

**LLOYDS
BANKING
GROUP**



**GOLDMAN SACHS
EUROPEAN FINANCIALS CONFERENCE**

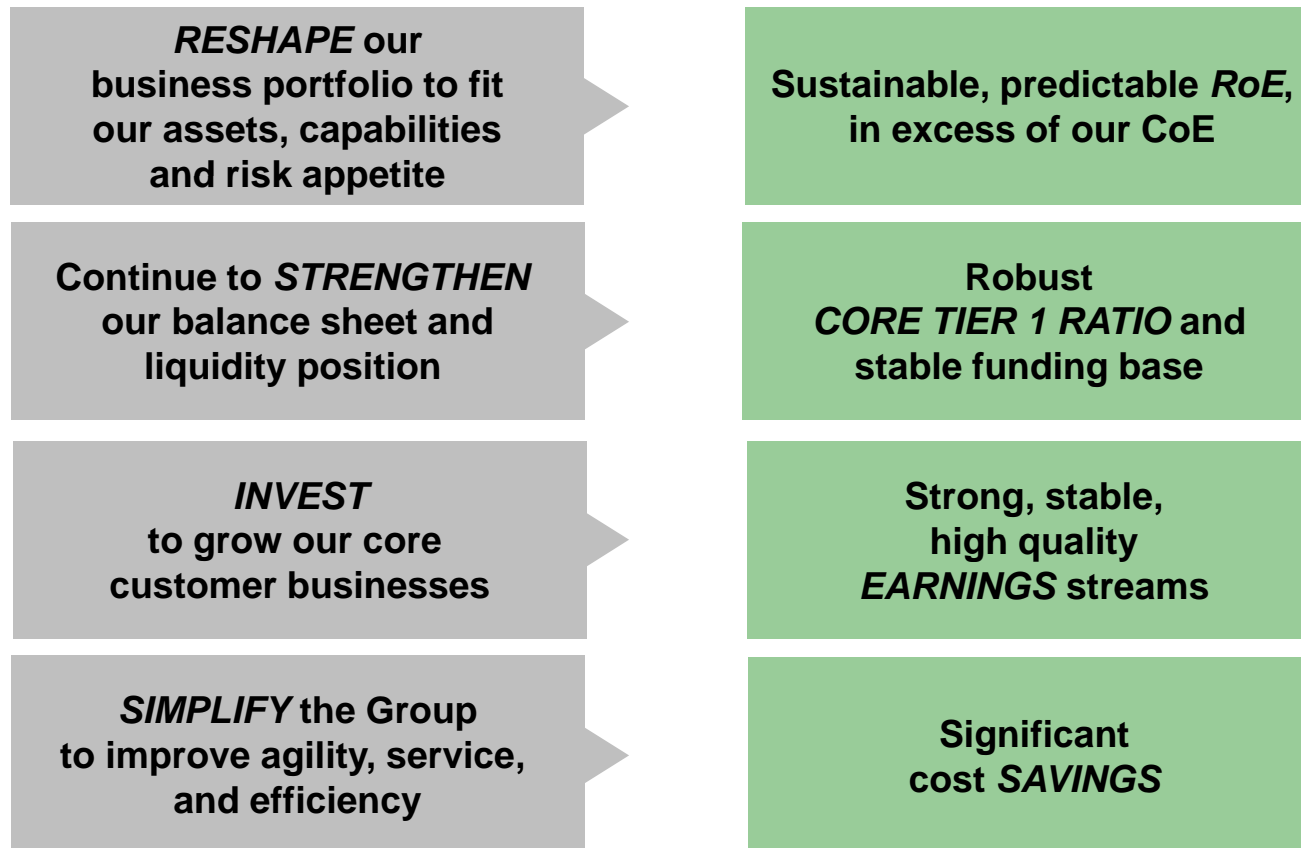
14 June 2012

Brussels

**Alison Brittain
Group Director, Retail**

LLOYDS BANKING GROUP

Our strategic plan will ensure strong, stable returns over the next 3 years & beyond



