



LLOYDS BANK plc

(incorporated in England with limited liability with registered number 2065)

LLOYDS BANKING GROUP plc

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

Credit Linked Note Programme

This Supplement (the “**Supplement**”) to the prospectus dated 17 May 2016 and the supplementary prospectus dated 29 July 2016, which together constitute 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 Credit Linked Note Programme (the “**Programme**”) established by Lloyds Bank plc (the “**Bank**”) and 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.

Each of the Bank and the Company accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Bank and 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 Bank’s Q3 2016 Interim Management Statement and the Company’s Q3 2016 Interim Management Statement (each as defined in this Supplement), which were published via the RNS on 26 October 2016;
- (b) update the no governmental, legal or arbitration proceedings statement of the Lloyds Bank Group and the Bank; and
- (c) 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 following documents, 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 pages 14 to 15 of the Prospectus:

- (a) the unaudited Q3 2016 Interim Management Statement of the Bank (the “**Bank’s Q3 2016 Interim Management Statement**”) for the nine months ended 30 September 2016; and
- (b) the unaudited Q3 2016 Interim Management Statement of the Company (the “**Company’s Q3 2016 Interim Management Statement**”) for the nine months ended 30 September 2016.

Any documents themselves incorporated by reference in the documents incorporated by reference herein shall not form part of the Prospectus.

General Information

(b) No governmental, legal or arbitration proceedings statement of the Lloyds Bank Group and the Bank

The no governmental, legal or arbitration proceedings statement of the Lloyds Bank Group and the Bank at paragraph 5 on page 304 of the Prospectus is supplemented as set out below:

Save as disclosed in (i) the sub-section entitled “*Review*” on page 1 of the Bank’s Q3 2016 Interim Management Statement in relation to the £1 billion provision for PPI to cover further operating costs and redress including the impact of the proposed June 2019 deadline, and, the further £100 million provision in respect of packaged bank accounts, (ii) the sub-section entitled “*Mortgage arrears handling activities*” on page 28 of the 2016 Half-Year Management Report and (iii) the sub-sections entitled “*Interchange fees*”, “*Payment Protection Insurance*”, “*Investigation and litigation relating to interbank offered rates, and other references rates*”, “*Litigation in relation to insurance branch business in Germany*”, “*Interest rate hedging products*”, “*Provisions for other legal actions and regulatory matters*”, “*UK shareholder litigation*”, “*Financial Services Compensation Scheme*”, “*Tax authorities*” and “*Residential mortgage reposessions*” of the section “*Lloyds Banking Group and Lloyds Bank – Legal Actions and Regulatory Matters*” on pages 269 to 274 of the Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which the Bank 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 Bank or Lloyds Bank Group.

(c) 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 6 on page 304 of the Prospectus is supplemented as set out below:

Save as disclosed in (i) the sub-section entitled “*Statutory Profit*” on page 6 of the Company’s Q3 2016 Interim Management Statement in relation to the £1 billion provision for PPI to cover further operating costs and redress including the impact of the proposed June 2019 deadline, and, the further £100 million provision in respect of packaged bank accounts, (ii) the sub-section entitled “*Mortgage arrears handling activities*” on page 78 of the 2016 Half-Year Results and (iii) the sub-sections entitled “*Interchange fees*”, “*Payment Protection Insurance*”, “*Investigation and litigation relating to interbank offered rates, and other references rates*”, “*Litigation in relation to insurance branch business in Germany*”, “*Interest rate hedging products*”, “*Provisions for other legal actions and regulatory matters*”, “*UK shareholder litigation*”, “*Financial Services Compensation Scheme*”, “*Tax authorities*” and “*Residential mortgage reposessions*” of the section “*Lloyds Banking Group and Lloyds Bank – Legal Actions and Regulatory Matters*” on pages 269 to 274 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 Bank and 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 either the Bank at its principal office at 25 Gresham Street, London, EC2V 7HN or 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.