

## Frequently Asked Questions

Frequently asked questions	Preference Shares	Permanent Interest Bearing Shares (PIBS)	Subordinated Bonds - Ex PIBS	Enhanced Capital Notes (ECNs)
<b>Who issued them?</b>	PLCs	Building Societies	Ex Building Societies who have converted to plcs	Lloyds Banking Group Plc
<b>How safe are the stocks?</b>	As safe as the issuing company	As for prefs	As for prefs	Investors should be aware of the possibility that they could be converted into Lloyds Banking Group ordinary shares.
<b>What yields are currently available? And what are the main stocks available?</b>	Refer to our latest weekly Preference, PIBS and ECNs lists	As for prefs	As for prefs	As for prefs
<b>How can I get Preference and PIBS offer lists?</b>	New lists appear on the Fixed Interest page of our website every Wednesday, or Email Rik Edwards if you would rather receive them by e-mail.	As for prefs	As for prefs	As for prefs
<b>In what form do they pay income?</b>	Dividends - usually twice a year	Interest - twice a year	Interest – usually twice a year	Interest – annually or twice a year
<b>Do they pay a fixed coupon?</b>	Yes, apart from one or two participating or floating rate issues	Yes, apart from one or two floating rate issues	Yes	Yes
<b>Can the issuer stop payment of income?</b>	Yes - dividends are at the discretion of directors, but the company would not then be able to pay an ordinary dividend	Yes - the board may suspend interest payments if they feel it necessary	As for PIBS	No
<b>Is income cumulative?</b>	Usually yes, although most bank issues are non-cumulative	No	Usually, yes	Yes
<b>Where do they rank for income and capital?</b>	After all debt, but before ordinary shares	After all lenders, depositors and share accounts	After all other debt, but before ordinary shares	After upper tier 2 debt, but before undated obligations and ordinary shares
<b>Do they pay gross?</b>	No - dividends are paid net, and are deemed to have already suffered the basic rate of Income Tax	Yes	Yes	Yes
<b>Can I put them in an ISA or SIPP?</b>	Yes	Yes	Yes	Yes

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<b>Can I reclaim tax credits in an ISA or SIPP?</b>	No - reclaimability ended on 5th April 2004	n/a	n/a	n/a
<b>What size can I deal in?</b>	Subject to marketability, any whole number of shares	Round amounts of 1,000 up to 100,000 depending on the issue	Round amounts of 1,000 up to 50,000 depending on the issue	Round amounts of 1,000 up to 100,000 depending on the issue. LBG 7.975 % trades in individual shares
<b>Are the shares redeemable?</b>	Generally not, but some issues are callable at the company's option	No, but some issues are callable at the society's option	No, but some issues are callable at the company's option	Yes, maturity dates vary from 2019 to 2032
<b>Are dealing prices displayed on the screen?</b>	Yes	Generally, yes	Yes	Yes
<b>Do I have to pay Stamp Duty?</b>	Yes - 0.5 % on purchases	No	Not on UK issues	0.5 % on purchases settled in CREST
<b>What would I get in a solvent winding-up?</b>	It depends on the rights of the individual stock	100p	100p	100p
<b>What is normal settlement?</b>	T + 3 , ie three working days - but we can arrange different settlement	As for prefs	As for prefs	As for prefs
<b>How is accrued income settled?</b>	Dealt "dirty" as with equities, ie accrued dividend is included in the price, which falls when the stock is marked ex dividend	Dealt clean of interest as with bonds, ie interest is settled separately at the time of dealing	As for PIBS	As for PIBS
<b>How do I work out the income yield?</b>	Divide the coupon by the price, after adjusting the price to allow for net accrued dividend and Stamp Duty	Divide the coupon by the price	As for PIBS	As for PIBS
<b>Will I get my money back when I sell?</b>	It depends on the market price - you may get back more or less than you paid	As for prefs	As for prefs	As for prefs
<b>Can I deal online?</b>	Yes - we supply automated dealing prices to many stockbrokers offering online dealing	As for prefs	As for prefs	As for prefs
<b>How is the income taxed outside an ISA or SIPP?</b>	A basic rate taxpayer can retain the full net dividend, while a higher rate taxpayer only has to pay the difference between basic and higher rate tax - he will currently retain 75 % of the net dividend	Interest is paid gross. A basic rate taxpayer will retain 80 % of gross interest, while a higher rate taxpayer will currently retain 60 % of gross interest	As for PIBS	As for PIBS

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<b>On your lists, what does the “Bond Comparison” column mean?</b>	It gives the gross yield that would be required on a bond to give the same after tax yield as a preference share held by a UK Income Tax payer	n/a	n/a	n/a
<b>What is the difference between the “Leading Pref, ECNs &amp; PIBS” list and the “Pref, ECN and PIBS Offer” list?</b>	The “Leading Pref” list (in landscape format) is a regular listing of yields on all leading issues. The “Pref, ECN and PIBS Offer List” (portrait format) highlights stocks where we have a natural offer, and may also include offers of less marketable issues	As for prefs	As for prefs	As for prefs
<b>How safe are the stocks?</b>	As safe as the issuing company	As for prefs	As for prefs	As for prefs
<b>Why should I do my deals with Collins Stewart?</b>	Because Collins Stewart have been experts in prefs and PIBS since we were founded in 1991: and because we have outstanding dealing capabilities	As for prefs	As for prefs	As for prefs
<b>I’m a fund manager / institutional investor / independent financial advisor - how can I deal?</b>	Phone Rik Edwards on 020 7523 8888 and we will set up your account	As for prefs	As for prefs	As for prefs
<b>I’m a broker with a stock exchange member firm - how can I deal?</b>	Phone Rik Edwards or Chris Burgoyne on 020 7523 8887 or STX 67925 to deal	As for prefs	As for prefs	As for prefs
<b>I’m a private individual with a sizeable sum to invest (i.e. over £50,000) - how can I deal?</b>	Phone our wealth management division on 020 7523 4554 or Send Mail	As for prefs	As for prefs	As for prefs
<b>I’m a private individual with a smaller sum to invest - how can I deal?</b>	Phone your usual stockbrokers and ask them to contact Rik Edwards or Chris Burgoyne on 020 7523 8887 or STX 67925	As for prefs	As for prefs	As for prefs