RETAIL BANKING: BUSINESS OVERVIEW

The largest retail bank in the UK

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DISTRIBUTION

- 1 in 3 adults in the UK have a relationship with Lloyds Banking Group
- 14 high street brands, three core brands
- 2,900 branches with one of the largest fee free ATM networks in the UK
- More than 8.7m active online customers
- More than 1.5m customers registered for our new mobile banking service since launch in Oct 2011
- 22 contact centres – all situated within the UK
- Approximately 11m calls into the Telephone Banking service every month



PRODUCTS

- The UK's largest personal lending institution with a market share of 30%
- The UK's largest savings institution with a market share of 23.2%
- The UK's largest mortgage lender with a 20% market share in mortgage gross lending



RETAIL BANKING: RESHAPING OUR BUSINESS PORTFOLIO

Whilst we have 14 major brands, 3 remain key to our retail banking strategy



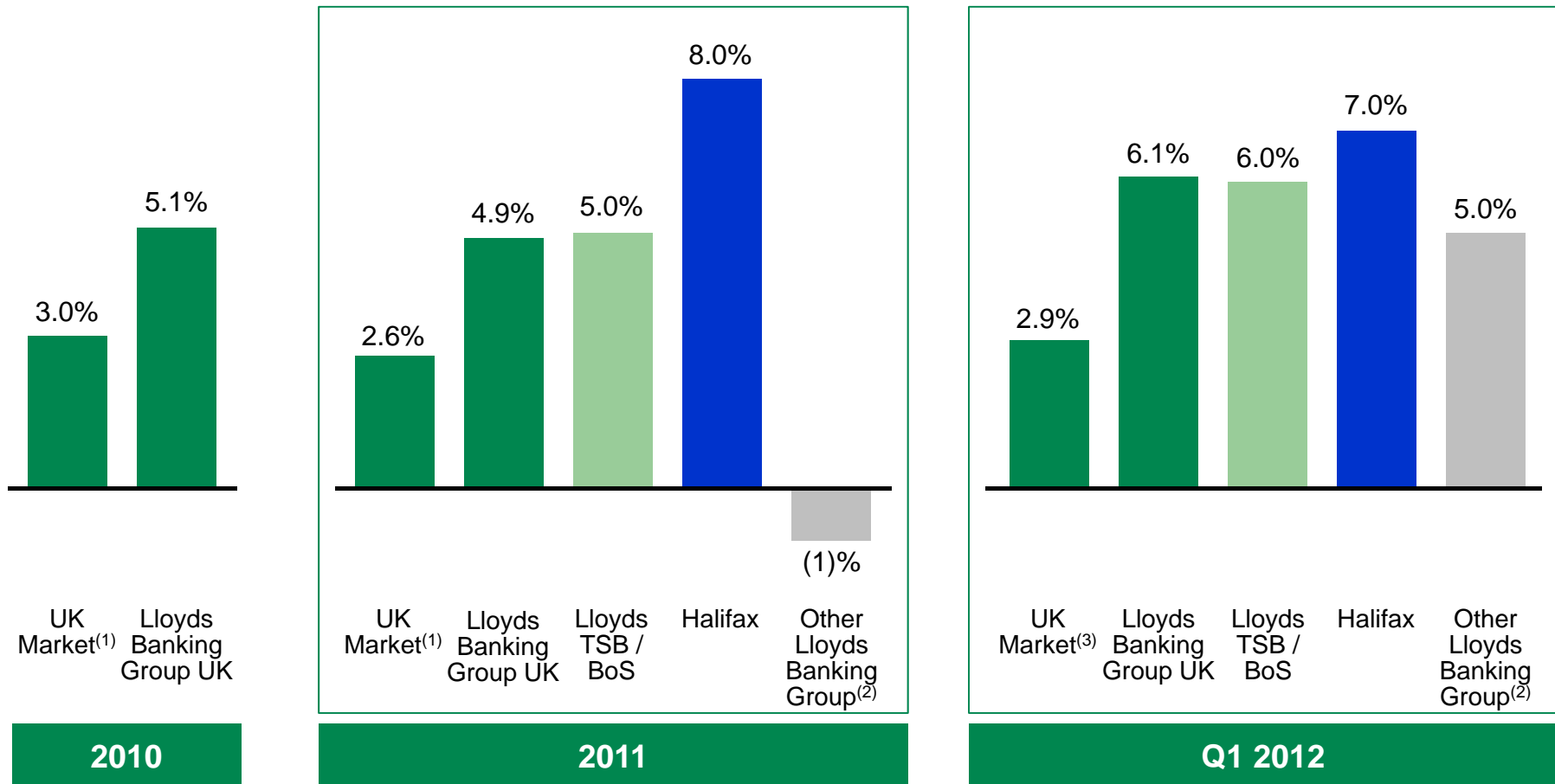
	BRAND FOCUS		
	Challenger	Leader	Tactical
The face of the brand	Colleagues	Customers	
The focus of the brand	Reward	Relationships	
The feel of the brand	Friendly	Expert	
	HALIFAX	LLOYDS TSB, BANK OF SCOTLAND	
	<ul style="list-style-type: none"> A leading challenger brand on the High Street Recognised by industry and media as a value for money leader (eg 'Moneyfacts' Best Cash ISA and Best Current Account Provider 2011) Game-changing products eg the switcher incentive 'only bank to pay you £100 on the day you switch', and 'home buying expert' Simple, efficient and fair customer experience 	<ul style="list-style-type: none"> Leading relationship brands in UK retail banking Focused on recognising and rewarding customer loyalty Committed and experienced colleagues Investing in branches, new channels and services eg Money Manager, to deliver a customer experience in which we can be proud 	

