

Information Memorandum



LLOYDS BANK

A\$15,000,000,000 Medium Term Note Programme

Issuers

Lloyds Bank plc

(incorporated in England with limited liability under the Companies Act 1862 and the Companies Act 1985 with registered number 2065)

and

Lloyds Banking Group plc

(incorporated in Scotland with limited liability under the Companies Act 1985 with registered number SC095000)

Arranger

Australia and New Zealand Banking Group Limited

Dealers

Australia and New Zealand Banking Group Limited

Commonwealth Bank of Australia

J.P. Morgan Australia Limited

National Australia Bank Limited

Nomura International plc

UBS AG, Australia Branch

Westpac Banking Corporation

The date of this Information Memorandum is 19 December 2014

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Important Notice

Introduction

This Information Memorandum relates to a medium term note programme (“**Programme**”) established by Lloyds Bank plc and Lloyds Banking Group plc (each an “**Issuer**”, and together the “**Issuers**”), under which medium term notes and other debt securities (collectively referred to as “**Notes**”) may, from time to time, be issued, in aggregate, up to the Programme Amount (as defined in the section entitled “Summary of the Programme” below). A reference to “the Issuer” in this Information Memorandum is a reference to each of Lloyds Bank plc or Lloyds Banking Group plc individually unless otherwise specified and a reference to “**the Group**” in this Information Memorandum is a reference to Lloyds Banking Group plc and its subsidiaries and subsidiary undertakings from time to time.

Notes to be issued under the Programme may comprise (i) unsubordinated Notes (“**Senior Notes**”) and (ii) Notes which are subordinated as described herein and have terms capable of qualifying as Tier 2 Capital (as defined below) (“**Dated Subordinated Notes**”). The term “Tier 2 Capital” has the meaning given to it from time to time by the laws and directives relating to capital adequacy then in effect in the United Kingdom and applicable to the Issuer or other members of the Group. It is intended that only Lloyds Banking Group plc will issue Dated Subordinated Notes.

Neither Issuer is a bank nor an authorised deposit-taking institution which is authorised under the Banking Act 1959 of Australia (“Australian Banking Act”). The Notes are not obligations of the Australian Government or any other government and, in particular, are not guaranteed by the Commonwealth of Australia. Neither Issuer is supervised by the Australian Prudential Regulation Authority. An investment in any Notes issued by an Issuer will not be covered by the depositor protection provisions in section 13A of the Australian Banking Act and will not be covered by the Australian Government’s bank deposit guarantee (also commonly referred to as the Financial Claims Scheme).

Issuer’s responsibility

This Information Memorandum has been prepared by, and issued with the authority of, each Issuer.

Each Issuer accepts responsibility for the information contained in this Information Memorandum other than information provided by the Arranger, the Dealers and the Agents (each as defined in the section entitled “Summary of the Programme” below) in relation to their respective descriptions in the section entitled “Directory” below.

Terms and conditions of issue

Notes will be issued in series (each a “**Series**”). Each Series may comprise one or more tranches (each a “**Tranche**”) having one or more issue dates and on terms and conditions that are otherwise identical (other than, to the extent relevant, in respect of the issue price and first payment of interest).

Each issue of Notes will be made pursuant to such documentation as the Issuer may determine. A pricing supplement and/or another supplement to this Information Memorandum (each a “**Pricing Supplement**”) will be issued for each Tranche or Series of Notes. A Pricing Supplement will contain details of the initial aggregate principal amount, issue price, issue date, maturity date, details of interest (if any) payable together with any other terms and conditions not set out in this Information Memorandum that may be applicable to that Tranche or Series of Notes. The terms and conditions (“**Conditions**”) applicable to the Notes are included in this Information Memorandum and may be supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Notes.

An Issuer may also publish a supplement to this Information Memorandum (or additional Information Memoranda) which describes the issue of Notes (or particular classes of Notes) not otherwise described in this Information Memorandum. A Pricing Supplement or a supplement to this Information Memorandum may also supplement, amend, modify or replace any statement or information set out in

any previous Pricing Supplement or incorporated by reference in this Information Memorandum or a supplement to this Information Memorandum.

EU Bank Resolution and Recovery Directive

The final text of the Bank Recovery and Resolution Directive (“**BRRD**”), establishing a framework for the prevention, management and resolution of failing banks, was published in the Official Journal of the European Union on 12 June 2014, with Member States required to adopt necessary implementing measures under national law by no later than 31 December 2014. In the U.K., the U.K. Banking Reform Act 2013 has already made provision for certain aspects of the “bail-in” power and further legislation is expected to be enacted during 2014 in order to give full effect to the majority of the provisions of BRRD from 1 January 2015. See the section entitled “EU Bank Resolution and Recovery Directive” below for further information.

Documents incorporated by reference

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. References to “**Information Memorandum**” are to this Information Memorandum and any other document incorporated by reference and to any of them individually.

The following documents (including any that are published or issued from time to time after the date of this Information Memorandum) are incorporated in, and taken to form part of, this Information Memorandum:

- the most recently published audited annual consolidated financial statements and, if published later, the most recently published unaudited but reviewed interim consolidated financial statements (if any) of each Issuer from time to time and including any applicable auditor or review report accompanying such financial statements;
- all supplements or amendments to this Information Memorandum prepared and approved in writing and circulated by an Issuer from time to time;
- each Pricing Supplement and all documents stated therein to be incorporated in this Information Memorandum; and
- all other documents issued by an Issuer and stated to be incorporated in this Information Memorandum by reference.

Any statement contained in this Information Memorandum shall be modified or superseded in this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference into this Information Memorandum modifies or supersedes such statement (including whether expressly or by implication).

Except as provided above, no other information, including any information on the internet sites of the Issuer or in any document incorporated by reference in any of the documents described above, is incorporated by reference into this Information Memorandum.

Copies of documents which are incorporated by reference in this Information Memorandum may be obtained from the office of the Issuer or from such other person as may be specified in each Pricing Supplement.

Investors should review, amongst other things, the documents which are deemed to be incorporated by reference in this Information Memorandum when deciding whether or not to subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

References to internet site addresses

Any internet site addresses provided in this Information Memorandum are for reference only and, unless expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Information Memorandum.

No independent verification

The only role of the Arranger, the Dealers and the Agents in the preparation of this Information Memorandum has been to confirm to the Issuers that their respective details, Australian Business Number (“**ABN**”) and Australian financial services licence (“**AFSL**”) numbers (where applicable) in the sections entitled “Summary of the Programme” and “Directory” below are accurate as at the Preparation Date (as defined below).

Apart from the foregoing, none of the Arranger, the Dealers or the Agents (and none of (i) their respective affiliates, (ii) their respective directors, partners, officers, employees, agents, representatives or advisers, or (iii) the affiliates of any of the persons referred to in (ii) (“**Dealer Affiliates**”)) has independently verified the information contained in this Information Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by any of them, as to the accuracy or completeness of this Information Memorandum or any further information supplied by the Issuer in connection with the Programme or any Notes.

The Arranger, the Dealers, the Dealer Affiliates and the Agents expressly do not undertake to review the financial condition or affairs of an Issuer or any of its affiliates at any time or to advise any holder of a Note of any information coming to their attention with respect to an Issuer, the Programme or the Notes and make no representations as to the ability of an Issuer to comply with its obligations under any Notes. None of the Arranger, the Dealers or the Agents make any representation as to the performance of an Issuer, the maintenance of capital or any particular rate of return, nor does any Arranger, Dealer or Agent guarantee the payment of capital or any particular rate of capital or income return, in each case, on the Notes.

No authorisation

No person has been authorised to give any information or make any representations not contained in or consistent with this Information Memorandum in connection with the Issuer, the Programme or the issue or sale of the Notes and, if given or made, such information or representation must not be relied on as having been authorised by an Issuer, the Arranger, the Dealers, the Dealer Affiliates or any of the Agents.

Intending purchasers to make independent investment decision and obtain tax advice

This Information Memorandum contains only summary information concerning the Notes. Neither the information contained in this Information Memorandum nor any other information supplied in connection with the Programme or the issue of any Notes is intended to provide the basis of any credit or other evaluation and should not be considered or relied on as a recommendation or a statement of opinion (or a report of either of those things) by any of the Issuers, the Arranger, the Dealers, the Dealer Affiliates or any Agent that any recipient of this Information Memorandum or any other information supplied in connection with the Programme or the issue of any Notes should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer;
- determine for themselves the relevance of the information contained in this Information Memorandum and any other information supplied in connection with the Programme or the

issue of any Notes, and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary; and

- consult their own tax advisers concerning the application of any tax laws applicable to their particular situation.

No advice is given in respect of the legal or taxation treatment of investors or purchasers in connection with an investment in any Notes or rights in respect of them and each investor is advised to consult its own professional adviser.

Risks

Neither this Information Memorandum nor any other information supplied in connection with the Programme or the issue of any Notes describes the risks of an investment in any Notes. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

No offer

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuers, the Arranger, the Dealers, the Dealer Affiliates or the Agents to any person to subscribe for, purchase or otherwise deal in any Notes.

Selling restrictions and no disclosure

Neither this Information Memorandum nor any other disclosure document in relation to the Notes has been, or will be, lodged with the Australian Securities and Investments Commission (“**ASIC**”). No action has been taken which would permit an offering of the Notes in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act 2001 of Australia (“**Corporations Act**”).

The Information Memorandum is not a prospectus or other disclosure document for the purposes of the Corporations Act.

For a description of certain restrictions on offers, sales and deliveries of the Notes, and on distribution of this Information Memorandum, any Pricing Supplement or other offering material relating to the Notes, see the section entitled “Selling Restrictions” below.

A person may not (directly or indirectly) offer for subscription or purchase or issue an invitation to subscribe for or buy Notes, nor distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Notes except if the offer or invitation, or distribution or publication, complies with all applicable laws and directives.

No registration in the United States

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (“**Securities Act**”). The Notes may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities law. Accordingly, the Notes are being offered, sold or delivered outside the United States to persons that are not U.S. persons as defined in Regulation S under the Securities Act (“**Regulation S**”) in reliance on Regulation S.

Agency and distribution arrangements

The Issuers have agreed to pay fees to the Agents for undertaking their respective roles and reimburse them for certain of their expenses incurred in connection with the Programme and the offer and sale of Notes.

An Issuer may also pay a Dealer a fee in respect of the Notes subscribed by it and may agree to reimburse the Arranger and/or the Dealers for certain expenses incurred in connection with this Programme.

The Issuers, the Arranger, the Dealers, the Dealer Affiliates and the Agents, may have pecuniary or other interests in the Notes and may also have interests pursuant to other arrangements (including engaging from time to time in various financing, investment, trading and other investment banking transactions with the Issuers) and may receive fees, brokerage, commissions and other compensation and may act as a principal in dealing in any Notes.

The distribution and use of this Information Memorandum, including any Pricing Supplement, advertisement or other offering material, and the offer or sale of Notes may be restricted by law in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions. In particular, no action has been taken by any of the Issuer, the Arranger, the Dealers or any Dealer Affiliate or any Agents which would permit a public offering of any Notes or distribution of this Information Memorandum or any such document in any jurisdiction where action for that purpose is required.

References to credit ratings

There are references to credit ratings in this Information Memorandum. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant assigning organisation. Each credit rating should be evaluated independently of any other credit rating.

Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.

Currencies

In this Information Memorandum, references to “**A\$**” or “**Australian dollars**” are to the lawful currency of the Commonwealth of Australia and “**£**”, “**GBP**” or “**pounds**” are to pounds sterling.

Currency of information

The information contained in this Information Memorandum is prepared as of its Preparation Date. Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that the information contained in it is correct, that any other information supplied in connection with the Programme or the issue of Notes is correct or that there has not been any change (adverse or otherwise) in the financial conditions or affairs of the Issuer at any time subsequent to the Preparation Date. In particular, the Issuer is not under any obligation to any person to update this Information Memorandum at any time after an issue of Notes.

In this Information Memorandum, “**Preparation Date**” means:

- in relation to this Information Memorandum, the date indicated on its face or, if this Information Memorandum has been amended or supplemented, the date indicated on the face of that amendment or supplement;
- in relation to annual reports and any financial statements incorporated in this Information Memorandum, the date up to, or as at, the date on which such annual reports and financial statements relate; and

- in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release or effectiveness.

Summary of the Programme

The following is a brief summary only and should be read in conjunction with the rest of this Information Memorandum and, in relation to any Notes, the applicable Conditions and any relevant Pricing Supplement. A term used below but not otherwise defined has the meaning given to it in the Conditions. A reference to a "Pricing Supplement" does not limit the provisions or features of this Programme which may be supplemented, amended, modified or replaced by a Pricing Supplement in relation to a particular Tranche or Series of Notes.

- Issuers: Lloyds Bank plc
Lloyds Banking Group plc
- Programme description: A non-underwritten medium term note programme under which, subject to applicable laws and directives, each Issuer may elect to issue medium term notes and other debt securities (collectively referred to as "**Notes**") in registered uncertificated form.
- Programme Amount: A\$15,000,000,000 (as that amount may be increased from time to time).
- Programme Term: The term of the Programme continues until terminated by either Issuer giving 30 days' notice to the Arranger and the Dealers then appointed to the Programme generally or earlier by agreement between all parties to the Dealer Agreement dated 19 December 2014, as amended or supplemented from time to time ("**Dealer Agreement**").
- Arranger: Australia and New Zealand Banking Group Limited
- Dealers: Australia and New Zealand Banking Group Limited
Commonwealth Bank of Australia
J.P. Morgan Australia Limited
National Australia Bank Limited
Nomura International plc
UBS AG, Australia Branch
Westpac Banking Corporation
- Contact details and particulars of the ABN and AFSL for each of the above named Arranger and Dealers are set out in the in the section entitled "Directory" below.
- Additional Dealers may be appointed by an Issuer from time to time for a specific Tranche or Series of Notes only or by the Issuers to the Programme generally.
- Registrar: Citigroup Pty Limited (ABN 88 004 325 080) and/or any other person appointed by an Issuer to perform registry functions and establish and maintain a Register (as defined below) in Australia on that Issuer's behalf from time to time ("**Registrar**"). Details of additional appointments in respect of a Tranche or Series will be notified in the relevant Pricing Supplement.
- Issuing and Paying Agent: Citigroup Pty Limited (ABN 88 004 325 080) and/or any other person appointed by an Issuer to act as issuing agent or paying agent on the Issuer's behalf from time to time in Australia in respect of a Tranche or Series ("**Issuing and Paying Agent**") as will be notified in the relevant Pricing Supplement.
- Calculation Agents: If a Calculation Agent is required for the purpose of calculating any amount or making any determination under a Note, such appointment will be notified in the relevant Pricing Supplement. An Issuer may terminate the appointment of

the Calculation Agent, or appoint additional or other Calculation Agents.

Agents: Each Registrar, Issuing and Paying Agent, Calculation Agent and any other person appointed by an Issuer to perform other agency functions with respect to any Tranche or Series of Notes (details of such appointment may be set out in the relevant Pricing Supplement).

Types of Notes: The types of Notes that may be issued under the Programme include fixed rate notes, floating rate notes, zero coupon notes, dated subordinated notes and any other notes referred to in the Pricing Supplement.

The Notes of any Series may be described as “MTNs”, “Notes”, “Bonds” or by any other marketing name specified in a relevant Pricing Supplement.

Form of Notes: Notes will be issued in registered uncertificated form and will be debt obligations of the Issuer which are constituted by, and owing under, the Note Deed Poll dated 19 December 2014, as amended or supplemented from time to time, or such other deed poll executed by the Issuer as may be specified in an applicable Pricing Supplement (each a “**Deed Poll**”).

Notes will take the form of entries in a register (“**Register**”) maintained by the Registrar.

Status and ranking: In each case subject to such exceptions as may be provided by mandatory provisions of applicable law, the Senior Notes constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer and the Dated Subordinated Notes constitute unsecured, subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves.

U.K. bail-in power: By purchasing the Notes, each Noteholder (including each beneficial owner) of the Notes acknowledges, agrees to be bound by and consents to the exercise of any U.K. bail-in power by the relevant U.K. resolution authority that may result in (i) the cancellation of all, or a portion, of the principal amount of, or interest on, the Notes and/or (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the Notes into shares or other securities or other obligations of Lloyds Banking Group plc or another person, which U.K. bail-in power may be exercised by means of variation of the terms of the Notes solely to give effect to the above. Each Noteholder (including each beneficial owner) of the Notes further acknowledges and agrees that the rights of the Noteholders under the 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 expressed to implement such a cancellation or conversion.

No repayment of the principal amount of the Notes or payment of interest on the 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 the Issuer under the laws and regulations of the United Kingdom and the European Union applicable to the Issuer or other members of the Group.

Negative pledge: None.

