

Lloyds Banking Group plc  
Form 424B2  
June 30, 2016

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission and has become effective. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor are they soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Filed pursuant to Rule 424(b)(2)**

**Registration No. 333-211791**

**Subject to Completion**

Preliminary Prospectus Supplement dated June 30, 2016

PRELIMINARY PROSPECTUS SUPPLEMENT  
(to prospectus dated June 2, 2016)

\$

**Lloyds Banking Group plc**

\$            **% Senior Notes due 2021**

\$            **Floating Rate Notes due 2021**

From and including the date of issuance, interest will be paid on the            % senior notes due 2021 (the "Fixed Rate Senior Notes"). The interest for the Fixed Rate Senior Notes will be paid semi-annually in arrears on January            and July            of each year, commencing on January            , 2017. The Fixed Rate Senior Notes

will bear interest at a rate of \_\_\_\_\_ % per year. Interest on the floating rate notes due 2021 (the “Floating Rate Notes”) will be payable quarterly in arrears on January \_\_\_\_\_, April \_\_\_\_\_, July \_\_\_\_\_ and October \_\_\_\_\_ of each year, commencing on October \_\_\_\_\_, 2016. In this prospectus supplement, we refer to the Fixed Rate Senior Notes and the Floating Rate Notes collectively as the “Senior Notes”.

The Senior Notes will be issued in denominations of \$200,000 and in multiples of \$1,000 in excess thereof. The Senior Notes will constitute our direct, unconditional and unsecured obligations ranking *pari passu*, without any preference among themselves, with all our other outstanding unsecured obligations, present and future, except such obligations as are preferred by operation of law.

**Notwithstanding any other agreements, arrangements, or understandings between us and any holder or beneficial owner of the Senior Notes, the holders and beneficial owners of the Senior Notes will be required to agree that by purchasing or acquiring the Senior Notes, they acknowledge, accept, agree to be bound by and consent to the exercise of any U.K. bail-in power (as defined below) by the relevant U.K. resolution authority that may result in (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the Senior Notes; (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the Senior Notes into shares or other securities or other obligations of Lloyds Banking Group plc (“LBG”) or another person; and/or (iii) the amendment or alteration of the maturity of the Senior Notes, or amendment of the amount of interest due on the Senior Notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which U.K. bail-in power may be exercised by means of variation of the terms of the Senior Notes solely to give effect to the exercise by the relevant U.K. resolution authority of such U.K. bail-in power. Each holder and beneficial owner of the Senior Notes will further be required to acknowledge and agree that the rights of the holders and/or beneficial owners under the Senior Notes are subject to, and will be varied, if necessary, solely to give effect to, the exercise of any U.K. bail-in power by the relevant U.K. resolution authority.**

**For these purposes, a “U.K. bail-in power” is any write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and applicable in the United Kingdom to LBG or its affiliates, including but not limited to any such laws, regulations, rules or requirements which are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a U.K. resolution regime under the Banking Act as the same has been or may be amended from time to time (whether pursuant to the U.K. Financial Services (Banking Reform) Act 2013 (the “Banking Reform Act 2013”), secondary legislation or otherwise, the “Banking Act”), pursuant to which obligations of a bank, banking group company, credit institution or investment**

**firm or any of its affiliates can be reduced, cancelled, amended, transferred and/or converted into shares or other securities or obligations of the obligor or any other person (and a reference to the “relevant U.K. resolution authority” is to any authority with the ability to exercise a U.K. bail-in power).**

**By purchasing or acquiring the Senior Notes, each holder and beneficial owner of the Senior Notes, to the extent permitted by the Trust Indenture Act of 1939, as amended (the “TIA”), waives any and all claims against the Trustee (as defined below) for, agrees not to initiate a suit against the Trustee in respect of, and agrees that the Trustee shall not be liable for, any action that the Trustee takes, or abstains from taking, in either case in accordance with the exercise of the U.K. bail-in power by the relevant U.K. resolution authority with respect to the Senior Notes.**

We may redeem the Senior Notes, in whole but not in part, at any time at 100% of their principal amount plus accrued interest upon the occurrence of certain tax events described in this prospectus supplement and accompanying prospectus. We intend to apply to list the Senior Notes on the New York Stock Exchange in accordance with its rules.

*Investing in the Senior Notes involves risks. See “Risk Factors” beginning on page S-6 of this prospectus supplement and as incorporated by reference herein.*

By purchasing or acquiring the Senior Notes, each holder and beneficial owner shall be deemed to have (i) consented to the exercise of any U.K. bail-in power as it may be imposed without any prior notice by the relevant U.K. resolution authority of its decision to exercise such power with respect to the Senior Notes and (ii) authorized, directed and requested The Depository Trust Company (“DTC”) and any direct participant in DTC or other intermediary through which it holds such Senior Notes to take any and all necessary action, if required, to implement the exercise of any U.K. bail-in power with respect to the Senior Notes as it may be imposed, without any further action or direction on the part of such holder or beneficial owner or the Trustee.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

	Price to Public	Underwriting Discount	Proceeds to us (before expenses)
Per Fixed Rate Senior Note		%	%
Total for Fixed Rate Senior Notes	\$	\$	\$
Per Floating Rate Note		%	%
Total for Floating Rate Notes	\$	\$	\$