STRENGTHENING OUR BALANCE SHEET

Strong 2012 Q1 deposit growth driven by fixed term, value driven products demonstrating the strength of our multibrand strategy



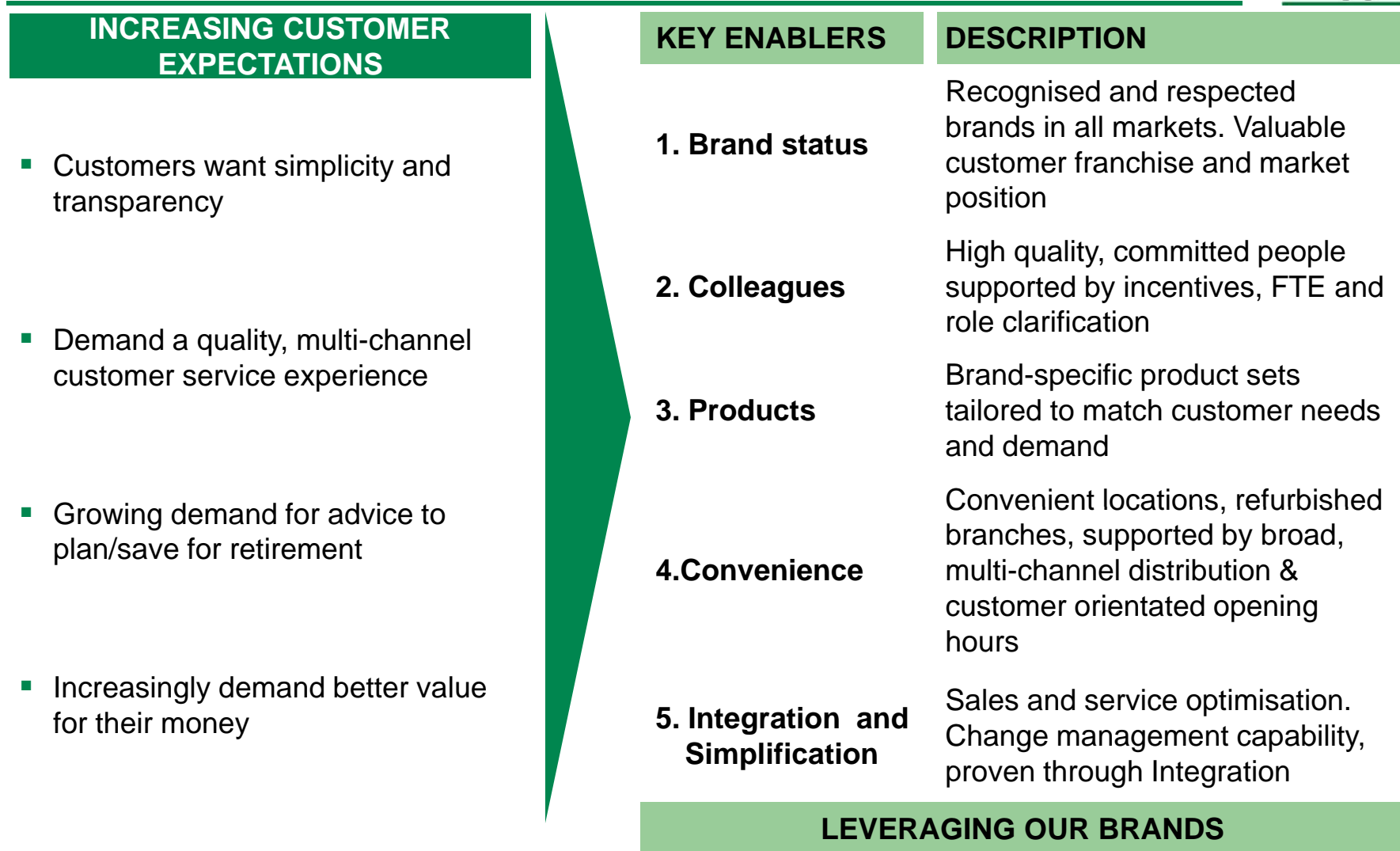
UK RETAIL CUSTOMER DEPOSITS (YEAR-ON-YEAR GROWTH)



