

SUPPLEMENTARY PROSPECTUS DATED 28 OCTOBER 2022



LLOYDS BANK

LLOYDS BANK PLC

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

€60 billion

Global Covered Bond Programme

unconditionally and irrevocably guaranteed as to payments of interest and principal by LLOYDS BANK COVERED BONDS LLP

(a limited liability partnership incorporated in England and Wales registered number OC340094)

This Supplement (the **Supplement**) to the prospectus dated 18 August 2022, which comprises a base prospectus (the **Prospectus**) for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK Prospectus Regulation**), constitutes a supplementary prospectus for the purposes of Article 23 of the UK Prospectus Regulation, and is prepared in connection with the €60 billion Global Covered Bond Programme (the **Programme**) established by Lloyds Bank plc (the **Issuer**).

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.

This Supplement has been approved by the Financial Conduct Authority (the **FCA**), as competent authority under the UK Prospectus Regulation. The FCA only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Approval by the FCA should not be considered as an endorsement of the Issuer and/or the LLP or of the quality of the Covered Bonds that are the subject of this Supplement.

The Issuer and Lloyds Bank Covered Bonds LLP (the **LLP**) each accept responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuer and the LLP 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 Q3 2022 Interim Management Statement (as defined below), which was published via the RNS on 27 October 2022;
 - (b) update certain risk factors relating to economic and financial risks of the Lloyds Bank Group's business;
 - (c) make certain changes to the “*Directors of the Issuer*” section of the Prospectus; and
 - (d) update the no significant change statement of the Issuer and its subsidiary and associated undertakings (the **Lloyds Bank Group**).
- (a) **Document incorporated by reference**

By virtue of this Supplement the unaudited Q3 2022 Interim Management Statement of the Issuer for the nine months ended 30 September 2022 (RNS Number 3340E (the **Q3 2022 Interim Management Statement**)), 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 pages 19 to 20 of the Prospectus.

Any documents themselves incorporated by reference in the Q3 2022 Interim Management Statement shall not form part of the Prospectus.

(b) Risk Factors

1. In the risk factor entitled “*Lloyds Bank Group's businesses are subject to inherent and indirect risks arising from general macroeconomic conditions in the UK in particular, but also in the Eurozone, the U.S., Asia and globally*” on pages 35-36 of the Prospectus, the following is inserted as a new paragraph immediately after the first paragraph: “While the tightening of monetary policy may require fiscal policy easing, financial vulnerabilities are elevated from governments, many with mounting debt, as well as non-bank financial institutions such as insurers, pension funds, hedge funds and mutual funds.”
2. In the risk factor entitled “*Lloyds Bank Group's businesses are subject to risks relating to the COVID-19 pandemic*” on pages 37-38 of the Prospectus, the third sentence of the third paragraph is deleted and replaced with the following: “The UK experienced a deep contraction in economic activity during 2020 as a result of the COVID-19 pandemic, with activity rebounding in 2021, and both private and public sector debt have risen significantly.”
3. In the risk factor entitled “*Lloyds Bank Group's businesses are subject to inherent risks concerning borrower and counterparty credit quality which have affected and may adversely impact the recoverability and value of assets on Lloyds Bank Group's balance sheet*” on pages 38 to 40 of the Prospectus:
 - In the fourth paragraph, the following is inserted immediately after the end of the second sentence: “Risks to the housing market are growing because of rising mortgage rates and tightening lending standards, which may result in adjustments to housing valuations. An increase in housing costs could make current customer borrowing unaffordable, leading to an increase in defaults and higher impairment charges on secured and unsecured retail exposures.”
 - The sixth paragraph is deleted and replaced with the following: “Lloyds Bank Group's corporate lending portfolio also contains substantial exposure to large and mid-sized, public and private companies. These exposures may give rise to single name concentration and risk capital exposure. In addition to exposures to sectors that have experienced cyclical weakness in recent years, the portfolio also contains exposures to sectors that have been significantly impacted by the COVID-19 pandemic, most notably consumer facing sectors such as travel, transportation, non-essential retail and hospitality. Corporate customers, particularly those in consumer facing sectors, are likely to be further impacted by a reduction in discretionary consumer spending in the face of higher inflation and increasing interest rates. Rising rates also increases refinance risk across the corporate portfolio. Recent depreciation of Sterling has resulted in increased costs for customers, particularly those with little or no hedging arrangements and those heavily reliant on imports. The Lloyds Bank Group's corporate and financial institution portfolios are also susceptible to "fallen angel" risk, that is, the probability of significant default increases following material unexpected events, and to risks related to the impact of the COVID-19 pandemic, resulting in the potential for large losses. As in the UK, the Lloyds Bank Group's lending business overseas is also

exposed to a small number of long-term customer relationships and these single name concentrations place the Group at risk of loss should default occur. Any disruption to the liquidity or transparency of the financial markets may result in the Group's inability to sell or syndicate securities, loans or other instruments or positions held (including through underwriting), thereby leading to concentrations in these positions. These concentrations could expose the Lloyds Bank Group to losses if the mark-to-market value of the securities, loans or other instruments or positions declines causing the Lloyds Bank Group to take write-downs. Moreover, the inability to reduce the Lloyds Bank Group's positions not only increases the market and credit risks associated with such positions, but also increases the level of risk-weighted assets on the Lloyds Bank Group's balance sheet, thereby increasing its capital requirements and funding costs, all of which could materially adversely affect the Lloyds Bank Group's results of operations, financial condition or prospects.”

(c) Changes to the Directors of the Issuer

The section entitled “*Directors of the Issuer*” on pages 170-171 of the Prospectus is updated as set out below:

Cathy Turner has been appointed as an Independent Non-Executive Director of the Issuer effective as of 1 November 2022. Ms Turner's principal outside activities: Non-Executive Director and Chair of the Remuneration Committees of Rentokil Initial plc and Spectris plc and partner at Manchester Square Partners.

(d) No significant change of the Lloyds Bank Group

The following first sentence in the first paragraph under the section headed “*Significant or Material Change*” on page 276 of the Prospectus shall be deemed deleted and replaced with the following sentence:

“There has been no significant change in the financial position or financial performance of the Lloyds Bank Group since 30 September 2022, the date to which the Lloyds Bank Group’s last published unaudited interim financial information (as set out in the Issuer’s Q3 2022 Interim Management Statement) was prepared.”

The Issuer 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 Issuer at its principal office at 25 Gresham Street, London, EC2V 7HN.

Copies of this Supplement and all documents incorporated by reference in this Supplement can be viewed on the website of the Issuer at <https://www.lloydsbankinggroup.com/investors/>.

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 material inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.