Cross default: None.

- Issuance in Series:** Notes will be issued in Series. Each Series may comprise one or more Tranches having one or more issue dates and on conditions that are otherwise identical (other than, to the extent relevant, in respect of the issue price and the first payment of interest). The Notes of each Tranche of a Series are intended to be fungible with the other Tranches of Notes of that Series.
- Maturities:** Subject to all applicable laws and directives, Notes will have a minimum maturity of 365 days. Unless otherwise permitted by then current laws and directives, Dated Subordinated Notes constituting Tier 2 Capital will have a minimum maturity of five years.
- Currencies:** Subject to all applicable laws and directives, Notes will be denominated in Australian dollars.
- Issue Price:** Notes may be issued at any price, as specified in the relevant Pricing Supplement.
- Interest:** Interest may be at a fixed, floating or other variable rate and may vary during the lifetime of the relevant Series.
- Denominations:** Subject to all applicable laws and directives, Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement.
- Austraclear System:** The Issuer may apply to Austraclear Ltd (ABN 94 002 060 773) ("**Austraclear**") for approval for Notes to be traded on the clearing and settlement system operated by it ("**Austraclear System**"). Upon approval by Austraclear, the Notes will be traded through Austraclear in accordance with the rules and regulations of the Austraclear System. Such approval by Austraclear is not a recommendation or endorsement by Austraclear of such Notes.
- See also the section entitled "Clearing and Settlement" below for more details.
- Title:** Entry of the name of the person in the Register in respect of a Note in registered form constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered holder of that Note subject to correction for fraud or proven error.
- Title to Notes which are held in a Clearing System will be determined in accordance with the rules and regulations of the relevant Clearing System.
- Notes which are held in the Austraclear System will be registered in the name of Austraclear.
- No certificates in respect of any Notes will be issued unless the Issuer determines that certificates should be available or it is required to do so pursuant to any applicable law, regulation or directive.
- Title to other Notes which are not lodged in a Clearing System will depend on the form of those Notes as specified in the relevant Pricing Supplement.
- Other Notes:** An Issuer may from time to time issue Notes in a form not specifically contemplated in this Information Memorandum. Terms applicable to any other type of Note that an Issuer and any relevant Dealer(s) or other investor(s) may agree to issue under this Programme will be set out in the relevant Pricing Supplement or another supplement to this Information Memorandum.

Payments and Record Date:	<p>Payments to persons who hold Notes through a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.</p> <p>If Notes are not lodged in a Clearing System, then payments in respect of those Notes will be made to the account of the registered holder noted in the Register in the place where the Register is maintained on the relevant Record Date. If no account is notified, then payments will be made by cheque mailed on the Business Day immediately preceding the relevant payment date to the registered holder at its address appearing in the Register on the Record Date or in such other manner as the Issuer considers appropriate.</p> <p>The Record Date is 5.00pm in the place where the Register is maintained on the eighth calendar day before a payment date or such other period specified in the relevant Pricing Supplement.</p>
Redemption:	<p>The relevant Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified circumstances) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be specified in the relevant Pricing Supplement or another supplement to this Information Memorandum.</p> <p>Notes may be redeemed prior to scheduled maturity as more fully set out in the Conditions and the relevant Pricing Supplement.</p> <p>Notes entered in a Clearing System will be redeemed through that Clearing System in a manner that is consistent with the rules and regulations of that Clearing System.</p>
Early Redemption:	<p>Except as provided in “Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons or, in the case of Dated Subordinated Notes, upon the occurrence of a Capital Disqualification Event and subject as set out in “Permission from the Relevant Regulator” below.</p>
Permission from the Relevant Regulator:	<p>For so long as it is required under applicable banking regulations (1) any optional redemption or purchase by the Issuer of Dated Subordinated Notes may be made only with the prior permission of the Relevant Regulator, (2) for any redemption of the relevant Dated Subordinated Notes prior to the fifth anniversary of the Issue Date, (a) in the case of redemption following the occurrence of a Tax Event, the Issuer must demonstrate to the Relevant Regulator that the relevant change is material and was not reasonably foreseeable or (b) in the case of redemption following the occurrence of a Capital Disqualification Event, the Issuer must demonstrate to the Relevant Regulator that the relevant change was not reasonably foreseeable by the Issuer as at the Issue Date; and (3) the Issuer will comply with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the relevant Regulatory Capital Requirements.</p>
Selling restrictions:	<p>The offer, sale and delivery of Notes and the distribution of this Information Memorandum and other material in relation to any Notes are subject to such restrictions as may apply in any country in connection with the offer and sale of a particular Tranche or Series of Notes. In particular, restrictions on the offer, sale or delivery of Notes in Australia, the United Kingdom, the United States of America, Hong Kong, Japan, Singapore and the European Economic Area are set out in the section entitled “Selling Restrictions” below.</p>

Restrictions on the offer, sale and/or distribution of Notes may also be set out in the relevant Pricing Supplement.

Transfer procedure: Notes may only be transferred in whole and in accordance with the Conditions.

In particular, Notes may only be transferred if:

- (a) in the case of Notes to be transferred in, or into, Australia:
 - (i) the offer or invitation giving rise to the transfer:
 - (A) is for an aggregate consideration of at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the transferor or its associates to the transferee); and
 - (B) does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
 - (ii) the transfer is not to a “retail client” as defined for the purposes of section 761G of the Corporations Act; and
 - (iii) the transfer complies with Banking (Exemption) Order No. 82 dated 23 September 1996 promulgated by the Assistant Treasurer of Australia as if it applied to the Issuer *mutatis mutandis* (and which, as at the date of this Information Memorandum, requires all offers and transfers of any parcels of Notes to be for an aggregate principal amount of at least A\$500,000); and
- (b) at all times, the transfer complies with all applicable laws and directives of the jurisdiction where the transfer takes place.

Transfers of Notes held in a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.

Restrictions on the transfer of Notes may also be set out in the relevant Pricing Supplement.

Substitution of the Issuer: The Issuer of Notes may, without the consent of Noteholders but subject to certain conditions, be substituted as the principal debtor under the relevant Notes as more fully set out in Condition 10 (“Substitution”).

Stamp duty: Any stamp duty incurred at the time of issue of the Notes will be for the account of the Issuer. Any stamp duty incurred on a transfer of Notes will be for the account of the relevant investors.

As at the date of this Information Memorandum, no *ad valorem* stamp duty is payable in any Australian State or Territory on the issue, transfer or redemption of the Notes. However, investors are advised to seek independent advice regarding any stamp duty or other taxes imposed by another jurisdiction upon the issue, transfer or redemption of Notes, or interests in Notes, in any jurisdiction.

Taxation and Additional Amounts: Payment of principal and interest in respect of the Notes, including payment of any additional amounts, by or on behalf of the Issuer, shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of

whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, except as required by applicable law or if the withholding or deduction is made for or on account of FATCA. In that event, the Issuer will, subject to certain exceptions and limitations, pay to a Noteholder such additional amounts as may be necessary in order that every net payment by the Issuer or an Issuing and Paying Agent of the principal of and interest on the Note and any other amounts payable on the Note after withholding or deduction for or on account of any present or future tax, duty, assessment or governmental charge imposed or levied by a Relevant Jurisdiction will not be less than the amount provided for in the Note to be then due and payable under the Notes.

In addition, if an amount were to be deducted or withheld from interest, principal or other payments made in respect of the Notes for or on account of Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (including any current or future U.S. Treasury regulations and other guidance issued, any agreements entered into thereunder, any intergovernmental agreement entered into between the United States and a relevant jurisdiction and any non-U.S. law, regulations and guidance issued in respect of a relevant intergovernmental agreement) ("**FATCA**"), the Issuer would not, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and intergovernmental agreements, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

A brief overview of the Australian and United Kingdom taxation treatment of payments of interest on Notes, and of certain FATCA matters, is set out in the section entitled "Taxation" below. However, investors should obtain their own taxation and FATCA advice regarding the taxation status of investing in any Notes.

Listing: It is not currently intended that the Notes will be listed on any stock exchange.

An application may be made for an Issuer to be admitted to the official list of, and/or Notes of a particular Series to be quoted on, the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) ("**ASX**") or on any other stock or securities exchange (in accordance with applicable laws and directives).

Any Notes which are quoted on the ASX will not be transferred through, or registered on, the Clearing House Electronic Sub-Register System ("**CHES**") operated by ASX Settlement Pty Limited (ABN 49 008 504 532) and will not be "Approved Financial Products" for the purposes of that system. Interest in the Notes will instead be held in, and transferable through, the Austraclear System.

The applicable Pricing Supplement in respect of the issue of any Tranche of Notes will specify whether or not such Notes will be quoted on any stock or securities exchange.

Governing law: The Notes and all related documentation will be governed by the laws of New South Wales, Australia.

Credit rating: Notes to be issued under the Programme may be rated by one or more rating agencies. The credit rating of an individual Tranche or Series of Notes will be specified in the relevant Pricing Supplement for those Notes (or another supplement to this Information Memorandum).

A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.

Investors to obtain independent advice with respect to investment and other risks:

This Information Memorandum does not describe the risks of an investment in any Notes. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

Description of the Issuers

Lloyds Bank plc (“**Lloyds Bank**”), formerly Lloyds TSB Bank plc, was incorporated under the laws of England and Wales on 20 April 1865 (registration number 2065). Lloyds Bank’s registered office is at 25 Gresham Street, London EC2V 7HN, United Kingdom. Lloyds Bank is authorised by the Prudential Regulation Authority (“**PRA**”) and regulated by the Financial Conduct Authority (“**FCA**”) and the PRA. Lloyds Bank is a wholly owned subsidiary of Lloyds Banking Group plc (together with its subsidiary undertakings from time to time, “**Lloyds Banking Group**”).

Overview

Lloyds Banking Group is a leading UK based financial services group providing a wide range of banking and financial services, primarily in the UK, to individual and business customers. The businesses of Lloyds Banking Group are in or owned by Lloyds Bank. Lloyds Banking Group owns Lloyds Bank directly which in turn owns HBOS plc directly.

Business and activities

As at 30 June 2014, Lloyds Banking Group’s activities were organised into four principal reporting segments: Retail; Commercial Banking; Consumer Finance; and Insurance. These changes were implemented from 1 January 2014 and were first reported to the market in July 2014.

Retail

Retail offers a broad range of financial service products including current accounts, savings, personal loans and mortgages, in the UK to retail customers, and now incorporates wealth and small business customers. It is also a distributor of insurance, protection and credit card, and through Wealth, a range of long-term savings and investment products.

With its strong stable of brands including Lloyds Bank, Halifax and Bank of Scotland it serves over 30 million customers through the largest branch network in the UK and comprehensive digital, telephone and mobile services.

Commercial Banking

The Commercial Banking division supports Lloyds Banking Group’s business clients from small businesses to large corporates with a range of propositions fully segmented according to client needs. The division operates a client centric approach, primarily focused on UK and UK-linked businesses, with client segments comprising SME, Mid Markets, Global Corporates and Financial Institutions.

Consumer Finance

The Consumer Finance division comprises Lloyds Bank’s consumer and corporate Credit Card businesses, along with the Black Horse motor financing and Lex Autolease car leasing businesses in Asset Finance. The Group’s European deposits and Dutch retail mortgage businesses are managed within Asset Finance.

Insurance

The Insurance division is focused on four key markets: Corporate Pensions, Protection, Retirement and Home Insurance, to enable our customers to protect themselves today and prepare for a secure financial future.

Availability of Public Information

Additional information, including copies of the most recent publicly available financial results of Lloyds Bank and Lloyds Banking Group, is available from Investor Relations, Lloyds Banking Group, 25 Gresham Street, London EC2V 7HN, United Kingdom or from the following internet website address:

<http://www.lloydsbankinggroup.com>. The information on this website does not form part of this Information Memorandum.

EU Bank Resolution and Recovery Directive

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 (“**resolution authorities**”) with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers’ exposure to losses. The powers to be granted to resolution authorities under the BRRD include (but are not limited to) a “write-down and conversion power” and a “bail-in” power, which will give such resolution authorities the power to write down or write off all or a portion of the claims (potentially including the Notes) of certain unsecured creditors of a failing institution and/or to convert certain debt claims (potentially including the Notes) into another security, including ordinary shares of the surviving Group entity, if any. The majority of measures (including the write-down and conversion powers relating to Tier 1 capital instruments and Tier 2 capital instruments) set out in the BRRD will be implemented with effect from 1 January 2015 at the latest, with the bail-in power for other eligible liabilities (including the Notes) required to be introduced by 1 January 2016 at the latest. However, Members States may elect to introduce such measures earlier than these dates, and the U.K. authorities have indicated that they intend the bail-in power to be in force in the U.K. from 1 January 2015 (see further detail below). Although the BRRD contains safeguards for shareholders and creditors in respect of the application of the “write down and conversion” and “bail-in” powers which 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, there can be no assurance that the safeguards will be effective if such powers are exercised.

There remains uncertainty regarding the implementation and ultimate scope of these powers and how they would affect the Issuer, the Group and the Notes. Accordingly, it is not yet possible to assess the full impact of the BRRD on the Group and on holders of the Notes, and there can be no assurance that, once it is implemented, the manner in which it is implemented or the taking of any actions by the relevant U.K. resolution authority would not adversely affect the rights of holders of the Notes, the price or value of an investment in the Notes and/or the Issuer’s ability to satisfy its obligations under the Notes. The exercise of any bail-in power or any suggestion of such exercise could, therefore, materially adversely affect the value of the Notes and could lead to holders of the Notes losing some or all of their investment in the Notes.

In addition to the BRRD described above, it is possible that the exercise of the current powers under the U.K. Banking Act 2009 (“**U.K. Banking Act**”), which in many respects pre-empt the provisions (other than bail-in) of the BRRD with respect to the provision of a resolution regime 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 Notes, including through a material adverse effect on the price of the Notes. The U.K. 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 U.K. Banking Act) for the purpose of enabling it to use the regime powers effectively, potentially with retrospective effect.

In addition, on 18 December 2013, the U.K. Banking Reform Act 2013 received Royal Assent. On 13 March 2014, Her Majesty’s Treasury published a consultation on three statutory instruments relating to bail-in powers which closed on 7 May 2014. The U.K. Banking Reform Act 2013 includes amendments to the U.K. Banking Act to insert a bail-in option among the powers of the relevant U.K. resolution authority (“**U.K. bail-in power**”).

The U.K. bail-in power is being introduced as an additional power available to the relevant U.K. resolution authority, to enable it to recapitalize a failed institution by allocating losses to its shareholders and unsecured creditors in a manner that ought to respect the hierarchy of claims in an insolvency of a relevant financial institution, consistent with shareholders and creditors of financial institutions not receiving less favourable treatment than they would have done in insolvency. The U.K. bail-in power includes the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the bank under resolution and the power to convert a liability from one form to another. The conditions for use of the U.K. bail-in power are, in summary, that (i) the

regulator determines that the bank is failing or likely to fail, (ii) it is not reasonably likely that any other action can be taken to avoid the bank's failure and (iii) the relevant U.K. resolution authority determines that it is in the public interest to exercise the U.K. bail-in power.

According to the principles contained in the BRRD and the amendments to the U.K. Banking Act by way of the U.K. Banking Reform Act 2013, the Group expects that the relevant U.K. resolution authority would exercise its U.K. bail-in powers in respect of the Notes having regard to the hierarchy of creditor claims (with the exception of excluded liabilities) and that the holders of the Notes would be treated pari passu with all other pari passu claims at that time being subjected to the exercise of the U.K. bail-in powers.

The U.K. Government has indicated that the bail-in power proposed under the U.K. Banking Reform Act 2013 will require some minor modifications in order to fully transpose the BRRD requirements but that it was of the view that the amendments required would not change the fundamental characteristics of the bail-in power proposed under the U.K. Banking Reform Act 2013.

On 23 July 2014, the U.K. Treasury published a consultation on the transposition of the BRRD into law in the United Kingdom, including draft legislation. The U.K. Treasury is expected to make such amendments and bring the U.K. bail-in power into force on 1 January 2015. Therefore, while it is not yet possible to assess the full impact of the BRRD or the U.K. bail-in regime on the Group or holders of the Notes, exercise of any bail-in power or any suggestion of such exercise could, therefore, materially adversely affect the value of the Notes and could lead to holders of the Notes losing some or all of their investment in the Notes.

In addition, the U.K. 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 the 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 the Issuer 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 final criteria that the relevant U.K. resolution authority will be obliged to consider in exercising any U.K. bail-in power are expected to provide it with considerable discretion, holders of the 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 the Issuer, the Group and the Notes. Potential investors in the Notes should consider the risk that a holder 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 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 behaviour in respect of the Notes is not necessarily expected to follow the trading behaviour associated with other types of securities that are not subject to such recovery and resolution powers. Potential investors in the Notes should consider the risk that a holder of the 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 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 Notes, even if such powers are not used.

