

## COMMERCIAL BANKING

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# OUR APPROACH TO INVESTOR SELECTION AND ALLOCATION

## In connection with debt securities offerings

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This document is a summary of the operational framework governing Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH's ("us", "we" or "our") process for the selection of investors for the marketing and allocation of securities offerings.

We are committed to maintaining the highest professional standards in providing services to our clients. Processes described herein are conducted in line with relevant regulations and industry standards in order to manage conflicts of interest and ensure fair treatment of all clients.

This policy applies in relation to debt securities offerings executed by us in Germany.

### **Investor selection for marketing**

At the time of any issuer mandate, we, when we are party to the decision making process with regards to the selection of investors as described, will discuss and agree with the issuer the transaction objectives, including any investor and/or allocation preferences and the marketing strategy.

Before the launch of any securities offering, and subsequent bookbuilding and allocation, it is customary for issuers and banks to carry out market soundings and/or issuer roadshows in order to introduce the issuer to potential investors and to gauge investor interest in potential transactions.

This policy seeks to ensure that where we are party to the decision making process with the issuer with regards to the selection of investors for marketing purposes as described, it ensures that the issuer's interests remain central to the decisions made and that the marketing process is managed in an appropriate way to ensure regulatory obligations are fulfilled.

The selection process will be conducted in a commercially appropriate manner, utilising all relevant market information. Normally, no one factor would be determinative in the marketing process and the particular facts and circumstances of the issuer and investor will ultimately determine the basis of the selection of the investors for each individual issuance.



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When considering which and how many investors are chosen, we would take into account some or all of the following factors:

- ✓ The views and objectives of the issuer
- ✓ The nature and manner of the investor's participation in similar processes;
- ✓ Whether the investors have expressed interest in the issuer or similar debt instruments;
- ✓ The level of engagement by the investor's in the issuer, or in the issuer's sector, or in past offerings by the issuer;
- ✓ Eligibility of investors to participate (for example, due to deal documentation or selling restrictions)

We will also ensure (when it is party to the decision making process with regards to the selection of investors as described) that, other than during the pre-marketing phase conducted in accordance with applicable laws and regulations, all investors (whether pre-marketed, met during the investor roadshow or otherwise) are only provided with public information that can be found in the offering prospectus/offering document or is otherwise publicly disclosed.

### Allocation

As is customary for debt securities offerings, the price and allocations will be determined by means of a bookbuilding process. This process enables a picture to be built of investor interest and demand for the offering as well as assisting in pricing.

Where we are party to the allocation decision making process we owe duties to the issuer as their agent. As such this policy seeks to ensure that the issuer's interests remain central to decisions made and that the allocation process is managed in an appropriate way to ensure regulatory obligations are fulfilled.

The allocation process will be conducted in a commercially appropriate manner, where no one factor is necessarily determinative in the allocation process. The particular facts and circumstances of the issuer and investor will ultimately determine the basis of allocation.

The factors to be taken into account when developing allocation recommendations will depend on the particular facts and circumstances of each proposed transaction and will be the result of discussion (including with the issuer) and the exercise of judgement. The following is not an exhaustive list but details the key factors (in no particular order) that may be taken into account:

- ✓ Generally – market conditions, targeted investor types and countries as discussed with the issuer;
- ✓ Size of expressed interest;
- ✓ Extent to which interest appears consistent with expressed strategy and objectives;
- ✓ Behaviour in past transactions;
- ✓ Stated interest in particular sector;
- ✓ Active interest shown prior to launch of transaction;
- ✓ Timing of interest shown;
- ✓ Any instructions provided by the issuer pursuant to a concurrent liability management exercise (where applicable);
- ✓ Applicable offering related selling restrictions;
- ✓ The issuer's objectives; and
- ✓ Preferences expressed by the issuer.

The Bond Syndicate Desk is responsible for the allocation process. We would expect to provide regular updates to the issuer on the progress of the bookbuilding process and issuers should advise prior to the opening of the book if they have specific requirements as to the frequency or contact of these updates.

Final allocations will take note of the issuer's preferences (if any) and will be agreed with the issuer before they are released.

Our employees who are responsible for providing services to our investor clients shall not be directly involved in decisions about recommendations to the issuer client on allocation.

Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH will typically be paid a fee by the Issuer in respect of the placement of the securities. Details of the fee may be made available to investors on request from your usual Sales contact.

Any allocations made to our own books will be governed by this policy as well as any additional procedures, in particular our conflict of interest policies and procedures.

**Please contact your Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH representative at any time with any questions on this document.**

Lloyds Bank is a trading name of Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH. Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH has its registered office at Thurn-und-Taxis-Platz 6, 60313 Frankfurt, Germany. The company is registered with the Amtsgericht Frankfurt am Main, HRB 111650. Managing directors: Eva Porz and Chris Strobbe. Vat number: DE321667438. Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH is authorised and supervised by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin"), ID number 150348.