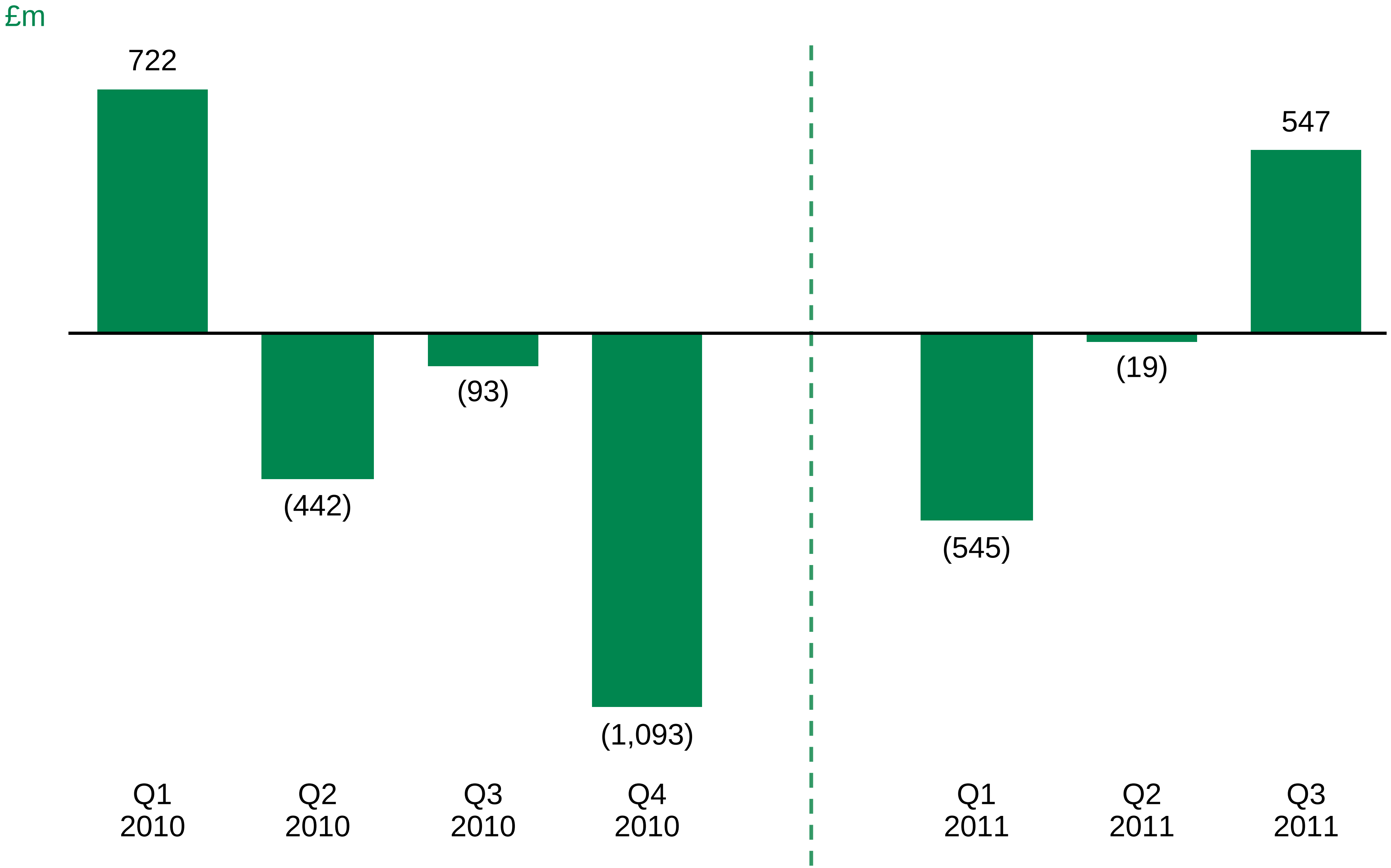


DIVISIONAL BREAKDOWN



NO CHANGE TO FULL YEAR EXPECTATIONS

GROUP PROFIT/(LOSS) BEFORE TAX AND FAIR VALUE UNWIND



BUSINESS PERFORMANCE – CORE AND NON-CORE

LLOYDS BANKING GROUP

£m	Core			Non-core		
	9 months ended Sept		% change	9 months ended Sept		% change
	2011	2010		2011	2010	
Income[1]	14,119	15,561	(9)%	1,134	2,446	(54)%
Income before volatility effects and liability management gains[1]	14,307	15,132	(5)%	1,134	2,446	(54)%
Operating expenses	(7,226)	(7,350)	2%	(683)	(941)	27%
Impairment	(2,247)	(2,463)	9%	(5,131)	(6,963)	26%
Fair value unwind/JVs	(271)	(311)	13%	2,053	2,509	(18)%
Profit (loss) before tax[2]	4,375	5,437	(20)%	(2,627)	(2,949)	11%

