

Lloyds Banking Group plc  
Form 6-K  
October 25, 2011

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C.20549

FORM 6-K

Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934

25 October 2011

LLOYDS BANKING GROUP plc  
(Translation of registrant's name into English)

5th Floor  
25 Gresham Street  
London  
EC2V 7HN  
United Kingdom

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports  
under cover Form 20-F or Form 40-F.

Form 20-F..X.. Form 40-F.....

Indicate by check mark whether the registrant by furnishing the information  
contained in this Form is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ..... No ..X..

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule  
12g3-2(b): 82- \_\_\_\_\_

Index to Exhibits

Item

- No. 1 Regulatory News Service Announcement, dated 25 October 2011  
re: New Allocation Methodologies for Funding Costs
-

25 October 2011

#### NEW allocation METHODOLOGIES for funding costs AND CAPITAL

As part of the alignment of the business decision making framework with our strategic objectives, the Group is enhancing its allocation methodologies for funding costs and capital.

As has been discussed at recent results announcements, our funding transfer pricing arrangements did not result in full recovery of the costs of our successful term wholesale funding programme from divisions and certain costs have therefore been reported in Central items. To address this, we are now implementing a new approach that ensures that the full cost of funding is reflected in each of our division's results. At the same time, we have refined the methodology used to allocate the costs and benefits of capital across the Group. In addition, banking volatility will now be excluded from the margin calculations and the average interest-earning assets have been adjusted to amend the treatment of offset accounts. As a result average interest-earning assets have decreased slightly. Together these changes will help drive enhanced commercial behaviours within our business units and ensure that our divisions' reported results better reflect their underlying performance.

The Group's combined businesses and statutory results are unchanged as a result of the new transfer pricing methodologies. However, the new arrangements will affect the divisional results and the core/non-core analysis and will also result in a modest transfer of interest expense from banking to non-banking activities.

The new methodology is designed to ensure that funding costs are allocated to the divisions and that the allocation is more directly related to the size and behavioural duration of asset portfolios, with a similar approach applied to recognise the value to the business from the Group's growing deposit base. Although overall Group net interest income (NII) is unchanged, this reallocation has changed the NII mix with a modest increase in banking NII and a commensurate reduction in non-banking NII.

As a result of these changes, the Group banking net interest margin for the three consecutive six month periods ended 30 June 2010, 31 December 2010 and 30 June 2011 has increased by 12bps, 10bps and 5bps respectively and is now reported as 2.20 per cent, 2.22 per cent and 2.12 per cent respectively. The underlying drivers of the margin trend are unchanged from those previously shared with the market. The adjustment for the six months ended 30 June 2011 is smaller than other periods because there was minimal net banking volatility in that period within NII. All other things being equal, guidance on Group banking net interest margin is adjusted by a similar level to the first half of 2011 movement (5bps) and as a result we now expect Group banking net interest margin to be just above 2.05 per cent for the full year 2011.

The reallocation will also result in a change to NII and margins for the four banking divisions, with consequent effects on their profits or losses before tax. The core/non-core split will also change as any interest previously unallocated and reported in Central items was treated as core and will now be appropriately split between core and non-core activities.

The revised approaches for funding costs and capital reallocation will be applied going forward and to ensure comparability with previous periods we have restated our divisional results for the half-years to 30 June 2010, 31 December 2010 and 30 June 2011 and also for the full-year to 31 December 2010. The restated results, along with the revised core/non-core split, are contained within the attached appendices.

- END -

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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, 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.

## COMBINED BUSINESSES SEGMENTAL ANALYSIS - GROUP

## APPENDIX

Half-year to 30 June 2011 - As restated

| Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| 3,870        | 1,171           | 634              | 451                       | (25)            | (29)                      | 306                    | 6,378       |

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|   |         |         |       |         |       |      |       |         |
|---|---------|---------|-------|---------|-------|------|-------|---------|
| Net interest income                               |         |         |       |         |       |      |       |         |
| Other income                                      | 884     | 1,337   | 218   | 631     | 1,319 | 23   | (414) | 3,998   |
| Total income                                      | 4,754   | 2,508   | 852   | 1,082   | 1,294 | (6)  | (108) | 10,376  |
| Insurance claims                                  | -       | -       | -     | -       | (198) | -    | -     | (198)   |
| Total income, net of insurance claims             | 4,754   | 2,508   | 852   | 1,082   | 1,096 | (6)  | (108) | 10,178  |
| Operating expenses                                | (2,221) | (1,312) | (471) | (792)   | (415) | (56) | (65)  | (5,332) |
| Trading surplus                                   | 2,533   | 1,196   | 381   | 290     | 681   | (62) | (173) | 4,846   |
| Impairment  | (1,173) | (1,557) | (160) | (2,532) | -     | -    | -     | (5,422) |
| Share of results of joint ventures and associates | 3       | 9       | -     | -       | -     | -    | -     | 12      |
| Profit (loss) before tax and fair value unwind    | 1,363   | (352)   | 221   | (2,242) | 681   | (62) | (173) | (564)   |
| Fair value unwind                                 | 544     | 1,551   | 26    | 104     | (21)  | -    | (536) | 1,668   |
| Profit (loss) before tax                          | 1,907   | 1,199   | 247   | (2,138) | 660   | (62) | (709) | 1,104   |
| Banking net interest margin                       | 2.14%   | 1.64%   | 4.27% | 1.31%   |       |      |       | 2.12%   |
| Cost:income ratio                                 | 46.7%   | 52.3%   | 55.3% | 73.2%   | 37.9% |      |       | 52.4%   |

Half-year to 30 June 2011 - As previously reported

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 4,163        | 1,401           | 649              | 509                       | (142)           | (29)                      | (173)                  | 6,378       |
| Other income                                      | 884          | 1,337           | 218              | 631                       | 1,319           | 23                        | (414)                  | 3,998       |
| Total income                                      | 5,047        | 2,738           | 867              | 1,140                     | 1,177           | (6)                       | (587)                  | 10,376      |
| Insurance claims                                  | -            | -               | -                | -                         | (198)           | -                         | -                      | (198)       |
| Total income, net of insurance claims             | 5,047        | 2,738           | 867              | 1,140                     | 979             | (6)                       | (587)                  | 10,178      |
| Operating expenses                                | (2,221)      | (1,312)         | (471)            | (792)                     | (415)           | (56)                      | (65)                   | (5,332)     |
| Trading surplus                                   | 2,826        | 1,426           | 396              | 348                       | 564             | (62)                      | (652)                  | 4,846       |
| Impairment  | (1,173)      | (1,557)         | (160)            | (2,532)                   | -               | -                         | -                      | (5,422)     |
| Share of results of joint ventures and associates | 3            | 9               | -                | -                         | -               | -                         | -                      | 12          |
| Profit (loss) before tax and fair value unwind    | 1,656        | (122)           | 236              | (2,184)                   | 564             | (62)                      | (652)                  | (564)       |

