

## SUPPLEMENTARY PROSPECTUS DATED 1 AUGUST 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 9 April 2018, as supplemented by the supplementary prospectus dated 25 April 2018 (together, the “**Prospectus**”), which comprises a base 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 2018 Half-Year Results (as defined in this Supplement), which were published via the RNS on 1 August 2018;
- (b) amend the Overview of the Programme;
- (c) insert a new risk factor;
- (d) amend Condition 4 (*Interest and other Calculations*);
- (e) amend the Form of Final Terms;
- (f) amend the Form of Pricing Supplement;
- (g) update the no significant change statement of the Company and its subsidiary and associated undertakings (the “**Group**”); and
- (h) update the no governmental, legal or arbitration proceedings statement of the Group and the Company.

**(a) Documents Incorporated by Reference**

By virtue of this Supplement, the Company's 2018 Half-Year Results News Release for the half-year to 30 June 2018, including the unaudited condensed consolidated financial statements prepared on a statutory basis for the half-year to 30 June 2018, together with the independent review report thereon, as set out on pages 48 to 93 and 95 to 96 thereof, respectively (the "**2018 Half-Year Results**"), which have 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 11 of the Prospectus.

Any documents themselves incorporated by reference in the 2018 Half-Year Results shall not form part of the Prospectus. Only certain sections of the Company's 2018 Half-Year Results are incorporated by reference in the Prospectus, the parts of the document which are not incorporated by reference are either not relevant to prospective investors in the Notes or are covered elsewhere in the Prospectus.

**(b) Overview of the Programme**

*Part (ii) of the section entitled Floating Rate Notes on page 18 of the Prospectus shall be deleted and replaced with the following:*

“(ii) by reference to LIBOR, EURIBOR or SONIA, as adjusted for any applicable margin.”

**(c) Risk Factors**

*The Risk Factors section commencing on page 22 of the Prospectus is supplemented by inserting a new risk factor at the end of 8.1 (Risks related to the structure of a particular issue of Notes) as set out below:*

*“The market continues to develop in relation to SONIA as a reference rate for Floating Rate Notes*

Investors should be aware that the market continues to develop in relation to the Sterling Overnight Index Average (“**SONIA**”) as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Floating Rate Notes that reference a SONIA rate issued under this Prospectus. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes. Further, if the Notes become due and payable under Condition 10, the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Notes.”

**(d) Amendments to Condition 4 (*Interest and other Calculations*)**

(i) *The following subsection shall be inserted at the end of Condition 4(c)(ii)(B) (Screen Rate Determination for Floating Rate Notes):*

“(aa) SONIA

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the relevant Series of Floating Rate Notes is specified in the applicable Final Terms as being SONIA, the Rate of Interest for each Interest Period will, subject to Condition 4(j) and as

provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Final Terms) the Margin.

“**Compounded Daily SONIA**” means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{SONIA}_{i-5\text{LBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d**” is the number of calendar days in the relevant Interest Period;

“**d<sub>o</sub>**” is the number of London Banking Days in the relevant Interest Period;

“**i**” is a series of whole numbers from one to **d<sub>o</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

“**London Banking Day**” or “**LBD**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**n<sub>i</sub>**”, for any day “**i**”, means the number of calendar days from and including such day “**i**” up to but excluding the following London Banking Day;

“**Observation Period**” means the period from and including the date falling five London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling five London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling five London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

the “**SONIA reference rate**”, in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (“**SONIA**”) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors, in each case on the London Banking Day immediately following such London Banking Day; and

“**SONIA<sub>i-5LBD</sub>**” means, in respect of any London Banking Day falling in the relevant Observation Period, the SONIA reference rate for the London Banking Day falling five London Banking Days prior to the relevant London Banking Day “**i**”.

If, subject to Condition 4(j), in respect of any London Banking Day in the relevant Observation Period, the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing



[[SONIA]/[[●] [[●] LIBOR]/[EURIBOR]] [[+/-] [●]  
per cent.] Floating Rate]  
[Zero Coupon]

*In the Form of Final Terms, item 19(viii) (Screen Rate Determination) on page 162 of the Prospectus shall be deleted and replaced with the following:*

- (viii) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [SONIA]/[[●]-month] [[[●]] LIBOR]/[EURIBOR]
- Interest Determination Date(s): [[●] [TARGET/[●]] Business Days [in [●]] prior to the [●] day in each Interest Accrual Period/each Interest Payment Date][[●] London Banking Day prior to the end of each Interest Period] [●]
- Relevant Screen Page: [●]
- Relevant Time: [●]

#### **(f) Form of Pricing Supplement**

*In the Form of Pricing Supplement, item 9 (Interest Basis) on page 170 of the Prospectus shall be deleted and replaced with the following:*

9. Interest Basis: [[●] per cent. Fixed Rate]  
[[●] per cent. to be reset on [●] [[and [●]] and every [●] anniversary thereafter Fixed Rate Reset]]  
[[SONIA]/[[●] [[●] LIBOR]/[EURIBOR]] [[+/-] [●]  
per cent.] Floating Rate]  
[Zero Coupon]

*In the Form of Pricing Supplement, item 19(viii) (Screen Rate Determination) on page 174 of the Prospectus shall be deleted and replaced with the following:*

- (viii) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [SONIA]/[[●]-month] [[[●]] LIBOR]/[EURIBOR]
- Interest Determination Date(s): [[●] [TARGET/[●]] Business Days [in [●]] prior to the [●] day in each Interest Accrual Period/each Interest Payment Date][[●] London Banking Day prior to the end of each Interest Period] [●]
- Relevant Screen Page: [●]
- Relevant Time: [●]

#### **General Information**

##### **(g) No significant change of the Group and no material adverse change of the Company**

*The no significant change of the Group and no material adverse change of the Company statement at paragraph 3 on page 179 of the Prospectus is updated as stated below:*

There has been no significant change in the financial position of the Group since 30 June 2018, the date to which the Group's last published unaudited interim financial information (as set out in the Company's 2018 Half-Year Results) was prepared. There has been no material adverse change in the prospects of the

Company since 31 December 2017, the date to which the Company's last published audited financial information (as set out in the Company's 2017 Annual Report) was prepared.

**(h) No governmental, legal or arbitration proceedings statement of the Group and the Company**

*The no governmental, legal or arbitration proceedings statement of the Group and the Company at paragraph 4 on page 179 of the Prospectus is supplemented as set out below:*

Save as disclosed in (i) the sub-sections entitled "Payment protection insurance (excluding MBNA)" and "Payment protection insurance (MBNA)" in note 16 to the 2018 Half-Year Results (on pages 74 to 75); and (ii) the sub-sections entitled "Interchange fees", "Payment Protection Insurance (excluding MBNA)", "Payment Protection Insurance (MBNA)", "Sensitivities", "Libor and other trading rates", "Litigation in relation to insurance branch business in Germany", "Packaged bank accounts", "Arrears handling related activities", "Provisions for other legal actions and regulatory matters", "UK shareholder litigation", "Financial Services Compensation Scheme", "Tax authorities", "Residential mortgage repossessions", "Mortgage arrears handling activities", "HBOS Reading – Customer Review" and "Contingent liabilities in respect of other legal actions and regulatory matters" of the section "Lloyds Banking Group – Legal Actions and Regulatory Matters" on pages 132 to 136 of the Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which the Company is aware) during the 12 months preceding the date of this Supplement, which may have or have had in the recent past, significant effects on the financial position or profitability of the Company or the Group.

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: <https://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.