Conditions of the Notes

*The following are the conditions which, as supplemented, amended, modified or replaced by an applicable Pricing Supplement, apply to each Note constituted by the Deed Poll (“**Conditions**”). References to the “Pricing Supplement” in these conditions do not limit the provisions which may be supplemented, amended, modified or replaced by the Pricing Supplement in relation to a particular Tranche or Series of Notes. References in these Conditions to “the Issuer” are to the issuer of those Notes who is specified in the relevant Pricing Supplement, being either Lloyds Bank plc or Lloyds Banking Group plc.*

Each Noteholder, and each person claiming through or under each such Noteholder, is bound by, and is deemed to have notice of, the provisions of the Deed Poll and these Conditions (including the applicable Pricing Supplement). Each such person is also deemed to have notice of the Information Memorandum. Copies of these documents are available for inspection by the Noteholder during business hours at the Specified Office of the Issuer and the Registrar.

1 Interpretation

1.1 Definitions

In these Conditions the following expressions have the following meanings:

Additional Amount means an additional amount payable by the Issuer under Condition 12.2 (“Withholding tax”);

Agency Agreement means:

- (a) the agreement entitled “Agency Agreement” and dated on or about 19 December 2014 between the Issuer and Citigroup Pty Limited (ABN 88 004 325 080);
- (b) any other agreement between the Issuer and a Registrar in relation to the establishment and maintenance of a Register (and/or the performance of any payment or other duties) for any issue of Notes; and/or
- (c) any other agency agreement between the Issuer and an Agent in connection with any issue of Notes;

Agent means each of the Registrar, the Issuing and Paying Agent, the Calculation Agent and any additional agent appointed under an Agency Agreement, or any of them as the context requires;

Amortised Face Amount means, in respect of a Zero Coupon Note, the principal amount of such Note on the Maturity Date discounted back to the due date for payment at a rate per annum (expressed as a percentage) equal to the Amortisation Yield applied on a compounded or non-compounded basis as specified in the Pricing Supplement (which, if none is specified in the Pricing Supplement, shall be such rate (compounded annually) as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the Pricing Supplement;

Austraclear means Austraclear Ltd (ABN 94 002 060 773);

Austraclear Regulations means the regulations known as the “Austraclear Regulations”, together with any instructions or directions, (as amended or replaced from time to time) established by Austraclear to govern the use of the Austraclear System and binding on the participants of that system;

Austraclear System means the clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system;

Business Day means:

- (a) a day on which banks are open for general banking business in Sydney, London and in each (if any) Relevant Financial Centre specified in the Pricing Supplement (not being a Saturday, Sunday or public holiday in that place); and
- (b) if a Note to be held in a Clearing System is to be issued or a payment is to be made in respect of a Note held in any Clearing System on that day, a day on which each applicable Clearing System in which the relevant Note is lodged is operating;

Business Day Convention means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following conventions, where specified in the Pricing Supplement in relation to any date applicable to any Note, have the following meanings:

- (a) **Floating Rate Convention** means that the date is postponed to the next following day which is a Business Day unless that day falls in the next calendar month, in which event:
 - (i) that date is brought forward to the first preceding day that is a Business Day; and
 - (ii) each subsequent Interest Payment Date is the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Pricing Supplement after the preceding applicable Interest Payment Date occurred;
- (b) **Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day;
- (c) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day; and
- (d) **Preceding Business Day Convention** means that the date is brought forward to the first preceding day that is a Business Day.

If no convention is specified in the Pricing Supplement, the Following Business Day Convention applies. Different conventions may be specified in relation to, or apply to, different dates;

Calculation Agent means:

- (a) Citigroup Pty Limited (ABN 88 004 325 080); and/or
- (b) any other person appointed by the Issuer under a relevant Agency Agreement and specified in the Pricing Supplement as the party responsible for calculating the Interest Rate and other amounts required to be calculated under these Conditions;

A **Capital Disqualification Event** will occur if at any time the Issuer determines that as a result of a change (or prospective future change which the Relevant Regulator considers to be sufficiently certain) to the regulatory classification of the relevant series of Dated Subordinated Notes, in any such case becoming effective on or after the Issue Date, all of the aggregate principal amount of such Dated Subordinated Notes fully ceases (or would fully cease) to be

included in, or count towards the Tier 2 Capital of the Issuer and/or Group (other than as a result of any applicable limitation on the amount of such capital as applicable to the Issuer);

Clearing System means:

- (a) the Austraclear System; or
- (b) any other clearing system outside Australia specified in the Pricing Supplement;

Conditions means, in relation to a Note, these terms and conditions as amended, supplemented, modified or replaced by the Pricing Supplement applicable to such Note and references to a particular numbered Condition shall be construed accordingly;

Dated Subordinated Noteholder means, in respect of a Dated Subordinated Note, each person whose name is entered in the Register as the holder of that Dated Subordinated Note;

Dated Subordinated Note means any Series of Notes the Pricing Supplement in respect of which specify their status as “Dated Subordinated”;

Day Count Fraction means, in respect of the calculation of interest on a Note for any period of time (“**Calculation Period**”), the day count fraction specified in the Pricing Supplement and:

- (a) if “**Actual/Actual (ICMA)**” is so specified, means:
 - (i) where the number of days in the relevant period from (and including) the most recent Interest Payment Date to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Interest Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and
 - (ii) where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year;
- (b) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
 - (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
 - (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;

- (d) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if “**30/360**”, “**360/360**” or “**Bond Basis**” is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;
- “**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- “**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and
- “**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (f) if “**30E/360**” or “**Eurobond basis**” is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;
- “**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- “**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and
- “**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (g) if “**30E/360 (ISDA)**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;
 - “Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
 - “M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
 - “M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
 - “D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and
 - “D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30; and
- (h) if “**RBA Bond Basis**” or “**Australian Bond Basis**” is so specified, means one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
- (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
 - (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365));

Deed Poll means:

- (a) the deed poll entitled “Note Deed Poll” dated 19 December 2014; and
- (b) such other deed poll that supplements, amends, restates, modifies or replaces the deed poll referred to above, or which is otherwise acknowledged in writing to be a deed poll for the purposes of the Programme,

in each case, executed by the Issuer;

Denomination means the notional face value of a Note specified in the Pricing Supplement;

Determination Period means each period from (and including) an Interest Determination Date to (but excluding) the next Interest Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not an Interest Determination Date, the period commencing on the first Interest Determination Date prior to, and ending on the first Interest Determination Date falling after, such date);

Early Redemption Amount means the early redemption amount specified in, or determined in accordance with, the Pricing Supplement;

Event of Default means an event so described in Condition 14 (“Events of Default”);

Extraordinary Resolution has the meaning given in the Meetings Provisions;

FATCA means Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (including any current or future United States Treasury regulations and other guidance issued, any agreements entered into thereunder, any intergovernmental agreement entered into between the United States and a relevant jurisdiction and any non-U.S. law, regulations and guidance issued in respect of a relevant intergovernmental agreement);

Fixed Rate Note means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on any other dates as specified in the Pricing Supplement;

Floating Rate Note means a Note on which interest is calculated at a floating rate payable monthly or 2, 3, 6, or 12 monthly or in respect of any other period or on any other date specified in the Pricing Supplement;

Group means Lloyds Banking Group plc and its subsidiaries and subsidiary undertakings from time to time;

Information Memorandum means, in respect of a Note, the information memorandum or other offering document referred to in the Pricing Supplement, prepared by, or on behalf of, and approved in writing by, the Issuers in connection with the Programme or the Issuer in connection with the issue of that Note and all documents incorporated by reference in it, including any applicable Pricing Supplement and any other applicable amendments or supplements to it;

Interest Commencement Date means, in respect of a Note, the Issue Date of the Note or any other date so specified in the Pricing Supplement;

Interest Determination Date means each date so specified in, or determined in accordance with, the Pricing Supplement;

Interest Payment Date means each date so specified in, or determined in accordance with, the Pricing Supplement;

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date;

Interest Rate means, in respect of a Note, the interest rate (expressed as a percentage per annum) payable in respect of that Note specified in the Pricing Supplement or calculated or determined in accordance with these Conditions and the Pricing Supplement;

ISDA Definitions means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series);

Issue Date means, in respect of a Note, the date on which the Note is, or is to be issued, and as may be specified, or determined, in accordance with, the Pricing Supplement;

Issue Price means, in respect of a Note, the price of that Note as set out in the Pricing Supplement;

Issuer means, in respect of a Note, the issuer of that Note as set out in the Pricing Supplement, being either Lloyds Bank plc or Lloyds Banking Group plc;

Issuing and Paying Agent means:

- (a) Citigroup Pty Limited (ABN 88 004 325 080); and/or
- (b) any other person appointed by the Issuer under an Agency Agreement and specified in the relevant Pricing Supplement to perform issuing and paying agency functions on the Issuer's behalf with respect to a Series or Tranche of Notes;

Margin means the margin specified in, or determined in accordance with, the Pricing Supplement;

Maturity Date means, in respect of a Note, the date so specified in, or determined in accordance with, the Pricing Supplement as the date on which the Note is to be redeemed (and adjusted, if necessary, in accordance with the applicable "Business Day Convention" so specified in the Pricing Supplement);

Meetings Provisions means the provisions relating to meetings of Noteholders and set out as a schedule to the Deed Poll;

Note means each form of bond, note, debt security or debt obligation specified in an applicable Pricing Supplement and issued or to be issued by the Issuer which is constituted by, and owing under, the Deed Poll and the details of which are recorded in, and evidenced by entry in, the Register. References to any particular type of "Note" or "Notes" shall be read and construed accordingly. All references to Notes must, unless the context otherwise requires, be read and construed as references to the Notes of a particular Series;

Noteholder means, in respect of a Note, each person whose name is entered in the Register as the holder of that Note;

Pricing Supplement means, in respect of a Tranche, the supplement specifying the relevant issue details in relation to that Tranche and which may be substantially in the form set out in the Information Memorandum, duly completed and signed by the Issuer;

Proceedings has the meaning given in Condition 20.2 ("Jurisdiction");

Programme means the Issuer's uncommitted programme for the issuance of Notes described in the Information Memorandum;

Record Date means 5.00pm in the place where the Register is maintained on the date which is the eighth calendar day before the payment date or any other date so specified in the Pricing Supplement;

Redemption Amount means:

- (a) for a Note (other than a Zero Coupon Note), the outstanding principal amount as at the date of redemption; and
- (b) for a for a Zero Coupon Note, the Amortised Face Amount calculated as at the date of redemption,

and also includes any final instalment and any other amount in the nature of a redemption amount specified in, or determined in accordance with, the Pricing Supplement or these Conditions;

Redemption Date means, in respect of a Note, such date on which the Note is redeemed prior to its Maturity Date in accordance with these Conditions;

Reference Banks means four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

Reference Rate means the rate specified in, or determined in accordance with, the Pricing Supplement;

Register means the register, including any branch register, of Noteholders of Notes established and maintained by the Issuer, or by a Registrar on its behalf under an Agency Agreement;

Registrar means:

- (a) Citigroup Pty Limited (ABN 88 004 325 080); and/or
- (b) any other person appointed by the Issuer under a relevant Agency Agreement to establish and maintain the Register in respect of a Tranche of Notes on the Issuer's behalf from time to time;

Regulatory Capital Requirements means any applicable minimum capital or capital requirement specified for banks or financial groups by the Relevant Regulator;

Related Entity means, any subsidiary of the Issuer or any holding company of the Issuer or any other subsidiary of any such holding company;

Relevant Financial Centre means Sydney and/or any other centre specified in the Pricing Supplement;

Relevant Jurisdiction means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal, interest or other amounts on the Notes;

Relevant Regulator means the Prudential Regulation Authority or such other governmental authority in the United Kingdom (or if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory authority with respect to the Issuer and/or the Group;

Relevant Screen Page means:

- (a) the page, section or other part of a particular information service specified as the Relevant Screen Page in the Pricing Supplement; or
- (b) any other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

Security Record has the meaning given in the Austraclear Regulations;

Senior Creditors means in respect of the Issuer:

- (a) creditors of the Issuer whose claims are admitted to proof in the winding-up or administration of the Issuer and who are unsubordinated creditors of the Issuer; and
- (b) creditors of the Issuer whose claims are or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims relate to obligations which constitute, or would, but for any applicable limitation on the amount of such capital, constitute Tier 1 Capital or Tier 2 Capital of the Issuer, or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of holders of the Dated Subordinated Notes);

Senior Notes means any Series of Notes the Pricing Supplement in respect of which specify their status as "Senior";

Series means an issue of Notes made up of one or more Tranches all of which form a single Series and are issued on the same Conditions except that the Issue Price, Issue Date and Interest Commencement Date may be different in respect of a different Tranche of a Series;

Specified Office means the office specified in the Information Memorandum or any other address notified to Noteholders from time to time;

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official, having power to tax to which the Issuer becomes subject in respect of payments made by it of principal or interest in respect of the Notes;

Tax Law Change means a change in or proposed change in, or amendment or proposed amendment to, the laws or directives of the Relevant Jurisdictions or any authority thereof or therein having the power to tax, or any change in the application or official or generally published interpretation of such laws or directives, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the Issue Date, or (y) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the Issue Date;

Taxes means taxes, duties, levies, withholdings, deductions, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by any Tax Authority together with any related interest, penalties, fines and expenses in connection with them except if imposed on, or calculated having regard to, the net income of a Noteholder;

Tier 1 Capital has the meaning given to it by the Relevant Regulator from time to time;

Tier 2 Capital has the meaning given to it by the Relevant Regulator from time to time;

Tranche means an issue of Notes specified as such in the Pricing Supplement issued on the same Issue Date and on the same Conditions;

U.K. bail-in power means any write-down and/or conversion power existing from time to time under any laws or directives 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 the Issuer or other members of the Group, including but not limited to any such laws, or directives 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 by way of amendment to the Banking Act 2009 of the United Kingdom, as the same may be amended from time to time (whether pursuant to the Banking Reform Act 2013 of the United Kingdom 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, 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); and

Zero Coupon Note means a Note which does not carry entitlement to periodic payment of interest before the redemption date of the Note and which is issued at a discount to its principal amount.

1.2 References to certain general terms

Unless the contrary intention appears, a reference in these Conditions to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) a document (including these Conditions) includes any variation or replacement of it;

- (c) a “**law**” includes common law, principles of equity, decree and any statute or other law made by any parliament (and a statute or other law made by parliament includes any regulation and other instrument under it and any consolidation, amendment, re-enactment or replacement of it);
- (d) a “**directive**” includes a treaty, official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply;
- (e) “**Australian dollars**” or “**A\$**” is a reference to the lawful currency of Australia;
- (f) “**£**”, “**GBP**” or “**pounds**” is a reference to pounds sterling;
- (g) a time of day is a reference to Sydney time;
- (h) a “**person**” includes an individual, corporation, company, firm, tribunal, undertaking, association, organisation, partnership, joint venture, trust, limited liability company, unincorporated organisation or government or any agency, instrumentality or political subdivision thereof; in each case whether or not being a separate legal entity;
- (i) a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (k) a reference to the “**Corporations Act**” is to the Corporations Act 2001 of Australia;
- (l) anything (including any amount) is a reference to the whole and each part of it; and
- (m) the words “**including**”, “**for example**” or “**such as**” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

1.3 References to particular terms

Unless the contrary intention appears, in these Conditions:

- (a) a reference to an Agency Agreement is a reference to each Agency Agreement applicable to the Notes of the relevant Series;
- (b) a reference to an Agent is a reference to each Agent appointed to act in respect of Notes of the relevant Series;
- (c) a reference to the Deed Poll is a reference to the Deed Poll applicable to the Notes of the relevant Series;
- (d) a reference to a Note is a reference to a Note of a particular Series specified in the Pricing Supplement;
- (e) a reference to a Noteholder is a reference to the holder of Notes of a particular Series;
- (f) a reference to a Pricing Supplement is a reference to the Pricing Supplement applicable to the Notes of the particular Tranche specified in that Pricing Supplement;
- (g) if the Notes are Zero Coupon Notes which do not bear interest, references to interest are not applicable; and

- (h) a reference to a particular date is a reference to that date adjusted in accordance with the applicable Business Day Convention.

1.4 References to principal and interest

Unless the contrary intention appears, in these Conditions:

- (a) any reference to “principal” is taken to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (“Taxation”), any premium payable in respect of a Note, and any other amount in the nature of principal payable in respect of the Notes under these Conditions;
- (b) the principal amount of a Note issued at a discount is to be taken as at any time to equal the lesser of:
 - (i) its Denomination; and
 - (ii) if specified in the Pricing Supplement, its Amortised Face Amount at that time; and
- (c) any reference to “interest” is taken to include any Additional Amounts and any other amount in the nature of interest payable in respect of the Notes under these Conditions.