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|  |       |       |       |         |       |      |         |       |
|--|-------|-------|-------|---------|-------|------|---------|-------|
| Fair value unwind Profit (loss) before tax | 544   | 1,551 | 26    | 104     | (21)  | -    | (536)   | 1,668 |
|  | 2,200 | 1,429 | 262   | (2,080) | 543   | (62) | (1,188) | 1,104 |
| Banking net interest margin                | 2.26% | 1.64% | 4.35% | 1.47%   |       |      |         | 2.07% |
| Cost:income ratio <sup>1</sup>             | 44.0% | 47.9% | 54.3% | 69.5%   | 42.4% |      |         | 52.4% |

1 Operating expenses divided by total income net of insurance claims.

COMBINED BUSINESSES SEGMENTAL ANALYSIS - GROUP (continued)

APPENDIX

Half-year to 30 June 2010 - As restated

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 4,357        | 1,408           | 557              | 545                       | (19)            | (31)                      | 94                     | 6,911       |
| Other income                                      | 836          | 1,988           | 227              | 605                       | 1,320           | 15                        | 840                    | 5,831       |
| Total income                                      | 5,193        | 3,396           | 784              | 1,150                     | 1,301           | (16)                      | 934                    | 12,742      |
| Insurance claims                                  | -            | -               | -                | -                         | (261)           | -                         | -                      | (261)       |
| Total income, net of insurance claims             | 5,193        | 3,396           | 784              | 1,150                     | 1,040           | (16)                      | 934                    | 12,481      |
| Costs:  |              |                 |                  |                           |                 |                           |                        |             |
| Operating expenses                                | (2,233)      | (1,401)         | (481)            | (744)                     | (423)           | (36)                      | (117)                  | (5,435)     |
| Impairment of tangible fixed assets               | -            | (150)           | -                | -                         | -               | -                         | -                      | (150)       |
|   | (2,233)      | (1,551)         | (481)            | (744)                     | (423)           | (36)                      | (117)                  | (5,585)     |
| Trading surplus                                   | 2,960        | 1,845           | 303              | 406                       | 617             | (52)                      | 817                    | 6,896       |
| Impairment  | (1,335)      | (2,801)         | (190)            | (2,228)                   | -               | -                         | -                      | (6,554)     |
| Share of results of joint ventures and associates | 8            | (60)            | -                | (2)                       | (10)            | 1                         | 1                      | (62)        |
| Profit (loss) before tax and fair value unwind    | 1,633        | (1,016)         | 113              | (1,824)                   | 607             | (51)                      | 818                    | 280         |
| Fair value unwind                                 | 583          | 1,433           | 30               | 164                       | (21)            | -                         | (866)                  | 1,323       |
| Profit (loss) before tax                          | 2,216        | 417             | 143              | (1,660)                   | 586             | (51)                      | (48)                   | 1,603       |
| Banking net interest margin                       | 2.33%        | 1.61%           | 3.74%            | 1.50%                     |                 |                           |                        | 2.20%       |
| Cost:income ratio                                 | 43.0%        | 41.3%           | 61.4%            | 64.7%                     | 40.7%           |                           |                        | 43.5%       |

Half-year to 30 June 2010 - As previously reported

|  | Retail | Wholesale | Commercial | Wealth | Insurance | Group | Central | Group |
|--|--------|-----------|------------|--------|-----------|-------|---------|-------|
|--|--------|-----------|------------|--------|-----------|-------|---------|-------|

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|   | £m      | £m      | £m    | and Int'l<br>£m | £m    | Operations<br>£m | items<br>£m | £m      |
|---|---------|---------|-------|-----------------|-------|------------------|-------------|---------|
| Net interest income                                     | 4,636   | 1,576   | 571   | 596             | (136) | (36)             | (296)       | 6,911   |
| Other income  | 836     | 1,988   | 227   | 605             | 1,320 | 15               | 840         | 5,831   |
| Total income  | 5,472   | 3,564   | 798   | 1,201           | 1,184 | (21)             | 544         | 12,742  |
| Insurance claims  | -       | -       | -     | -               | (261) | -                | -           | (261)   |
| Total income, net<br>of insurance claims                | 5,472   | 3,564   | 798   | 1,201           | 923   | (21)             | 544         | 12,481  |
| Costs:  |         |         |       |                 |       |                  |             |         |
| Operating expenses                                      | (2,233) | (1,401) | (481) | (744)           | (423) | (36)             | (117)       | (5,435) |
| Impairment of<br>tangible fixed<br>assets               | -       | (150)   | -     | -               | -     | -                | -           | (150)   |
|   | (2,233) | (1,551) | (481) | (744)           | (423) | (36)             | (117)       | (5,585) |
| Trading surplus   | 3,239   | 2,013   | 317   | 457             | 500   | (57)             | 427         | 6,896   |
| Impairment  | (1,335) | (2,801) | (190) | (2,228)         | -     | -                | -           | (6,554) |
| Share of results of<br>joint ventures and<br>associates | 8       | (60)    | -     | (2)             | (10)  | 1                | 1           | (62)    |
| Profit (loss) before<br>tax and fair value<br>unwind    | 1,912   | (848)   | 127   | (1,773)         | 490   | (56)             | 428         | 280     |
| Fair value unwind                                       | 583     | 1,433   | 30    | 164             | (21)  | -                | (866)       | 1,323   |
| Profit (loss) before<br>tax                             | 2,495   | 585     | 157   | (1,609)         | 469   | (56)             | (438)       | 1,603   |
| Banking net interest margin                             | 2.44%   | 1.51%   | 3.82% | 1.65%           |       |                  |             | 2.08%   |
| Cost:income ratio                                       | 40.8%   | 39.3%   | 60.3% | 61.9%           | 45.8% |                  |             | 43.5%   |

COMBINED BUSINESSES SEGMENTAL ANALYSIS - GROUP (continued)

