Lloyds Banking Group plc
Form 6-K
October 29, 2013

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

29 October 2013

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- ________

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Lloyds Banking Group plc

Q3 2013 Interim Management Statement

29 October 2013

BASIS OF PRESENTATION

This report covers the results of Lloyds Banking Group plc (the Company) together with its subsidiaries (the Group) for the nine months ended 30 September 2013.

Statutory basis

Statutory information is set out on pages 14 and 15. However, a number of factors have had a significant effect on the comparability of the Group's financial position and results. As a result, comparison on a statutory basis of the 2013 results with 2012 is of limited benefit.

Underlying basis

In order to present a more meaningful view of business performance, the results of the Group and divisions are presented on an underlying basis. The key principles adopted in the preparation of the underlying basis of reporting are described below.

· In order to reflect the impact of the acquisition of HBOS, the following have been excluded:

– the amortisation of purchased intangible assets; and

– the unwind of acquisition-related fair value adjustments.

· The following items, not related to acquisition accounting, have also been excluded from underlying profit:

– the effects of certain asset sales, liability management and volatile items;

– volatility arising in insurance businesses;

– Simplification costs;

– Verde costs;

– payment protection insurance provision;

– insurance gross up;

– certain past service pensions items in respect of the Group's defined benefit pension schemes; and

– other regulatory provisions.

The financial statements have been restated following the implementation of IAS 19R Employee Benefits and IFRS 10 Consolidated Financial Statements with effect from 1 January 2013. Further details are shown on page 14.

To enable a better understanding of the Group's core business trends and outlook, certain income statement, balance sheet and regulatory capital information is analysed between core and non-core portfolios. The non-core portfolios consist of businesses which deliver below-hurdle returns, which are outside the Group's risk appetite or may be distressed, are subscale or have an unclear value proposition, or have a poor fit with the Group's customer strategy. The EC mandated retail business disposal (Project Verde) is included in core portfolios.

The Group's core and non-core activities are not managed separately and the preparation of this information requires management to make estimates and assumptions that impact the reported income statements, balance sheet, regulatory capital related and risk amounts analysed as core and as non-core. The Group uses a methodology that categorises income and expenses as non-core only where management expect that the income or expense will cease to be earned or incurred when the associated asset or liability is divested or run-off, and allocates operational costs to the core portfolio unless they are directly related to non-core activities. This results in the reported operating costs for the non-core portfolios being less than would be required to manage these portfolios on a stand-alone basis. Due to the inherent uncertainty in making estimates, a different methodology or a different estimate of the allocation might result in a different proportion of the Group's income or expenses being allocated to the core and non-core portfolios, different assets and liabilities being deemed core or non-core and accordingly a different allocation of the regulatory effects.

Unless otherwise stated income statement commentaries throughout this document compare the nine months ended 30 September 2013 to the nine months ended 30 September 2012, and the balance sheet analysis compares the Group balance sheet as at 30 September 2013 to the Group balance sheet as at 31 December 2012.

Additional pro forma disclosures: Non-core assets, risk-weighted assets and the fully loaded CRD IV capital ratios are also presented on a pro forma basis. The pro forma basis reflects the impact of certain announced transactions which have yet to complete as at the balance sheet date. The details of these transactions are included in the relevant disclosures.

FORWARD LOOKING STATEMENTS

This announcement contains forward looking statements with respect to the business, strategy and plans of the Lloyds Banking Group and 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 future events and circumstances that will or may occur. 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 factors, including, but not limited to, UK domestic and global economic and business conditions; the ability to derive cost savings and other benefits, including as a result of the Group's Simplification programme; and to access sufficient funding to meet the Group's liquidity needs; changes to the Group's credit ratings; risks concerning borrower or counterparty credit quality; instability in the global financial markets, including Eurozone instability and the impact of any sovereign credit rating downgrade or other sovereign financial issues; market-related risks including changes in interest rates and exchange rates; changing demographic and market-related trends; changes in customer preferences; changes to laws, 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 other jurisdictions in which the Group operates, including the US; the implementation of Recovery and Resolution Directive and banking reform following the recommendations made by the Independent Commission on Banking; 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 satisfactorily dispose of certain assets or otherwise meet the Group's EC state aid obligations; the extent of any future impairment charges or write-downs caused by depressed asset valuations, market disruptions and illiquid markets; the effects of competition and the actions of competitors, including non-bank financial services and lending companies; exposure to regulatory scrutiny, legal proceedings, regulatory investigations or complaints, and other factors. Please refer to the latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission for a discussion of certain factors together with examples of forward looking statements. The forward looking statements contained in this announcement are made as at the date of this announcement, and the Group undertakes no obligation to update any of its forward looking statements.

RESULTS SUMMARY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013
SIGNIFICANT PROGRESS IN DELIVERING STRATEGY; STRONG UNDERLYING PERFORMANCE

'The third quarter was an especially significant one for the Group. We returned the TSB bank to the high street and launched a rebranded, revitalised Lloyds Bank. I am pleased that the progress we have made enabled the UK government to begin the process of returning the Group to full private ownership, and importantly, getting taxpayer's money back at a profit. Our strategic plan continues to deliver and customers are increasingly seeing the benefits.

At the same time we are creating a low cost, low risk differentiated business, resulting in better profitability and returns despite further legacy charges. Together with the actions outlined earlier, these are key milestones not just for Lloyds Banking Group but also for UK banking.'

