Dividend Reinvestment Plan Frequently Asked Questions

What is a DRIP?
A Dividend Reinvestment Plan ('DRIP') allows the DRIP administrator, Equiniti Financial Services Limited ('Equiniti'), to use your cash dividends to purchase shares for you in the market. You will not receive a cash payment while you remain in the DRIP. Any residual cash that is insufficient to buy a whole share will roll over to the next dividend payment to purchase additional shares.

Who can join?
Shareholders who are residents in the UK, Channel Islands or European Economic Area may participate in the DRIP. Certain overseas shareholders may also be eligible to participate – please see paragraph 3 of the DRIP Terms & Conditions for further information. Overseas shareholders are responsible for checking that they can join the DRIP.

Can Lloyds Banking Group Shareholder Account participants join the DRIP?
Yes. The DRIP is open to ordinary shareholders or members of the Lloyds Banking Group Shareholder Account ('LBGSA').

What if I am a CREST holder?
You can make your election to join the DRIP through CREST. Refer to the elections process document at www.shareview.co.uk/info/drip

How do I join?
If you do not currently participate in the DRIP, you can join by completing the DRIP Election Form attached to your Proxy Card/Voting Form. You can also write to Equiniti at the address below.

When will I receive the shares?
Equiniti will start the purchase of your shares as soon as practicable after the dividend payment date. This may take several days to complete, however all participants will receive the same average price. Shares will be added to your holding 3-4 days following the dividend payment date.

How many shares will I receive?
The number of shares you will receive will depend on:

(i) your cash dividend, based on the number of shares you hold at the dividend record date;

(ii) the purchase price of the shares; and

(iii) the dealing costs and stamp duty reserve tax for the purchase of shares.

You will receive the maximum whole number of shares which can be purchased on your behalf. Any cash balance will be carried forward.

What happens if I do not have enough cash to purchase one share?
The cash will be rolled over and will be put towards the purchase of additional shares at the time of the next dividend if you remain a participant in the DRIP at such time. There are no charges for the dividends to roll over.

If you leave the DRIP, or if the DRIP comes to an end, Equiniti will send you any remaining cash as soon as possible.

Must my participation in the DRIP be in respect of my entire holding?
Usually you must participate in the DRIP in respect of your entire shareholding. However, if your shares are held for more than one beneficial owner, Equiniti may (at its discretion) allow you to reinvest the cash dividend on only part of your shareholding.

How will I receive my new shares?
Shares purchased by Equiniti on your behalf will be added to your shareholding. If this is certificated, you will receive an additional share certificate. Shares held in the LBGSA will be added to that holding and will show on your annual statement. CREST holders will receive new shares via CREST.

Fees and charges
There is no charge for joining or leaving the DRIP and there is no annual fee.

The commission charge is 0.5% of the value of shares purchased, with no minimum fee. Stamp duty reserve tax is currently 0.5% of the value of shares that you purchase. These will be deducted from your dividend proceeds.

Can I leave the DRIP?
You can leave the DRIP at any time and there is no charge. Simply write to Equiniti confirming your revocation at the address below.

What are the tax effects of joining the DRIP? Will I still receive a tax voucher?
For tax purposes, you are treated as if you had received the whole of your dividend in cash. If you elect to participate, or continue to participate, in the DRIP:

- where shares are held by share certificate, upon completion of each DRIP share purchase Equiniti will send you a tax voucher with a contract note confirming the purchase price and number of new shares purchased with a new share certificate in respect of such shares;
- where shares are held in the LBGSA, you will receive a tax voucher and a contract note confirming the purchase and number of new shares purchased; or
- where shares are held in CREST, Equiniti will send you a tax voucher and a contract note confirming the purchase and the number of new shares purchased will be credited to CREST accounts.

Who should I contact if I have further questions?
If you have any questions about the DRIP, please contact the shareholder helpline on 0871 384 2990* or +44 121 415 7066 from outside the UK.

Alternatively, you can write to the Share Dividend Team, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

*Lines are open 8.30 am to 5.30 pm, Monday to Friday. Calls cost 8p per minute plus network extras. Calls to +44 121 415 7066 from outside the UK are charged at applicable international rates.

Note: Extended opening hours
31 March to 17 April 2015 (weekdays) – 8.00 am to 8.00 pm
6 April 2015 (only) – 10.00 am to 4.00 pm

THIS DOCUMENT REQUIRES YOUR ATTENTION

LLOYDS BANKING GROUP

Your Dividend – Your Choice

Lloyds Banking Group plc is recommending a dividend payment of 0.75p per ordinary share in respect of the full financial year ended 31 December 2014 and is re-launching its Dividend Reinvestment Plan ('DRIP').

Our records show that you will receive your dividend in cash

The enclosed Dividend Payment Instruction Form attached to your Proxy Card/Voting Form sets out your method of payment. The information contained in this guide is designed to help you understand the choices available to you and any action you need to take.