APPENDIX

Half-year to 31 December 2010 - As restated

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest<br>income                      | 4,291        | 1,439           | 570              | 505                       | (20)            | (30)                      | 156                    | 6,911       |
| Other income                                | 771          | 1,691           | 230              | 555                       | 1,494           | 34                        | (442)                  | 4,333       |
| Total income                                | 5,062        | 3,130           | 800              | 1,060                     | 1,474           | 4                         | (286)                  | 11,244      |
| Insurance claims                            | -            | -               | -                | -                         | (281)           | -                         | -                      | (281)       |
| Total income, net<br>of insurance<br>claims | 5,062        | 3,130           | 800              | 1,060                     | 1,193           | 4                         | (286)                  | 10,963      |
| Operating<br>expenses                       | (2,411)      | (1,351)         | (511)            | (792)                     | (431)           | (7)                       | 10                     | (5,493)     |
| Trading surplus                             | 2,651        | 1,779           | 289              | 268                       | 762             | (3)                       | (276)                  | 5,470       |
| Impairment                                  | (1,412)      | (1,263)         | (192)            | (3,760)                   | -               | -                         | -                      | (6,627)     |

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|   |       |       |       |         |       |     |       |         |
|---|-------|-------|-------|---------|-------|-----|-------|---------|
| Share of results of joint ventures and associates | 9     | (35)  | -     | (6)     | -     | 2   | 1     | (29)    |
| Profit (loss) before tax and fair value unwind    | 1,248 | 481   | 97    | (3,498) | 762   | (1) | (275) | (1,186) |
| Fair value unwind                                 | 522   | 1,616 | 51    | 208     | (22)  | -   | (580) | 1,795   |
| Profit (loss) before tax                          | 1,770 | 2,097 | 148   | (3,290) | 740   | (1) | (855) | 609     |
| Banking net interest margin                       | 2.29% | 1.57% | 3.74% | 1.41%   |       |     |       | 2.22%   |
| Cost:income ratio                                 | 47.6% | 43.2% | 63.9% | 74.7%   | 36.1% |     |       | 50.1%   |

Half-year to 31 December 2010 - As previously reported

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 4,742        | 1,675           | 604              | 580                       | (127)           | (36)                      | (527)                  | 6,911       |
| Other income                                      | 771          | 1,691           | 230              | 555                       | 1,494           | 34                        | (442)                  | 4,333       |
| Total income                                      | 5,513        | 3,366           | 834              | 1,135                     | 1,367           | (2)                       | (969)                  | 11,244      |
| Insurance claims                                  | -            | -               | -                | -                         | (281)           | -                         | -                      | (281)       |
| Total income, net of insurance claims             | 5,513        | 3,366           | 834              | 1,135                     | 1,086           | (2)                       | (969)                  | 10,963      |
| Operating expenses                                | (2,411)      | (1,351)         | (511)            | (792)                     | (431)           | (7)                       | 10                     | (5,493)     |
| Trading surplus                                   | 3,102        | 2,015           | 323              | 343                       | 655             | (9)                       | (959)                  | 5,470       |
| Impairment  | (1,412)      | (1,263)         | (192)            | (3,760)                   | -               | -                         | -                      | (6,627)     |
| Share of results of joint ventures and associates | 9            | (35)            | -                | (6)                       | -               | 2                         | 1                      | (29)        |
| Profit (loss) before tax and fair value unwind    | 1,699        | 717             | 131              | (3,423)                   | 655             | (7)                       | (958)                  | (1,186)     |
| Fair value unwind                                 | 522          | 1,616           | 51               | 208                       | (22)            | -                         | (580)                  | 1,795       |
| Profit (loss) before tax                          | 2,221        | 2,333           | 182              | (3,215)                   | 633             | (7)                       | (1,538)                | 609         |
| Banking net interest margin                       | 2.49%        | 1.54%           | 3.93%            | 1.61%                     |                 |                           |                        | 2.12%       |
| Cost:income ratio                                 | 43.7%        | 40.1%           | 61.3%            | 69.8%                     | 39.7%           |                           |                        | 50.1%       |

COMBINED BUSINESSES SEGMENTAL ANALYSIS - GROUP (continued)

APPENDIX

Full-year to 31 December 2010 - As restated

|  | Retail | Wholesale | Commercial | Wealth<br>and Int'l | Insurance | Group<br>Operations | Central<br>items | Group |
|--|--------|-----------|------------|---------------------|-----------|---------------------|------------------|-------|
|--|--------|-----------|------------|---------------------|-----------|---------------------|------------------|-------|



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|   | £m      | £m      | £m    | £m      | £m    | £m   | £m      | £m       |
|---|---------|---------|-------|---------|-------|------|---------|----------|
| Net interest income                               | 8,648   | 2,847   | 1,127 | 1,050   | (39)  | (61) | 250     | 13,822   |
| Other income                                      | 1,607   | 3,679   | 457   | 1,160   | 2,814 | 49   | 398     | 10,164   |
| Total income                                      | 10,255  | 6,526   | 1,584 | 2,210   | 2,775 | (12) | 648     | 23,986   |
| Insurance claims                                  | -       | -       | -     | -       | (542) | -    | -       | (542)    |
| Total income, net of insurance claims             | 10,255  | 6,526   | 1,584 | 2,210   | 2,233 | (12) | 648     | 23,444   |
| Costs:  |         |         |       |         |       |      |         |          |
| Operating expenses                                | (4,644) | (2,752) | (992) | (1,536) | (854) | (43) | (107)   | (10,928) |
| Impairment of tangible fixed assets               | -       | (150)   | -     | -       | -     | -    | -       | (150)    |
|   | (4,644) | (2,902) | (992) | (1,536) | (854) | (43) | (107)   | (11,078) |
| Trading surplus                                   | 5,611   | 3,624   | 592   | 674     | 1,379 | (55) | 541     | 12,366   |
| Impairment  | (2,747) | (4,064) | (382) | (5,988) | -     | -    | -       | (13,181) |
| Share of results of joint ventures and associates | 17      | (95)    | -     | (8)     | (10)  | 3    | 2       | (91)     |
| Profit (loss) before tax and fair value unwind    | 2,881   | (535)   | 210   | (5,322) | 1,369 | (52) | 543     | (906)    |
| Fair value unwind                                 | 1,105   | 3,049   | 81    | 372     | (43)  | -    | (1,446) | 3,118    |
| Profit (loss) before tax                          | 3,986   | 2,514   | 291   | (4,950) | 1,326 | (52) | (903)   | 2,212    |
| Banking net interest margin                       | 2.31%   | 1.59%   | 3.74% | 1.46%   |       |      |         | 2.21%    |
| Cost:income ratio                                 | 45.3%   | 42.2%   | 62.6% | 69.5%   | 38.2% |      |         | 46.6%    |