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**You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus (including any free writing prospectus issued or authorized by us). Neither we nor the underwriters have authorized anyone to provide you with different information. Neither we nor the underwriters are making an offer of these securities in any state or jurisdiction where the offer is not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates.**

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## About this Prospectus Supplement

In this prospectus supplement, we use the following terms:

“we,” “us,” “our” and “LBG” mean Lloyds Banking Group plc;

“Group” means Lloyds Banking Group plc together with its subsidiaries and associated undertakings;

“SEC” refers to the Securities and Exchange Commission;

“pounds sterling”, “£” and “p” refer to the currency of the United Kingdom;

“dollars” and “\$” refer to the currency of the United States; and

“euro” and “€” refer to the currency of the member states of the European Union (“EU”) that have adopted the single currency in accordance with the treaty establishing the European Community, as amended.

## Incorporation of Information by Reference

We file annual, semi-annual and special reports and other information with the Securities and Exchange Commission. You may read and copy any document that we file with the SEC at the SEC’s Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. You can call the SEC on 1-800-SEC-0330 for further information on the Public Reference Room. The SEC’s website, at <http://www.sec.gov>, contains, free of charge, reports and other information in electronic form that we have filed. You may also request a copy of any filings referred to below (excluding exhibits) at no cost, by contacting us at 25 Gresham Street, London EC2V 7HN, United Kingdom, telephone +44 207 626 1500.

The SEC allows us to incorporate by reference much of the information that we file with them. This means:

incorporated documents are considered part of this prospectus supplement;

we can disclose important information to you by referring you to these documents; and

- information that we file with the SEC will automatically update and supersede this prospectus supplement.

We incorporate by reference (i) LBG's Annual Report on Form 20-F for the year ended December 31, 2015 filed with the SEC on March 8, 2016; (ii) LBG's report on Form 6-K filed with the SEC on April 28, 2016 including the interim results for LBG for the three months ended March 31, 2016; (iii) LBG's report on Form 6-K filed with the SEC on April 28, 2016 disclosing LBG's capitalization as at March 31, 2016; and (iv) LBG's report on Form 6-K filed with the SEC on June 16, 2016 announcing the Supreme Court decision in favor of the Group in respect of the interpretation of certain terms of certain of the Group's enhanced capital notes.

We also incorporate by reference in this prospectus supplement and accompanying prospectus any future documents we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), from the date of this prospectus supplement until the offering contemplated in this prospectus supplement is completed. Reports on Form 6-K that we may furnish to the SEC after the date of this prospectus supplement (or portions thereof) are incorporated by reference in this prospectus supplement only to the extent that the report expressly states that it is (or such portions are) incorporated by reference in this prospectus supplement.

#### Forward-Looking Statements

From time to time, we may make statements, both written and oral, regarding assumptions, projections, expectations, intentions or beliefs about future events. These statements constitute "forward-looking statements" for purposes of the Private Securities Litigation Reform Act of 1995. We caution that these statements may and often do vary materially from actual results. Accordingly, we cannot assure you that actual results will not differ materially



from those expressed or implied by the forward-looking statements. You should read the sections entitled “Risk Factors” in this prospectus supplement and “Forward-Looking Statements” in our Annual Report on Form 20-F for the year ended December 31, 2015, which is incorporated by reference herein.

We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, forward-looking events discussed in this prospectus supplement or any information incorporated by reference, might not occur.

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## Summary

*The following is a summary of this prospectus supplement and should be read as an introduction to, and in conjunction with, the remainder of this prospectus supplement, the accompanying prospectus and any documents incorporated by reference therein. You should base your investment decision on a consideration of this prospectus supplement, the accompanying prospectus and any documents incorporated by reference therein, as a whole. Words and expressions defined in “Description of the Senior Notes” below shall have the same meanings in this summary.*

## The Issuer

Lloyds Banking Group plc was incorporated as a public limited company and registered in Scotland under the U.K. Companies Act 1985 on October 21, 1985 (registration number 95000). Lloyds Banking Group plc’s registered office is at The Mound, Edinburgh EH1 1YZ, Scotland, U.K. and its principal executive offices in England, U.K. are located at 25 Gresham Street, London EC2V 7HN, United Kingdom, telephone number +44 207 626 1500.

## General

<b>Issuer</b>	Lloyds Banking Group plc
	\$                    aggregate principal amount of                    % Senior Notes due 2021 (the “Fixed Rate Senior Notes”).
<b>Senior Notes</b>	\$                    aggregate principal amount of Floating Rate Notes due 2021 (the “Floating Rate Notes”).

In this prospectus supplement, we refer to the Fixed Rate Senior Notes and the Floating Rate Notes collectively as the “Senior Notes”.

**Issue Date**            July                    , 2016

## Provisions applicable to the fixed rate senior notes

**Maturity** We will pay the Fixed Rate Senior Notes at 100% of their principal amount plus accrued interest on July , 2021.

**Interest Rate** The Fixed Rate Senior Notes will bear interest at a rate of % per annum.

**Interest Payment Dates** Every January and July , commencing on January , 2017, in respect of the Fixed Rate Senior Notes.