1.5 Number

The singular includes the plural and vice versa.

1.6 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

1.7 Terms defined in Pricing Supplement

Terms which are defined in the Pricing Supplement as having a defined meaning have the same meaning when used in these Conditions but if the Pricing Supplement gives no meaning or specifies that the definition is "Not Applicable", then that definition is not applicable to the Notes.

2 Introduction

2.1 Programme

Notes are issued under the Programme.

2.2 Pricing Supplement

- (a) Notes are issued in Series. A Series may comprise one or more Tranches having one or more Issue Dates and on conditions otherwise identical (other than, to the extent relevant, in respect of the Issue Price, Issue Date and Interest Commencement Date).
- (b) The Issuer will issue Notes on the terms set out in these Conditions as supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Notes. If there is any inconsistency between these Conditions and the Pricing Supplement, the Pricing Supplement prevails.
- (c) Copies of the Pricing Supplement are available for inspection during normal business hours at the Specified Office of the Issuer or the Registrar or are otherwise available on reasonable request from the Issuer or the Registrar.

2.3 Types of Notes

A Note is either:

- (a) a Fixed Rate Note;
- (b) a Floating Rate Note, or
- (c) a Zero Coupon Note,

or a combination of the above (or any other type of debt obligation) as specified in the Pricing Supplement.

2.4 Issue restrictions

Unless otherwise specified in any applicable Pricing Supplement, Notes may only be offered (directly or indirectly) for issue, or applications invited for the issue of Notes, if:

- (a) where the offer or invitation is made in, or into, Australia:
 - (i) the aggregate consideration payable to the Issuer by the relevant subscriber is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the Issuer or its associates to the subscriber);
 - (ii) the offer or invitation (including any resulting issue) does not:
 - (A) require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
 - (B) constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act; and
 - (iii) the offer or invitation (including any resulting issue) complies with the Banking (Exemption) Order No. 82 dated 23 September 1996 promulgated by the Assistant Treasurer of Australia as if it applied to the Issuer *mutatis mutandis*; and
- (b) at all times, the offer or invitation (including any resulting issue) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place.

2.5 Denomination

Notes are issued in the Denomination as is specified in the Pricing Supplement.

2.6 Currency

Subject to compliance with all applicable legal and regulatory requirements, Notes will be denominated in Australian dollars.

2.7 Clearing Systems

If the Notes are held in a Clearing System, the rights of a person holding an interest in the Notes lodged in the Clearing System are subject to the rules and regulations of the Clearing System. The Issuer is not responsible for anything the Clearing System does or omits to do.

3 Form

3.1 Constitution

- (a) Notes are debt obligations of the Issuer constituted by, and owing under, the Deed Poll and the details of which are recorded in, and evidenced by entry in, the Register.

- (b) Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Deed Poll.

3.2 Form

Notes are issued in registered uncertificated form by entry in the Register.

3.3 No certificates

No certificates in respect of any Notes will be issued to Noteholders unless the Issuer determines that certificates should be available or are required by any applicable law or directive.

4 Status and ranking

4.1 No set-off

Subject to applicable law, no Dated Subordinated Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Dated Subordinated Notes, and each Dated Subordinated Noteholder shall, by virtue of being the holder of any Dated Subordinated Note, be deemed to have waived all such rights of set-off, both before and during any winding-up, liquidation or administration of the Issuer. Notwithstanding the provision of the foregoing sentence, if any of the said rights and claims of any Dated Subordinated Noteholder against the Issuer is discharged by set-off, such Dated Subordinated Noteholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of winding-up or administration of the Issuer, the liquidator or, as applicable, the administrator of the Issuer and accordingly such discharge will be deemed not to have taken place.

4.2 Status of Senior Notes

Subject to such exceptions as may be provided by mandatory provisions of applicable law, the Senior Notes constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer.

The following Condition 4.3 applies only to Dated Subordinated Notes issued by Lloyds Banking Group plc.

4.3 Status of Dated Subordinated Notes

- (a) The Dated Subordinated Notes constitute unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. The claims of the Dated Subordinated Noteholders against the Issuer in respect of the Dated Subordinated Notes are subordinated in the manner provided below.
- (b) In the event of:
 - (i) an order being made, or an effective resolution being passed, for the winding-up of the Issuer (except in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reorganisation, reconstruction, amalgamation or substitution:
 - (A) have previously been approved by the Noteholders by an Extraordinary Resolution; and
 - (B) do not provide that the Dated Subordinated Notes shall thereby become redeemable or repayment in accordance with these Conditions); or

- (ii) an administrator of the Issuer being appointed and such administrator declaring, or giving notice that it intends to declare and distribute, a dividend,

the rights and claims of Dated Subordinated Noteholders against the Issuer in respect of or arising under the Dated Subordinated Notes and the Deed Poll shall be for an amount equal to the principal amount of, and any applicable premium on, the relevant Dated Subordinated Notes (in the case of the relevant Dated Subordinated Noteholders) together with any accrued but unpaid interest thereon (in the case of the relevant Dated Subordinated Noteholders), provided however that such rights and claims will be subordinated, in the manner provided in this Condition 4.3, to the claims of all Senior Creditors of the Issuer but shall rank at least *pari passu* with the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer and in priority to (1) the claims of holders of all obligations of the Issuer which constitute Tier 1 Capital of the Issuer, (2) the claims of holders of all undated or perpetual subordinated obligations of the Issuer and (3) the claims of holders of all share capital of the Issuer.

- (c) The provisions of this Condition 4.3 apply only to the principal, premium and interest and any other amounts payable in respect of the Dated Subordinated Notes.
- (d) Dated Subordinated Notes have no provisions for the deferral of payments.

The following Condition 4.4 applies only to Dated Subordinated Notes issued by Lloyds Banking Group plc.

4.4 Subordination of Dated Subordinated Notes

In the event of:

- (a) an order being made, or an effective resolution being passed, for the winding-up of the Issuer (except in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reorganisation, reconstruction, amalgamation or substitution:
 - (i) have previously been approved by the Noteholders by an Extraordinary Resolution; and
 - (ii) do not provide that the Dated Subordinated Notes shall thereby become redeemable or repayment in accordance with these Conditions); or
- (b) an administrator of the Issuer being appointed and such administrator declaring, or giving notice that it intends to declare and distribute, a dividend,

any amounts payable to and received by Dated Subordinated Noteholders pursuant to these Conditions after the commencement of winding-up or administration proceedings will be received by them to apply the same:

- (A) first in payment of claims of Senior Creditors of the Issuer to the extent that such claims are admitted to proof in the winding-up (not having been satisfied out of the other resources of the Issuer) and excluding any sum in respect of interest which is payable contingently upon the Issuer being or being proved to be able to pay admitted claims in full;
- (B) second in or towards payment *pari passu* and rateably of all accrued interest remaining unpaid in respect of the Dated Subordinated Notes and all principal moneys due in respect of the Dated Subordinated Notes; and

- (C) as to the balance (if any) to the liquidator or, as applicable, the administrator for the time being of the Issuer.

4.5 Agreement with respect to the exercise of U.K. bail-in power

- (a) By purchasing the Notes, each Noteholder of the Notes acknowledges, agrees to be bound by and consents to the exercise of any U.K. bail-in power by the relevant U.K. resolution authority that may result in:
- (i) the cancellation of all, or a portion, of the principal amount of, or interest on, the Notes; and/or
 - (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the Notes into shares or other securities or other obligations of the Issuer or another person, which U.K. bail-in power may be exercised by means of variation of the terms of the Notes solely to give effect to the above.
- (b) Each Noteholder of the Notes further acknowledges and agrees that the rights of the Noteholders under the 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 expressed to implement such a cancellation or conversion.
- (c) No repayment of the principal amount of the Notes or payment of interest on the 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 the Issuer under the laws and regulations of the United Kingdom and the European Union applicable to the Issuer or other members of the Group.
- (d) The exercise of any U.K. bail-in power by the relevant U.K. resolution authority shall not constitute an Event of Default under the Notes.
- (e) By purchasing the Notes, each Noteholder 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 Notes; and
 - (ii) authorised, directed and requested the Registrar and relevant Clearing System and any direct participant in the relevant Clearing System or other intermediary through which it holds such 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 Notes as it may be imposed, without any further action or direction on the part of such holder or beneficial owner.
- (f) Upon the exercise of the U.K. bail-in power by the relevant U.K. resolution authority with respect to the Notes, the Issuer shall provide a written notice to the Registrar and relevant Clearing System as soon as practicable regarding such exercise of the U.K. bail-in power for purposes of notifying holders of such occurrence.

For the purposes of this Condition 4.5, a reference to “**Noteholders**” includes any person holding an interest in the Notes.

5 Title and transfer of Notes

5.1 Title

Title to a Note passes when details of the transfer are entered in the Register.

5.2 Effect of entries in Register

Each entry in the Register in respect of a Note constitutes:

- (a) an irrevocable undertaking by the Issuer to the Noteholder to:
 - (i) pay principal, any interest and any other amounts in accordance with these Conditions; and
 - (ii) otherwise to comply with the Conditions; and
- (b) an entitlement to the other benefits given to Noteholders under these Conditions in respect of the Note.

5.3 Ownership and non-recognition of interests

- (a) Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of such Note subject to correction for fraud or proven error.
- (b) No notice of any trust or other interest in, or claim to, any Note will be entered in a Register. Neither the Issuer nor the relevant Registrar need take notice of any trust or other interest in, or claim to, any Note, except as ordered by a court of competent jurisdiction or required by any applicable law or directive. This Condition 5.3(b) applies whether or not a Note is overdue.

5.4 Joint holders

Where two or more persons are entered in the Register as the joint holders of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of a Note.

5.5 Transfer

Noteholders may only transfer Notes in accordance with these Conditions.

5.6 Transfers in whole

Notes may be transferred in whole but not in part.

5.7 Conditions of transfer

Notes may only be transferred if:

- (a) in the case of Notes to be transferred in, or into, Australia:
 - (i) the offer or invitation giving rise to the transfer:
 - (A) is for an aggregate consideration of at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the transferor or its associates to the transferee); and
 - (B) does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
 - (ii) the transfer is not to a “retail client” as defined for the purposes of section 761G of the Corporations Act; and
 - (iii) the transfer complies with Banking (Exemption) Order No. 82 dated 23 September 1996 promulgated by the Assistant Treasurer of Australia as if it applied to the Issuer *mutatis mutandis*; and

- (b) at all times, the transfer complies with all applicable laws and directives of the jurisdiction where the transfer takes place.

5.8 Transfer procedures

- (a) Interests in Notes held in a Clearing System will be transferable only in accordance with the rules and regulations of that Clearing System. If a Note is lodged in the Austraclear System, neither the Issuer nor the relevant Registrar will recognise any such interest other than the interest of Austraclear as the Noteholder while that Note is lodged in the Austraclear System.
- (b) Application for the transfer of Notes not held in a Clearing System must be made by the lodgment of a transfer form with the Registrar at its Specified Office. Transfer forms must be in the form available from the Issuer or the Registrar (or such other person as may be specified in a Pricing Supplement) and:
 - (i) each transfer form must be:
 - (A) duly completed and stamped (if applicable);
 - (B) accompanied by any evidence the Registrar may require to establish that the transfer form has been duly executed; and
 - (C) signed by, or on behalf of, both the transferor and the transferee; and
 - (ii) transfers will be registered without charge provided all applicable Taxes have been paid.

5.9 Austraclear as Noteholder

If Austraclear is recorded in the Register as the Noteholder, each person in whose Security Record a Note is recorded is taken to acknowledge in favour of the Issuer, the Registrar and Austraclear that:

- (a) the Registrar's decision to act as the Registrar of that Note is not a recommendation or endorsement by the Registrar or Austraclear in relation to that Note, but only indicates that the Registrar considers that the holding of the Note is compatible with the performance by it of its obligations as Registrar under the Agency Agreement; and
- (b) the Noteholder does not rely on any fact, matter or circumstance contrary to paragraph (a).

5.10 Restrictions on transfers

Transfers of Notes which are not lodged in a Clearing System cannot be made between a Record Date and the relevant Interest Payment Date if a redemption of such Note is to occur during that period in accordance with these Conditions.

5.11 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under these Conditions in respect of the transferred Note and the transferee becomes so entitled in accordance with Condition 5.2 ("Effect of entries in Register").

5.12 CHESS

Notes which are listed on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) will not be transferred through, or registered on, the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) and will not be "Approved Financial Products" for the purposes of that system.

5.13 Estates

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

5.14 Unincorporated associations

A transfer of a Note to an unincorporated association is not permitted.

5.15 Transfer of unidentified Notes

If a Noteholder transfers some but not all of the Notes it holds and the transfer form does not identify the specific Notes transferred, the relevant Registrar may choose which Notes registered in the name of Noteholder have been transferred. However, the aggregate principal amounts of the Notes registered as transferred must equal the aggregate principal amount of the Notes expressed to be transferred in the transfer form.

6 Fixed Rate Notes

This Condition 6 applies to the Notes only if the Pricing Supplement states that it applies.

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate. Interest is payable in arrear on each Interest Payment Date.

6.2 Fixed Coupon Amount

Unless otherwise specified in the Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the preceding Interest Period is the Fixed Coupon Amount specified in the Pricing Supplement.

6.3 Calculation of interest payable

The amount of interest payable in respect of a Fixed Rate Note for any period is calculated by multiplying the Interest Rate for that period, the outstanding principal amount of the Fixed Rate Note and the applicable Day Count Fraction.

7 Floating Rate Notes

This Condition 7 applies to the Notes only if the Pricing Supplement states that it applies.

7.1 Interest on Floating Rate Notes

Each Floating Rate Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrear:

- (a) on each Interest Payment Date; or
- (b) if no Interest Payment Date is specified in the Pricing Supplement, each date which falls the number of months or other period specified as the Interest Period in the Pricing Supplement after the preceding Interest Payment Date (or in the case of the first Interest Payment Date, after the Interest Commencement Date).

7.2 Interest Rate determination

The Interest Rate payable in respect of a Floating Rate Note must be determined by the Calculation Agent in accordance with these Conditions.

7.3 Fallback Interest Rate

If, in respect of an Interest Period, the Calculation Agent is unable to determine a rate in accordance with Condition 7.2 ("Interest Rate determination"), the Interest Rate for the Interest Period is the Interest Rate applicable to the Floating Rate Notes during the immediately preceding Interest Period, with adjustment for any applicable change in the margin.

7.4 ISDA Determination

Where "ISDA Determination" is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period is the sum of the Margin and the ISDA Rate.

In this Condition:

- (a) "**ISDA Rate**" for an Interest Period, means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction if the Calculation Agent for the Floating Rate Notes were acting as Calculation Agent for that Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (b) the Floating Rate Option, the Designated Maturity and the Reset Date are as specified in the Pricing Supplement; and
- (c) the Period End Dates are each Interest Payment Date, the Spread is the Margin and the Floating Rate Day Count Fraction is the Day Count Fraction; and
- (d) "Swap Transaction", "Floating Rate", "Calculation Agent" (except references to "Calculation Agent for the Floating Rate Notes"), "Floating Rate Option", "Designated Maturity", "Reset Date", "Period End Date", "Spread" and "Floating Rate Day Count Fraction" have the meanings given to those terms in the ISDA Definitions.

7.5 Screen Rate Determination

Where "Screen Rate Determination" is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period is the sum of the Margin and the Screen Rate.

In this Condition, "**Screen Rate**" means, for an Interest Period, the quotation offered for the Reference Rate appearing on the Relevant Screen Page at 11.00am on the Interest Determination Date. However:

if there is more than one offered quotation displayed on the Relevant Screen Page at 11.00am on the Interest Determination Date, the "**Screen Rate**" means the rate calculated by the Calculation Agent as the average of the offered quotations. If there are more than five offered quotations, the Calculation Agent must exclude the highest and lowest quotations (or in the case of equality, one of the highest and one of the lowest quotations) from its calculation;

if an offered quotation is not displayed by 11.00am on the Interest Determination Date or if it is displayed but the Calculation Agent determines that there is an obvious error in that rate, the "**Screen Rate**" means:

- (i) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations (expressed as a percentage rate per annum) for the Reference Rate which appears or appear as the case may be, on the Relevant Screen Page as at 11.00am in the Relevant Financial Centre on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such

offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations; or

- (ii) where the Calculation Agent is unable to calculate a rate under paragraph (i) because fewer than three offered quotes appear, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate in the Relevant Financial Centre at approximately 11.00am on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

7.6 BBSW Rate Determination

Where “BBSW Rate Determination” is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period is the sum of the Margin and the BBSW Rate.

