

Lloyds Banking Group plc
 Form 424B5
 August 20, 2012

The information in this preliminary pricing supplement is not complete and may be changed. A registration statement relating to the securities has been filed with the Securities and Exchange Commission. This preliminary pricing supplement is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale of securities is not permitted.

Subject to Completion, dated August 20, 2012
 Preliminary Pricing Supplement No. 28
 (To Prospectus Supplement dated June 6, 2011
 and Prospectus dated December 22, 2010)

Filed Pursuant to Rule 424(b)(5)
 Registration Nos. 333-167844 and 333-167844-01
 September , 2012

US \$

Lloyds TSB Bank plc
 fully and unconditionally guaranteed by Lloyds Banking Group plc
 Senior Callable 6-Month USD LIBOR and S&P 500® Index Range Accrual Notes due September 19, 2032
 Medium-Term Notes, Series A

As further described below, subject to our Redemption Right, interest will accrue quarterly on the Notes at the Accrual Rate specified below for each day that (A) 6-Month USD LIBOR is greater than or equal to 0.00% and less than or equal to 6.00% and (B) the closing level of the S&P 500® Index is greater than or equal to 990.

SUMMARY TERMS

Issuer:	Lloyds TSB Bank plc
Guarantor:	Lloyds Banking Group plc. The Notes are fully and unconditionally guaranteed by the Guarantor. The Guarantees will constitute the Guarantor's direct, unconditional, unsecured and unsubordinated obligations ranking pari passu with all of the Guarantor's other outstanding unsecured and unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.
Aggregate Principal Amount:	\$
Stated Principal Amount:	\$1,000 per note
Notes:	Senior Callable 6-Month USD LIBOR and S&P 500® Index Range Accrual Notes due September 19, 2032, Medium-Term Notes, Series A (each a "Note" and collectively, "the Notes")
Ranking:	The Notes will constitute our direct, unconditional, unsecured and unsubordinated obligations ranking pari passu, without any preference among themselves, with all our other outstanding unsecured and unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.
CUSIP / ISIN:	5394E8BG3 / US5394E8BG36
Payment at Maturity:	100% repayment of principal, plus any accrued and unpaid interest, at maturity or upon early redemption. Repayment of principal at maturity, or upon early redemption, if applicable, and all payments of interest are subject to the creditworthiness of Lloyds TSB Bank plc, as the Issuer, and Lloyds Banking Group plc, as the Guarantor of the Issuer's obligations under the Notes.
Issue Price:	At variable prices
Denominations:	Minimum denominations of \$1,000 and multiples of \$1,000 thereafter
Trade Date(s):	
Issue Date:	September 19, 2012
Maturity Date:	September 19, 2032, subject to redemption at the option of the Issuer (as set forth below)
Interest Rate	For each Interest Period, the Interest Rate will be equal to the product of (x) the applicable Accrual Rate (as such term is defined below) and (y) N/ACT where

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“N” = the total number of calendar days in the applicable Interest Period with respect to which (i) the LIBOR Reference Rate is within the LIBOR Reference Rate Range and (ii) the Index Closing Value is greater than or equal to the Index Reference Level (each such day where the conditions described in (i) and (ii) are met, an “Accrual Day”); and “ACT” = the total number of calendar days in the applicable Interest Period.

If on any calendar day the LIBOR Reference Rate is not within the LIBOR Reference Rate Range or the Index Closing Value is less than the Index Reference Level, interest will accrue at a rate of 0.00% per annum for that day.