**Regular Record Dates** Interest will be paid to holders of record of the Fixed Rate Senior Notes in respect of the principal amount thereof outstanding 15 calendar days preceding the relevant Interest Payment Date, whether or not a business day.

**Business Day Convention** Following, unadjusted

**Day Count Basis** 30/360

**Provisions applicable to the floating rate notes**

**Maturity** We will pay the Floating Rate Notes at 100% of their principal amount plus accrued interest on July , 2021.

The interest rate for the Floating Rate Notes for the first Floating Rate Interest Period (as defined below) will be LIBOR (as defined below) as determined on July , 2016 plus the Spread. Thereafter, the interest rate for each Floating Rate Interest Period will be LIBOR as determined on the applicable Interest Determination Date (as defined below) plus the Spread.

“LIBOR,” with respect to a Floating Rate Interest Period, shall be the offered rate (expressed as a percentage per annum) for deposits of U.S. dollars having a maturity of three months that appears on the Designated LIBOR Page (as defined below) as of 11:00 a.m., London time.

**Interest**

“Designated LIBOR Page” means the Reuters Screen LIBOR01 display page, or any successor page, on Reuters or any successor service (or any such other service(s) as may be nominated by ICE Benchmark Administration Limited (“IBA”) or its successor or such other entity assuming the responsibility of IBA or its successor in calculating the London interbank offered rate in the event IBA or its successor no longer does so for the purpose of displaying London interbank offered rates for US dollar deposits).

**Spread** basis points.

**Interest Payment Dates** Interest on the Floating Rates Notes will be paid quarterly in arrears on January , April , July and October of each year, commencing on October , 2016 (each, a “Floating Rate Interest Payment Date”).

**Regular Record Dates** Interest will be paid to holders of record of the Floating Rate Notes in respect of the principal amount thereof outstanding 15 calendar days preceding the relevant Interest Payment Date, whether or not a business day.

**Interest Reset Dates** Floating Rate Interest Payment Dates.

**Interest Periods** The first interest period will begin on and include July , 2016 and will end on and exclude October , 2016. Thereafter, the interest periods will be the periods from and including an Interest Payment Date to but excluding the immediately succeeding Interest Payment Date (together with the first interest period, each a “Floating Rate Interest Period”). However, the final Floating Rate Interest Period will be the period from and including the Interest Payment Date immediately preceding the Maturity Date to but excluding the Maturity Date.

**Interest  
Determination  
Date**

Interest for each Floating Rate Interest Period will be determined on the second London Banking Day (as defined below) preceding the first day of such Floating Rate Interest Period.

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**Business Day Convention** Actual/360

**Day Count Basis** Modified following, adjusted

**Calculation Agent** The Bank of New York Mellon

**Provisions applicable to all of the senior notes**

**Ranking** The Senior Notes will constitute our direct, unconditional and unsecured obligations ranking *pari passu*, without any preference among themselves, with all our other outstanding unsecured obligations, present and future, except such obligations as are preferred by operation of law.

**Agreement with Respect to the Exercise of U.K. Bail-in Power** Notwithstanding any other agreements, arrangements, or understandings between us and any holder or beneficial owner of the Senior Notes, the holders and beneficial owners of the Senior Notes will be required to agree that by purchasing or acquiring the Senior Notes, they acknowledge, accept, agree to be bound by and consent to the exercise of any U.K. bail-in power (as defined below) by the relevant U.K. resolution authority that may result in (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the Senior Notes; (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the Senior Notes into shares or other securities or other obligations of LBG or another person; and/or (iii) the amendment or alteration of the maturity of the Senior Notes, or amendment of the amount of interest due on the Senior Notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which U.K. bail-in power may be exercised by means of variation of the terms of the Senior Notes solely to give effect to the exercise by the relevant U.K. resolution authority of such U.K. bail-in power. Each holder and beneficial owner of the Senior Notes will further be required to acknowledge and agree that the rights of the holders and/or beneficial owners under the Senior Notes are subject to, and will be varied, if necessary, solely to give effect to, the exercise of any U.K. bail-in power by the relevant U.K. resolution authority.

For these purposes, a “U.K. bail-in power” is any write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and applicable in the United Kingdom to LBG or its affiliates, including but not limited to any such laws, regulations, rules or requirements which are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a U.K. resolution regime under the Banking Act as the same has been or may be amended from time to time (whether pursuant to the Banking Reform Act 2013, secondary legislation or otherwise), pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, amended, transferred and/or converted into shares or other securities or obligations of the obligor or any

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other person (and a reference to the “relevant U.K. resolution authority” is to any authority with the ability to exercise a U.K. bail-in power).

For a discussion of certain risk factors relating to the U.K. bail-in power, see “*Risk Factors—Risks Relating to the Senior Notes*”.

**Repayment of Principal and Payment of Interest After Exercise of U.K. Bail-in Power**

No repayment of the principal amount of the Senior Notes or payment of interest on the Senior Notes shall become due and payable after the exercise of any U.K. bail-in power by the relevant U.K. resolution authority unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by us under the laws and regulations of the United Kingdom and the European Union applicable to us and the Group.