Full-year to 31 December 2010 - As previously reported

|                                       | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---------------------------------------|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                   | 9,378        | 3,251           | 1,175            | 1,176                     | (263)           | (72)                      | (823)                  | 13,822      |
| Other income                          | 1,607        | 3,679           | 457              | 1,160                     | 2,814           | 49                        | 398                    | 10,164      |
| Total income                          | 10,985       | 6,930           | 1,632            | 2,336                     | 2,551           | (23)                      | (425)                  | 23,986      |
| Insurance claims                      | -            | -               | -                | -                         | (542)           | -                         | -                      | (542)       |
| Total income, net of insurance claims | 10,985       | 6,930           | 1,632            | 2,336                     | 2,009           | (23)                      | (425)                  | 23,444      |
| Costs:                                |              |                 |                  |                           |                 |                           |                        |             |
| Operating expenses                    | (4,644)      | (2,752)         | (992)            | (1,536)                   | (854)           | (43)                      | (107)                  | (10,928)    |
| Impairment of tangible fixed          | -            | (150)           | -                | -                         | -               | -                         | -                      | (150)       |

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|   |         |         |       |         |       |      |         |          |
|---|---------|---------|-------|---------|-------|------|---------|----------|
| assets  | (4,644) | (2,902) | (992) | (1,536) | (854) | (43) | (107)   | (11,078) |
| Trading surplus                                   | 6,341   | 4,028   | 640   | 800     | 1,155 | (66) | (532)   | 12,366   |
| Impairment  | (2,747) | (4,064) | (382) | (5,988) | -     | -    | -       | (13,181) |
| Share of results of joint ventures and associates | 17      | (95)    | -     | (8)     | (10)  | 3    | 2       | (91)     |
| Profit (loss) before tax and fair value unwind    | 3,611   | (131)   | 258   | (5,196) | 1,145 | (63) | (530)   | (906)    |
| Fair value unwind                                 | 1,105   | 3,049   | 81    | 372     | (43)  | -    | (1,446) | 3,118    |
| Profit (loss) before tax                          | 4,716   | 2,918   | 339   | (4,824) | 1,102 | (63) | (1,976) | 2,212    |
| Banking net interest margin                       | 2.46%   | 1.52%   | 3.88% | 1.63%   |       |      |         | 2.10%    |
| Cost:income ratio                                 | 42.3%   | 39.7%   | 60.8% | 65.8%   | 42.5% |      |         | 46.6%    |

COMBINED BUSINESSES SEGMENTAL ANALYSIS - CORE (continued)

APPENDIX

Half-year to 30 June 2011 - As restated

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 3,688        | 819             | 619              | 186                       | (30)            | (29)                      | 306                    | 5,559       |
| Other income                                      | 875          | 1,608           | 217              | 504                       | 1,282           | 23                        | (414)                  | 4,095       |
| Total income                                      | 4,563        | 2,427           | 836              | 690                       | 1,252           | (6)                       | (108)                  | 9,654       |
| Insurance claims                                  | -            | -               | -                | -                         | (198)           | -                         | -                      | (198)       |
| Total income, net of insurance claims             | 4,563        | 2,427           | 836              | 690                       | 1,054           | (6)                       | (108)                  | 9,456       |
| Operating expenses                                | (2,218)      | (1,093)         | (468)            | (565)                     | (395)           | (56)                      | (65)                   | (4,860)     |
| Trading surplus                                   | 2,345        | 1,334           | 368              | 125                       | 659             | (62)                      | (173)                  | 4,596       |
| Impairment  | (1,052)      | (409)           | (160)            | (15)                      | -               | -                         | -                      | (1,636)     |
| Share of results of joint ventures and associates | 2            | -               | -                | 1                         | -               | -                         | -                      | 3           |
| Profit (loss) before tax and fair value unwind    | 1,295        | 925             | 208              | 111                       | 659             | (62)                      | (173)                  | 2,963       |
| Fair value unwind                                 | 420          | 10              | 26               | 4                         | (21)            | -                         | (536)                  | (97)        |
| Profit (loss) before tax                          | 1,715        | 935             | 234              | 115                       | 638             | (62)                      | (709)                  | 2,866       |
| Banking net interest margin                       | 2.23%        | 1.79%           | 4.39%            | 4.11%                     |                 |                           |                        | 2.43%       |
|   | 48.6%        | 45.0%           | 56.0%            | 81.9%                     | 37.5%           |                           |                        | 51.4%       |

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Cost:income  
ratio1

Half-year to 30 June 2011 - As previously reported

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 3,959        | 888             | 635              | 221                       | (148)           | (29)                      | (173)                  | 5,353       |
| Other income                                      | 875          | 1,608           | 217              | 504                       | 1,282           | 23                        | (414)                  | 4,095       |
| Total income                                      | 4,834        | 2,496           | 852              | 725                       | 1,134           | (6)                       | (587)                  | 9,448       |
| Insurance claims                                  | -            | -               | -                | -                         | (198)           | -                         | -                      | (198)       |
| Total income, net of insurance claims             | 4,834        | 2,496           | 852              | 725                       | 936             | (6)                       | (587)                  | 9,250       |
| Operating expenses                                | (2,218)      | (1,093)         | (468)            | (565)                     | (395)           | (56)                      | (65)                   | (4,860)     |
| Trading surplus                                   | 2,616        | 1,403           | 384              | 160                       | 541             | (62)                      | (652)                  | 4,390       |
| Impairment  | (1,052)      | (409)           | (160)            | (15)                      | -               | -                         | -                      | (1,636)     |
| Share of results of joint ventures and associates | 2            | -               | -                | 1                         | -               | -                         | -                      | 3           |
| Profit (loss) before tax and fair value unwind    | 1,566        | 994             | 224              | 146                       | 541             | (62)                      | (652)                  | 2,757       |
| Fair value unwind                                 | 420          | 10              | 26               | 4                         | (21)            | -                         | (536)                  | (97)        |
| Profit (loss) before tax                          | 1,986        | 1,004           | 250              | 150                       | 520             | (62)                      | (1,188)                | 2,660       |
| Banking net interest margin                       | 2.34%        | 1.86%           | 4.50%            | 4.50%                     |                 |                           |                        | 2.35%       |
| Cost:income ratio1                                | 45.9%        | 43.8%           | 54.9%            | 77.9%                     |                 |                           |                        | 52.5%       |

1 Operating expenses divided by total income net of insurance claims.

COMBINED BUSINESSES SEGMENTAL ANALYSIS - CORE (continued)

APPENDIX

Half-year to 30 June 2010 - As restated

|                     | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---------------------|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income | 4,083        | 955             | 536              | 145                       | (23)            | (31)                      | 94                     | 5,759       |
| Other income        | 823          | 1,524           | 226              | 503                       | 1,287           | 15                        | 840                    | 5,218       |
| Total income        | 4,906        | 2,479           | 762              | 648                       | 1,264           | (16)                      | 934                    | 10,977      |