Accrual Rate:	From and including the Issue Date to but excluding September 19, 2022: 7.00% per annum. From and including September 19, 2022 to but excluding September 19, 2027: 10.00% per annum. From and including September 19, 2027 to but excluding the maturity date: 12.00% per annum.
Interest Payment Dates:	Quarterly, payable in arrears on the 19th day of each March, June, September and December, commencing on (and including) December 19, 2012, and ending on the Maturity Date or the Early Redemption Date, if applicable. If any Interest Payment Date is not a Business Day, interest will be paid on the following Business Day, and interest on that payment will not accrue during the period from and after the originally scheduled Interest Payment Date.
Day-Count Convention:	Actual/Actual
LIBOR Reference Rate	6-Month USD LIBOR-BBA. Please see “Additional Provisions” herein.
LIBOR Reference Rate Range:	Greater than or equal to 0.00% and less than or equal to 6.00%
LIBOR Reference Rate Cutoff:	The LIBOR Reference Rate with respect to each day from and including the fifth New York and London Banking Day prior to the related Interest Payment Date for any Interest Period (each such fifth day, a “LIBOR Reference Rate Cutoff Date”) to but excluding such related Interest Payment Date shall be equal to the LIBOR Reference Rate in effect on the relevant LIBOR Reference Rate Cutoff Date.
Index:	The S&P 500® Index. Please see “Additional Provisions” herein.
Index Closing Value:	The daily closing value of the Index. Please see “Additional Provisions” herein.
Index Reference Level:	990
Index Cutoff:	The Index Closing Value with respect to each day from and including the fifth Index Business Day prior to the related Interest Payment Date for any Interest Period (each such fifth day, an “Index Cutoff Date”) to but excluding such related Interest Payment Date shall be equal to the Index Closing Value in effect on the relevant Index Cutoff Date.
Redemption at the Option of the Issuer:	We may redeem all, but not less than all, of the Notes at the Redemption Price set forth below, on any Interest Payment Date occurring on or after September 19, 2017, provided we give at least 5 Business Days’ and not more than 60 days’ prior written notice to each holder of Notes, the trustee and The Depository Trust Company (“DTC”). If we exercise our redemption option, the Interest Payment Date on which we so exercise it will be referred to as the “Early Redemption Date,” which shall be the date the Redemption Price will become due and payable and on which payments of interest will cease to accrue. If any Early Redemption Date is not a Business Day, the Notes may be redeemed on the following Business Day, and interest will not accrue during the period from and after the originally scheduled Early Redemption Date.
Redemption Price:	If we exercise our redemption option, you will be entitled to receive on the Early Redemption Date 100% of the principal amount together with any accrued and unpaid interest to, but excluding, the Early Redemption Date.
Miscellaneous	

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Listing:	None	Governing Law:	New York
Settlement and Clearance:	DTC; Book-entry	Specified Currency:	U.S. dollars
Trustee and Paying Agent:	The Bank of New York Mellon, acting through its London Branch		
Selling Agent:	Morgan Stanley & Co. LLC	Calculation Agent:	Morgan Stanley Capital Services LLC

(key terms continued on next page)

Commissions and issue price:	Price to Public (1) (2) (3)	Selling Agent's Commission (3)	Proceeds to Lloyds TSB Bank plc
Per Note	At variable prices	\$	\$
Total	At variable prices	\$	\$

Investing in the Notes involves significant risks. See “Risk Factors” beginning on page S-2 of the prospectus supplement and “Risk Factors” beginning on page PS-3 below.

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

None of the Securities and Exchange Commission, any state securities commission or any other regulatory body has approved or disapproved of these Notes or passed upon the adequacy or accuracy of this pricing supplement, the accompanying prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

(1) The Notes will be offered from time to time in one or more negotiated transactions at varying prices to be determined at the time of each sale, which may be at prevailing market prices, at prices related to such prevailing prices, or at negotiated prices; provided, however, that such price will not be less than \$970 per \$1,000 principal amount of the notes or more than \$1,000 per \$1,000 principal amount of the Notes. See “Risk Factors – Yield Risk - The price you pay for the Notes may be higher than the prices other investors pay for the Notes” on page PS-4 of this pricing supplement.

(2) The proceeds you might expect to receive if you were able to resell the Notes on the Issue Date are expected to be less than the price you paid for the Notes. This is because the price you paid for the Notes includes the Selling Agent's commission set forth above and also reflects certain hedging costs associated with the Notes. For additional information, see “Risk Factors—The price you pay for the Notes has certain built-in costs, including the Selling Agent's commission and our cost of hedging, both of which are expected to be reflected in secondary market prices, if any” on page PS-4 of this pricing supplement. The price you will pay for the Notes also does not include fees that you may be charged if you buy the Notes through your registered investment adviser for managed fee-based accounts.

(3) The Selling Agent will receive commissions from the Issuer of up to \$ per \$1,000.00 principal amount of the Notes, or \$ of the Aggregate Principal Amount of the Notes, and may retain all or a portion of these commissions or use all or a portion of these commissions to pay selling concessions or fees to other dealers. See “Supplemental Plan of Distribution” on page PS-12 of this pricing supplement.

