

This policy has been formulated to ensure a documented allocation process which ensures the application of objective, fair and transparent criteria in considering all orders submitted by eligible investors during a primary market bond syndication execution.

The general syndication approach used by NORD/LB syndicate is that of book-building by means of a full pot<sup>1</sup> as has become standard market practice with most market participants in the European primary markets for fixed income.

Before and during the syndication process, NORD/LB will assist the borrower in addressing specific investors or groups of investors subject to prevailing regulations.

All external communication regarding the status of the book during and after syndication must be fair, true and devoid of misleading information. NORD/LB will only issue external communication in explicit agreement with the borrower and the other members of the syndicate group. As per ICMA guidelines, book updates should include disclosure of orders placed by book runners for their own books. In the interest of consistent information, internal updates to public side parties of NORD/LB (sales and trading) will be completely in line with external information.

NORD/LB is committed to manage potential conflicts of interest according to the highest degree of market rules and professional integrity in order to warrant safe guarding of the interest of both issuers and investors. In the context of the syndication process, however, NORD/LB syndicate's first and foremost obligation is to consider the best interest of the borrower. With this in mind, syndicate will consider a number of factors that determine the priority of investor orders and the resulting allocations. In any transaction, where NORD/LB takes an active role, these factors are communicated and mutually approved within the mandated lead group and the issuer, before the transaction is launched. In any case, the issuer's priorities will take precedence over those that NORD/LB and/or the other syndicate members may have proposed.

Subject to such agreed priorities, NORD/LB typically considers the following key factors in determining allocations:

- Specific issuer objectives
- Target market (by region and/or investor type)
- Size of order
- Timeliness of order
- Investor track record / past behavior
- Investor commitment (i.e. order limitations)
- Investor pre-deal engagement (e.g. road show participation, early indication of interest, etc.)
- KYC concerns and restrictions
- Selling or other legal/regulatory restrictions
- Network interest (e.g. savings banks and other investors from the public sector)

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<sup>1</sup> NORD/LB may exceptionally accept other syndication procedures such as retention or underwritten deals at the request of the issuer. In such cases, NORD/LB will have to take into account its own prudential responsibilities and manage allocations in such transactions at our sole discretion, subject to regulations and internal policies.

NORD/LB may place orders for internal entities and external affiliations that may include trading, investment or warehousing interests. Syndicate will clearly indicate which particular interests are behind such orders and will treat such orders in line with other orders of the same type in the book unless otherwise agreed with the borrower.

NORD/LB syndicate is in charge of pricing the bond in cooperation with the other members of the syndicate group. Similarly but subject to pre-agreed modifications at the issuer's behest, NORD/LB syndicate will manage the allocation of bonds in a syndicated primary market transaction. Proposed allocations will only become final with the issuer's explicit approval.

NORD/LB will keep records of final allocations and their justification in line with this allocation policy to be provided to our regulator on request. In line with ICMA recommendations, these justification records will focus on the top 20% of the book (top 20% by allocation size & top 20% by fill percentage). This procedure is designed to ensure fair and transparent treatment of all eligible investors under this policy including its potential modifications by the issuer.

All of the above applies to syndicated transactions, in which NORD/LB syndicate takes an active role in pricing and allocation as Joint lead manager and/or book runner. In transactions where NORD/LB syndicate participates without an active role, NORD/LB does not have any obligations in terms of allocation recommendation to the borrower.

This summary of our allocation policy is not intended to be comprehensive and may be subject to subsequent modifications. In the meantime, NORD/LB will be happy to discuss any further detail with the borrower. A copy of the most current version of our allocation policy is available on our company website, [www.nordlb.com](http://www.nordlb.com).