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|   |         |         |       |       |       |      |       |         |
|---|---------|---------|-------|-------|-------|------|-------|---------|
| Insurance claims                                  | -       | -       | -     | -     | (261) | -    | -     | (261)   |
| Total income, net of insurance claims             | 4,906   | 2,479   | 762   | 648   | 1,003 | (16) | 934   | 10,716  |
| Operating expenses                                | (2,229) | (1,108) | (477) | (531) | (410) | (36) | (117) | (4,908) |
| Trading surplus                                   | 2,677   | 1,371   | 285   | 117   | 593   | (52) | 817   | 5,808   |
| Impairment  | (1,286) | (162)   | (189) | (16)  | -     | -    | -     | (1,653) |
| Share of results of joint ventures and associates | 8       | 3       | -     | (1)   | (10)  | 1    | 1     | 2       |
| Profit (loss) before tax and fair value unwind    | 1,399   | 1,212   | 96    | 100   | 583   | (51) | 818   | 4,157   |
| Fair value unwind                                 | 513     | 9       | 30    | 14    | (21)  | -    | (866) | (321)   |
| Profit (loss) before tax                          | 1,912   | 1,221   | 126   | 114   | 562   | (51) | (48)  | 3,836   |
| Banking net interest margin                       | 2.39%   | 1.62%   | 3.88% | 3.24% |       |      |       | 2.46%   |
| Cost:income ratio                                 | 45.4%   | 44.7%   | 62.6% | 81.9% | 40.9% |      |       | 45.8%   |

Half-year to 30 June 2010 - As previously reported

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 4,380        | 998             | 551              | 158                       | (141)           | (36)                      | (296)                  | 5,614       |
| Other income                                      | 823          | 1,524           | 226              | 503                       | 1,287           | 15                        | 840                    | 5,218       |
| Total income                                      | 5,203        | 2,522           | 777              | 661                       | 1,146           | (21)                      | 544                    | 10,832      |
| Insurance claims                                  | -            | -               | -                | -                         | (261)           | -                         | -                      | (261)       |
| Total income, net of insurance claims             | 5,203        | 2,522           | 777              | 661                       | 885             | (21)                      | 544                    | 10,571      |
| Operating expenses                                | (2,229)      | (1,108)         | (477)            | (531)                     | (410)           | (36)                      | (117)                  | (4,908)     |
| Trading surplus                                   | 2,974        | 1,414           | 300              | 130                       | 475             | (57)                      | 427                    | 5,663       |
| Impairment  | (1,286)      | (162)           | (189)            | (16)                      | -               | -                         | -                      | (1,653)     |
| Share of results of joint ventures and associates | 8            | 3               | -                | (1)                       | (10)            | 1                         | 1                      | 2           |
| Profit (loss) before tax and fair value unwind    | 1,696        | 1,255           | 111              | 113                       | 465             | (56)                      | 428                    | 4,012       |
| Fair value unwind                                 | 513          | 9               | 30               | 14                        | (21)            | -                         | (866)                  | (321)       |
| Profit (loss) before tax                          | 2,209        | 1,264           | 141              | 127                       | 444             | (56)                      | (438)                  | 3,691       |
| Banking net interest margin                       | 2.52%        | 1.51%           | 3.97%            | 3.05%                     |                 |                           |                        | 2.28%       |
| Cost:income ratio                                 | 42.8%        | 43.9%           | 61.4%            | 80.3%                     |                 |                           |                        | 46.4%       |

COMBINED BUSINESSES SEGMENTAL ANALYSIS - CORE (continued)

APPENDIX

Half-year to 31 December 2010 - As restated

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|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 4,029        | 822             | 552              | 160                       | (24)            | (30)                      | 156                    | 5,665       |
| Other income                                      | 760          | 1,492           | 229              | 487                       | 1,363           | 34                        | (442)                  | 3,923       |
| Total income                                      | 4,789        | 2,314           | 781              | 647                       | 1,339           | 4                         | (286)                  | 9,588       |
| Insurance claims                                  | -            | -               | -                | -                         | (281)           | -                         | -                      | (281)       |
| Total income, net of insurance claims             | 4,789        | 2,314           | 781              | 647                       | 1,058           | 4                         | (286)                  | 9,307       |
| Operating expenses                                | (2,408)      | (1,083)         | (507)            | (578)                     | (403)           | (7)                       | 10                     | (4,976)     |
| Trading surplus                                   | 2,381        | 1,231           | 274              | 69                        | 655             | (3)                       | (276)                  | 4,331       |
| Impairment  | (1,343)      | (414)           | (192)            | (10)                      | -               | -                         | -                      | (1,959)     |
| Share of results of joint ventures and associates | 9            | (1)             | -                | 1                         | -               | 2                         | 1                      | 12          |
| Profit (loss) before tax and fair value unwind    | 1,047        | 816             | 82               | 60                        | 655             | (1)                       | (275)                  | 2,384       |
| Fair value unwind                                 | 452          | 15              | 51               | 16                        | (22)            | -                         | (580)                  | (68)        |
| Profit (loss) before tax                          | 1,499        | 831             | 133              | 76                        | 633             | (1)                       | (855)                  | 2,316       |
| Banking net interest margin                       | 2.35%        | 1.55%           | 3.84%            | 3.38%                     |                 |                           |                        | 2.50%       |
| Cost:income ratio                                 | 50.3%        | 46.8%           | 64.9%            | 89.3%                     | 38.1%           |                           |                        | 53.5%       |

Half-year to 31 December 2010 - As previously reported

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 4,464        | 882             | 588              | 182                       | (133)           | (36)                      | (527)                  | 5,420       |
| Other income                                      | 760          | 1,492           | 229              | 487                       | 1,363           | 34                        | (442)                  | 3,923       |
| Total income                                      | 5,224        | 2,374           | 817              | 669                       | 1,230           | (2)                       | (969)                  | 9,343       |
| Insurance claims                                  | -            | -               | -                | -                         | (281)           | -                         | -                      | (281)       |
| Total income, net of insurance claims             | 5,224        | 2,374           | 817              | 669                       | 949             | (2)                       | (969)                  | 9,062       |
| Operating expenses                                | (2,408)      | (1,083)         | (507)            | (578)                     | (403)           | (7)                       | 10                     | (4,976)     |
| Trading surplus                                   | 2,816        | 1,291           | 310              | 91                        | 546             | (9)                       | (959)                  | 4,086       |
| Impairment  | (1,343)      | (414)           | (192)            | (10)                      | -               | -                         | -                      | (1,959)     |
| Share of results of joint ventures and associates | 9            | (1)             | -                | 1                         | -               | 2                         | 1                      | 12          |