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(key terms continued
from previous page)

Interest Periods:	Each period from and including the most recent Interest Payment Date (or the Issue Date, in the case of the first Interest Period) to, but excluding, the following Interest Payment Date (or the Maturity Date or Early Redemption Date, as applicable, in the case of the final Interest Period). Interest Period end dates will not be adjusted in the event that the last day in an Interest Period is not a Business Day
Business Day:	Any day, other than a Saturday or Sunday, that is a day on which commercial banks are generally open for business in New York City and London
Index Business Day:	A day, as determined by the Calculation Agent, on which trading is generally conducted on each of the relevant exchange(s) for the Index, other than a day on which trading on such exchange(s) is scheduled to close prior to the time of the posting of its regular final weekday closing price.
Tax Redemption:	Following the occurrence of one or more changes in tax law that would require the Issuer or the Guarantor to pay additional amounts and in other limited circumstances as described under “Description of the Notes and the Guarantees—Redemption for Tax Reasons” in the prospectus supplement and “Description of Debt Securities—Redemption” in the prospectus, the Issuer may redeem all, but not fewer than all, of the Notes at any time prior to maturity.

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ABOUT THIS PRICING SUPPLEMENT

Unless otherwise defined herein, terms used in this pricing supplement are defined in the accompanying prospectus supplement or in the accompanying prospectus. As used in this pricing supplement:

- “we,” “us,” “our,” the “Issuer” and “Lloyds Bank” mean Lloyds TSB Bank plc;
- “LBG” and the “Guarantor” mean Lloyds Banking Group plc;
- “Notes” refers to the Senior Callable 6-Month USD LIBOR and S&P 500® Index Range Accrual Notes due September 19, 2032, Medium-Term Notes, Series A, together with the related Guarantee, unless the context requires otherwise; and
- “SEC” refers to the Securities and Exchange Commission.

LBG and Lloyds Bank have filed a registration statement (including a prospectus) with the SEC for the offering to which this pricing supplement relates. Before you invest, you should read this pricing supplement together with the accompanying prospectus dated December 22, 2010 (the “prospectus”) in that registration statement and other documents, including the more detailed information contained in the accompanying prospectus supplement dated June 6, 2011 (the “prospectus supplement”), that LBG and Lloyds Bank have filed with the SEC for more complete information about Lloyds Bank and LBG and this offering.

This pricing supplement, together with the prospectus supplement and prospectus, contains the terms of the Notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours.

If the information in this pricing supplement differs from the information contained in the prospectus supplement or the prospectus, you should rely on the information in this pricing supplement.

You may access these documents for free by visiting EDGAR on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- the prospectus supplement dated June 6, 2011 and the prospectus dated December 22, 2010 can be accessed at the following hyperlink:

http://www.sec.gov/Archives/edgar/data/1160106/000095010311002265/dp23013_424b3.htm

Our Central Index Key, or CIK, on the SEC website is 1167831.

Alternatively, LBG, Lloyds Bank, the Selling Agent, any underwriter or any dealer participating in the offering will arrange to send you the prospectus, prospectus supplement and pricing supplement if you request them by calling your Selling Agent’s sales representative, such dealer or toll free 1-888-227-2275 (Extension 2-3430). A copy of these

documents may also be obtained from the Selling Agent by writing to them at 1585 Broadway, New York, New York 10036 or by calling the Selling Agent at (866) 477-4776.

You should rely only on the information provided or incorporated by reference in this pricing supplement, the prospectus supplement and the prospectus. We have not authorized anyone to provide you with different information, and we take no responsibility for any other information that others may give you. We and the Selling Agent are offering to sell the Notes and seeking offers to buy the Notes only in jurisdictions where it is lawful to do so. This pricing supplement, the prospectus supplement and the prospectus are current only as of their respective dates.

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Additional Provisions

LIBOR Reference Rate

“LIBOR” as defined in the accompanying prospectus in the section called “Description of Notes—Floating Rate Notes—LIBOR notes” with an index maturity of 6 months and a Designated LIBOR Currency of US dollars and as displayed on Reuters Page LIBOR01 (or any other page as may replace such page on such service); provided that for the determination of the LIBOR Reference Rate with respect to any calendar day, the “Interest Determination Date” shall be that calendar day unless that calendar day is not a London Banking Day, in which case the LIBOR Reference Rate shall be the LIBOR Reference Rate on the immediately preceding London Banking Day.

