SUPPLEMENTARY PROSPECTUS DATED 12 MARCH 2018

LLOYDS BANKING GROUP plc

(incorporated in Scotland with limited liability with registered number 95000)

£25,000,000,000

Euro Medium Term Note Programme

This Supplement (the "**Supplement**") to the prospectus dated 30 March 2017 as supplemented by the supplementary prospectuses dated 27 April 2017, 27 July 2017, 25 October 2017 and 22 February 2018, which together comprise a base prospectus (the "**Prospectus**") for the purposes of Article 5.4 of Directive 2003/71/EC, constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**") and is prepared in connection with the £25,000,000,000 Euro Medium Term Note Programme (the "**Programme**") established by Lloyds Banking Group plc (the "**Company**").

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and the documents incorporated by reference therein. Capitalised terms used in this Supplement but not defined herein shall have the meanings ascribed to them in the Prospectus.

The Company accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Company (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of this Supplement

The purpose of this Supplement is to:

(a) incorporate by reference into the Prospectus the section entitled "Risk Factors" of the Company's 2017 Form 20-F (as defined in this Supplement), which was filed with the U.S. Securities and Exchange Commission (the "**SEC**") on 9 March 2018; and

(b) insert a Risk Factor entitled "*Floating Rate Notes and Fixed Rate Reset Notes referencing or linked to benchmarks*" into the Prospectus.

(a) Documents Incorporated by Reference

By virtue of this Supplement, the following document, which has previously been filed with the Financial Conduct Authority, shall be deemed to be incorporated in, and form part of, the Prospectus and supplement the section entitled "*Documents Incorporated by Reference*" on page 10 of the Prospectus:

(a) the section entitled "Risk Factors" of the Company's Form 20-F for the financial year ended 31 December 2017, as set out on pages 182 to 198 thereof, which was filed with the SEC (the "**2017 Form 20-F**").

(b) Risk Factors

The following Risk Factor shall be inserted after the paragraph entitled "*Notes issued at a substantial discount or premium*" on page 56 of the Prospectus:

Floating Rate Notes and Fixed Rate Reset Notes referencing or linked to benchmarks

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate ("**LIBOR**") and the Euro Interbank Offered Rate ("**EURIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

In 2012, a review, undertaken at the request of the UK government, on the setting and usage of LIBOR, resulted in an initiative to devise new methodologies for determining representative inter-bank lending rates and, ultimately, so-called 'risk free' rates that may be used as an alternative to LIBOR in certain situations.

Following this review, the International Organisation of Securities Commissions ("**IOSCO**") created a task force to draft principles to enhance the integrity, reliability and oversight of Benchmarks generally. This resulted in publication by the Board of IOSCO, in July 2013, of nineteen principles which are to apply to Benchmarks used in financial markets (the "**IOSCO Principles**"). The IOSCO Principles provide an overarching framework for Benchmarks used in financial markets and are intended to promote the reliability of Benchmark determinations and address Benchmark governance, quality and accountability mechanisms. The FSB subsequently undertook a review of major interest rate Benchmarks and published a report in 2014, outlining its recommendations for change, to be implemented in accordance with the IOSCO Principles. In addition, in June 2016, the Benchmark Regulation came into force. The Benchmark Regulation implements a number of the IOSCO Principles and the majority of its provisions applied from 1 January 2018.

In a speech on 27 July 2017, Andrew Bailey, the Chief Executive of the FCA, questioned the sustainability of LIBOR in its current form, and advocated a transition away from reliance on LIBOR to alternative reference rates. He noted that currently there is wide support among the LIBOR panel banks for voluntarily sustaining LIBOR until the end of 2021, facilitating this transition. At the end of this period, it is the FCA's intention that it will not be necessary to sustain LIBOR through its influence or legal powers by persuading, or obliging banks to submit to LIBOR. Therefore, the continuation of LIBOR in its current form (or at all) after 2021 cannot be guaranteed.

Any changes to the administration of LIBOR or the emergence of alternatives to LIBOR as a result of these reforms, may cause LIBOR to perform differently than in the past or to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of LIBOR or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Notes referencing or linked to LIBOR. The development of alternatives to LIBOR may result in Notes linked to or referencing LIBOR performing differently than would otherwise have been the case if such alternatives to LIBOR had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes referencing or linked to LIBOR.

Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such Benchmark may adversely affect such Benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same Benchmark.

The "Terms and Conditions of the Notes" provide for certain fallback arrangements in the event that a published Benchmark, including an inter-bank offered rate such as LIBOR, (including any page on which such

Benchmark may be published (or any successor service)) becomes unavailable. In certain circumstances, the ultimate fallback for the purposes of calculation of interest for a particular Interest Period relating to a Floating Rate Note may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In relation to Fixed Rate Reset Notes, the ultimate fallback for the purposes of calculation of interest for a particular Reset Period is based on a determination to be made by the Calculation Agent in its sole discretion following consultation with the Company.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Company to meet its obligations under the Floating Rate Notes or Fixed Rate Reset Notes or could have a material adverse effect on the value or liquidity of, and the amounts payable under, the Floating Rate Notes or Fixed Rate Reset Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes or Fixed Rate Reset Notes.

Any documents themselves incorporated by reference in the Company's 2017 Form 20-F shall not form part of the Prospectus.

The Company will provide, without charge, to each person to whom a copy of this Supplement has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated in whole or in part by reference herein or in the Prospectus. Written or oral requests for such documents should be directed to the Company at its principal office at The Mound, Edinburgh, EH1 1YZ. Copies of all documents incorporated by reference in this Supplement can also be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at: http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in or incorporated by reference into the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.