Lloyds Banking Group plc
Form 6-K
April 30, 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

30 April 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- ________

Index to Exhibits

Lloyds Banking Group plc

Q1 2013 Interim Management Statement

30 April 2013

BASIS OF PRESENTATION

This report covers the results of Lloyds Banking Group plc (the Company) together with its subsidiaries (the Group) for the three months to 31 March 2013.

Statutory basis

Statutory results are set out on pages 12 and 13. 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 items 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 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 credits 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 12.

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. 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 three months to 31 March 2013 to the three months to 31 March 2012, and the balance sheet analysis compares the Group balance sheet as at 31 March 2013 to the Group balance sheet as at 31 December 2012.

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 or may 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, 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; the ability to access sufficient funding to meet the Group's liquidity needs; changes to the Group's credit ratings; risks concerning borrower or counterparty credit quality; instability in the global financial markets, including Eurozone instability and the impact of any sovereign credit rating downgrade or other sovereign financial issues; market-related risks including, but not limited to, 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 jurisdictions outside the UK in which the Group operates, including other European countries and the US; the implementation of the draft EU crisis management framework 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 complete satisfactorily the disposal of certain assets as part of 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.

KEY HIGHLIGHTS

'STRONG PERFORMANCE IN THE FIRST THREE MONTHS OF 2013'

'We made substantial progress again in the first quarter. Underlying and statutory profits improved significantly, and our core loan book returned to growth earlier than expected. Margin increased, and costs and impairments continued to fall rapidly, with this progress underpinned by a further strengthening of our balance sheet. We are delivering real benefits for customers, colleagues and shareholders by investing behind our simple, UK customer-focused retail and commercial banking model, and are now further ahead in our plan to transform the Group, as reflected in the enhanced guidance for costs and capital we are giving today'.

António Horta-Osório
Group Chief Executive

Substantial increase in Group underlying and statutory profit

- Group underlying profit of £1,479 million (Q1 2012: £497 million)
- Statutory profit before tax of £2,040 million (Q1 2012: £280 million)
- Total underlying income of £4,889 million up 3 per cent, includes £394 million gain relating to the sale of shares in St. James's Place
- Group net interest margin increased to 1.96 per cent; on track to meet guidance for 2013
- Costs further reduced by 6 per cent to £2,408 million; Simplification run-rate savings increased to over £1.0 billion
- 40 per cent reduction in impairment charge to £1,002 million (Q1 2012: £1,657 million)

Core returns further improved and increased core underlying profit

- Core return on risk-weighted assets increased from 2.61 per cent to 3.20 per cent
- Core underlying profit increased by 19 per cent to £1,871 million (Q1 2012: £1,576 million)
- Core net interest margin of 2.34 per cent improved by 2 basis points
- 4 per cent reduction in core costs to £2,269 million (Q1 2012: £2,353 million)
- Core loans and advances increased by £0.6 billion in the first quarter of 2013, ahead of guidance

Strong balance sheet; continue to be confident in capital position

- Core tier 1 capital ratio increased to 12.5 per cent (31 December 2012: 12.0 per cent)

- 60 basis points of underlying pro forma fully loaded CRD IV capital generation in the first quarter, offsetting IAS 19R impact; estimated pro forma fully loaded CRD IV core tier 1 ratio unchanged at 8.1 per cent

- Continued capital-accretive non-core asset reduction of £9 billion on a constant currency basis, £6 billion after currency effects. Non-core assets now £92.1 billion (31 December 2012: £98.4 billion)

- Sale of Spanish retail operations agreed in April, which will lead to a further reduction of £1.5 billion in non-core assets

- Core loan to deposit ratio of 100 per cent; Group loan to deposit ratio of 119 per cent; deposit growth of 1 per cent in quarter

Supporting customers and the UK economic recovery

- Commercial Banking core loan book returning to growth

- Positive SME net lending growth of 4 per cent in the last twelve months, against market contraction of 4 per cent

- Over £350 million committed to manufacturing in the first quarter of 2013; on track to exceed £1 billion target

- Supported over 13,000 first-time buyers in the first quarter of 2013; committed to helping around 60,000 in 2013

- Continue to address existing legacy issues; PPI complaints falling in line with expectations; progressing IPO of Verde

Increased cost reduction targets for 2013 and 2014; expect fully loaded core tier 1 ratio above 10 per cent by end 2014

- On track to meet 2013 guidance, including a Group net interest margin of around 1.98 per cent in 2013

- Now targeting further reduction in total costs to around £9.6 billion in 2013, compared to previous target of £9.8 billion

- Expect total costs to be around £9.15 billion in 2014, assuming Verde IPO in mid 2014

- Expect our estimated pro forma fully loaded CRD IV core tier 1 ratio to be above 9 per cent by end of 2013 and above 10 per cent by end of 2014

UNDERLYING BASIS CONSOLIDATED INCOME STATEMENT

	Three months ended 31 Mar 2013 £ million	Three months ended 31 Mar 20121 £ million	Change %	Three months ended 31 Dec 20121 £ million	Change %
Net interest income	2,553	2,633	(3)	2,545	
Other income	2,422	2,203	10	2,040	19
Insurance claims	(86)	(108)	20	(30)	
Total underlying income	4,889	4,728	3	4,555	7

Total costs	(2,408)	(2,574)	6	(2,587)	7
Impairment	(1,002)	(1,657)	40	(1,278)	22
Underlying profit	1,479	497	198	690	114
Asset sales and volatile items	1,073	290		1,946	(45)
Simplification and Verde costs	(409)	(269)	(52)	(515)	21
Legacy items	-	(375)		(2,000)	
Other items	(103)	137		(120)	14
Profit before tax - statutory	2,040	280		1	
Taxation	(500)	(277)	(81)	(352)	(42)
Profit (loss) for the period	1,540	3		(351)	
Earnings (loss) per share	2.2p	0.0p	2.2p	(0.5)p	2.7p
Banking net interest margin	1.96%	1.95%	1bp	1.94%	2bp
Average interest-earning assets	£520.3bn	£558.8bn	(7)	£529.9bn	(2)
Impairment charge as a % of average advances	0.80%	1.14%	(34)bp	0.96%	(16)bp
Return on risk-weighted assets	1.96%	0.57%	139bp	0.87%	109bp

BALANCE SHEET - KEY RATIOS

	At 31 Mar 2013	At 31 Dec 2012	Change %
Loans and advances to customers excluding reverse repos2	£508.8bn	£512.1bn	(1)
Core - loans and advances to customers excluding reverse repos2	£425.9bn	£425.3bn	
Customer deposits excluding repos3	£428.2bn	£422.5bn	1
Core - customer deposits excluding repos3	£424.7bn	£419.1bn	1
Loan to deposit ratio4	119%	121%	(2)pp
Core loan to deposit ratio4	100%	101%	(1)pp
Non-core assets	£92.1bn	£98.4bn	(6)
Wholesale funding	£162.1bn	£169.6bn	(4)
Wholesale funding <1 year maturity	£50.9bn	£50.6bn	1
Risk-weighted assets5	£302.5bn	£310.3bn	(3)
Core tier 1 capital ratio5	12.5%	12.0%	