If 6-Month USD LIBOR-BBA is not available on Reuters Page LIBOR01 on a calendar day that is a London Banking Day (such day, a “LIBOR Unavailable Day”), the LIBOR Reference Rate with respect to such LIBOR Unavailable Day will be determined pursuant to the procedures described in clause (ii) of “Description of Notes—Floating Rate Notes—LIBOR notes” in the accompanying prospectus as if a LIBOR Unavailable Day were “an interest determination date on which no rate appears on the Designated LIBOR Page”, as such concept is described therein.

New York Banking Day

New York Banking Day means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York, New York.

London Banking Day

London Banking Day means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

New York and London Banking Day

New York and London Banking Day means a day that is both a New York Banking Day and a London Banking Day.

Index: The S&P 500® Index

The S&P 500® Index, which is calculated, maintained and published by Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc., consists of 500 component stocks selected to provide a performance benchmark for the U.S. equity markets. The calculation of the S&P 500 Index is based on the relative value of the float-adjusted aggregate market capitalization of the 500 component companies as of a particular time as compared to the aggregate average market capitalization of 500 similar companies during the base period of the years 1941 through 1943. The S&P 500 Index is described under “Annex A—The S&P 500® Index” in this pricing supplement.

Index Closing Value

For any day in an Interest Period, the Index Closing Value will equal the closing value of the Index as published on Bloomberg under ticker symbol “SPX,” or in the case of any Successor Index, the Bloomberg ticker symbol for any such Successor Index, at the regular weekday close of trading on that calendar day, as determined by the Calculation Agent; provided that, if a Market Disruption Event with respect to the Index occurs on any day in an Interest Period or if any such day in an Interest Period is not an Index Business Day, the closing value of the Index with respect to such day will be the closing value of the Index on the immediately preceding Index Business Day on which no Market Disruption Event has occurred. In certain circumstances, the Index Closing Value will be based on the alternate calculation of the Index described under “Annex A—The S&P 500® Index—Discontinuance of the S&P 500® Index; Alteration of Method of Calculation.”

“Index Business Day” means a day, as determined by the Calculation Agent, on which trading is generally conducted on each of the relevant exchange(s) for the Index, other than a day on which trading on such exchange(s) is scheduled to close prior to the time of the posting of its regular final weekday closing price.

“Relevant exchange” means the primary exchange(s) or market(s) of trading for (i) any security then included in the Index, or any Successor Index, and (ii) futures or options contracts related to the Index or to any security then included in the Index.

For more information regarding Market Disruption Events with respect to the Index, discontinuance of the Index and alteration of the method of calculation, see “Annex A—The S&P 500® Index—Market Disruption Event” and “—Discontinuance of the S&P 500® Index; Alteration of Method of Calculation” herein.

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RISK FACTORS

Your investment in the Notes involves significant risks. Your decision to purchase the Notes should be made only after carefully considering the risks of an investment in the Notes, including those discussed below and in the section entitled “Risk Factors” beginning on page S-2 of the prospectus supplement, with your advisers in light of your particular circumstances. The Notes are not an appropriate investment for you if you are not knowledgeable about significant elements of the Notes or financial matters in general. We also urge you to consult with your investment, legal, accounting, tax, and other advisers before you invest in the Notes.

Issuer Risk

The credit risk of Lloyds Bank and LBG and their credit ratings and credit spreads may adversely affect the value of the Notes.

You are dependent on Lloyds Bank’s ability to pay all amounts due on the Notes, and therefore you are subject to the credit risk of Lloyds Bank and to changes in the market’s view of Lloyds Bank’s creditworthiness. In addition, because the Notes are fully and unconditionally guaranteed by Lloyds Bank’s parent company, LBG, you are also dependent on the credit risk of LBG in the event that Lloyds Bank fails to make any payment or delivery required by the terms of the Notes. If Lloyds Bank and LBG were to default on their respective payment obligations, you may not receive any amounts owed to you under the Notes and you could lose your entire investment. The credit ratings of Lloyds Bank and LBG are an assessment by rating agencies of their ability to pay their obligations, including those under the Notes. Any actual or anticipated decline in Lloyds Bank’s and LBG’s credit ratings, or increase in the credit spreads charged by the market for taking credit risk, is likely to adversely affect the value of the Notes. However, because the return on the Notes is dependent upon factors in addition to Lloyds Bank’s and LBG’s credit ratings, an improvement in their credit ratings will not necessarily increase the value of the Notes and will not reduce market risk and other investment risks related to the Notes.