In this Condition, “**BBSW Rate**” means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the “AVG MID” on the Reuters Screen BBSW Page at approximately 10:10am on the first day of that Interest Period. However, if such rate does not appear on the Reuters Screen BBSW Page by 10:30am on that day, or if it does appear but the Calculation Agent determines that there is an obvious error in that rate, “**BBSW Rate**” means the rate for that day will be the rate determined by the Calculation Agent having regard to comparable indices then available. The rate calculated or determined by the Calculation Agent will be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001 per cent.).

7.7 Interpolation

- (a) If the Pricing Supplement states that "Linear Interpolation" applies to an Interest Period, the Interest Rate for that Interest Period is determined through the use of straight line interpolation by reference to two ISDA Rates, Screen Rates, BBSW Rates or other floating rates specified in the Pricing Supplement.
- (b) The first rate must be determined as if the Interest Period were the period of time for which rates are available next shorter than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).
- (c) The second rate must be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).

8 General provisions applicable to interest

8.1 Maximum or Minimum Interest Rate

If the Pricing Supplement specifies a “Maximum Interest Rate” or “Minimum Interest Rate” for any Interest Period, the Interest Rate for the Interest Period must not be greater than the maximum, or be less than the minimum, so specified.

8.2 Calculation of Interest Rate and interest payable

- (a) The Calculation Agent must, in relation to each Interest Period for each Floating Rate Note:
 - (i) calculate the Interest Rate in accordance with these Conditions and the Pricing Supplement; and
 - (ii) as soon as practicable after determining the Interest Rate, calculate the amount of interest payable for the Interest Period in respect of the outstanding principal amount of that Note.
- (b) Unless otherwise specified in the Pricing Supplement, the amount of interest payable is calculated by multiplying the product of the Interest Rate for the Interest Period and the outstanding principal amount of the Note by the applicable Day Count Fraction.
- (c) The rate determined by the Calculation Agent must be expressed as a percentage rate per annum.

8.3 Calculation of other amounts

If the Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent must, as soon as practicable after the time at which that amount is to be determined, calculate the amount in the manner specified in the Pricing Supplement.

8.4 Notification of Interest Rate, interest payable and other items

- (a) The Calculation Agent must notify the Issuer, the Registrar, the Noteholders, each other Agent and any stock or securities exchange or other relevant authority on which the Notes are listed, quoted and/or traded of:
 - (i) each Interest Rate, the amount of interest payable and each other amount, item or date calculated or determined by it together with the Interest Payment Date; and
 - (ii) any amendment to any amount, item or date referred to in paragraph (i) arising from any extension or reduction in any Interest Period or calculation period.
- (b) The Calculation Agent must give notice under this Condition as soon as practicable after it makes its determination. However, it must give notice of each Interest Rate, the amount of interest payable and each Interest Payment Date by the fourth day of the Interest Period.
- (c) The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Issuer, the Registrar, the Noteholders, each other Agent and each stock or securities exchange or other relevant authority on which the Notes are listed, quoted and/or traded after doing so.

8.5 Determination final

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of wilful default, bad faith or manifest or proven error, final and binding on the Issuer, the Registrar, each Noteholder and each other Agent.

8.6 Rounding

For the purposes of any calculations required under these Conditions (unless otherwise specified in these Conditions or in the Pricing Supplement):

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.);
- (b) all figures must be rounded to five decimal places (with 0.000005 being rounded up to 0.00001); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to:
 - (i) in the case of Australian dollars, one cent; and
 - (ii) in the case of any other currency, the lowest amount of that currency available as legal tender in the country of that currency.

9 Redemption and purchase

9.1 Redemption on maturity

Each Note is redeemable by the Issuer on the Maturity Date at its Redemption Amount unless:

- (a) the Note has been previously redeemed;
- (b) the Note has been purchased and cancelled; or
- (c) the Pricing Supplement states that the Note has no fixed Maturity Date.

9.2 Early redemption for taxation reasons

- (a) The Issuer may at its option (subject, in the case of Dated Subordinated Notes, to Condition 9.10 (“Conditions to Redemption and Purchase of Dated Subordinated Notes”)), having given not less than 30 days nor more than 60 days’ notice to the Noteholders in accordance with Condition 19 (“Notices”), redeem all, but not some only, of the Notes outstanding on (if the Notes are Floating Rate Notes) the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the Early Redemption Amount, together with accrued but unpaid interest up to (but excluding) the date fixed for redemption, if, at any time, the Issuer shall satisfy the Registrar (immediately prior to the giving of the notice referred to above) that a Tax Event has occurred.
- (b) The Issuer shall deliver to the Registrar an opinion of an independent lawyer or accountant to the effect that a Tax Event exists. The Registrar may accept such opinion without any further inquiry as sufficient evidence of the existence of the circumstances required to be established in which event it shall be conclusive and binding on the Issuer and the Noteholders, and the Registrar will not be responsible for any loss that may be occasioned by the Registrar’s acting or relying on such opinion.

A “**Tax Event**” shall be deemed to have occurred if:

- (i) as a result of a Tax Law Change:
 - (A) in making payment under the Notes, the Issuer has or would on or before the next Interest Payment Date or the Maturity Date become obliged to pay additional amounts under Condition 12 (“Taxation”)

(and such obligation cannot be avoided by the Issuer taking reasonable measures available to it);

- (B) the payment of interest on the next Interest Payment Date or the Maturity Date in respect of any of the Notes would be treated as a “distribution” within the meaning of Chapter 2 of Part 23 of the Corporation Tax Act 2010 of the United Kingdom (or any statutory modification or re-enactment thereof for the time being); and/or
 - (C) on the next Interest Payment Date or the Maturity Date the Issuer would not be entitled to claim a deduction in respect of any payments in respect of the Notes in computing its United Kingdom taxation liabilities (or the value of such deduction to the Issuer would be materially reduced); and
- (ii) and also, for the purposes of any Dated Subordinated Notes only, if a Tax Law Change would:
- (A) prevent the Dated Subordinated Notes from being treated as loan relationships for United Kingdom tax purposes;
 - (B) as a result of the Dated Subordinated Notes being in issue, result in the Issuer not being able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of issue of the Dated Subordinated Notes or any similar system or systems having like effect as may from time to time exist);
 - (C) result in a United Kingdom tax liability, or the receipt of income or profit which would be subject to United Kingdom tax, in respect of a write down of the principal amount of the Dated Subordinated Notes; and/or
 - (D) result in a Dated Subordinated Note or any part thereof being treated as a derivative or an embedded derivative for United Kingdom tax purposes,

provided in each of paragraphs (ii)(A) to (D) that the Issuer could not avoid the foregoing in connection with the Dated Subordinated Notes by taking reasonable measures available to it.

The following Condition 9.3 applies only to Dated Subordinated Notes issued by Lloyds Banking Group plc.

9.3 Redemption of Dated Subordinated Notes following the occurrence of a Capital Disqualification Event

Where a Capital Disqualification Event Call is specified as being applicable in the Pricing Supplement relating to Dated Subordinated Notes, the Issuer may at its option but subject to Condition 9.10 (“Conditions to Redemption and Purchase of Dated Subordinated Notes”), having given not less than 30 days nor more than 60 days’ notice to the Noteholders in accordance with Condition 19 (“Notices”), redeem all but not some only of the Notes at any time at the Early Redemption Amount, together (if applicable) with any accrued but unpaid interest up to (but excluding) the date fixed for redemption, if immediately prior to the giving of the notice referred to above, it satisfies the Registrar that a Capital Disqualification Event has occurred and is continuing.

9.4 Early redemption at the option of Noteholders other than Dated Subordinated Noteholders (Noteholder put)

If the relevant Pricing Supplement states that a Noteholder may require the Issuer to redeem all or some of the Notes of a Series held by that Noteholder before their Maturity Date under this Condition 9.4, the Issuer must redeem the Notes specified by the Noteholder at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date if the following conditions are satisfied:

- (a) the amount of Notes to be redeemed is a multiple of their Denomination;
- (b) the Noteholder has given notice to the Issuer in accordance with Condition 19 (“Notices”) of not less than 15 days nor more than 30 days;
- (c) the notice referred to in paragraph (b) specifies an account in the country of the currency in which the Note is denominated to which the payment should be made or an address to where a cheque for payment should be sent;
- (d) the redemption date is an “Early Redemption Date (Put)” specified in the Pricing Supplement; and
- (e) any other relevant condition specified in the Pricing Supplement is satisfied.

A Noteholder may not require the Issuer to redeem any Note under this Condition 9.4 if the Issuer has given notice that it will redeem that Note under Condition 9.2 (“Early redemption for taxation reasons”) or Condition 9.5 (“Early redemption at the option of the Issuer (Issuer call”).

9.5 Early redemption at the option of the Issuer (Issuer call)

If the Pricing Supplement states that the Issuer may redeem all or some of the Notes of a Series before their Maturity Date under this Condition, the Issuer may at its option (subject, in the case of Dated Subordinated Notes, to Condition 9.10 (“Conditions to Redemption and Purchase of Dated Subordinated Notes”)), on giving not less than 30 days nor more than 60 days’ irrevocable notice to the Noteholders, redeem all or, if so provided, some only of the Notes so specified in the Pricing Supplement at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date.

However, the Issuer may only do so if:

- (a) the amount of Notes to be redeemed is, or is a multiple of, their Denomination;
- (b) the Issuer has given the relevant notice to the Registrar, the Noteholders, each other Agent and any stock or securities exchange or other relevant authority on which the Notes are listed;
- (c) the proposed redemption date is an Early Redemption Date (Call) specified in the Pricing Supplement; and
- (d) any other relevant condition specified in the Pricing Supplement is satisfied.

9.6 Partial redemptions

If only some of the Notes are to be redeemed under Condition 9.4 (“Early redemption at the option of Noteholders other than Dated Subordinated Noteholders (Noteholder put)”) or Condition 9.5 (“Early redemption at the option of the Issuer (Issuer call)”), such redemption must be of a nominal amount being not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as indicated in the applicable Pricing Supplement. The Notes to be redeemed must be specified in the notice and selected:

- (a) in a fair and reasonable manner under the circumstances of the proposed redemption and having regard to prevailing market practice; and
- (b) in compliance with any applicable law, directive or requirement of any applicable Clearing System and stock or securities exchange or other relevant authority on which the Notes are listed.

9.7 Effect of notice of redemption

Any notice of redemption given under this Condition 9 (“Redemption and purchase”) is irrevocable.

9.8 Late payment

If an amount is not paid under this Condition 9 (“Redemption and purchase”) when due, then:

- (a) for a Note (other than a Zero Coupon Note), interest continues to accrue on the unpaid amount (both before and after any demand or judgment) at the default rate specified in the Pricing Supplement (or, if no default rate is specified, the last applicable Interest Rate) until the date on which payment is made to the Noteholder; and
- (b) for a Zero Coupon Note, the obligation to pay the amount is replaced by an obligation to pay the Amortised Face Amount recalculated as at the date on which payment is paid to the Noteholder. The calculation of the Amortised Face Amount shall continue to be made (both before and after judgment) until such date falls on or after the Maturity Date, in which case the amount due and payable shall be the nominal amount of such Note on the Maturity Date together with any interest that may accrue. As from the date for redemption, the Interest Rate for any overdue principal of such Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield specified in the Pricing Supplement.

9.9 Purchase

Subject to Condition 9.10 (“Conditions to Redemption and Purchase of Dated Subordinated Notes”) in the case of Dated Subordinated Notes, the Issuer and any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price. Such Notes may be held, reissued, resold, or at the option of such purchaser, cancelled by notice to the Registrar. Purchases may be made by tender offers or in any other manner at the discretion of the purchasers, in each case, subject to compliance with any applicable law, directive or requirement of any stock or securities exchange or other relevant authority on which the Notes are listed.

The following Condition 9.10 applies only to Dated Subordinated Notes issued by Lloyds Banking Group plc.

9.10 Conditions to Redemption and Purchase of Dated Subordinated Notes

Any redemption or purchase of Dated Subordinated Notes in accordance with Conditions 9.2 (“Early redemption for taxation reasons”), 9.3 (“Redemption of Dated Subordinated Notes following the occurrence of a Capital Disqualification Event”), 9.5 (“Early redemption at the option of the Issuer (Issuer call)”) or 9.9 (“Purchase”) is subject to:

- (a) the Issuer giving notice to the Relevant Regulator and the Relevant Regulator granting permission to the Issuer to redeem or purchase the relevant Dated Subordinated Notes (in each case to the extent, and in the manner, required by the relevant Regulatory Capital Requirements);
- (b) in respect of any redemption of the relevant Dated Subordinated Notes proposed to be made prior to the fifth anniversary of the Issue Date, if and to the extent then required under the relevant Regulatory Capital Requirements:

- (i) in the case of redemption following the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the relevant change or event is material and was not reasonably foreseeable by the Issuer as at the Issue Date; or
 - (ii) in the case of redemption following the occurrence of a Capital Disqualification Event, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the relevant change was not reasonably foreseeable by the Issuer as at the Issue Date; and
- (c) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the relevant Regulatory Capital Requirements for the time being.

Article 78 of Commission Regulation (EU) No 575/2013 (as amended from time to time) (“**CRR**”) provides that the Relevant Regulator shall, subject as provided in Article 78 and below, grant permission to redeem Dated Subordinated Notes where either:

- (i) on or before the relevant redemption date, the Issuer replaces the Dated Subordinated Notes with instruments qualifying as own funds of equal or higher quality on terms that are sustainable for the income capacity of the Issuer; or
- (ii) the Issuer has demonstrated to the satisfaction of the Relevant Regulator that its tier 1 capital and tier 2 capital would, following such redemption, exceed the capital ratios required under Directive (EU) 2013/36 of the European Parliament and the Council (as amended from time to time) (“**CRD IV**”) by a margin that the Relevant Regulator may consider necessary on the basis set out in CRD IV.

Further, Article 78 provides that the Relevant Regulator may only permit the Issuer to redeem the Dated Subordinated Notes before the fifth anniversary of their Issue Date not only if either of the conditions referred to in paragraphs (i) or (ii) above is met, but also:

- (A) in the case of redemption due to the occurrence of a Capital Disqualification Event:
 - (aa) the Relevant Regulator considers such change to be sufficiently certain; and
 - (ab) the Issuer demonstrates to the satisfaction of the Relevant Regulator that the Capital Disqualification Event was not reasonably foreseeable at the Issue Date; or
- (B) in the case of redemption due to the occurrence of a Tax Event, the Issuer demonstrates to the satisfaction of the Relevant Regulator that such Tax Event is material and was not reasonably foreseeable at the Issue Date.

Prior to the publication of any notice of redemption pursuant to this Condition 9 (“Redemption and purchase”) (other than redemption on the relevant Maturity Date), the Issuer shall deliver to the Registrar a certificate signed by two Directors of the Issuer certifying that the relevant requirement or circumstance giving rise to the right to redeem is satisfied, including (in the case of a Tax Event or a Capital Disqualification Event (as applicable)) that a Tax Event or a Capital Disqualification Event (as applicable) exists. The Registrar may accept such certificate without any further inquiry as sufficient evidence of the existence of the circumstances required to be established in which event it shall be conclusive and binding on the Issuer and the Noteholders and the Registrar will not be responsible for any loss that maybe occasioned by the Registrar’s acting or relying on such certificate.

10 Substitution**10.1 Dated Subordinated Notes - Substitution or Variation following a Capital Disqualification Event**

- (a) Where Capital Disqualification Event Substitution and Variation is specified in the Pricing Supplement in respect of Dated Subordinated Notes as being applicable and the Issuer has satisfied the Registrar that a Capital Disqualification Event has occurred and is continuing, then the Issuer may, subject to the other provisions of this Condition 10.1 (without any requirement for the consent or approval of the Noteholders (subject to the notice requirements below)) either substitute all (but not some only) of the Dated Subordinated Notes for, or vary the terms of the Dated Subordinated Notes so that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of the notice required by this Condition 10.1, the Issuer shall either vary the terms of, or substitute, the Dated Subordinated Notes in accordance with this Condition 10.1, as the case may be and, subject as set out below, the Noteholders shall agree to such substitution or variation.
- (b) In connection with any substitution or variation in accordance with this Condition 10.1, the Issuer shall comply with the rules of any stock exchange on which such Notes are for the time being listed or admitted to trading.
- (c) Any substitution or variation in accordance with this Condition 10.1 is subject to the Issuer:
 - (i) obtaining the permission therefor from the Relevant Regulator, provided that at the relevant time such permission is required to be given; and
 - (ii) giving not less than 30 days nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), the Registrar, in accordance with Condition 19 ("Notices"), which notice shall be irrevocable.
- (d) Any substitution or variation in accordance with this Condition 10.1 does not otherwise give the Issuer an option to redeem the relevant Notes under these Conditions.
- (e) Prior to the publication of any notice of substitution or variation pursuant to this Condition 10.1, the Issuer shall deliver to the Registrar a certificate signed by two authorised signatories of the Issuer stating that the Capital Disqualification Event giving rise to the right to substitute or vary has occurred and is continuing as at the date of the certificate and the Registrar shall accept such certificate without any further inquiry as sufficient evidence of the occurrence of a Capital Disqualification Event in which event it shall be conclusive and binding on the Noteholders.
- (f) The Noteholders shall concur in the substitution of the Dated Subordinated Notes for, or the variation of the terms of the relevant Notes so that they remain or become, Compliant Securities, provided that the Noteholders shall not be obliged to concur in any such substitution or variation if the terms of the proposed alternative Compliant Securities or the concurring in such substitution or variation would impose, in the Noteholders' opinion, more onerous obligations upon it or require the Noteholders to incur any liability for which it is not indemnified and/or secured and/or pre-funded to its satisfaction.
- (g) The Registrar may rely without liability to Noteholders on a report, confirmation, certificate or any advice of any accountants, financial advisers, financial institutions or any other experts, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Registrar or in any other manner) by reference to a monetary cap, methodology or otherwise. The Registrar may accept and shall be entitled to rely on any such report, confirmation, certificate or advice and such report, confirmation, certificate or advice shall be binding on the Issuer, the Registrar and the Noteholders.