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|  |       |       |       |       |      |     |         |       |
|--|-------|-------|-------|-------|------|-----|---------|-------|
| Profit (loss) before tax and fair value unwind | 1,482 | 876   | 118   | 82    | 546  | (7) | (958)   | 2,139 |
| Fair value unwind                              | 452   | 15    | 51    | 16    | (22) | -   | (580)   | (68)  |
| Profit (loss) before tax                       | 1,934 | 891   | 169   | 98    | 524  | (7) | (1,538) | 2,071 |
| Banking net interest margin                    | 2.56% | 1.53% | 4.06% | 3.32% |      |     |         | 2.33% |
| Cost:income ratio                              | 46.1% | 45.6% | 62.1% | 86.4% |      |     |         | 54.9% |

COMBINED BUSINESSES SEGMENTAL ANALYSIS - CORE (continued)

APPENDIX

Full-year to 31 December 2010 - As restated

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 8,112        | 1,777           | 1,088            | 305                       | (47)            | (61)                      | 250                    | 11,424      |
| Other income                                      | 1,583        | 3,016           | 455              | 990                       | 2,650           | 49                        | 398                    | 9,141       |
| Total income                                      | 9,695        | 4,793           | 1,543            | 1,295                     | 2,603           | (12)                      | 648                    | 20,565      |
| Insurance claims                                  | -            | -               | -                | -                         | (542)           | -                         | -                      | (542)       |
| Total income, net of insurance claims             | 9,695        | 4,793           | 1,543            | 1,295                     | 2,061           | (12)                      | 648                    | 20,023      |
| Operating expenses                                | (4,637)      | (2,191)         | (984)            | (1,109)                   | (813)           | (43)                      | (107)                  | (9,884)     |
| Trading surplus                                   | 5,058        | 2,602           | 559              | 186                       | 1,248           | (55)                      | 541                    | 10,139      |
| Impairment  | (2,629)      | (576)           | (381)            | (26)                      | -               | -                         | -                      | (3,612)     |
| Share of results of joint ventures and associates | 17           | 2               | -                | -                         | (10)            | 3                         | 2                      | 14          |
| Profit (loss) before tax and fair value unwind    | 2,446        | 2,028           | 178              | 160                       | 1,238           | (52)                      | 543                    | 6,541       |
| Fair value unwind                                 | 965          | 24              | 81               | 30                        | (43)            | -                         | (1,446)                | (389)       |
| Profit (loss) before tax                          | 3,411        | 2,052           | 259              | 190                       | 1,195           | (52)                      | (903)                  | 6,152       |
| Banking net interest margin                       | 2.37%        | 1.59%           | 3.86%            | 3.31%                     |                 |                           |                        | 2.48%       |
| Cost:income ratio                                 | 47.8%        | 45.7%           | 63.8%            | 85.6%                     | 39.4%           |                           |                        | 49.4%       |

Full-year to 31 December 2010 - As previously reported

|  | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|--|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
|  | 8,844        | 1,880           | 1,139            | 340                       | (274)           | (72)                      | (823)                  | 11,034      |

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|   |         |         |       |         |       |      |         |         |
|---|---------|---------|-------|---------|-------|------|---------|---------|
| Net interest income                               |         |         |       |         |       |      |         |         |
| Other income                                      | 1,583   | 3,016   | 455   | 990     | 2,650 | 49   | 398     | 9,141   |
| Total income                                      | 10,427  | 4,896   | 1,594 | 1,330   | 2,376 | (23) | (425)   | 20,175  |
| Insurance claims                                  | -       | -       | -     | -       | (542) | -    | -       | (542)   |
| Total income, net of insurance claims             | 10,427  | 4,896   | 1,594 | 1,330   | 1,834 | (23) | (425)   | 19,633  |
| Operating expenses                                | (4,637) | (2,191) | (984) | (1,109) | (813) | (43) | (107)   | (9,884) |
| Trading surplus                                   | 5,790   | 2,705   | 610   | 221     | 1,021 | (66) | (532)   | 9,749   |
| Impairment  | (2,629) | (576)   | (381) | (26)    | -     | -    | -       | (3,612) |
| Share of results of joint ventures and associates | 17      | 2       | -     | -       | (10)  | 3    | 2       | 14      |
| Profit (loss) before tax and fair value unwind    | 3,178   | 2,131   | 229   | 195     | 1,011 | (63) | (530)   | 6,151   |
| Fair value unwind                                 | 965     | 24      | 81    | 30      | (43)  | -    | (1,446) | (389)   |
| Profit (loss) before tax                          | 4,143   | 2,155   | 310   | 225     | 968   | (63) | (1,976) | 5,762   |
| Banking net interest margin                       | 2.54%   | 1.52%   | 4.02% | 3.18%   |       |      |         | 2.31%   |
| Cost:income ratio                                 | 44.5%   | 44.8%   | 61.7% | 83.4%   |       |      |         | 50.3%   |

COMBINED BUSINESSES SEGMENTAL ANALYSIS - NON-CORE (continued)

APPENDIX

Half-year to 30 June 2011 - As restated

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 182          | 352             | 15               | 265                       | 5               |                           |                        | 819         |
| Other income                                      | 9            | (271)           | 1                | 127                       | 37              |                           |                        | (97)        |
| Total income                                      | 191          | 81              | 16               | 392                       | 42              |                           |                        | 722         |
| Insurance claims                                  | -            | -               | -                | -                         | -               |                           |                        | -           |
| Total income, net of insurance claims             | 191          | 81              | 16               | 392                       | 42              |                           |                        | 722         |
| Operating expenses                                | (3)          | (219)           | (3)              | (227)                     | (20)            |                           |                        | (472)       |
| Trading surplus                                   | 188          | (138)           | 13               | 165                       | 22              |                           |                        | 250         |
| Impairment  | (121)        | (1,148)         | -                | (2,517)                   | -               |                           |                        | (3,786)     |
| Share of results of joint ventures and associates | 1            | 9               | -                | (1)                       | -               |                           |                        | 9           |
| Profit (loss) before tax and fair                 | 68           | (1,277)         | 13               | (2,353)                   | 22              |                           |                        | (3,527)     |