Yield Risk

The Notes are subject to interest payment risk based on the LIBOR Reference Rate and the Index Closing Value.

If the LIBOR Reference Rate is above 6.00% or below 0.00% or the Index Closing Values are below 990 for an extended period of time, we will not pay any interest on the Notes in respect of such periods of time, and the value of the Notes will decrease. It is also possible that the LIBOR Reference Rate will be above 6.00% or below 0.00%, or the Index Closing Value will be below 990 for so many days during any quarterly Interest Period that the interest payment for that quarterly Interest Period will be less than the amount that would be paid on an ordinary debt security of Lloyds Bank of comparable maturity and may be zero. To the extent that the LIBOR Reference Rate is above 6.00% or below 0.00% or that the Index Closing Value is less than 990, the market value of the Notes may decrease and you may receive substantially less than 100% of the price you paid for your Notes if you wish to sell your Notes at such time.

The LIBOR Reference Rate for any day from and including the fifth New York and London Banking Day prior to the Interest Payment Date of an Interest Period will be the LIBOR Reference Rate for such fifth day.

Because the LIBOR Reference Rate with respect to each day from and including the fifth New York and London Banking Day prior to the related Interest Payment Date for any Interest Period (each such fifth day, a “LIBOR Reference Rate Cutoff Date”) to but excluding such related Interest Payment Date will be the LIBOR Reference Rate in effect on such LIBOR Reference Rate Cutoff Date, if the LIBOR Reference Rate on the LIBOR Reference Rate Cutoff Date is not within the LIBOR Reference Rate Range, you will not receive any interest in respect of the days from and including the LIBOR Reference Rate Cutoff Date to but excluding the relevant Interest Payment Date, even if the LIBOR Reference Rate as actually calculated with respect to any of those days were to be within the LIBOR Reference Rate Range.

The Index Closing Value for any day from and including the fifth Index Business Day prior to the Interest Payment Date of an Interest Period will be the Index Closing Value for such fifth Index Business Day.

Because the Index Closing Value with respect to each day from and including the fifth Index Business Day prior to the related Interest Payment Date for any Interest Period (each such fifth day, an “Index Cutoff Date”) to but excluding such related Interest Payment Date will be equal to the Index Closing Value in effect on the relevant Index Cutoff Date, if the Index Closing Value on that Index Business Day is less than the Index Reference Level, you will not receive any interest in respect of the days from and including the LIBOR Reference Rate Cutoff Date to but excluding the relevant Interest Payment Date, even if the Index Closing Value as actually calculated on any of those days were to be greater than or equal to the Index Reference Level.

The historical performance of the LIBOR reference rate and the Index are not an indication of future performance.

Historical performance of the LIBOR Reference Rate and the Index should not be taken as indications of their future performance during the term of the Notes. Changes in the levels of the LIBOR Reference Rate and the Index will affect the value of the Notes, but it is impossible to predict whether such levels will rise or fall.

The Notes will be subject to early redemption at our option.

We may redeem the Notes prior to the Maturity Date on any quarterly Interest Payment Date, beginning on September 19, 2017. If you intend to purchase the Notes, you must be willing to have your Notes redeemed early. We are generally more likely to redeem the Notes during periods when we expect that interest will accrue on the Notes at a rate that is greater than that which we would pay on our traditional interest-bearing deposits or debt securities having a maturity equal to the remaining term of the Notes. In contrast, we are generally less likely to redeem the Notes during periods when we expect interest to accrue on the Notes at a rate that is less than that which we would pay on those instruments. In addition, we have the right to redeem the Notes in the event of certain tax events as described under “Description of the Notes and the Guarantees—Redemption for Tax Reasons” in the prospectus supplement and “Description of Debt Securities—Redemption” in the prospectus. If we redeem the Notes prior to the Maturity Date, accrued interest will be paid on the Notes until such early redemption, but you will not receive any future interest

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payments from the Notes redeemed and you may be unable to reinvest your proceeds from the redemption in an investment with a return that is as high as the return on the Notes would have been if they had not been redeemed.