(h) As used in this Condition 10.1:

“Compliant Securities” means securities issued directly or indirectly by the Issuer that:

- (i) are issued by the Issuer or any wholly-owned direct or indirect finance subsidiary of the Issuer with a subordinated guarantee of such obligations by the Issuer;
- (ii) rank (or if guaranteed by the Issuer benefit from a guarantee that ranks) equally with the ranking of the Dated Subordinated Notes;
- (iii) have terms not materially less favourable to Noteholders than the terms of the Dated Subordinated Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing, and provided that a certification to such effect of two Directors of the Issuer shall have been delivered to the Registrar prior to the issue of the relevant securities), provided that such securities
 - (A) contain terms such that they comply with the then Regulatory Capital Requirements in relation to Tier 2 Capital;
 - (B) include terms which provide for the same (or, from a Noteholder's perspective, more favourable) Interest Rate from time to time, Interest Payment Dates, (in relation to any Dated Subordinated Notes) Maturity Date and Early Redemption Amount(s) as apply from time to time to the relevant Series of Dated Subordinated Notes immediately prior to such substitution or variation;
 - (C) shall preserve any existing rights under the Conditions to any accrued interest, principal and/or premium which has not been satisfied;
 - (D) do not contain terms providing for the mandatory or voluntary deferral of payments of principal and/or (in the case of Dated Subordinated Notes) interest;
 - (E) do not contain terms providing for loss absorption through principal write down, write-off or conversion to ordinary shares; and
 - (F) are otherwise not materially less favourable to Noteholders;
- (iv) are listed on:
 - (A) the regulated market of the London Stock Exchange; or
 - (B) such other European Economic Area regulated market as selected by the Issuer and approved in writing by the Registrar; and
- (v) where the Dated Subordinated Notes which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Dated Subordinated Notes; and

“Rating Agency” means Fitch Ratings Limited or Moody's Investors Service Ltd. or Standard & Poor's Credit Market Services Europe Limited or their respective successors.

10.2 Substitution of Issuer

The Issuer may with respect to any Series of Notes (“**Relevant Notes**”) without the consent of any Noteholder, substitute for itself any Related Entity incorporated in any country in the world as the debtor in respect of the Relevant Notes (“**Substituted Issuer**”) upon notice by the Issuer and the Substituted Issuer to be given in accordance with Condition 19 (“**Notices**”), provided that:

- (a) the Issuer and the Substituted Issuer have entered into such documents (“**Documents**”) as are necessary to give effect to the substitution and in which the Substituted Issuer has undertaken in favour of each Noteholder of the Relevant Notes to be bound by these Conditions, the Agency Agreement and the Deed Poll, as the debtor in respect of such Relevant Notes in place of the Issuer (or of any previous substitute under this Condition 10.2);
- (b) if the Substituted Issuer is resident for tax purposes in a territory (“**New Residence**”) other than that in which the Issuer prior to such substitution was resident for tax purposes (“**Former Residence**”), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Noteholder of the Relevant Notes has the benefit of an undertaking in terms corresponding to the provisions of Condition 12 (“**Taxation**”), with, where applicable, the substitution of references to the Former Residence with references to the New Residence;
- (c) (except where the original Issuer is the Substituted Issuer) an unconditional and irrevocable guarantee is given by the original Issuer (in the case of Senior Notes, on an unsubordinated basis and, in the case of Dated Subordinated Notes, on a subordinated basis *mutatis mutandis* as set out in Condition 4.3 (“**Status of Dated Subordinated Notes**”) and Condition 4.4 (“**Subordination of Dated Subordinated Notes**”) (in the case of Dated Subordinated Notes) in favour of the Noteholders of the payment of all moneys payable by the Substituted Issuer as such principal debtor;
- (d) without prejudice to paragraph (c), where the Substituted Issuer (as defined in the preamble to this Condition 10.2, but with the substitution in such definition of references to the “**Substituted Issuer**” in place of references to the “**Issuer**”) shall be a banking company or a holding company of the Issuer, the obligations of the Substituted Issuer in respect of the Dated Subordinated Notes may be subordinated in a winding-up of the Substituted Issuer to the rights of depositors and other Senior Creditors of the Substituted Issuer but not further or otherwise;
- (e) the directors of the Substituted Issuer shall certify to the Registrar and the Noteholders (with the Registrar to hold such certificate) that the Substituted Issuer is solvent at the time at which the substitution is proposed to be effected;
- (f) the Issuer and the Substituted Issuer are each satisfied that the substitution is not materially prejudicial to the interests of the Noteholders;
- (g) the Substituted Issuer has obtained a legal opinion confirming that the Substituted Issuer’s obligations under the Documents are valid, binding and (subject to the terms of the Documents) enforceable subject only to such qualifications of the same nature as apply to the Issuer’s obligations under these Conditions, the Agency Agreement and the Deed Poll;
- (h) the Substituted Issuer and the Issuer have obtained all necessary regulatory and governmental approvals and consents for such substitution and for the performance by the Substituted Issuer of its obligations under the Documents;
- (i) each stock exchange or other relevant authority on which the Relevant Notes are listed has confirmed that, following the proposed substitution of the Substituted Issuer, the Relevant Notes will continue to be admitted to listing, trading and/or quotation by the stock exchange or other relevant authority on which the Relevant Notes are listed; and
- (j) if applicable, the Substituted Issuer has appointed a process agent in New South Wales as its agent to receive service of process on its behalf in relation to any legal

proceedings arising out of or in connection with the Documents and the Relevant Notes.

10.3 Substituted Issuer's rights

Upon such substitution the Substituted Issuer shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Relevant Notes, the Agency Agreement, the Deed Poll with the same effect as if the Substituted Issuer had been named as the Issuer in them, and the Issuer shall be released from its obligations under the Relevant Notes, the Agency Agreement and the Deed Poll.

10.4 Further substitutions

After a substitution pursuant to Condition 10.2 ("Substitution of Issuer"), the Substituted Issuer may, without the consent of any Noteholder, effect a further substitution. All the provisions specified in Condition 10.2 ("Substitution of the Issuer") and Condition 10.3 ("Substituted Issuer's rights") shall apply *mutatis mutandis*, and references in these Conditions to the Issuer are taken, where the context so requires, to be or include references to any such further Substituted Issuer.

10.5 Reversing substitution

After a substitution pursuant to Condition 10.2 ("Substitution of the Issuer") and Condition 10.3 ("Substituted Issuer's rights") any Substituted Issuer may, without the consent of any Noteholder, reverse the substitution, *mutatis mutandis*.

11 Payments

11.1 Payment of principal

Payments of principal in respect of a Note will be made to each person registered at 10.00am on the payment date as the Noteholder of that Note (or the first person to be registered in the case of joint holders).

11.2 Payment of interest

Payments of interest in respect of a Note will be made to each person registered at the close of business on the Record Date as the Noteholder of that Note (or the first person to be registered in the case of joint holders).

11.3 Payments to accounts

Payments in respect of the Note will be made in Australia, unless prohibited by law, and:

- (a) if the Note is held in the Austraclear System, by crediting on the payment date, the amount due to:
 - (i) the account of Austraclear (as the Noteholder) in Australia previously notified to the Issuer and the Registrar; or
 - (ii) if requested by Austraclear, the accounts in Australia of the persons in whose Security Record a Note is recorded as previously notified by Austraclear to the Issuer and the Registrar in accordance with Austraclear Regulations; and
- (b) if the Note is not held in the Austraclear System, by crediting on the payment date, the amount then due under each Note to an account in Australia previously notified by the Noteholder to the Issuer and the Registrar.

If a payment in respect of the Note is prohibited by law from being made in Australia, such payment will be made in an international financial centre for the account of the relevant payee, and on the basis that the relevant amounts are paid in immediately available funds, freely transferable at the order of the payee.

11.4 Payments by cheque

If the Noteholder has not notified the Registrar of an account to which payments to it must be made by the close of business on the Record Date, payments in respect of the Note will be made in Australia by cheque drawn on a bank in Australia sent by prepaid post on, or on the Business Day immediately before, the payment date, at the risk of the registered Noteholder, to the Noteholder (or to the first named joint holder of the Note) at its address appearing in the Register at the close of business on the Record Date. Cheques sent to the nominated address of a Noteholder are taken to have been received by the Noteholder on the payment date and, no further amount is payable by the Issuer in respect of the Notes as a result of the Noteholder not receiving payment on the due date.

11.5 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of Condition 12 ("Taxation").

11.6 Payments on Business Days

If a payment is due on a day which is not a Business Day then the due date for payment is adjusted in accordance with the applicable Business Day Convention.

12 Taxation

12.1 No set-off, counterclaim or deductions

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction or any Tax Authority therein or thereof having power to tax, unless such withholding or deduction is required by law or made for or on account of FATCA.

12.2 Withholding tax

Subject to Condition 12.3 ("Withholding tax exemptions"), if a law requires the Issuer to withhold or deduct an amount for, or on account of, any present or future Taxes from a payment in respect of the Notes such that the Noteholder would not actually receive on the due date the full amount provided for under the Notes, then:

- (a) the Issuer agrees to deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and
- (b) if the amount deducted or withheld is in respect of Taxes imposed by a Relevant Jurisdiction, the Issuer will pay such additional amounts so that, after making the deduction and further deductions applicable to additional amounts payable under this Condition, each Noteholder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

12.3 Withholding tax exemptions

No Additional Amounts are payable under Condition 12.2 ("Withholding tax") in respect of any Note:

- (a) to or on behalf of a Noteholder who is subject to or liable for such Taxes in respect of such Note by reason of such Noteholder having some connection with the Relevant Jurisdiction other than the merely holding of the Note; or
- (b) to or on behalf of a Noteholder who presents a Note (where presentation is required) more than 30 days after the relevant date except to the extent that the Noteholder thereof would have been entitled to such Additional Amounts on presenting such Note for payment on the last day of such 30 day period (assuming that day to have been a

Business Day). For the purpose of this paragraph (b), the “relevant date” means whichever is the later of:

- (i) the date on which such payment first becomes due; and
 - (ii) if the full amount payable has not been received by the Issuing and Paying Agent or the Registrar on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholder in accordance with Condition 19 (“Notices”);
- (c) to or on behalf of a Noteholder who presents a Note (where presentation is required) who would not be subject to such withholding or deduction if he were to comply with any certification, identification or other reporting requirements concerning nationality or residence or any connection with the Relevant Jurisdiction;
 - (d) to a Noteholder who presents a Note (where presentation is required) for payment in the Relevant Jurisdiction;
 - (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive; or
 - (f) where such withholding or deduction is made for or on account of FATCA (as withheld or deducted by the Issuer, an Agent or any other party).

13 Time limit for claims

A claim against the Issuer for a payment under a Note is void unless made within twelve years (in the case of principal) or six years (in the case of interest and other amounts) from the date on which payment first became due.

14 Events of Default

14.1 Events of Default

The occurrence and continuance of any of the following events will constitute an Event of Default in respect of the Notes:

- (a) **(non-payment of principal or interest)** if the Issuer shall not make payment of any principal or interest in respect of any of the Notes for a period of 14 days or more after the due date for the same, unless the Issuer withholds or refuses any such payment, subject to Condition 12 (“Taxation”):
 - (i) in order to comply with any fiscal or other law or directive, with the order of any court of competent jurisdiction or with any agreement between the Issuer and any Tax Authority, in each case applicable to such payment, the Issuer, an Agent or the Noteholder; or
 - (ii) in case of doubt as to the validity or applicability of any such law or directive, in accordance with advice as to such validity or applicability given at any time during the said period of 14 days by independent legal advisers of recognised standing in the relevant jurisdiction; or
- (b) **(winding-up)** if otherwise than for the purposes of reconstruction or amalgamation on terms previously approved by the Noteholders by an Extraordinary Resolution, an order is made or an effective resolution is passed for winding-up the Issuer.

14.2 Consequences of an Event of Default

- (a) If an Event of Default occurs and is continuing, any Noteholder may:

- (i) in respect of Senior Notes, at any time at its discretion and without notice institute such proceedings and/or take such other action as it may think fit against or in relation to the Issuer to enforce its obligations under the Senior Notes, including the giving of notice to the Issuer that the Senior Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount, together with any accrued interest; or
 - (ii) in respect of Dated Subordinated Notes, institute proceedings in England (but not elsewhere) for the winding-up of the Issuer, or prove in respect of, amounts required to be paid pursuant to these Conditions, but may take no other action in respect of such default.
- (b) Should any Noteholder take any such proceedings and/or action as mentioned in Condition 14.2(a)(i) or (in the case of Condition 14.2(a)(ii)) institute proceedings in England for the winding-up of the Issuer to enforce its obligations under the Notes or prove in any such winding-up commenced by any other person, proof therein that as regards any specified Note the Issuer has made default in paying any principal or interest due in respect of such Note shall (unless the contrary be proved) be sufficient evidence that the Issuer has made the like default as regards all other Notes which are than repayable.

14.3 Notification

If an Event of Default occurs and upon any such declaration, the Issuer shall, in each case, give notice thereof to the Noteholders, the Registrar and each other Agent. If, after any such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Issuer pays or deposits with the Issuing and Paying Agent all amounts then due with respect to the Notes (other than amounts due solely because of such declaration) and cures all other Events of Default with respect to the Notes, such defaults may be waived and such declaration may be annulled and rescinded by the Noteholders of more than 50 per cent. in aggregate principal amount of the Notes then outstanding by written notice thereof to the Issuer.

14.4 Default of Interest

- (a) If payment to any Noteholder of any amount due in respect of the Notes (other than interest) is improperly withheld or refused (any withholding or refusal effected in reliance upon the proviso to Condition 14.1(a) where the relevant law, regulation or order proves subsequently not to be valid or applicable shall be treated, for the purpose of ascertaining entitlement to accrued interest but not for any other purpose, as if it had been at all times an improper withholding or refusal), interest shall accrue until, but excluding, the date on which notice is given in accordance with Condition 19 ("Notices") that the full amount in the relevant currency payable in respect of such Notes is available for payment or the date of payment, whichever first occurs and shall be calculated by applying the Interest Rate determined in accordance with these Conditions on the first day of the then current Interest Period (and each relevant Interest Period (if any) thereafter) to such amount withheld or refused, multiplying the sum by the relevant Day Count Fraction for such Interest Period and rounding the resultant figure to the nearest relevant unit.
- (b) If, in reliance upon the proviso to Condition 14.1(a) above, payment of any amount (each a "**withheld amount**") in respect of the whole or any part of the principal and/or any interest due in respect of the Notes, or any of them, is not paid or provided by the Issuer to the Noteholder or to the account of or with the Issuing and Paying Agent, or is withheld or refused by the Issuing and Paying Agent or the Registrar, in each case other than improperly within the meaning of paragraph (a) above, or which is paid or provided after the due date for payment thereof, such withheld amount shall, where not already an interest bearing deposit, if lawful, promptly be so placed. If subsequently it shall be or become lawful to make payment of such withheld amount in the relevant currency, notice shall be given in accordance with Condition 19 ("Notices"), specifying the date (which shall be no later than seven days after the

earliest date thereafter upon which such interest bearing deposit falls or may (without penalty) be called due for repayment) on and after which payment in full of such withheld amount (or that part thereof which it is lawful to pay) will be made. In such event (but subject in all cases to any applicable fiscal or other law or regulation or the order of any court of competent jurisdiction), the withheld amount or the relevant part thereof, together with interest accrued thereon from, and including, the date the same was placed on deposit to, but excluding, the date upon which such interest bearing deposit was repaid, shall be paid to (or released by) the Issuing and Paying Agent for payment to the relevant holders of Notes, as the case may be (or, if the Issuing and Paying Agent advises the Issuer of its inability to effect such payment, shall be paid to (or released by) such other Issuing and Paying Agent or Registrar (as the case may be) as there then may be or, if none, to the Noteholders, in any such case for payment as aforesaid). For the purposes of paragraph (a) above, the date specified in the said notice shall become the due date for payment in respect of such withheld amount or the relevant part thereof. The obligations under this paragraph (b) shall be in lieu of any other remedy otherwise available under these Conditions or otherwise in respect of such withheld amount or the relevant part thereof.