**Additional Issuances**

We may, without the consent of the holders of the Senior Notes, issue additional notes having the same ranking and same interest rate, maturity date, redemption terms and other terms as the Senior Notes described in this prospectus supplement except for the price to the public, issue date and first interest payment date, provided however that such additional notes that form part of any series must be fungible with the outstanding Senior Notes of the relevant series for U.S. federal income tax purposes. See “*Description of the Senior Notes—Additional Issuances*” in this prospectus supplement.

**Tax Redemption**

In the event of various tax law changes that require us to pay additional amounts and other limited circumstances as described under “*Description of the Senior Notes—Tax Redemption*” in this prospectus supplement and “*Description of Debt Securities—Redemption*” in the accompanying prospectus we may redeem all, but not less than all, of the Senior Notes of any series prior to maturity.

**Book-Entry Issuance, Settlement and Clearance**

We will issue the Senior Notes in fully registered form in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. The Senior Notes will be represented by one or more global securities registered in the name of a nominee of DTC. You will hold beneficial interests in the Senior Notes through DTC and its direct and indirect participants, including Euroclear and Clearstream Luxembourg, and DTC and its direct and indirect participants will record your beneficial interest on their books. We will not issue certificated notes as described in the accompanying prospectus. Settlement of the Senior Notes will occur through DTC in same day funds. For information on DTC’s book-entry system, see “*Description of Debt Securities—Form of Debt Securities; Book-Entry System*” in the accompanying prospectus.

for the Fixed Rate Senior Notes

**CUSIP**

for the Floating Rate Notes

**ISIN**

for the Fixed Rate Senior Notes



for the Floating Rate Notes

for the Fixed Rate Senior Notes

**Common Code** for the Floating Rate Notes

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<b>Listing and Trading</b>	We intend to apply to list the Senior Notes on the New York Stock Exchange.
<b>Trustee and Principal Paying Agent</b>	The Bank of New York Mellon, acting through its London office, a banking corporation duly organized and existing under the laws of the State of New York, as trustee, having its Corporate Trust Office at One Canada Square, London E14 5AL, United Kingdom, will act as the trustee and initial principal paying agent for the Senior Notes.
<b>Timing and Delivery</b>	We currently expect delivery of the Senior Notes to occur on July _____, 2016, which will be the third business day following the pricing of the Senior Notes (such settlement cycle being referred to as “T+3”).
<b>Use of Proceeds</b>	We intend to use the net proceeds of the offering for general corporate purposes. See “ <i>Use of Proceeds</i> ”.
<b>Joint Bookrunning Managers</b>	Citigroup Global Markets Inc., HSBC Securities (USA) Inc., Lloyds Securities Inc. and Morgan Stanley & Co. LLC.
<b>Conflict of Interest</b>	A conflict of interest (as defined by Rule 5121 of FINRA) may exist as Lloyds Securities Inc., an affiliate of the Issuer, may participate in the distribution of the Senior Notes. For further information, see “ <i>Underwriting</i> ”.
<b>Governing Law</b>	The Senior Indenture (as defined below), the First Supplemental Indenture (as defined below) and the Senior Notes are governed by, and construed in accordance with, the laws of the State of New York.

## Risk Factors

*Prospective investors should consider carefully the risk factors incorporated by reference into this prospectus supplement and as set out below as well as the other information set out elsewhere in this prospectus supplement (including any other documents incorporated by reference herein) and reach their own views prior to making any investment decision with respect to the Senior Notes.*

*Set out below and incorporated by reference herein are certain risk factors which could have a material adverse effect on our business, operations, financial condition or prospects and cause our future results to be materially different from expected results. Our results could also be affected by competition and other factors. These factors should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties we face. We have described only those risks relating to our operations or an investment in the Senior Notes that we consider to be material. There may be additional risks that we currently consider not to be material or of which we are not currently aware, and any of these risks could have the effects set forth below. All of these factors are contingencies which may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. Investors should note that they bear our solvency risk. Each of the risks highlighted below could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Senior Notes. In addition, each of the highlighted risks could adversely affect the trading price of the Senior Notes or the rights of investors under the Senior Notes and, as a result, investors could lose some or all of their investment. You should consult your own financial, tax and legal advisers regarding the risks of an investment in the Senior Notes.*

*We believe that the factors described below as relating to the Senior Notes represent the principal risks inherent in investing in Notes, but we may be unable to pay interest, principal or other amounts on or in connection with the Senior Notes for other reasons and we do not represent that the statements below regarding the risks of holding the Senior Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this prospectus supplement (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

### Risks relating to LBG and the Group

***Political, constitutional and economic uncertainty arising from the outcome of the recent referendum on the U.K.'s membership in the European Union ("EU") could adversely impact the Group's business, results of operations, financial condition and prospects.***

On June 23, 2016, the U.K. held a referendum on the U.K.'s continued membership in the EU. A majority of voters voted for the U.K. to leave the EU. The announcement of the referendum result caused significant volatility in global stock markets and currency exchange rate fluctuations that resulted in a significant weakening of the pound sterling against the U.S. dollar, the euro and other major currencies. The share prices of major U.K. banks, including the

Group, suffered significant declines in market prices and major credit rating agencies have downgraded the U.K.'s sovereign credit rating following the result of the referendum. In addition, a process of negotiation will be required to determine the future terms of the U.K.'s relationship with the EU, and the uncertainty before, during and after the period of negotiation could have a negative economic impact and result in further volatility in the markets.