The price you pay for the Notes may be higher than the prices other investors pay for the Notes

The Selling Agent proposes to offer the Notes from time to time for sale to investors in one or more negotiated transactions, or otherwise, at prevailing market prices at the time of sale, at prices related to then-prevailing prices, at negotiated prices, or otherwise. Accordingly, there is a risk that the price you pay for your Notes will be higher than the prices other investors pay for their Notes based on the date and time you made your purchase, from whom you purchased the Notes, any related transaction cost, whether you hold your Notes in a brokerage account, a fiduciary or fee-based account or another type of account and other market factors.

Market Risk

The value of the Notes prior to maturity, the LIBOR Reference Rate and the Index Closing Value will be influenced by many unpredictable factors, and the value of the Notes may be less than the price you paid for the Notes.

The value of the Notes will be affected by a number of factors that may either offset or magnify each other, including, but not limited to: (i) changes in the level of the LIBOR Reference Rate, (ii) changes in the level of the Index Closing Value, (iii) volatility of the LIBOR Reference Rate, (iv) volatility of the Index, (v) changes in interest and yield rates, (vi) geopolitical conditions and economic, financial, political and regulatory or judicial events that affect the securities comprising the Index, or equity markets generally, and that may affect the Index, (vii) time remaining to maturity, (viii) the supply and demand for the Notes in the secondary market, if any; and (ix) the actual or perceived creditworthiness of Lloyds Bank, as the Issuer of the Notes, and LBG, as the Guarantor of Lloyds Bank's obligations under the Notes, including actual or anticipated downgrades in LBG's or Lloyds Bank's credit ratings.

In particular, to the extent that, during the term of the Notes, the LIBOR Reference Rate remains outside the LIBOR Reference Rate Range or the Index Closing Value is less than the Index Reference Level, the value of the Notes may decrease and you may receive substantially less than 100% of the price you paid for your Notes if you wish to sell your Notes at such time.

Some or all of these factors will influence the price that you will receive if you sell your Notes prior to the Maturity Date or the Early Redemption Date in the secondary market, if any.

If you sell your Notes before the Maturity Date or the Early Redemption Date, the price that you receive may be less, and may be substantially less, than the price you paid for your Notes.

The price you pay for the Notes has certain built-in costs, including the Selling Agent's commission and our cost of hedging, both of which are expected to be reflected in secondary market prices, if any.

In determining the economic terms of the Notes, and consequently the potential return on the Notes to you, we have taken into account compensation to the Selling Agent for distributing the Notes, which is reflected in the Selling Agent's commission described on the cover of this pricing supplement, as well as certain costs associated with hedging

our obligations under the Notes. The price you pay for the Notes reflects these factors. As a result, the value of the Notes on the Issue Date is expected to be less than the price you paid for your Notes. Assuming no change in market conditions or any other relevant factors, the price, if any, at which the Selling Agent or another purchaser is willing to purchase the Notes in secondary market transactions will likely be less than the price you paid for your Notes. This is due to, among other things, the fact that the price you paid for your Notes includes, and secondary market prices are likely to exclude, the Selling Agent's commission with respect to, and the hedging costs associated with, the Notes. The cost of hedging includes the projected profit that may be realized in consideration for assuming the risks inherent in managing the hedging transactions. These secondary market prices are also likely to be reduced by the costs of unwinding the related hedging transactions. A profit may be realized from the expected hedging activity even if investors do not receive a favorable investment return under the terms of the Notes or in any secondary market transaction. In addition, any secondary market prices may differ from values determined by pricing models used by the Selling Agent, as a result of dealer discounts, mark-ups or other transaction costs.

Liquidity Risk

The Notes will not be listed or displayed on any securities exchange or quotation system, and there may be little or no secondary market for the Notes.

The Notes will not have an established trading market when issued, and the Notes will not be listed or displayed on any securities exchange or quotation system; accordingly, there may be little or no secondary market for the Notes and, as such, information regarding independent market pricing for the Notes may be very limited or non-existent. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the Notes easily. We, the Selling Agent and/or its affiliates may purchase and sell the Notes from time to time in the secondary market, but we, the Selling Agent and/or its affiliates are not obligated to do so. If we, the Selling Agent and/or its affiliates make such a market in the Notes, we, the Selling Agent and/or any such affiliate may stop doing so at any time and for any reason without notice. Because other dealers are not likely to make a secondary market for the Notes, the prices at which you may be able to trade your Notes will probably depend on the price, if any, at which we, the Selling Agent and/or its affiliates may be willing to buy the Notes. It is expected that transaction costs in any secondary market would be high and, as a result, the difference between bid and asked prices for your Notes would be significant. Accordingly, you should be willing to hold the Notes until the Maturity Date, and you may incur a loss if you sell the Notes prior to the Maturity Date or the Early Redemption Date, as applicable. In addition, the Selling Agent may, at any time, hold unsold inventory which may inhibit the development of a secondary market for the Notes.

