



6 June 2012

LLOYDS BANKING GROUP ANNOUNCES SALE OF AUSTRALIAN CORPORATE REAL ESTATE LOANS

Lloyds Banking Group plc announces today that it is selling a portfolio of GBP 809 million Australian corporate real estate loans to AET SPV Management Pty Limited, a joint venture comprised of funds sponsored by Morgan Stanley Real Estate Investing and Blackstone for a cash consideration of approximately GBP 388 million. The impact of the transaction on the Group is not material due to the existing provisions taken against these assets. The sale proceeds will be used to repay debt.

The asset portfolio generated losses of GBP 183 million in the year to 31 December 2011.

This transaction is in line with the Group's strategy of de-risking its balance sheet and reducing its non-core assets. Closing is expected to occur in the third quarter after obtaining necessary third party consents.

Commenting on the transaction, Dave Smith, CEO of Lloyds International Pty Ltd, said "This transaction further de-risks the Australian business, and results in a cumulative 92 per cent reduction of our real estate non performing loan portfolio. We continue in parallel to focus on growing the profitable core of our business".

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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 including, without limitation as a result of the integration of HBOS and the Group's simplification programme; 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 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 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.