(1) Source: Bank of England. (2) Other LBG includes Birmingham Midshires, SWB, IF and C&G. (3) March 2012 UK market size estimated

INVESTING TO GROW OUR CORE CUSTOMER BUSINESSES

We are investing to become 'The Best Bank For Customers'



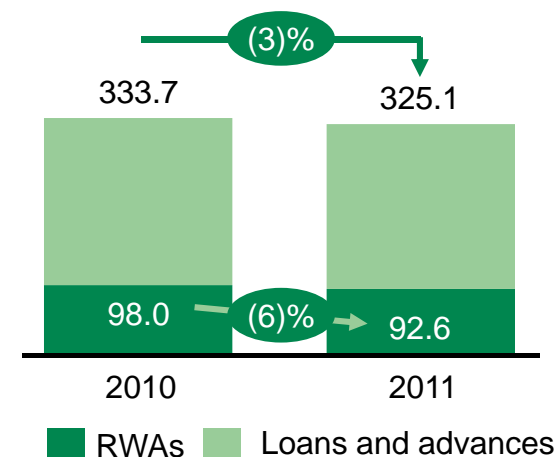
CORE RETAIL BUSINESS PERFORMANCE

Resilient performance given funding headwinds and muted demand



UNDERLYING CORE BUSINESS (£m) ⁽¹⁾	2010	2011	% Change
Underlying income	9,695	8,874	(8)%
Total costs	(4,637)	(4,432)	4%
Impairment ⁽²⁾	(2,612)	(1,786)	32%
Underlying profit before tax and fair value unwind	2,446	2,656	9%
Banking net interest margin	2.37%	2.20%	
Impairment as a percentage of average advances	0.77%	0.54%	
Underlying pre-tax return on risk weighted assets ⁽³⁾	2.4%	2.8%	

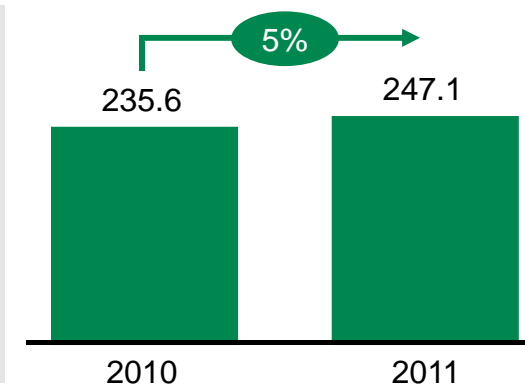
CORE LOANS⁽⁴⁾ AND RWAs (£bn)



2011 HIGHLIGHTS

- Loan-to-deposit ratio improvement of 10 percentage points to 132%, growing core customer balances by 1%
- 20% market share in mortgage gross lending (24% first time buyers)
- Accelerating multichannel strategy: 9% increase in active online customers
- 1.5m Mobile apps downloaded to date