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Index-Specific Risk Factors

Adjustments to the Index could adversely affect the value of the Notes.

The publisher of the Index can add, delete or substitute the stocks comprising the Index (each, an “Index Component Stock”), and can make other methodological changes required by certain events relating to the Index Component Stocks, such as stock dividends, stock splits, spin-offs, rights offerings and extraordinary dividends, that could change the value of the Index. Any of these actions could adversely affect the value of the Notes. The publisher of the Index may discontinue or suspend calculation or publication of the Index at any time. In these circumstances, the Calculation Agent will have the sole discretion to substitute a Successor Index that is comparable to the discontinued Index. The Calculation Agent could have an economic interest that is different than that of investors in the Notes insofar as, for example, the Calculation Agent is not precluded from considering indices that are calculated and published by the Calculation Agent or any of its affiliates. If the Calculation Agent determines that there is no appropriate Successor Index, on any day on which the Index Closing Value is to be determined, the Index Closing Value for such day will be based on the stocks comprising the discontinued index at the time of such discontinuance, without rebalancing or substitution, computed by the calculation agent, in accordance with the formula for calculating the Index Closing Value last in effect prior to discontinuance of the Index.

You have no shareholder rights.

As an investor in the Notes, you will not have voting rights, rights to receive dividends or other distributions or any other rights with respect to the stocks that underlie the Index.

Investing in the Notes is not equivalent to investing in the Index or the stocks comprising the Index.

Investing in the Notes is not equivalent to investing in the Index or its component stocks.

Hedging and trading activity by the Calculation Agent and its affiliates could potentially adversely affect the level of the Index.

The Calculation Agent and other of its affiliates will carry out hedging activities related to the Notes (and possibly to other instruments linked to the Index or its component stocks), including trading in the Index Component Stocks as well as in other instruments related to the Index or the Index Component Stocks. The Calculation Agent and some of its other subsidiaries also trade in the Index Component Stocks and other financial instruments related to the Index on a regular basis as part of their general broker-dealer and other businesses. Any of these hedging or trading activities on or prior to the day the Notes are priced for initial sale to the public could potentially decrease the Index Closing Value, thus increasing the risk that the Index Closing Value will be less than the Index Reference Level during the term of the Notes.

Conflicts of Interest

There are potential conflicts of interest between investors in the Notes and us and our affiliates and the Selling Agent and its affiliates.

We and our affiliates and the Selling Agent and its affiliates play a variety of roles in connection with the issuance of the Notes, including acting as Calculation Agent and hedging our obligations under the Notes. Trading activities related to interest rate movements, including short-term and long-term interest rate swaps and other instruments that may affect interest rates, have been entered into or may be entered into on behalf of us, our affiliates, the Selling Agent, its affiliates or their respective customers, that are not for the account of the investors in the Notes or on their behalf. In particular, as described below under “Use of Proceeds; Hedging,” we, the Selling Agent and/or its affiliates may hedge our obligations under the Notes by purchasing securities, futures, options or other derivative instruments with returns linked or related to changes in the levels of the LIBOR Reference Rate and the Index and its component securities, and we may adjust these hedges by, among other things, purchasing or selling securities, futures, options or other derivative instruments at any time. These trading activities may present a conflict between the investors’ interests in the Notes and the interests we, our affiliates and the Selling Agent and its affiliates will have in each of their respective proprietary accounts and in facilitating transactions, including block trades and options and other derivatives transactions, for their respective customers and in accounts under each of their respective management. These trading activities, if they influence the levels of the LIBOR Reference Rate and/or the Index or any other factor that may affect the amount of interest that may be paid on any Interest Payment Date, could be adverse to your interests as an investor in the Notes. It is possible that we, the Selling Agent and/or its affiliates could receive substantial returns from these hedging activities while the value of the Notes declines.

There are potential conflicts of interest between investors in the Notes and the Calculation Agent.