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|                             |       |       |       |         |    |         |
|-----------------------------|-------|-------|-------|---------|----|---------|
| value unwind                |       |       |       |         |    |         |
| Fair value unwind           | 124   | 1,541 | -     | 100     | -  | 1,765   |
| Profit (loss)               |       |       |       |         |    |         |
| before tax                  | 192   | 264   | 13    | (2,253) | 22 | (1,762) |
| Banking net interest margin | 1.19% | 1.47% | 2.01% | 0.88%   |    | 1.20%   |

Half-year to 30 June 2011 - As previously reported

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 204          | 513             | 14               | 288                       | 6               |                           |                        | 1,025       |
| Other income                                      | 9            | (271)           | 1                | 127                       | 37              |                           |                        | (97)        |
| Total income                                      | 213          | 242             | 15               | 415                       | 43              |                           |                        | 928         |
| Insurance claims                                  | -            | -               | -                | -                         | -               |                           |                        | -           |
| Total income, net of insurance claims             | 213          | 242             | 15               | 415                       | 43              |                           |                        | 928         |
| Operating expenses                                | (3)          | (219)           | (3)              | (227)                     | (20)            |                           |                        | (472)       |
| Trading surplus                                   | 210          | 23              | 12               | 188                       | 23              |                           |                        | 456         |
| Impairment  | (121)        | (1,148)         | -                | (2,517)                   | -               |                           |                        | (3,786)     |
| Share of results of joint ventures and associates | 1            | 9               | -                | (1)                       | -               |                           |                        | 9           |
| Profit (loss) before tax and fair value unwind    | 90           | (1,116)         | 12               | (2,330)                   | 23              |                           |                        | (3,321)     |
| Fair value unwind                                 | 124          | 1,541           | -                | 100                       | -               |                           |                        | 1,765       |
| Profit (loss) before tax                          | 214          | 425             | 12               | (2,230)                   | 23              |                           |                        | (1,556)     |
| Banking net interest margin                       | 1.36%        | 1.36%           | 1.76%            | 1.01%                     |                 |                           |                        | 1.23%       |

COMBINED BUSINESSES SEGMENTAL ANALYSIS - NON-CORE (continued)

APPENDIX

Half-year to 30 June 2010 - As restated

|                     | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---------------------|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income | 274          | 453             | 21               | 400                       | 4               |                           |                        | 1,152       |
| Other income        | 13           | 464             | 1                | 102                       | 33              |                           |                        | 613         |
| Total income        | 287          | 917             | 22               | 502                       | 37              |                           |                        | 1,765       |



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|   |       |         |       |         |      |         |
|---|-------|---------|-------|---------|------|---------|
| Insurance claims                                  | -     | -       | -     | -       | -    | -       |
| Total income, net of insurance claims             | 287   | 917     | 22    | 502     | 37   | 1,765   |
| Costs:  |       |         |       |         |      |         |
| Operating expenses                                | (4)   | (293)   | (4)   | (213)   | (13) | (527)   |
| Impairment of tangible fixed assets               | -     | (150)   | -     | -       | -    | (150)   |
|   | (4)   | (443)   | (4)   | (213)   | (13) | (677)   |
| Trading surplus                                   | 283   | 474     | 18    | 289     | 24   | 1,088   |
| Impairment  | (49)  | (2,639) | (1)   | (2,212) | -    | (4,901) |
| Share of results of joint ventures and associates | -     | (63)    | -     | (1)     | -    | (64)    |
| Profit (loss) before tax and fair value unwind    | 234   | (2,228) | 17    | (1,924) | 24   | (3,877) |
| Fair value unwind                                 | 70    | 1,424   | -     | 150     | -    | 1,644   |
| Profit (loss) before tax                          | 304   | (804)   | 17    | (1,774) | 24   | (2,233) |
| Banking net interest margin                       | 1.65% | 1.61%   | 1.98% | 1.25%   |      | 1.49%   |

Half-year to 30 June 2010 - As previously reported

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 256          | 578             | 20               | 438                       | 5               |                           |                        | 1,297       |
| Other income                                      | 13           | 464             | 1                | 102                       | 33              |                           |                        | 613         |
| Total income                                      | 269          | 1,042           | 21               | 540                       | 38              |                           |                        | 1,910       |
| Insurance claims                                  | -            | -               | -                | -                         | -               |                           |                        | -           |
| Total income, net of insurance claims             | 269          | 1,042           | 21               | 540                       | 38              |                           |                        | 1,910       |
| Costs:  |              |                 |                  |                           |                 |                           |                        |             |
| Operating expenses                                | (4)          | (293)           | (4)              | (213)                     | (13)            |                           |                        | (527)       |
| Impairment of tangible fixed assets               | -            | (150)           | -                | -                         | -               |                           |                        | (150)       |
|   | (4)          | (443)           | (4)              | (213)                     | (13)            |                           |                        | (677)       |
| Trading surplus                                   | 265          | 599             | 17               | 327                       | 25              |                           |                        | 1,233       |
| Impairment  | (49)         | (2,639)         | (1)              | (2,212)                   | -               |                           |                        | (4,901)     |
| Share of results of joint ventures and associates | -            | (63)            | -                | (1)                       | -               |                           |                        | (64)        |
| Profit (loss) before tax and fair value unwind    | 216          | (2,103)         | 16               | (1,886)                   | 25              |                           |                        | (3,732)     |
| Fair value unwind                                 | 70           | 1,424           | -                | 150                       | -               |                           |                        | 1,644       |
|   | 286          | (679)           | 16               | (1,736)                   | 25              |                           |                        | (2,088)     |

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Profit (loss) before  
tax

Banking net interest margin 1.57% 1.51% 1.85% 1.44% 1.50%

COMBINED BUSINESSES SEGMENTAL ANALYSIS - NON-CORE (continued)

APPENDIX

Half-year to 31 December 2010 - As restated

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 262          | 617             | 18               | 345                       | 4               |                           |                        | 1,246       |
| Other income                                      | 11           | 199             | 1                | 68                        | 131             |                           |                        | 410         |
| Total income                                      | 273          | 816             | 19               | 413                       | 135             |                           |                        | 1,656       |
| Insurance claims                                  | -            | -               | -                | -                         | -               |                           |                        | -           |
| Total income, net of insurance claims             | 273          | 816             | 19               | 413                       | 135             |                           |                        | 1,656       |
| Operating expenses                                | (3)          | (268)           | (4)              | (214)                     | (28)            |                           |                        | (517)       |
| Trading surplus                                   | 270          | 548             | 15               | 199                       | 107             |                           |                        | 1,139       |
| Impairment  | (69)         | (849)           | -                | (3,750)                   | -               |                           |                        | (4,668)     |
| Share of results of joint ventures and associates | -            | (34)            | -                | (7)                       | -               |                           |                        | (41)        |
| Profit (loss) before tax and fair value unwind    | 201          | (335)           | 15               | (3,558)                   | 107             |                           |                        | (3,570)     |
| Fair value unwind                                 | 70           | 1,601           | -                | 192                       | -               |                           |                        | 1,863       |
| Profit (loss) before tax                          | 271          | 1,266           | 15               | (3,366)                   | 107             |                           |                        | (1,707)     |
| Banking net interest margin                       | 1.63%        | 1.59%           | 1.97%            | 1.10%                     |                 |                           |                        | 1.43%       |