António Horta-Osório, Group Chief Executive

Significant progress in delivering our strategy and supporting our customers

- Continue to support the UK economy through lending to SMEs and first-time buyers, and the Help to Buy scheme
- Core loan book now growing in all divisions; returned mortgage lending to growth in the third quarter
- Returned TSB to the high street and launched a rebranded, revitalised Lloyds Bank in September
- Further strong performance in customer service and in reducing customer complaints
- Non-core asset reduction ahead of plan and capital accretive; year end non-core targets already achieved
- Further increased UK focus with sale of Australian and German businesses; 2014 international presence target achieved
- Further progress in strengthening capital position despite an additional charge for legacy PPI business in the quarter

Substantial increase in Group underlying profit and returns

- Underlying profit increased by 136 per cent to £4,426 million in the first nine months of 2013
- Return on risk-weighted assets increased to 2.01 per cent (first nine months of 2012: 0.74 per cent)
- Underlying profit in the quarter of £1,524 million, up 7 per cent on second quarter and 83 per cent on third quarter of 2012
- Underlying income of £14,019 million in the first nine months, up 1 per cent
- Net interest margin increased 13 basis points to 2.06 per cent, and to 2.17 per cent in the third quarter

- Costs reduced by 6 per cent to £7,110 million, and the impairment charge by 44 per cent to £2,483 million

Strong core business performance, with further increase in profitability and returns

- Core underlying profit increased by 20 per cent to £5,549 million; third quarter up 2 per cent on second quarter
- Core return on risk-weighted assets increased from 2.57 per cent to 3.17 per cent
- Core underlying income of £13,500 million, up 5 per cent (up 2 per cent excluding St. James's Place effects)
- Core margin improved 12 basis points to 2.44 per cent; core impairment charge down 9 per cent to £1,231 million

Statutory profit before tax of £1,694 million; tangible net asset value per share of 51.1p

- Statutory profit before tax of £1,694 million (nine months to 30 Sept 2012: loss of £607 million) including an additional charge for legacy PPI business of £750 million
- Tangible net asset value per share of 51.1p (31 Dec 2012: 51.9p; 30 Jun 2013: 54.6p); third quarter change mainly due to loss on capital accretive non-core disposals, related deferred tax write-off, and adverse pension and PPI movements

Continued balance sheet strengthening and risk reduction

- Group loan to deposit ratio improved to 114 per cent (31 Dec 2012: 121 per cent); core ratio maintained at 100 per cent
- Estimated pro forma fully loaded CRD IV core tier 1 ratio increased to 9.9 per cent (31 Dec 2012: 8.1 per cent)
- Non-core assets reduced to £70 billion (pro forma) in a capital accretive way and non-retail non-core to £30 billion

Guidance further enhanced; remain confident in delivering strategic plan

- Net interest margin now expected to be 2.11 per cent for full year 2013 (previously expected to be close to 2.10 per cent)
- Non-core assets expected to be around £66 billion, with non-retail non-core at around £26 billion, at the year end;

around £15 billion of non-retail non-core assets expected at the end of 2014

- Guidance for costs and capital position remains unchanged
- Expect to continue to grow core loan book in remainder of the year

UNDERLYING BASIS CONSOLIDATED INCOME STATEMENT

Nine months	Nine months		Three months	Three months

	ended 30 Sept 2013 £ million	ended 30 Sept 20121 £ million	Change %	ended 30 Sept 2013 £ million	ended 30 Sept 20121 £ million	Change %
Net interest income	7,967	7,790	2	2,761	2,575	7
Other income	6,285	6,376	(1)	1,879	2,112	(11)
Insurance claims	(233)	(335)	30	(85)	(102)	17
Total underlying income	14,019	13,831	1	4,555	4,585	(1)
Total costs	(7,110)	(7,537)	6	(2,361)	(2,492)	5
Impairment	(2,483)	(4,419)	44	(670)	(1,262)	47
Underlying profit	4,426	1,875	136	1,524	831	83
Asset sales and volatile items	188	586		(709)	506	
Simplification and Verde costs	(1,194)	(731)		(408)	(218)	
Legacy items	(1,325)	(2,225)		(750)	(1,150)	
Other items	(401)	(112)		(97)	(120)	
Profit (loss) before tax – statutory	1,694	(607)		(440)	(151)	
Taxation	(1,414)	(429)		(858)	(223)	
Profit (loss) for the period	280	(1,036)		(1,298)	(374)	
Earnings (loss) per share	0.4p	(1.6)p	2.0p	(1.8)p	(0.6)p	(1.2)p
Banking net interest margin	2.06%	1.93%	13bp	2.17%	1.93%	24bp
Average interest-earning assets	£513.9bn	£547.8bn	(6)	£507.9bn	£537.1bn	(5)
Impairment charge as a % of average advances	0.63%	1.04%	(41)bp	0.51%	0.93%	(42)bp
Return on risk-weighted assets	2.01%	0.74%	127bp	2.14%	1.01%	113bp

BALANCE SHEET AND KEY RATIOS

	At 30 Sept 2013	At 31 Dec 2012	Change %
Loans and advances to customers excluding reverse repos2	£494.8bn	£512.1bn	(3)
Customer deposits excluding repos3	£432.9bn	£422.5bn	2
Loan to deposit ratio4	114%	121%	(7)pp
Total assets	£870.4bn	£934.2bn	(7)
Wholesale funding	£151.4bn	£169.6bn	(11)
Wholesale funding <1 year maturity	£49.7bn		