

CONFLICTS OF INTEREST POLICY SUMMARY

Sparkasse Bank Malta plc ('the Bank') endeavours to act honestly, fairly and professionally in accordance with the best interest of its customers and avoids situations that could lead to conflicts of interest. The purpose of this document is to explain how the Bank identifies and manages conflicts of interest:

- **What is a conflicts of interest?**

A conflict of interest arises when the Bank or any of its employees is about to take a decision, during the course of its activities, which is influenced by any of the following situations:

- it is likely for the Bank/employee to make a financial gain, or avoid a financial loss, at the expense of the customer;
- the Bank/employee has an interest in the outcome of a service provided to the customer or of a transaction carried out for the customer, which is distinct from the customer's interest in that outcome;
- the Bank/employee has a financial or other incentive to favour the interests of another customer or group of customers over the interests of the customer;
- the Bank carries out the same business as the customer;
- the Bank/employee receives or will receive from a person other than the customer, an inducement in relation to a service provided to the customer, in the form of monies, goods or services, other than the standard commission or fee for that service.

Conflicts may arise between:

- Bank and Customer
- Employee and Customer
- Customer and Customer

- **How Sparkasse Bank Malta plc deals with Conflicts**

The Bank:

- identifies those situations that might give rise to an actual or potential conflict of interest. This includes relationships, services, activities or transactions of the Bank in which conflicts of interest may arise;
- assesses the materiality of the identified conflict;
- determines whether the Bank is able to manage that conflict or not;
- if it cannot be managed, the Bank communicates to the customer that there is a conflict of interest prior to the provision of the related service;
- declines to act for the customer, if necessary.

Identifying Conflicts

Sparkasse Bank Malta plc considers the types of potential conflicts relevant to the specific services and activities it carries out, namely investment services and ancillary services and banking services. Furthermore the Bank considers the potential conflicts that can arise from:

- Relationship with business referrers
- Trading for own account
- Fees & Charges / Inducements
- Employees' external involvements
- Gifts and Hospitality
- Employee Personal Dealing
- Employee Remuneration
- Complaint Handling

The specific situations that could create a potential conflict of interest are recorded in the Bank's Conflicts of Interest Register together with the appropriate measures to manage the conflict.

Managing Conflicts

The Bank adopts the following principles to manage its conflicts of interest:

- The Bank adopts the least to know approach where employees only have access to the information required to perform their role;
- Each department is managed by different individuals, meaning that there is clear segregation of duties and separate supervision of employees mainly involved in carrying out activities for, or providing services to customers whose interest may conflict;
- The remuneration of employees is not directly or solely linked to the services provided to customers but other factors are considered. The criteria for employee remuneration is included in the Remuneration Policy;
- All major operational decisions are discussed and approved by the Executive Committee and/or the Board of Directors. Furthermore, each department has its own internal process manual which employees are required to follow. These have been implemented as measures to prevent or limit any person from exercising inappropriate influence over the way in which investment, ancillary or banking activities are carried out;
- Staff dealings are subject to the Personal Dealing Policy;
- Employees are prohibited or restricted from engaging in external business interests that conflict or may conflict with the interest of the Bank or its customers;
- The Compliance Department ensures complaints are handled in line with the Complaints Management Policy and that a complaint is dealt with independently and not by the subject of the complaint or the person involved in the provision of the service to the customer;
- The Bank only accepts fees, commissions and non-monetary benefits so long as they do not impair with the Bank's duty to act in the best interest of its customers in line with its Inducements Policy.