Half-year to 31 December 2010 - As previously reported

|                                | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|--------------------------------|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income            | 278          | 793             | 16               | 398                       | 6               |                           |                        | 1,491       |
| Other income                   | 11           | 199             | 1                | 68                        | 131             |                           |                        | 410         |
| Total income                   | 289          | 992             | 17               | 466                       | 137             |                           |                        | 1,901       |
| Insurance claims               | -            | -               | -                | -                         | -               |                           |                        | -           |
| Total income, net of insurance | 289          | 992             | 17               | 466                       | 137             |                           |                        | 1,901       |

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|   |       |       |       |         |      |         |
|---|-------|-------|-------|---------|------|---------|
| claims  |       |       |       |         |      |         |
| Operating expenses                                | (3)   | (268) | (4)   | (214)   | (28) | (517)   |
| Trading surplus                                   | 286   | 724   | 13    | 252     | 109  | 1,384   |
| Impairment  | (69)  | (849) | -     | (3,750) | -    | (4,668) |
| Share of results of joint ventures and associates | -     | (34)  | -     | (7)     | -    | (41)    |
| Profit (loss) before tax and fair value unwind    | 217   | (159) | 13    | (3,505) | 109  | (3,325) |
| Fair value unwind                                 | 70    | 1,601 | -     | 192     | -    | 1,863   |
| Profit (loss) before tax                          | 287   | 1,442 | 13    | (3,313) | 109  | (1,462) |
| Banking net interest margin                       | 1.75% | 1.56% | 1.88% | 1.34%   |      | 1.52%   |

COMBINED BUSINESSES SEGMENTAL ANALYSIS - NON-CORE (continued)

APPENDIX

Full-year to 31 December 2010 - As restated

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 536          | 1,070           | 39               | 745                       | 8               |                           |                        | 2,398       |
| Other income                                      | 24           | 663             | 2                | 170                       | 164             |                           |                        | 1,023       |
| Total income                                      | 560          | 1,733           | 41               | 915                       | 172             |                           |                        | 3,421       |
| Insurance claims                                  | -            | -               | -                | -                         | -               |                           |                        | -           |
| Total income, net of insurance claims             | 560          | 1,733           | 41               | 915                       | 172             |                           |                        | 3,421       |
| Costs:  |              |                 |                  |                           |                 |                           |                        |             |
| Operating expenses                                | (7)          | (561)           | (8)              | (427)                     | (41)            |                           |                        | (1,044)     |
| Impairment of tangible fixed assets               | -            | (150)           | -                | -                         | -               |                           |                        | (150)       |
|   | (7)          | (711)           | (8)              | (427)                     | (41)            |                           |                        | (1,194)     |
| Trading surplus                                   | 553          | 1,022           | 33               | 488                       | 131             |                           |                        | 2,227       |
| Impairment  | (118)        | (3,488)         | (1)              | (5,962)                   | -               |                           |                        | (9,569)     |
| Share of results of joint ventures and associates | -            | (97)            | -                | (8)                       | -               |                           |                        | (105)       |
| Profit (loss) before tax and fair value unwind    | 435          | (2,563)         | 32               | (5,482)                   | 131             |                           |                        | (7,447)     |
| Fair value unwind                                 | 140          | 3,025           | -                | 342                       | -               |                           |                        | 3,507       |
|   | 575          | 462             | 32               | (5,140)                   | 131             |                           |                        | (3,940)     |

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Profit (loss) before  
tax

Banking net interest margin 1.64% 1.60% 1.97% 1.18% 1.46%

Full-year to 31 December 2010 - As previously reported

|   | Retail<br>£m | Wholesale<br>£m | Commercial<br>£m | Wealth<br>and Int'l<br>£m | Insurance<br>£m | Group<br>Operations<br>£m | Central<br>items<br>£m | Group<br>£m |
|---|--------------|-----------------|------------------|---------------------------|-----------------|---------------------------|------------------------|-------------|
| Net interest income                               | 534          | 1,371           | 36               | 836                       | 11              |                           |                        | 2,788       |
| Other income                                      | 24           | 663             | 2                | 170                       | 164             |                           |                        | 1,023       |
| Total income                                      | 558          | 2,034           | 38               | 1,006                     | 175             |                           |                        | 3,811       |
| Insurance claims                                  | -            | -               | -                | -                         | -               |                           |                        | -           |
| Total income, net of insurance claims             | 558          | 2,034           | 38               | 1,006                     | 175             |                           |                        | 3,811       |
| Costs:  |              |                 |                  |                           |                 |                           |                        |             |
| Operating expenses                                | (7)          | (561)           | (8)              | (427)                     | (41)            |                           |                        | (1,044)     |
| Impairment of tangible fixed assets               | -            | (150)           | -                | -                         | -               |                           |                        | (150)       |
|   | (7)          | (711)           | (8)              | (427)                     | (41)            |                           |                        | (1,194)     |
| Trading surplus                                   | 551          | 1,323           | 30               | 579                       | 134             |                           |                        | 2,617       |
| Impairment  | (118)        | (3,488)         | (1)              | (5,962)                   | -               |                           |                        | (9,569)     |
| Share of results of joint ventures and associates | -            | (97)            | -                | (8)                       | -               |                           |                        | (105)       |
| Profit (loss) before tax and fair value unwind    | 433          | (2,262)         | 29               | (5,391)                   | 134             |                           |                        | (7,057)     |
| Fair value unwind                                 | 140          | 3,025           | -                | 342                       | -               |                           |                        | 3,507       |
| Profit (loss) before tax                          | 573          | 763             | 29               | (5,049)                   | 134             |                           |                        | (3,550)     |
| Banking net interest margin                       | 1.66%        | 1.53%           | 1.87%            | 1.39%                     |                 |                           |                        | 1.51%       |

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GROUP plc

LLOYDS BANKING

(Registrant)

By: Kate O'Neill

Name: Kate O'Neill

Title: Managing Director  
Investor Relations

Date: 25 October 2011