ACTION REQUIRED:

- Choose how you wish to receive your dividend entitlement
- Check your payment method:
  - **if it is correct, do nothing further; or**
  - **if you wish to make a change or join the DRIP, follow the instructions overleaf**

KEY DATES

7 April 2015	Dividend record date
21 April 2015	Deadline for Equiniti to receive instructions (5.00 pm)
14 May 2015	Annual General Meeting ('AGM') (11.00 am)
19 May 2015	Cash dividend payment date
28 May 2015	Latest date by which additional DRIP shares will be credited

IMPORTANT DOCUMENTS YOU SHOULD READ
Chairman's letter to shareholders about the DRIP – available at www.lloydsbankinggroup.com

DRIP Terms and Conditions – available at www.shareview.co.uk/info/drip

DRIP Frequently Asked Questions - located on the reverse of this guide.

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PLEASE READ IN CONJUNCTION WITH THE RELEVANT FORMS ATTACHED TO YOUR PROXY CARD/VOTING FORM EXAMPLES ON HOW TO COMPLETE THESE FORMS ARE PROVIDED BELOW

CHECKLIST FOR COMPLETION: ☑

- ☐ Do you need to make a change? You only need to complete a form if:
  a. You want to change your dividend payment method; or
  b. Your registered bank details (if applicable) are incorrect; or
  c. You would like to join the DRIP
- ☐ If you are joining the DRIP, have you read the Chairman's letter, DRIP Terms and Conditions and Frequently Asked Questions ('FAQs')?
- ☐ If you are returning a form, have all shareholders signed (where applicable) in **BLACK INK**?

If you are returning forms, they must be received by our Registrar, Equiniti, by 5.00 pm on 21 April 2015 to ensure the dividend is paid in accordance with your instructions.

If you would like to receive your dividend in cash

STEP 1 - CHECK YOUR DIVIDEND PAYMENT METHOD

Lloyds Banking Group plc Dividend Payment Instruction Form

YOUR DIVIDEND PAYMENT METHOD IS AS FOLLOWS:

Bank details (if registered):

You will find your dividend payment method on the Dividend Payment Instruction Form

STEP 2 - IF WE HAVE YOUR BANK DETAILS, ARE THEY CORRECT?

If your bank details are correct, no further action is required

BUT

To add or change your bank details, proceed to Step 3 below

STEP 3 - COMPLETE THE SORT CODE, ACCOUNT NUMBER AND BUILDING SOCIETY REFERENCE (IF APPLICABLE)

ONLY COMPLETE AND RETURN THIS SECTION OF THE FORM IF YOU WISH TO CHANGE THE ABOVE PAYMENT INSTRUCTION

Sort code — — Bank account number

Building society reference (if applicable)

EXAMPLE

See the reverse of the Dividend Payment Instruction Form for further information

STEP 4 - SIGN THE DIVIDEND PAYMENT INSTRUCTION FORM

Please pay future Lloyds Banking Group plc dividends directly to the above UK bank or building society account.

Please mark this box if signing on behalf of the shareholder(s) as a Power of Attorney or other authority. ☐

If you are CHANGING your instruction, all shareholders (or, where applicable, executors or administrators) MUST sign in BLACK ink.

Signature 1 | Signature 2

Signature 3 | Signature 4

Corporate shareholders should contact Equiniti for a corporate shareholder mandate form

EXAMPLE

Ensure all registered shareholders sign in the relevant boxes in black ink

STEP 5 - DETACH THE FORM AND RETURN IT TO EQUINITI USING THE REPLY PAID ENVELOPE PROVIDED

If you would like to join the DRIP

STEP 1 - READ THE CHAIRMAN'S LETTER TO SHAREHOLDERS

STEP 2 - READ THE DRIP TERMS AND CONDITIONS AND THE FAQs

STEP 3 - SIGN THE DRIP ELECTION FORM

Lloyds Banking Group plc Dividend Reinvestment Plan Election Form

ONLY COMPLETE AND RETURN THIS SECTION OF THIS FORM IF YOU WISH TO JOIN THE LLOYDS BANKING GROUP PLC DIVIDEND REINVESTMENT PLAN ('DRIP')

To: Equiniti Financial Services Limited ('Equiniti')
I/We appoint Equiniti as my/our agent to arrange the purchase of ordinary shares of Lloyds Banking Group through the DRIP until I/we revoke this instruction in writing or the DRIP is cancelled, in accordance with the DRIP Terms and Conditions.

To: Lloyds Banking Group plc
I/We the undersigned instruct Lloyds Banking Group plc to pay to Equiniti my/our dividend in respect of all the shares applying to the DRIP.

Please mark this box if signing on behalf of the shareholder(s) as a Power of Attorney or other authority. ☐

If you are JOINING the DRIP, all shareholders (or, where applicable, executors or administrators) MUST sign in BLACK ink.

Signature 1 | Signature 2

Signature 3 | Signature 4

Corporate shareholders must execute under their common seal or in accordance with section 44 of the Companies Act 2006

EXAMPLE

IMPORTANT: IF YOU CHOOSE TO JOIN THE DRIP, THIS WILL OVERRIDE YOUR EXISTING DIVIDEND PAYMENT METHOD

STEP 4 - DETACH THE FORM AND RETURN IT TO EQUINITI USING THE REPLY PAID ENVELOPE PROVIDED