CORE CUSTOMER DEPOSITS⁽⁴⁾ (£bn)



⁽¹⁾ Excludes the effects of liability management, volatile items, and asset sales. ⁽²⁾ Includes profit/(loss) from joint ventures. ⁽³⁾ Underlying PBT pre fair value unwind / Average RWAs. Average RWAs are the average of quarter end RWAs. ⁽⁴⁾ Excludes repos and reverse repos

SIMPLIFYING THE GROUP

The Simplification programme is central to becoming the best bank for customers and a high performing organisation



CUSTOMER BENEFITS

- Enhanced customer experience
- Reduced errors and complaints
- Faster, more efficient service

FINANCIAL BENEFITS

- Reduced cost
- Increased productivity
- Reduced risk
- Saving to invest

COLLEAGUE BENEFITS

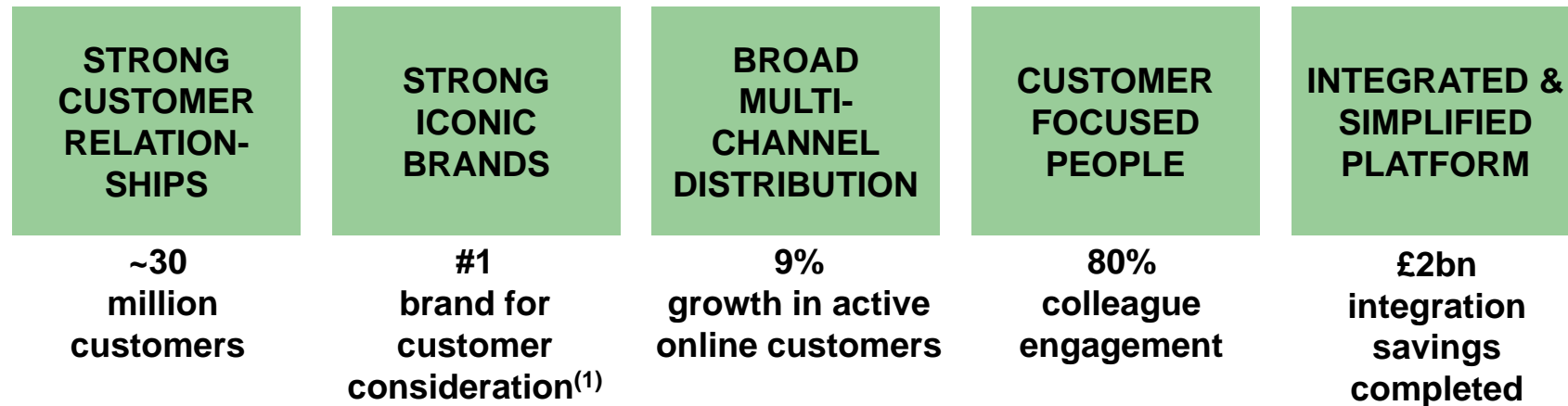
- Eliminating highly manual tasks
- Greater cross – skilling
- Increased time to focus on customers

STRATEGY

The Group's strategy fits with our distinctive assets and capabilities



THE BEST BANK FOR CUSTOMERS



OUR CONTINUED FOCUS ON THE STRATEGIC PLAN WILL ENSURE STRONG, STABLE RETURNS FOR SHAREHOLDERS

⁽¹⁾ Source: Hall & Partner – on average in 2011 both Lloyds TSB and Bank of Scotland have been 1st for brand consideration

FORWARD LOOKING STATEMENTS AND BASIS OF PREPARATION

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FORWARD LOOKING STATEMENTS

This presentation 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, including, without limitation, as a result of the integration of HBOS and the Group's simplification programme; the ability to access sufficient funding to meet the Group's liquidity needs; changes to the Group's credit ratings; risks concerning borrower or counterparty credit quality; instability in the global financial markets including Eurozone instability; 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 EC 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 certain factors together with examples of forward looking statements. The forward looking statements contained in this presentation are made as at the date of this presentation, 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 Q1 2012 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.

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