The effects on the U.K., European and global economy of the uncertainties arising from the results of the referendum are difficult to predict but may include economic and financial instability in the U.K., Europe and the global economy and the other types of risks described in the section entitled "*Risk Factors—The Group's businesses are subject to inherent and indirect risks arising from general macro-economic conditions in the UK, the Eurozone and globally, and the instability of the financial markets*" of our Annual Report on Form 20-F for the year ended December 31, 2015. Furthermore, the result of the referendum may give rise to further political uncertainty regarding Scottish independence and a potential follow-up Scottish independence referendum resulting in further uncertainty and risks to the Group.

For a description of the risks associated with LBG and the Group, see the section entitled “*Risk Factors*” of our Annual Report on Form 20-F for the year ended December 31, 2015, which is incorporated by reference herein.

#### Risks relating to the Senior Notes

The Senior Notes are unsecured and are effectively subordinated to our secured indebtedness.

Our Senior Notes are unsecured, will be effectively subordinated to all secured indebtedness we may incur, to the extent of the assets securing such indebtedness. The indenture relating to our Senior Notes does not restrict our ability to incur secured indebtedness in the future. In the event of our insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up, to the extent we have granted security over our assets, the assets securing such indebtedness will be used to satisfy the obligations under such indebtedness before we can make payments on the Senior Notes. There may only be limited assets available to make payments on the Senior Notes in the event of an acceleration of the Senior Notes and we may not have sufficient assets to pay amounts due on any or all of our Senior Notes then outstanding.

An active trading market may not develop for the Senior Notes.

Prior to the offering, there was no existing trading market for the Senior Notes. We intend to apply for listing of the Senior Notes on the New York Stock Exchange. If, however, an active trading market does not develop or is not maintained, the market price and liquidity of the Senior Notes may be adversely affected. In that case, holders of the Senior Notes may not be able to sell Senior Notes at a particular time or may not be able to sell Senior Notes at a favorable price. The liquidity of any market for the Senior Notes will depend on a number of factors including:

the number of holders of the Senior Notes;

LBG’s credit ratings published by major credit rating agencies;

our financial performance;

the market for similar securities;

the interest of securities dealers in making a market in the Senior Notes;

prevailing interest rates; and

the introduction of any financial transaction tax.

We cannot assure you that an active market for the Senior Notes will develop or, if developed, that it will continue.

***LBG's credit ratings may not reflect all risks of an investment in the Senior Notes and a downgrade in credit ratings, including as a result of changes in rating agencies' views of the level of implicit sovereign support for European banks, could adversely affect the trading prices of the Senior Notes.***

LBG's credit ratings may not reflect the potential impact of all risks relating to the market values of the Senior Notes. However, real or anticipated changes in LBG's credit ratings will generally affect the market values of the Senior Notes. Credit rating agencies continually revise their ratings for companies that they follow, including LBG, and as such, the credit rating of LBG may be revised, suspended or withdrawn at any time by the assigning rating organization at their sole discretion. Any ratings downgrade could adversely affect the trading prices of the Senior Notes or the trading markets for the Senior Notes to the extent trading markets for the Senior Notes develop, and any ratings improvement will not necessarily increase the value of the Senior Notes and will not reduce market risk and other investment risks related to the Senior Notes. Credit ratings (i) do not reflect the risk that interest rates may rise, which may affect the values of the Senior Notes, which accrue interest at a fixed rate, (ii) do not address the price, if any, at which the Senior Notes may be resold prior to maturity (which may be substantially less than the original offering price of the Senior Notes), and (iii) are not recommendations to buy, sell or hold the Senior Notes.

We may redeem the Senior Notes at any time for certain tax reasons.

We may redeem the Senior Notes of any series at any time in whole (but not in part) upon the occurrence of certain tax changes as described in this prospectus supplement and accompanying prospectus.

As the Fixed Rate Senior Notes pay a fixed rate of interest, it is possible you may receive below-market interest.

As the interest payable on the Fixed Rate Senior Notes accrues at a fixed rate, there can be no guarantee that the interest you will receive will be greater than market interest rates at any time during the term of the Fixed Rate Senior Notes. LBG does not have any control over a number of factors that may affect market interest rates, including economic, financial, and political events, such as the tightening of monetary policy, that are important in determining the existence, magnitude, and longevity of these risks and their results.

You should have a view as to the applicable fixed interest rate on the Fixed Rate Senior Notes and their levels relative to market interest rates before investing.

Under the terms of the Senior Notes, you will agree to be bound by and consent to the exercise of any U.K. bail-in power by the relevant U.K. resolution authority. See “—Holders of the Senior Notes may be required to absorb losses in the event we become subject to recovery and resolution action.”