- (c) Any interest payable as provided in paragraph (b) above shall be paid net of any taxes applicable thereto and Condition 12 ("Taxation") shall not apply in respect of the payment of any such interest.

15 Agents

15.1 Role of Agents

In acting under an Agency Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any Noteholder.

15.2 Appointment and replacement of Agents

Each initial Agent for a Series of Notes is specified in the Pricing Supplement. Subject to Condition 15.4 ("Required Agents"), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

15.3 Change of Agent

Notice of any change of an Agent or its Specified Offices must promptly be given to the Noteholders by the Issuer or the Agent on its behalf.

15.4 Required Agents

The Issuer must, in respect of each Series of Notes:

- (a) at all times maintain a Registrar;
- (b) at all times maintain an Issuing and Paying Agent; and
- (c) if a Calculation Agent is specified in the Pricing Supplement, at all times maintain a Calculation Agent for the relevant Series.

15.5 Liability of Agents with respect to the U.K. bail-in power

Each Noteholder:

- (a) expressly waives any and all claims against each Agent for, and agrees not to initiate a suit against an Agent in respect of, and agrees that no Agent shall be liable for, any action that an Agent takes, or abstains from taking, in either case in accordance with an exercise of any U.K. bail-in power by the relevant U.K. resolution authority with respect to the Senior Notes;

- (b) acknowledges and agrees that no Agent shall be under any duty to determine, monitor or report on whether there has been an exercise of any U.K. bail-in power by the relevant U.K. resolution authority or to determine or calculate, or verify any determination or calculation of, or relating to, an exercise of any U.K. bail-in power; and
- (c) shall be deemed to have authorised, directed and requested each Agent, as applicable, to take any and all necessary action to give effect to the exercise of any U.K. bail-in power by the relevant U.K. resolution authority without any further action or direction on the part of a Noteholder.

For the purposes of this Condition 15.5, a reference to “**Noteholders**” includes any person holding an interest in the Notes.

16 Meetings of Noteholders

The Meetings Provisions contain provisions (which have effect as if incorporated in these Conditions) for convening meetings of the Noteholders of any Series to consider any matter affecting their interests, including any variation of these Conditions.

17 Variation

17.1 Variation with consent

Unless expressly provided otherwise in these Conditions or the Deed Poll, or if Condition 17.2 (“Variation without consent”) applies, any Condition may be varied by the Issuer in accordance with the Meetings Provisions.

17.2 Variation without consent

Any Condition or the Deed Poll may be amended by the Issuer without the consent of the Noteholders if the amendment:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest error;
- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision and is not materially prejudicial to the interests of the Noteholders;
- (d) is to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (e) only applies to Notes issued by it after the date of amendment.

18 Further issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same Conditions as the Notes of any Series in all respects (or in all respects except for the Issue Price, Issue Date and the first Interest Payment Date) so as to form a single series with the Notes of that Series.

19 Notices

19.1 To Noteholders

- (a) All notices and other communications to Noteholders must be in writing. Any such notice or other communication may be given by any of the following means:
 - (i) an advertisement published in the *Australian Financial Review* or *The Australian* (or an alternative broadsheet newspaper of general circulation in Australia);

- (ii) if the Pricing Supplement specifies an additional or alternate newspaper, given by an advertisement published in that newspaper; or
 - (iii) prepaid post (airmail, if posted from a place outside Australia) or delivery by facsimile to the address or facsimile address, as the case may be, of the Noteholder as shown in the Register at the close of business three Business Days prior to the dispatch of the notice or communication).
- (b) The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being admitted to trading. Any such notice shall be deemed to have been given on the date of the first publication or, if required to be published in more than one newspaper, on the date of the first publication in all the required newspapers.

19.2 To the Issuer and the Agents

All notices and other communications to the Issuer or an Agent must be in writing and may be left at the address of, or sent by prepaid post (airmail, if appropriate) to, its respective Specified Office or by facsimile to the facsimile number of the addressee specified:

- (a) in the Information Memorandum; or
- (b) as otherwise agreed between those parties from time to time and notified to the Noteholders.

Notices to be given by any Noteholder to the Issuer also may be given by lodging the same with the Registrar.

19.3 Effective on receipt

Unless a later time is specified in the notice provided by the Issuer to Noteholders, approval, consent or other communication takes effect from the time it is under Condition 19.4 ("Proof of receipt"), except that if it is received under that Condition after 5.00pm in the place of receipt or on a non-Business Day in that place, it is to be taken to be received at 9.00am on the next succeeding Business Day in that place.

19.4 Proof of receipt

Subject to Condition 19.3 ("Effective on receipt"), proof of posting a letter, dispatch of a facsimile or publication of a notice is proof of receipt:

- (a) in the case of a letter, on the third (seventh if outside Australia) day after posting;
- (b) in the case of a facsimile, at the time shown in the transmission report as the time when the whole facsimile was sent unless, within eight hours after transmission (being counted as hours from 9.00am to 5.00pm on a Business Day), the recipient informs the sender that it has not received the final notice; and
- (c) in the case of publication in a newspaper, on the date of such publication.

20 Governing law, jurisdiction and service of process

20.1 Governing law

The Notes are governed by, and construed in accordance with, the law in force in New South Wales, Australia.

20.2 Jurisdiction

The Issuer irrevocably and unconditionally submits, and each Noteholder is taken to have submitted, to the non-exclusive jurisdiction of the courts of New South Wales and courts of

appeal from them. The Issuer waives any right it has to object to an suit, action or proceedings (“**Proceedings**”) being brought in those courts including by claiming that the Proceedings have been brought in an inconvenient forum or that those courts do not have jurisdiction.

20.3 Serving documents

Without preventing any other method of service, any document in any Proceedings may be served on the Issuer by being delivered or left at the place set out in the section entitled “Directory” of the Information Memorandum or otherwise at the Issuer’s registered office or principal place of business.

20.4 Agent for service of process

For so long as any of the Notes issued by it are outstanding, the Issuer will ensure that there is an agent appointed to accept service of process on its behalf in New South Wales, Australia in respect of any Proceedings as may be brought in the courts of New South Wales, Australia or the Federal Courts of Australia.

The Issuer appoints Dabserv Corporate Services Pty Ltd (ABN 73 001 824 111) of Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney, New South Wales, 2000, Australia as its agent to receive any document referred to in Condition 20.3 (“Serving documents”). If for any reason that person ceases to be able to act as such, the Issuer will immediately appoint another person with an office located in New South Wales to act as its agent to receive any such document and will promptly notify the Registrar and the Noteholders of such appointment.

Form of Pricing Supplement

The Pricing Supplement to be issued in respect of each Tranche of Notes will be substantially in the form set out below.



LLOYDS BANK

[Lloyds Bank plc

(incorporated in England with limited liability under the Companies Act 1862 and the Companies Act 1985 with registered number 2065) / Lloyds Banking Group plc

(incorporated in Scotland with limited liability under the Companies Act 1985 with registered number SC095000)]

A\$[•]

Medium Term Note Programme

Issue of

**[A\$][Aggregate Principal Amount of Notes]
[Title of Notes] due [•] (“Notes”)**

The date of this Pricing Supplement is [•].

This Pricing Supplement (as referred to in the Information Memorandum dated [•] (“**Information Memorandum**”) in relation to the above Programme) relates to the Tranche of Notes referred to above. It is supplementary to, and should be read in conjunction with, the terms and conditions of the Notes contained in the Information Memorandum (“**Conditions**”), the Information Memorandum and the Note Deed Poll dated [•] made by the Issuer.

Unless otherwise indicated, terms defined in the Conditions have the same meaning in this Pricing Supplement.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The Issuer is not a bank or authorised deposit-taking institution which is authorised under the Banking Act 1959 of Australia (“Australian Banking Act”). The Notes are not obligations of the Australian Government or any other government and, in particular, are not guaranteed by the Commonwealth of Australia. The Issuer is not supervised by the Australian Prudential Regulation Authority. An investment in any Notes issued by the Issuer will not be covered by the depositor protection provisions in section 13A of the Australian Banking Act and will not be covered by the Australian Government’s bank deposit guarantee (also commonly referred to as the Financial Claims Scheme).

The particulars to be specified in relation to the Tranche of Notes referred to above are as follows:

- | | | | |
|----|--|---|--|
| 1 | Issuer | : | [Lloyds Bank plc / Lloyds Banking Group plc] |
| 2 | (i) Series Number | : | [Specify] |
| | (ii) Tranche Number | : | [Specify] |
| 3 | Type of Notes | : | [Fixed Rate Notes / Floating Rate Notes / Zero Coupon Notes / <i>specify other</i>] |
| 4 | Method of Distribution | : | [Private / Syndicated Issue] |
| 5 | Lead Manager[s] | : | [Specify] |
| 6 | Dealer[s] | : | [Specify] |
| 7 | Registrar | : | [Citigroup Pty Limited (ABN 88 004 325 080) / <i>specify other</i>] |
| 8 | Issuing and Paying Agent | : | [Citigroup Pty Limited (ABN 88 004 325 080) / <i>specify other</i>] |
| 9 | Calculation Agent | : | [Citigroup Pty Limited (ABN 88 004 325 080) / <i>specify other</i>] |
| 10 | Series Particulars (Fungibility with other Tranches) | : | [Not Applicable / <i>specify if Tranche is to form a single Series with an existing Series, specify date on which all Notes of the Series become fungible (if no specific future date, specify the Issue Date)</i>] |
| 11 | Principal Amount of Tranche | : | [Specify] |
| 12 | Principal Amount of Series | : | [Specify] |
| 13 | Issue Date | : | [Specify] |
| 14 | Issue Price | : | [Specify] |
| 15 | Currency | : | [A\$] |
| 16 | Denomination[s] | : | [Specify] |
| 17 | Status of Notes | : | [Senior / Dated Subordinated] |
| 18 | Maturity Date | : | [Specify] |
| 19 | Record Date | : | [As per the Conditions / <i>specify other</i>] |
| 20 | Condition 6 (Fixed Rate Notes) applies | : | [Yes / No]
[If "No", delete following Fixed Rate provisions] |
| | Fixed Coupon Amount | : | [Specify] |
| | Interest Rate | : | [Specify] |

	Interest Commencement Date	:	[Issue Date / <i>specify</i>]
	Interest Payment Dates	:	[<i>Specify</i>]
	Business Day Convention	:	[Following Business Day Convention / Preceding Business Day Convention / <i>specify other</i>]
	Day Count Fraction	:	[<i>Specify</i>]
	Other terms relating to the method of calculating interest for Fixed Rate Notes:	:	[<i>Specify</i>]
21	Condition 7 (Floating Rate Notes) applies	:	[Yes / No] [If "No", delete following Floating Rate provisions]
	Interest Commencement Date	:	[Issue Date / <i>specify</i>]
	Interest Rate	:	[<i>Specify method of calculation</i>]
	Interest Period / Interest Payment Dates	:	[<i>Specify dates or the Interest Period</i>]
	Business Day Convention	:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / <i>specify other</i>]
	Margin	:	[<i>Specify (state if positive or negative)</i>]
	Day Count Fraction	:	[<i>Specify</i>]
	Fallback Interest Rate	:	[As per the Conditions]
	Interest Rate Determination	:	[ISDA Determination / Screen Rate Determination / BBSW Rate Determination]
	<i>[If ISDA Determination applies, specify the following (otherwise delete provisions)]</i>		
	Floating Rate Option	:	[<i>Specify</i>]
	Designated Maturity	:	[<i>Specify</i>]
	Reset Date	:	[<i>Specify</i>]
	<i>[If Screen Rate Determination applies, specify the following (otherwise delete provisions)]</i>		
	Relevant Screen Page	:	[<i>Specify</i>]
	Reference Rate	:	[<i>Specify</i>]
	Interest Determination Date	:	[<i>Specify</i>]

[If BBSW Rate Determination applies, specify the following (otherwise delete provision)]

	BBSW Rate	:	[As per Condition 7.6 / <i>specify any variation to the Conditions</i>]
	Maximum and Minimum Interest Rate	:	[Specify / Not Applicable]
	Rounding	:	[As per Condition 8.6 / <i>specify</i>]
	Relevant Financial Centre	:	[Applicable / Not Applicable]
	Linear Interpolation	:	[Applicable / Not Applicable] <i>[If applicable, provide details]</i>
	Other terms relating to the method of calculating interest for Floating Rate Notes	:	[Specify]
22	Details of Zero Coupon Notes	:	[Specify details / Not Applicable] <i>[If "Not Applicable", delete following Zero Coupon provisions]</i>
	Amortisation Yield	:	[•] per cent. per annum
	Amortisation Yield compounding basis	:	[Compounded/Non-compounded] [annually/semi-annually/other]
	Any other formula/basis of determining amount payable	:	[•]
23	Capital Disqualification Event Call	:	[Applicable / Not Applicable]
24	Condition 9.4 (Noteholder put) applies	:	[Yes, the Notes redeemable before their Maturity Date at the option of the Noteholders under Condition 9.4 (Noteholder put) / No] <i>[If "No", delete following Holder put provisions]</i>
	Early Redemption Date(s) (Put)	:	[Specify]
	Minimum / maximum notice period for exercise of Noteholder put	:	[Specify]
	Relevant conditions to exercise of Noteholder put	:	[Specify]
	Redemption Amount	:	[Specify if different to Condition 9.4]
25	Condition 9.5 (Issuer call) applies	:	[Yes, the Notes redeemable before their Maturity Date at the option of the Issuer under Condition 9.5 ("Issuer call") / No] <i>[If "No", delete following Issuer call provisions]</i>
	Early Redemption Date(s) (Call)	:	[Specify]

	Minimum / maximum notice period for exercise of Issuer call	:	[Specify]
	Relevant conditions to exercise of Issuer call	:	[Specify]
	Redemption Amount	:	[Specify if different to Condition 9.5]
26	Minimum / maximum notice period for early redemption for taxation purposes	:	[As per Condition 9.2 / Specify]
27	Early Redemption Amount payable on early redemption for taxation purposes or as an Event of Default	:	[Specify]
28	Final Redemption Amount	:	[The outstanding principal amount as at the date of redemption]
29	Capital Disqualification Event Substitution and Variation	:	[Applicable / Not Applicable]
30	Additional Conditions	:	[Specify any Conditions to be altered, varied, deleted otherwise than as provided above and also any additional Conditions to be included]
31	Clearing System[s]	:	[Austraclear System / specify others]
32	ISIN	:	[Specify]
33	[Common Code]	:	[Specify]
34	[Selling Restrictions]	:	[Specify any variation to the selling restrictions set out in the Information Memorandum]
35	Listing	:	[Not Applicable / Australian Securities Exchange / specify details of other relevant stock or securities exchange]
36	[Credit ratings]	:	[[Specify]

A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Pricing Supplement and anyone who receives this Pricing Supplement must not distribute it to any person

who is not entitled to receive it.]

37 [Additional Information] : [Specify]

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

CONFIRMED

For and on behalf of

[Lloyds Bank plc / Lloyds Banking Group plc]

By:

Date:

Clearing and Settlement

Austraclear

Upon the issuance of a Note the relevant Issuer will (unless otherwise agreed with the Holder) procure that the Notes are entered into the Austraclear System. Upon entry, Austraclear Ltd (ABN 28 003 284 419) ("**Austraclear**") (in its capacity as the operator of the Austraclear System) will become the sole registered holder of the Notes and members of the Austraclear System ("**Accountholders**") may acquire rights against Austraclear in relation to those Notes. If potential investors are not Accountholders they may hold their interest in the relevant Notes through a nominee who is an Accountholder. All payments by an Issuer in respect of Notes entered in the Austraclear System will be made directly to an account of Austraclear or as it directs in accordance with the Austraclear Regulations.

Secondary market sales of Notes held in the Austraclear System will be conducted in accordance with the Austraclear Regulations.

Relationship of Accountholders with Austraclear

Each of the persons shown in the records of the Austraclear System as having an interest in Notes issued by an Issuer must look solely to the Austraclear System for such person's share of each payment made by the relevant Issuer to Austraclear and to any other rights arising under the Notes, subject to and in accordance with the Austraclear Regulations. Unless and until such Notes are uplifted from the Austraclear System and registered in the name of an Accountholder, such person has no claim directly against the Issuer in respect of payments by the Issuer and such obligations of the Issuer will be discharged by payment to Austraclear (or as it directs) in respect of each amount so paid.

