

## **CONFLICTS OF INTEREST POLICY SUMMARY**

### **The Bank**

Sparkasse Bank Malta public limited company (the 'Bank') is a public limited liability company registered in Malta with registration number C27152 and registered office at 101 Townsquare, Ix-Xatt ta' Qui-si-Sana, Sliema SLM3112, Malta. Sparkasse Bank Malta public limited company is licensed by the Malta Financial Services Authority to carry out the business of banking in terms of the Banking Act (Cap. 371 of the Laws of Malta), to provide investment services and custody and depositary services in terms of the Investment Services Act (Cap. 370 of the Laws of Malta), and is authorised to act as custodian of retirement schemes in terms of the Retirement Pensions Act (Cap. 514 of the Laws of Malta).

### **Conflicts of Interest**

Sparkasse Bank Malta plc endeavours to act honestly, fairly and professionally in accordance with the best interest of its customers.

A conflict of interest arises when the Bank or 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 - this refers to a scenario where the Bank's interests prevail over those of one or more customers.
- Employee and Customer - this refers to a scenario where an employee has a personal interest in relation to one or more customers or in a particular transaction/s of one or more customers.
- Customer and Customer – this refers to a scenario where the interests of two or more customers compete and the processing of a customer instruction by the Bank may cause damage to the interest of one or more other customers.

### **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

The Bank must identify those situations that arise in the course of providing banking, investment, custody, depositary and ancillary services or a combination thereof which may damage the interests of a customer/s. In order to identify a potential or actual conflict of interest, the Bank shall consider whether the Bank per se, its employees or a relevant person directly or indirectly linked by control to the Bank:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the customer;
- has an interest in the outcome of a service provided to the customer or of a transaction carried out on behalf of the customer, which is distinct from the customer's interest in that outcome;
- has a financial or other incentive to favour the interests of another customer or group of customers over the interests of the customer;
- carries on the same business as the customer;
- receives or will receive from a person other than the customer, an inducement in relation to a service provided to the customer, in both a monetary and non-monetary form.

## 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. The criteria for employee remuneration are included in the Remuneration Policy;
- All major operational decisions are discussed and approved by Senior Management 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 the Bank carries out investment, banking, depositary and ancillary activities;
- Staff dealings are subject to the Personal Dealing Policy;
- Employees are restricted from engaging in parallel work and external business interests that conflict or may conflict with the interest of 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 person 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.

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.

- For more information, you may request a copy of the full Sparkasse Bank Malta plc's Conflicts of Interest Policy and Procedure by contacting the Bank through the website [www.sparkasse-bank-malta.com](http://www.sparkasse-bank-malta.com).