Notwithstanding any other agreements, arrangements, or understandings between us and any holder or beneficial owner of the Senior Notes, the holders and beneficial owners of the Senior Notes will be required to agree that by purchasing or acquiring the Senior Notes, they acknowledge, accept, agree to be bound by and consent to the exercise of any U.K. bail-in power (as defined below) by the relevant U.K. resolution authority that may result in (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the Senior Notes; (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the Senior Notes into shares or other securities or other obligations of LBG or another person; and/or (iii) the amendment or alteration of the maturity of the Senior Notes, or amendment of the amount of interest due on the Senior Notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which U.K. bail-in power may be exercised by means of variation of the terms of the Senior Notes solely to give effect to the exercise by the relevant U.K. resolution authority of such U.K. bail-in power. Each holder and beneficial owner of the Senior Notes will further be required to acknowledge and agree that the rights of the holders and/or beneficial owners under the Senior Notes are subject to, and will be varied, if necessary, solely to give effect to, the exercise of any U.K. bail-in power by the relevant U.K. resolution authority. See “—Holders of the Senior Notes may be required to absorb losses in the event we become subject to recovery and resolution action”.

For these purposes, a “U.K. bail-in power” is any write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and applicable in the United Kingdom to LBG or its affiliates, including but not limited to any such laws, regulations, rules or requirements which are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a U.K. resolution regime under the Banking Act as the same has been or may be amended from time to time (whether pursuant to the Banking Reform Act 2013, secondary legislation or otherwise), pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, amended, transferred and/or converted into shares or other securities or obligations of the obligor or any other person (and a reference to the “relevant U.K. resolution authority” is to any authority with the ability to exercise a U.K. bail-in power). For more information, see “*Description of the Senior Notes—Agreement with Respect to the Exercise of U.K. Bail-in Power*”.

Holders of the Senior Notes may be required to absorb losses in the event we become subject to recovery and resolution action.

The final text of the Bank Recovery and Resolution Directive (the “BRRD”), establishing a framework for the prevention, management and resolution of failing banks, was published in the Official Journal of the European Union on June 12, 2014 and entered into force on July 2, 2014, with Member States required to adopt necessary



implementing measures under national law by no later than December 31, 2014. In the U.K., the Banking Reform Act 2013 made provision for certain aspects of the “bail-in” power and further legislation was enacted during 2014 in order to give full effect to the majority of the provisions of BRRD from January 1, 2015.

The stated aim of the BRRD is to provide authorities designated by Member States to apply the resolution tools and exercise the resolution powers set forth in the BRRD (the “resolution authorities”) with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers’ exposure to losses. The powers granted to resolution authorities under the BRRD include (but are not limited to) (i) a “write-down and conversion power” relating to Tier 1 and Tier 2 capital instruments and (ii) a “bail-in” power relating to eligible liabilities (including the Senior Notes). Such powers give resolution authorities the ability to write down or write off all or a portion of the claims of certain unsecured creditors of a failing institution or group and/or to convert certain debt claims into another security, including ordinary shares of the surviving Group entity, if any, which ordinary shares may also be subject to write-down or write-off. Such powers were implemented with effect from January 1, 2015.

The conditions for use of the bail-in power are, in summary, that (i) the regulator determines that the bank is failing or likely to fail, (ii) having regard to timing and other relevant circumstances, it is not reasonably likely that (ignoring the stabilization powers) action will be taken by or in respect of the bank to avoid the failure of the bank, (iii) the relevant U.K. resolution authority determines that it is necessary having regard to the public interest to exercise the bail-in power in the advancement of one of the statutory objectives of resolution and (iv) that one or more of those objectives would not be met to the same extent by the winding up of the bank. The BRRD, as implemented, contains certain other limited safeguards for creditors in specific circumstances which (a) in the case of the write-down and conversion power, may provide compensation to holders of the relevant capital instruments via the issue or transfer of ordinary shares of the bank or its parent undertaking in certain circumstances and (b) in the case of senior creditors (such as holders of the Senior Notes), aim to ensure that they do not incur greater losses than they would have incurred had the relevant financial institution been wound up under normal insolvency proceedings.

As the parent company of a U.K. bank, we are subject to the “Special Resolution Regime” under the Banking Act, that gives wide powers in respect of U.K. banks and their parent and other group companies to HM Treasury, the Bank of England, the Prudential Regulation Authority (the “PRA”), and the Financial Conduct Authority (the “FCA”) in circumstances where a U.K. bank has encountered or is likely to encounter financial difficulties.

In addition to the BRRD described above, it is possible that the exercise of other powers under the U.K. Banking Act, to resolve failing banks in the United Kingdom and give the authorities powers to override events of default or termination rights that might be invoked as a result of the exercise of the resolution powers, could have a material adverse effect on the rights of holders of the Senior Notes, including through a material adverse effect on the price of the Senior Notes. The Banking Act also gives the Bank of England the power to override, vary or impose contractual obligations between a U.K. bank, its holding company and its group undertakings for reasonable consideration, in order to enable any transferee or successor bank to operate effectively. There is also power for the U.K. Treasury to amend the law (excluding provisions made by or under the Banking Act) for the purpose of enabling it to use the regime powers effectively, potentially with retrospective effect. In addition, the Banking Act may be further amended and/or other legislation may be introduced in the United Kingdom to amend the resolution regime that would apply in

the event of a bank failure or to provide regulators with other resolution powers.