As Calculation Agent for your Notes, Morgan Stanley Capital Services LLC, an affiliate of the Selling Agent, will have discretion in making certain determinations that affect your Notes, including with respect to the LIBOR Reference Rate, the Index Closing Value, the occurrence or non-occurrence of Market Disruption Events and the selection of a Successor Index or calculation of the Index Closing Value in the event of a discontinuance of the Index, may adversely affect any payments you may receive in respect of the Notes. The exercise of this discretion by Morgan Stanley Capital Services LLC could adversely affect the value of your Notes and may present a conflict of interest between the investors’ interests in the Notes and the interests of Morgan Stanley Capital Services LLC. We may change the Calculation Agent at any time without notice to you.

We and our affiliates and the Selling Agent and its affiliates have published or may in the future publish reports, express opinions or provide recommendations and engage in other transactions that could adversely affect the value of the Notes.

We and our affiliates and the Selling Agent and its affiliates have published or may in the future publish reports from time to time on financial markets and other matters that may influence the value of the Notes or express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any such reports, opinions or recommendations may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the merits of investing in the Notes.

We and the Selling Agent or any of its affiliates also may issue, underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments that may have features similar to those of the Notes, including similar rates of interest or maturities. By introducing competing products into the marketplace in this manner, we and the Selling Agent or its affiliates could adversely affect the value of the Notes.

Senior Callable 6-Month USD LIBOR and S&P 500® Index Range Accrual Notes due September 19, 2032

Suitability of Investment

The Notes may not be a suitable investment for you under certain circumstances.

The Notes may not be a suitable investment for you, if, among other things:

- you are unwilling to forgo guaranteed market interest rates for the term of the Notes;
- you believe that the LIBOR Reference Rate will be above 6.00% or below 0.00%, or that the Index Closing Values will be below 990, for significant periods of time during the term of the Notes;
- you are unable to accept the risk that the Notes may pay interest at a very low rate or even zero interest in respect of any Interest Payment Date;
- you seek assurances that there will be a liquid market if and when you want to sell the Notes prior to maturity;
- you are unwilling to accept the risk that the Notes may be redeemed prior to maturity, and are unwilling or unable to accept the risk that you may be unable to reinvest the proceeds of such redemption in an investment with a return that is as high as the return on the Notes would have been if they had not been redeemed; or
- you are unwilling or are unable to assume the credit risk associated with Lloyds Bank, as the Issuer of the Notes, and LBG, as the Guarantor of the Issuer's obligations under the Notes.

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Senior Callable 6-Month USD LIBOR and S&P 500® Index Range Accrual Notes due September 19, 2032

HYPOTHETICAL INTEREST RATE AND INTEREST PAYMENT CALCULATIONS

As described above, the Notes will pay interest on each Interest Payment Date for each day that (A) 6-Month USD LIBOR is greater than or equal to 0.00% and less than or equal to 6.00% AND (B) the closing level of the S&P 500® Index is greater than or equal to 990. The following illustrates the process by which the interest rate and interest payment amount are determined.

For purposes of these examples, we assume that the Notes are not being redeemed on the applicable Interest Payment Date pursuant to the Redemption at the Option of the Issuer provisions above. If we exercise our redemption option, you will receive on the Early Redemption Date the Redemption Price applicable to that Early Redemption Date, calculated as described above. In addition, we have assumed that the applicable Accrual Rate is 7.00% per annum.

Interest Rate Calculation

Step 1: Determine the number of days in the Interest Period with respect to which the LIBOR Reference Rate was within the LIBOR Reference Rate Range AND the Index Closing Value was greater than or equal to the Index Reference Level.

For each Interest Period, the LIBOR Reference Rate and Index Closing Value are determined with respect to each day of such Interest Period (subject to the LIBOR Reference Rate Cutoff and Index Cutoff). For each calendar day in an Interest Period with respect to which (i) the LIBOR Reference Rate is within the LIBOR Reference Rate Range and (ii) the Index Closing Value is greater than or equal to the Index Reference Level (each such day, an “Accrual Day”), interest will accrue at a per annum rate of 7.00% for that day. However, if on any calendar day in an Interest Period the LIBOR Reference Rate is not within the LIBOR Reference Rate Range or the Index Closing Value is less than the Index Reference Level, interest will accrue at a rate of 0.00% per annum for that day.

Step 2: Calculate the per annum interest rate for each Interest Payment Date.

For each Interest Period, the per annum rate payable is determined by multiplying the per annum rate of 7.00% by a fraction equal to the number of Accrual Days calculated for such Interest Period divided by the total number of calendar days in su