

Lloyds Banking Group plc
Form 6-K
December 16, 2014

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

16 December 2014

LLOYDS BANKING GROUP plc
(Translation of registrant's name into English)

5th Floor
25 Gresham Street
London
EC2V 7HN
United Kingdom

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports
under cover Form 20-F or Form 40-F.

Form 20-F..X.. Form 40-F.....

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No ..X..

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule
12g3-2(b): 82- _____

Index to Exhibits

16 December 2014

PRA STRESS TEST - IMPLICATIONS FOR ENHANCED CAPITAL NOTES

The results of the PRA stress test performed by the Prudential Regulation Authority (PRA) were announced this morning, following which Lloyds Banking Group plc (the Group) released an RNS on the results of the PRA stress test as it applies to the Group.

In 2009 the Group undertook a significant capital raising exercise which included the issuance of approximately £8.3 billion of Enhanced Capital Notes (ECNs). At that point in time, the ECNs contributed to going concern capital in stress tests applied by the Financial Services Authority (FSA). In March and April 2014, the Group undertook liability management exercises from which approximately £5.0 billion of ECNs were exchanged into either Additional Tier 1 securities or cash. As a result, approximately £3.3 billion of ECNs now remain outstanding.

The terms of the ECNs provide the issuer of each series with the right to call any series at par or (in relation to certain series) a make-whole price (the Regulatory Call Right) in the event that the ECNs cease to be taken into account for the purposes of any stress test applied by the PRA (as successor to the FSA) in respect of core capital (a Capital Disqualification Event).

The ECNs were not taken into account for the purpose of core capital for the PRA stress test, the results of which were published this morning. A Capital Disqualification Event has occurred and, subject to certain conditions, the Regulatory Call Right is available to the issuers of the ECNs.

As at the date of this announcement, no application has been made by the Group to, or permission granted by, the PRA to redeem any series of ECNs. The Group intends to approach the PRA to seek the appropriate permission to redeem those series of ECNs listed below, but no assurances can be given in this regard. The outstanding ECNs in the list below were 'prioritised' for future redemption, as indicated at the time of the liability management exercises earlier in the year.

Any such call would not trigger the redemption of any remaining series of ECNs (those not included in the list below) or waive the Group's ability to use the Regulatory Call Right in relation to such remaining series in the future. The Group continues to consider its options in relation to the remaining series of ECNs, and intends to provide further guidance in due course. The Group reserves its right to exercise the Regulatory Call Right and redeem any or all series of ECNs at any time in accordance with the terms and conditions of each series of the ECNs.

- END -

Appendix

ISIN	Issuer	Issue Date	Maturity	Coupon	Currency	Principal Amount
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						Outstanding (m)
XS0459088281	LBG Capital No.1	01/12/09	23/05/20	6.4390%	EUR	47.38
XS0459088877	LBG Capital No.1	01/12/09	19/03/20	11.0400%	GBP	58.25
XS0459086749	LBG Capital No.1	01/12/09	17/12/19	7.8673%	GBP	17.17
XS0459088109	LBG Capital No.2	01/12/09	07/02/20	9.3340%	GBP	20.56
XS0459091582	LBG Capital No.2	01/12/09	09/12/19	7.6250%	GBP	39.95
XS0459091665	LBG Capital No.2	01/12/09	15/12/19	9.0000%	GBP	15.06
XS0459091749	LBG Capital No.1	01/12/09	15/12/19	8.1250%	GBP	3.67
XS0459086582	LBG Capital No.1	01/12/09	12/05/20	7.5884%	GBP	60.51
XS0459093364	LBG Capital No.1	01/12/09	25/08/20	7.8690%	GBP	26.03
XS0459090188	LBG Capital No.2	01/12/09	15/07/20	9.1250%	GBP	46.36
XS0459091079	LBG Capital No.2	01/12/09	10/08/20	12.7500%	GBP	13.16
XS0459090691	LBG Capital No.2	01/12/09	04/11/20	11.1250%	GBP	4.07
XS0459086822	LBG Capital No.1	01/12/09	15/09/24	7.9750%	GBP	27.33
XS0459092390	LBG Capital No.2	01/12/09	14/09/23	11.2500%	GBP	18.75
XS0459091822	LBG Capital No.2	01/12/09	30/01/22	14.5000%	GBP	15.00
XS0459092473	LBG Capital No.2	01/12/09	29/09/23	10.5000%	GBP	8.68
XS0459093281	LBG Capital No.2	01/12/09	10/12/24	16.1250%	GBP	14.30
XS0459092127	LBG Capital No.2	01/12/09	10/02/23	9.8750%	GBP	5.11
XS0459092556	LBG Capital No.2	01/12/09	01/09/24	11.8750%	GBP	15.92
XS0459092804	LBG Capital No.2	01/12/09	15/07/29	9.0000%	GBP	0.62
XS0459092986	LBG Capital No.2	01/12/09	07/06/32	8.5000%	GBP	3.48
XS0459093521 /	LBG Capital No.1	10/12/09	01/11/20	7.8750%	USD	69.39
XS0459093794						
XS0496068429	LBG Capital No.2	19/03/10	19/03/20	7.8750%	USD	328.95

For further information:

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FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements with respect to the business, strategy and plans of Lloyds Banking Group and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about Lloyds Banking Group's or its directors' and/or management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments fluctuations in exchange rates, stock markets and currencies; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; the ability to derive cost savings; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; instability in the global financial markets, including Eurozone instability and the impact of any sovereign credit rating downgrade or other sovereign financial issues; technological changes and risks to cyber security; natural, pandemic and other disasters, adverse weather and similar contingencies outside the Group's control; inadequate or failed internal or external processes or systems; terrorist acts, geopolitical events and other acts of war or hostility, geopolitical, pandemic or other such events; changes in laws, regulations, accounting standards or taxation, including as a result of further Scottish devolution; changes to regulatory capital or liquidity requirements and similar contingencies outside the Group's control; the policies,

decisions and actions of governmental or regulatory authorities in the UK, the European Union (EU), the US or elsewhere including the implementation of key legislation and regulation; the ability to attract and retain senior management and other employees; requirements or limitations imposed on the Group as a result of HM Treasury's investment in the Group; actions or omissions by the Group's directors, management or employees including industrial action; changes to the Group's post-retirement defined benefit scheme obligations; the ability to complete satisfactorily the disposal of certain assets as part of the Group's EU State Aid obligations; the provision of banking operations services to TSB Banking Group plc; the extent of any future impairment charges or write-downs; the value and effectiveness of any credit protection purchased by the Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services and lending companies; and exposure to regulatory scrutiny, legal proceedings, regulatory and competition investigations or complaints. Please refer to the latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission for a discussion of certain factors together with examples of forward looking statements. Except as required by any applicable law or regulation, the forward looking statements contained in this document are made as of today's date, and Lloyds Banking Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GROUP plc

LLOYDS BANKING

(Registrant)

By: Charles King
Name: Charles King

Title: Investor Relations Director

Date: 16 December 2014