Where Austraclear is registered as the holder of Notes that are lodged in the Austraclear System, Austraclear may, in its absolute discretion, instruct the Registrar to transfer or "uplift" the Notes to the person in whose Security Record (as defined in the Austraclear Regulations) those Notes are recorded without any consent or action of such transferee and, as a consequence, remove those Notes from the Austraclear System. Such transfer would not normally occur without prior consultation by Austraclear with that person and only in circumstances where the relevant Issuer had defaulted in payment or that person sought to exercise its rights directly in relation to the Notes.

Relationship of Accountholders with Euroclear

Interests in Notes may also be traded on the settlement system operated by Euroclear Bank S.A./N.V. ("**Euroclear**"), the settlement system operated by Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or any other clearing system outside Australia specified in the relevant Pricing Supplement (the Austraclear System, Euroclear, Clearstream, Luxembourg and any other clearing system so specified, each a "**Clearing System**").

Interest in Notes traded in the Austraclear System may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in Notes in Euroclear would be held in the Austraclear System by a nominee of Euroclear while entitlements in respect of holdings of interests in Notes in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of Clearstream, Luxembourg.

The rights of a holder of interests in a Note held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System. In addition, any transfer of interests in a Note, which is held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act and the requirements for minimum consideration summarised in the section entitled "Transfer procedure" above.

The Issuer will not be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.

Selling Restrictions

*Under the Dealer Agreement dated 19 December 2014 between the Issuers, the Arranger and the Dealers (as amended and supplemented from time to time, the “**Dealer Agreement**”) and subject to the Conditions contained in the Information Memorandum, the Notes will be offered by each Issuer through the Dealers. The Issuer has the sole right to accept any offer to purchase Notes and may reject that offer in whole or (subject to the terms of the offer) in part. Each Dealer has the right to reject any offer to purchase Notes made to it in whole or (subject to the terms of such offer) in part. An Issuer is entitled under the Dealer Agreement to appoint one or more financial institutions as a Dealer for a particular Tranche of Notes or the Issuers may appoint a Dealer to the Programme generally. At the time of any appointment, each such financial institution will be required to represent and agree to the selling restrictions applicable at that time.*

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree to comply with any applicable law, regulation or directive in any jurisdiction in which it subscribes for, offers, sells or transfers Notes and that it will not, directly or indirectly, subscribe for, offer, sell or transfer Notes or distribute any Information Memorandum or other offering material in relation to the Notes, in any jurisdiction, except in accordance with these selling restrictions, any additional restrictions which are set out in the Pricing Supplement and any applicable law, regulation or directive of that jurisdiction.

None of the Issuers, the Arranger or any Dealer has represented that any Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or in accordance with any available exemption, or assumes any responsibility for facilitating that sale.

The following selling restrictions apply.

1 General

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Information Memorandum or any other offering material in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Information Memorandum comes are required by the Issuer, the Arranger and the Dealers to comply with all applicable laws and directives in each country or jurisdiction in which they purchase, offer, sell, resell, reoffer or deliver Notes or have in their possession or distribute or publish the Information Memorandum or other offering material and to obtain any authorisation, consent, approval or permission required by them for the purchase, offer, sale, reoffer, resale or delivery by them of any Notes under any applicable law, regulation or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, reoffers, resales or deliveries, in all cases at their own expense, and neither the Issuer nor the Arranger or any Dealer has responsibility for such matters. In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in Australia, the United Kingdom, the United States of America, Hong Kong, Japan, Singapore and the European Economic Area as set out below.

2 Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Notes has been, or will be, lodged with ASIC. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that unless the relevant Pricing Supplement (or another supplement to this Information Memorandum) otherwise provides, it:

- (a) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any Information Memorandum or any other offering material or advertisement relating to any Notes in Australia,

unless:

- (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency, in either case, disregarding moneys lent by the offeror or its associates) and the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
- (ii) the offer or invitation does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act;
- (iii) such action complies with all applicable laws and directives; and
- (iv) such action does not require any document to be lodged with ASIC.

In addition, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with the directive issued by the Assistant Treasurer of the Commonwealth of Australia dated 23 September 1996 as contained in Banking (Exemption) Order No. 82 which requires all offers and transfers to be in parcels of not less than A\$500,000 in aggregate principal amount. Banking (Exemption) Order No. 82 does not apply to transfers which occur outside Australia.

3 The United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (UK) (“**FSMA**”)) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

4 The United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme and each other Purchaser will be required to represent and agree that it will not offer, sell or deliver any Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Notes, as determined and certified by the relevant Dealer or Purchaser, or, in the case of an issue of Notes on a syndicated basis, the relevant Lead Manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of U.S. persons. Each Dealer has further agreed and each further Dealer appointed under the Programme and each other Purchaser will be required to agree, that it will send to each dealer or any other purchaser to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

5 Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes other than:
 - (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) (as amended) of Hong Kong ("**SFO**") and any rules made under the SFO; or
 - (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) (as amended) of Hong Kong ("**CO**") or which do not constitute an offer to the public within the meaning of the CO;
- (b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, (in each case whether in Hong Kong or elsewhere) any advertisement, invitation, other offering material or other document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

6 Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**") and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes directly or indirectly in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws and regulations of Japan.

7 Singapore

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, as amended ("**Securities and Futures Act**").

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless an applicable Pricing Supplement (or another supplement to this Information Memorandum) otherwise provides, the Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes has not been and will not be circulated or distributed by it nor have the Notes been, nor will the Notes be, offered or sold by it, or be subject to an invitation for subscription or purchase by it, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor under Section 274 of the Securities and Futures Act;
- (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (1) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor (under Section 274 of the Securities and Futures Act) or a relevant person (as defined in Section 275(2) of the Securities and Futures Act) and in accordance with the conditions specified in Section 275 of the Securities and Futures Act;
- (ii) (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the Securities and Futures Act or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the Securities and Futures Act;
- (iii) where no consideration is, or will be, given for the transfer;
- (iv) where the transfer is by operation of law;
- (v) as specified in Section 276(7) of the Securities and Futures Act; or
- (vi) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

8 Public offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area ("EEA State") which has implemented the Prospectus Directive (each, a "Relevant EEA State"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant EEA State ("Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant EEA State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant EEA State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant EEA State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant EEA State by any measure implementing the Prospectus Directive in that Relevant EEA State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant EEA State.

9 Variation

These selling restrictions may be amended, varied, replaced or otherwise updated from time to time in accordance with the Dealer Agreement. Any change may be set out in a Pricing Supplement or in another supplement to this Information Memorandum.

Taxation

Australian Taxation

The following is a summary of the Australian taxation treatment, at the date of this Information Memorandum, of the Notes to be issued by an Issuer under the Programme and certain other matters. It is a general guide and should be treated with appropriate caution. Prospective holders of Notes should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances.

1. Interest withholding tax

So long as the Issuer continues to be a non-resident of Australia and the Notes issued by it are not attributable to a permanent establishment of the Issuer in Australia, payments of principal and interest made under Notes issued by it should not be subject to Australian interest withholding tax.

2. Other tax matters

Under Australian laws as presently in effect:

- (a) *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (b) *stamp duty and other taxes* - no *ad valorem* stamp, issue, registration or similar taxes are payable in any Australian State or Territory on the issue or transfer of any Notes;
- (c) *other withholding taxes on payments in respect of Notes* - so long as the Issuer continues to be a non-resident of Australia and does not carry on business at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Australian Income Tax Assessment Act 1936 and section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia ("**Taxation Administration Act**") should not apply to the Issuer;
- (d) *supply withholding tax* - payments in respect of the Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Taxation Administration Act; and
- (e) *goods and services tax ("GST")* - neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of relevant offshore subscribers) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia.

United Kingdom Taxation

The following is a summary of the United Kingdom taxation treatment, at the date of this Information Memorandum, of the Notes to be issued by an Issuer under the Programme and certain other matters. It is a general guide and should be treated with appropriate caution. Prospective holders of Notes should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances.

1. Interest withholding tax

(i) *Dated Subordinated Notes*

Pursuant to the Taxation of Regulatory Capital Securities Regulations 2013 (the "**Regulations**") payments of interest on Dated Subordinated Notes may be made without deduction of or withholding on account of United Kingdom income tax under section 874 of the Income Tax Act 2007 (the "**Act**") provided that such Notes qualify, or have qualified, as Tier 2 instruments under Article 63 of the CRR and such Notes form, or formed, a component of Tier 2 capital for the purposes of the CRR and provided further that there are not arrangements the main purpose, or one of the main purposes, of which is to obtain a tax advantage for any person as a result of the application of the Regulations.

It is intended that only Lloyds Banking Group plc will issue Dated Subordinated Notes and that they will qualify as Tier 2 instruments under Article 63 of the CRR.

Payments of interest on the Notes will otherwise be subject to deduction of United Kingdom income tax at the basic rate (currently, 20%), subject to the availability of any other exemption or relief under the provisions of any applicable double tax treaty.

(ii) *Senior Notes and Dated Subordinated Notes not falling within paragraph (i) above ("**Non-Regulatory Capital Notes**")*

In relation to the Non-Regulatory Capital Notes, interest on the Notes may be payable without withholding or deduction for or on account of United Kingdom income tax where the interest is paid by the Issuer in the ordinary course of its business as a bank within section 878 of the Act.

It is intended that only Lloyds Bank plc will issue Non-Regulatory Capital Notes. Provided that Lloyds Bank plc continues to be a bank within the meaning of section 991 of the Act, and provided that the interest on the Non-Regulatory Capital Notes is paid in the ordinary course of its business within the meaning of section 878 of the Act, it will be entitled to make payments of interest without withholding or deduction for or on account of United Kingdom income tax.

According to H.M. Revenue & Customs' current published practice, H.M. Revenue & Customs will accept that interest is paid in the ordinary course of a bank's business unless the borrowing conforms to any of the definitions of Tier 1, 2 or 3 capital adopted by the Bank of England (whether or not the borrowing actually counts towards Tier 1, 2 or 3 capital for regulatory purposes) or the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax. However, H.M. Revenue & Customs has announced that this published practice will be amended in light of the introduction of the Regulations.

Based on current law, in the event that the Notes become and remain listed on a "recognised stock exchange" within the meaning of section 1005 of the Act, interest on the Notes will be payable without withholding or deduction for or on account of United Kingdom income tax. However, it is not currently intended that the Notes will be listed on any stock exchange.

The Notes may be issued at a price that is less than their nominal amount. Any discount element of the redemption amount should not be subject to withholding or deduction for or on account of UK income tax provided that it is not re-characterised as a payment of interest.

The Notes may be issued with a premium payable on redemption. The payment of such a redemption premium may be treated as a payment of interest for UK tax purposes and may be subject to the withholding tax treatment as discussed above.

The references to "interest" in this paragraph 1 above are to "interest" as understood for the purposes of United Kingdom tax law. They do not take into account any different definition of "interest" or "principal" that may prevail under any other tax law or that may apply under the terms and conditions of the Notes or any related document.

2. Stamp duty and stamp duty reserve tax ("SDRT")

(i) Dated Subordinated Notes

No U.K. stamp duty or SDRT should be payable on the issue, transfer or redemption of a Dated Subordinated Note.

(ii) Senior Notes

No U.K. stamp duty should be payable on the issue of the Senior Notes, including into a clearance service or depositary receipt arrangement.

U.K. SDRT may arise on the issue, and U.K. SDRT or U.K. stamp duty may arise on the transfer, of the Senior Notes into a clearance service or depositary receipt arrangement, in each case at a rate of 1.5 per cent. However, following litigation, Her Majesty's Revenue and Customs have confirmed that it will not collect such SDRT on the issue, or (where integral to the raising of capital) the transfer, of the Senior Notes into a clearance service or depositary receipt arrangement on the basis that the charge is not compatible with European law, provided that the Senior Notes comprise loans raised by the issue of debentures or other negotiable securities for the purposes of Article 5(2)(b) of the Capital Duty Directive (2008/7/EC).

No U.K. stamp duty should be required to be paid on the transfer of the Senior Notes within a clearance service or depositary receipt arrangement provided that no instrument is used to effect the transfer. No U.K. SDRT should be payable on the transfer of the Senior Notes within a clearance service or depositary receipt arrangement provided that no election has been made under which the alternative system of charge (as provided for in section 97A Finance Act 1986) applies to the Senior Notes.

No U.K. stamp duty or SDRT should be payable on the redemption of the Senior Notes.

3. Information Reporting

H.M. Revenue & Customs has powers to obtain information relating to securities in certain circumstances. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes and payments of interest, payments treated as interest and other payments derived from the Notes. Information may be required to be provided by, amongst others, the holders of the Notes, persons by (or via) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by H.M. Revenue & Customs may be exchanged with tax authorities in other countries.

4. European Union Directive on the taxation of savings income

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments, member states must provide to the tax authorities of another member state details of payments of interest (or similar income) by a person within the jurisdiction of the first

member state paid (or deemed to be paid) to an individual (or certain other types of person) resident in that other member state.

A number of non-EU countries and territories, together with certain dependent or associated territories of member states, have adopted similar measures.

Potential U.S. Foreign Account Tax Compliance Act withholding

The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (“**FATCA**”) impose a withholding of 30 per cent. on certain U.S. source payments and proceeds from the sale of assets that give rise to U.S. source interest or dividends as well as certain payments by non-U.S. entities to persons that fail to meet certain certification or reporting requirements (“**FATCA withholding**”).

Withholding commenced on 1 July 2014 in respect of certain U.S. source payments. Under existing guidance, withholding will be imposed starting on (i) 1 January 2017 in respect of proceeds from the sale of assets that give rise to U.S. source interest or dividends and (ii) 1 January 2017, at the earliest, in respect of “foreign passthru payments” (a term which is not yet defined under FATCA).

The Issuers and other financial institutions through which payments on the Notes are made may be required to withhold on account of FATCA if:

- (a) an investor does not provide information sufficient for the relevant Issuer or the relevant financial institution to determine whether the investor is subject to FATCA withholding; or
- (b) a “foreign financial institution” (as defined under FATCA) to or through which payments on the Notes are made (including a foreign financial institution that is a beneficial owner of the Notes) is a “non-participating foreign financial institution”.

No FATCA withholding will be imposed, however, in respect of Notes that can only produce “foreign passthru payments” and that are issued on or before, the date that is six months after the date on which final U.S. Treasury regulations are issued defining the term “foreign passthru payment” unless the Notes are materially modified after such date.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and the information reporting obligations of the Issuers and other entities in the payment chain is still developing. In particular, a number of jurisdictions (including the United Kingdom) have entered into, or have announced their intention to enter into, intergovernmental agreements (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear.

The Issuers and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive and/or (ii) to comply with applicable law in their jurisdiction. It is not yet certain how the United States and the jurisdictions which enter into intergovernmental agreements will address withholding on “foreign passthru payments” (which may include payments on the Notes) or if such withholding will be required at all.

In the event that any amount is required to be withheld or deducted from a payment on a Note as a result of FATCA, pursuant to the terms and conditions of the Notes no additional amounts will be paid by the relevant Issuer as a result of the deduction or withholding.

FATCA is particularly complex and its application to the Issuers, the Notes and the noteholders is subject to change. Each holder of Notes should consult its own tax adviser to obtain a more detailed explanation of FATCA and to learn how FATCA might affect each holder in its particular circumstance.

Directory

Issuers

Lloyds Bank plc

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United Kingdom

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Facsimile: +44 20 7158 3252

Lloyds Banking Group plc

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London EC2V 7HN
United Kingdom

Attention: Group Capital Markets Issuance Director
Telephone: + 44 20 7050 6060
Facsimile: +44 20 7158 3252

Arranger

Australia and New Zealand Banking Group Limited

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Telephone: + 61 2 8037 0200
Facsimile: + 61 2 8937 7111

Dealers

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United Kingdom

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Facsimile: + 44 20 7102 5804

National Australia Bank Limited
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Australia

Attention: Head of Debt Syndicate, Debt
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Telephone: + 61 2 9237 1550

UBS AG, Australia Branch

(ABN 47 088 129 613; AFSL No 231087)

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2 Chifley Square
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Australia

Attention: Head of Debt Capital Markets
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Westpac Banking Corporation

(ABN 33 007 457 141; AFSL No 233714)

Level 2, Westpac Place
275 Kent Street
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Telephone: + 61 2 8253 4574
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Registrar and Issuing and Paying Agent

Citigroup Pty Limited

Level 23
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Australia

Attention: Agency and Trust
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Facsimile: + 61 2 2 8225 5228



LLOYDS BANK