Finally, the determination that all or part of the principal amount of any series of Senior Notes will be subject to bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of our control. This determination will also be made by the relevant U.K. resolution authority and there may be many factors, including factors not directly related to us or the Group, which could result in such a determination. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of a U.K. bail-in power may occur which would result in a principal write-off or conversion to other securities, including equity. Moreover, as the criteria that the relevant U.K. resolution authority will be obliged to consider in exercising any U.K. bail-in power provide it with considerable discretion, holders of the Senior Notes may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such power and consequently its potential effect on us, the Group and the Senior Notes. Potential investors in the Senior Notes should consider the risk that a holder

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may lose all of its investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon.

Holders of Senior Notes may have limited rights or no rights to challenge any decision of the relevant U.K. resolution authority to exercise the U.K. bail-in power or to have that decision reviewed by a judicial or administrative process or otherwise.

Accordingly, trading behavior in respect of the Senior Notes is not necessarily expected to follow the trading behavior associated with other types of securities that are not subject to such recovery and resolution powers. Potential investors in the Senior Notes should consider the risk that a holder of the Senior Notes may lose all of its investment, including the principal amount plus any accrued and unpaid interest, if such statutory loss absorption measures are acted upon or that the Senior Notes may be converted into ordinary shares. Further, the introduction or amendment of such recovery and resolution powers, and/or any implication or anticipation that they may be used, may have a significant adverse effect on the market price of the Senior Notes, even if such powers are not used.

Other powers contained in the Special Resolution Regime under the Banking Act may affect your rights under, and the value of your investment in, the Senior Notes.

The “Special Resolution Regime” under the Banking Act also includes powers to (a) transfer all or some of the securities issued by a U.K. bank or its parent, or all or some of the property, rights and liabilities of a U.K. bank or its parent (which would include the Senior Notes), to a commercial purchaser or, in the case of securities, into temporary public ownership, or, in the case of property, rights or liabilities, to a bridge bank (an entity owned by the Bank of England); (b) together with another resolution tool only, transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximizing their value through eventual sale or orderly wind-down; (c) override any default provisions, contracts or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (d) commence certain insolvency procedures in relation to a U.K. bank; and (e) override, vary or impose contractual obligations, for reasonable consideration, between a U.K. bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group), in order to enable any transferee or successor bank of the U.K. bank to operate effectively.

The Banking Act also gives power to the U.K. government to make further amendments to the law for the purpose of enabling it to use the Special Resolution Regime powers effectively, potentially with retrospective effect.

The powers set out in the Banking Act could affect how credit institutions (and their parent companies) and investment firms are managed as well as, in certain circumstances, the rights of creditors. Accordingly, the taking of any actions contemplated by the Banking Act may affect your rights under the Senior Notes, and the value of your Senior Notes may be affected by the exercise of any such powers or threat thereof.

The Senior Notes may not be a suitable investment for investors.

An investor should reach a decision to invest in the Senior Notes after carefully considering, in conjunction with his or her advisors, the suitability of the Senior Notes in light of his or her investment objectives and the other information set out in this prospectus supplement and the prospectus. Neither the Issuer nor the Underwriters makes any recommendation as to whether the Senior Notes are a suitable investment for any person.

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There is no limit on the amount or type of further securities or indebtedness that LBG may issue or incur.

There is no restriction on the amount of securities or other liabilities that LBG may issue or incur and which rank pari passu with, the Senior Notes. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of the Senior Notes on a winding up of LBG and may limit LBG's ability to meet its obligations under the Senior Notes.

The Senior Notes are obligations exclusively of LBG and LBG is structurally subordinated to the creditors of its subsidiaries.

The Senior Notes are obligations exclusively of LBG. LBG is a holding company and conducts substantially all of its operations through its subsidiaries. LBG's subsidiaries are separate and distinct legal entities, and have no obligation to pay any amounts due or to provide LBG with funds to meet any of LBG's payment obligations. LBG's rights to participate in the assets of any subsidiary if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and any preference shareholders, except in the limited circumstance where LBG is a creditor with claims that are recognized to be ranked ahead of or pari passu with such claims. Accordingly, if one of LBG's subsidiaries were to be wound up, liquidated or dissolved, (i) the holders of the Senior Notes would have no right to proceed against the assets of such subsidiary, and (ii) the liquidator of such subsidiary would first apply the assets of such subsidiary to settle the claims of the creditors of such subsidiary, including holders (which may include LBG) of any preference shares and other tier 1 capital instruments of such other subsidiary, before LBG, to the extent LBG is an ordinary shareholder of such other subsidiary and would be entitled to receive any distributions from such other subsidiary.

The Senior Notes are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund, or any other government agency.

The Senior Notes are our obligations but are not bank deposits. In the event of our insolvency, the Senior Notes will rank equally with our other unsecured obligations and will not have the benefit of any insurance or guarantee of the Federal Deposit Insurance Corporation, The Deposit Insurance Fund, or any other government agency.