[1] Net of insurance claims
[2] Combined businesses basis

NON-CORE CAPITAL CONSUMPTION / RELEASED

£m	H1 2011[2]	Q3 2011
Loss before tax [1]	(1,762)	(865)
Post tax loss -> 'Capital consumed'	(1,295)	(636)
Reduced RWAs (£bn)	15.2	7.5
at 10% -> 'Capital released'	1,520	750
Decrease/(increase) in EEL	(487)	(10)
Net capital (consumed) / released	(262)	104
Funding benefit (£bn)	26.8	9.7
Closing CT1 allocated to non-core @ 10% (£bn)	13.4	12.6

(1) Combined businesses basis
(2) In line with new allocation methodologies for funding costs and capital announced on 25 October 2011

NINE MONTHS ENDED 30 SEPTEMBER 2011
SUMMARY AND FINANCIAL TARGETS

LLOYDS BANKING GROUP

- **Further progress in reducing the Group's risk**
- **Resilient underlying trading performance despite challenging market conditions**
- **Financial targets maintained, though delivery of medium-term targets may be delayed if weak economic conditions persist**
  - Expect to deliver on the financial performance targets incorporated within 2011 guidance but overall results continue to be impacted by accounting volatility effects and non trading items
  - As a result of the more challenging economic conditions that have arisen over the last few months we are reassessing our assumptions, principally around GDP growth and the timing of base rate increases
  - Although further opportunities for improving margins and profitability may partially mitigate these economic impacts, if the current weaker economic conditions persist, the attainment of some of our medium-term financial targets, principally with regard to income related metrics, may be delayed to beyond 2014
- **Expect to achieve strong, stable and sustainable returns for our shareholders over time through implementation of our strategic initiatives**

LLOYDS
BANKING
GROUP

RESULTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2011

8 November 2011

Tim Tookey

Interim Group Chief Executive
and Group Finance Director

FORWARD LOOKING STATEMENTS AND BASIS OF PREPARATION

FORWARD LOOKING STATEMENTS

This announcement contains forward looking statements with respect to the business, strategy and plans of the Lloyds Banking Group, its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group or the Group's management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The Group's actual future business, strategy, plans and/or results may differ materially from those expressed or implied in these forward looking statements as a result of a variety of risks, uncertainties and other factors, including, without limitation, UK domestic and global economic and business conditions; the ability to derive cost savings and other benefits, as well as the ability to integrate successfully the acquisition of HBOS; the ability to access sufficient funding to meet the Group's liquidity needs; changes to the Group's credit ratings; risks concerning borrower or counterparty credit quality; instability in the global financial markets; changing demographic and market related trends; changes in customer preferences; changes to regulation, accounting standards or taxation, including changes to regulatory capital or liquidity requirements; the policies and actions of governmental or regulatory authorities in the UK, the European Union, or jurisdictions outside the UK, including other European countries and the US; the ability to attract and retain senior management and other employees; requirements or limitations imposed on the Group as a result of HM Treasury's investment in the Group; the ability to complete satisfactorily the disposal of certain assets as part of the Group's EU state aid obligations; the extent of any future impairment charges or write-downs caused by depressed asset valuations; exposure to regulatory scrutiny, legal proceedings or complaints, actions of competitors and other factors. Please refer to the latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission for a discussion of such factors together with examples of forward looking statements. The forward looking statements contained in this announcement are made as at the date of this announcement, and the Group undertakes no obligation to update any of its forward looking statements.

BASIS OF PRESENTATION

The results of the Group and its business are presented in this presentation on a combined businesses basis and include certain income statement, balance sheet and regulatory capital analysis between core and non-core portfolios to enable a better understanding of the Group's core business trends and outlook. Please refer to the Basis of Presentation in the Q3 2011 Interim Management Statement News Release which sets out the principles adopted in the preparation of the combined businesses basis of reporting as well as certain factors and methodologies regarding the allocation of income, expenses, assets and liabilities in respect of the Group's core and non-core portfolios.