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17 September 2013

UK Financial Investments Limited

Disposal of approximately 6% of Lloyds Banking Group plc

Further to its announcement on 16 September 2013, UKFI announces the successful completion of the disposal of part of HM Treasury's shareholding in Lloyds Banking Group plc (the "Company"). The disposal was effected by way of a Placing (the "Placing") of shares (the "Placing Shares") by way of an accelerated bookbuilding process to institutional investors.

In summary, following settlement of the Placing which will take place on 20 September 2013:

- The shareholding of HM Treasury will be reduced from 27,608,563,642 ordinary shares, representing approximately 38.7% of the ordinary share capital of the Company, to 23,326,529,533 ordinary shares, representing approximately 32.7% of the ordinary share capital.
- Accordingly, the overall size of HM Treasury's shareholding will be reduced by approximately 15.5%.
- The Placing Price was 75.00 pence per share. As a result, the proceeds from the sale of the Placing Shares will be £3,211,525,582.
- BofA Merrill Lynch, J.P. Morgan Cazenove (who have also been acting as UKFI's privatisation strategy adviser) and UBS Investment Bank acted as Joint Bookrunners in connection with the Placing.
- UKFI and HM Treasury have undertaken to the Joint Bookrunners not to sell further shares in the Company for a period of 90 calendar days following the completion of the Placing without the prior written consent of a majority (by participation) of the Joint Bookrunners.
- Lazard & Co., Limited acted as capital markets adviser. Slaughter and May acted as Seller's Legal Counsel to UKFI in respect of English law.

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The Placing has been completed.

This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities of the Company in the United States, Canada, Australia or Japan or in any other jurisdiction in which such an offer of solicitation is unlawful. The shares sold pursuant to the Placing have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under any securities laws of any state or jurisdiction of the United States and may not be offered or sold in the United States absent registration or an exemption from registration. There was no public offering of securities in the United States.

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J.P. Morgan Securities plc (which conducts its UK investment banking business under the name J.P. Morgan Cazenove), Merrill Lynch International and UBS Limited (the "Joint Bookrunners"), which are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, and Lazard & Co., Limited (the "Adviser"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, are acting on behalf of HM Treasury and UKFI (in the case of the Joint Bookrunners) and UKFI (in the case of the Adviser) and no one else in connection with any offering of the Placing Shares and will not be responsible to any other person for providing the protections afforded to any of their respective clients or for providing advice to any other person in relation to any offering of the Placing Shares. None of the Joint Bookrunners nor the Adviser will regard any other person as its client in relation to the offering of the Placing Shares. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by any of the Joint Bookrunners, the Adviser or by any of their respective affiliates or agents as to or in relation to, the accuracy, completeness or sufficiency of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers in connection with HM Treasury, UKFI, the Company, the Placing Shares, the Placing or any of arrangements described herein, and any liability therefor is expressly disclaimed.

No Placing Shares will be available to any investor whose purchase of such Placing Shares, whether on its own account or as a fiduciary or agent for one or more investor accounts, would require regulatory consent in any jurisdiction (including, without limitation, under the UK Financial Services and Markets Act 2000 and the United States Bank Holding Company Act of 1956).