***Holders of the Senior Notes may find it difficult to enforce civil liabilities against LBG or LBG's directors or officers.***

LBG is incorporated as a public limited company and is registered in Scotland and LBG's directors and officers reside outside of the United States. In addition, all or a substantial portion of LBG's assets are located outside of the United States. As a result, it may be difficult for holders of the Senior Notes to effect service of process within the United

States on such persons or to enforce judgments against them, including in any action based on civil liabilities under the U.S. federal securities laws.

***Investors should be aware that the materialization of any of the above risks (including those risks incorporated herein by reference) may adversely affect the value of the Senior Notes.***

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## Use of Proceeds

The net proceeds from the sale of the Senior Notes, less the underwriting compensation stated on the cover of this prospectus supplement and expenses payable by us estimated at \$ \_\_\_\_\_, are estimated to be \$ \_\_\_\_\_. These proceeds will be used for general corporate purposes.

## Capitalization of the Group

The Group's capitalization and indebtedness on a consolidated basis in accordance with IFRS as at March 31, 2016 is set out in the report on Form 6-K dated April 28, 2016, which is incorporated by reference herein.

## Ratio of Earnings to Fixed Charges

The Group's ratio of earnings to fixed charges for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 is set out in the report on Form 6-K dated March 8, 2016, which is incorporated by reference herein.

## Description of the Senior Notes

*In this prospectus supplement, we refer to the Fixed Rate Senior Notes due 2021 as the “Fixed Rate Senior Notes”, to the Floating Rate Notes due 2021 as the “Floating Rate Notes” and to the Fixed Rate Senior Notes and the Floating Rate Notes collectively as the “Senior Notes”. The following is a summary of certain terms of the Senior Notes. It supplements the description of the general terms of the debt securities of any series we may issue contained in the accompanying prospectus under the heading “Description of Debt Securities”. If there is any inconsistency between the following summary and the description in the accompanying prospectus, the following summary governs.*

### Fixed Rate Senior Notes

The Fixed Rate Senior Notes will be issued in an aggregate principal amount of \$ \_\_\_\_\_ and will mature on July \_\_\_\_\_, 2021. From and including the date of issuance, interest will accrue on the Fixed Rate Senior Notes at a rate of \_\_\_\_\_ % per annum. Interest will accrue on the Fixed Rate Senior Notes from July \_\_\_\_\_, 2016 and will be payable semi-annually in arrears on January \_\_\_\_\_ and July \_\_\_\_\_ of each year, commencing on January \_\_\_\_\_, 2017. Interest will be paid to holders of record of the Fixed Rate Senior Notes in respect of the principal amount thereof outstanding 15 calendar days preceding the relevant interest payment date, whether or not a business day.

Interest on the Fixed Rate Senior Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, on the basis of the actual number of days elapsed in such period. If any scheduled interest payment date is not a business day, we will pay interest on the next business day, but interest on that payment will not accrue during the period from and after the scheduled interest payment date. If the scheduled maturity date or date of redemption or repayment is not a business day, we may pay interest and principal on the next succeeding business day, but interest on that payment will not accrue during the period from and after the scheduled maturity date or date of redemption or repayment.

### Floating Rate Notes

The entire principal amount of the Floating Rate Notes will mature and become due and payable, together with any accrued and unpaid interest, on July \_\_\_\_\_, 2021.

The interest rate for the Floating Rate Notes for the first Floating Rate Interest Period (as defined below) will be LIBOR (as defined below) as determined on July \_\_\_\_\_, 2016 plus the Spread. Thereafter, the interest rate for each Floating Rate Interest Period other than the first Floating Rate Interest Period will be LIBOR as determined on the applicable Interest Determination Date (as defined below) plus the Spread, calculated on the basis of a 360-day year



and the actual number of days elapsed. The Spread is \_\_\_\_\_ basis points for the Floating Rate Notes.

The first Floating Rate Interest Payment Date (as defined below) will fall on October \_\_\_\_\_, 2016. Thereafter, interest on the Floating Rate Notes will be paid quarterly in arrears on January \_\_\_\_\_, April \_\_\_\_\_, July \_\_\_\_\_ and October \_\_\_\_\_ of each year (together with the initial interest payment date, each a "Floating Rate Interest Payment Date"). However, if a Floating Rate Interest Payment Date would fall on a day that is not a business day, other than the interest payment date that is also the date of maturity, the Floating Rate Interest Payment Date will be postponed to the next succeeding day that is a business day and interest thereon will continue to accrue, except that if the business day falls in the next succeeding calendar month, the applicable Floating Rate Interest Payment Date will be the immediately preceding business day. In each such case, except for the Floating Rate Interest Payment Date falling on the maturity date, the Floating Rate Interest Periods and the Interest Reset Dates (as defined below) will be adjusted accordingly to calculate the amount of interest payable on the Floating Rate Notes.

The interest rate will be reset on each Floating Rate Interest Payment Date (together with the initial interest reset date, each an "Interest Reset Date"). However, if any Interest Reset Date would otherwise be a day that is not a business day, that Interest Reset Date will be postponed to the next succeeding day that is a business day, except that if the business day falls in the next succeeding calendar month, the applicable Interest Reset Date will be the immediately preceding business day.

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