

Conflicts of Interest Policy

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Introduction

The FCA and PRA set out the following expectations in relation to Conflicts of Interest:

Conduct of Business Sourcebook (COBS):

A firm must act honestly, fairly and professionally in accordance with the best interests of its client".

Principle 8 of the FCAs Principles for Business (PRIN):

A firm must manage conflicts of interest fairly, both between itself and its customers, and between a customer and another client.

Senior Management, Arrangements, Systems and Controls Sourcebook (SYSC)

SYSC 10 requires firms to:

- Identify conflicts of interest.
- Have an effective written conflicts of interest Policy.
- Keep up-to-date records of all past and present conflict situations.

Additionally a firm must maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of its clients.

The Companies Act 2006 also provides that a conflict of interest arises where there is a conflict between the duties that a director owes to the company and his own personal interests.

The purpose of this Policy is to manage the risk of conflicts of interest arising and to define EABs procedures and controls for managing conflicts of interest and the responsibilities and standards of behaviour to mitigate the risk of improper relationships existing between staff members and the Bank's customers, between EAB and its customers, between EAB and Arab Bank Group Entities etc.

Scope & Application

This Policy applies to all EAB businesses including any non UK operations and branches, and all employees including temporary workers, consultants and contractors.

This Policy is legally binding, and forms part of all employee's contracts of employment with EAB.

Any wilful breach of the policy will also be treated as a breach of any one of the Conduct Rules, and could result in dismissal of the individual(s) concerned.

Definitions

A conflict of interest can be described as any situation where:

- A person (individual or legal entity) owes separate duties to act in the best interests of two or more clients in relation to the same or related matters, and those duties conflict, or there is a significant risk that those duties may conflict (a 'client conflict').

Or

- A person's (individual or legal entity) duty to act in the best interests of any client in relation to a matter conflicts, or there is a significant risk that it may conflict, with the person's own interests in relation to that or a related matter (an 'own interest conflict').

How can a Conflict of interest arise?

Conflicts of Interest can arise between various parties, including:

- EAB and one or more of its customers
- An employee and one or more of EAB customers
- An employee and EAB
- Two or more of the EAB's customers
- A third party service provider and EAB
- A third party service provider and EAB customer
- EAB employee and another EAB employee

When might a Conflict arise?

A Conflict of Interest may happen where EAB or a member of staff:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the customer;
- had or has an interest in the outcome of a service provided to customer or if a transaction carried out on behalf of a customer, which is different from the customer's own interest in that outcome;
- has a financial or other incentive to favour the interest of another customer of group customers over the interest of the customer they are dealing with;
- carries on the same business as the customer;
- receives or will receive from a third-party an inducement or non-standard incentive in relation to a service provided to the customer, in the form of monies, goods or services.

Examples of Conflict of Interest/potentially conflicting situations include:

- An individual customer opening a current account with EAB, brings identification documents into a branch, but their partner or relative or friend is the EAB employee verifying the documents.
- A staff member having personal relationship management responsibility for the banking relationship of a family member or friend.
- Receiving lavish gifts or entertainment from a corporate client in return for a preferential treatment over the Bank's other clients.

- A member of staff being related to, or having a personal relationship with, an individual who works in a third party with whom EAB has a vendor/supplier relationship.
- A staff member that has directorships or shareholdings in an EAB or AB customer entity, supplier or vendor.

The above is not an exhaustive list.

Policy Requirements

General Principles

All employees must understand and abide by the relevant internal rules, policies and procedures.

Conflicts or potential conflicts should always be disclosed as soon as you become aware of them.

Staff must not unfairly place their own interests above those of their customers;

Staff must not engage in any activity, conduct, business interest and/or employment that might reasonably be interpreted as tending to adversely affect the performance of their duties at EAB;

Staff must not act if there is any suspicion of a conflict of interest arising, or if one has materialised;

Any conflict or suspected conflict must be reported as soon as possible to Compliance or the staff members Head of Department.

All staff must protect confidential information received or obtained during the course of the employment. Confidential information should only be shared on a strictly "Need to Know" basis even when there are no information barriers officially in place.

Prohibited Activity

Staff may not:

- Exchange information where the exchange of that information may harm the interests of one or more of the Banks customers (i.e. disclose details of financial data or project details that have been provided to EAB in confidence)
- Accept or offer inducements (i.e. gifts or hospitality), which could be perceived as conflicting with the interests of our customers (see EAB Anti-Bribery & Corruption Policy)
- Separately engage in business with individuals or entities that conduct business with EAB (unless that relationship has been fully disclosed to Compliance, Head of Department and HR, and written approval given)
- Use EAB or customer information for personal, family or any other gain (see EAB Information Security & Data Protection Policy)

- Carry out employment outside of EAB of any kind without first declaring and seeking appropriate approval (from Head of Compliance, Head of Department, and HR)
- Engage in any outside business interest that conflicts with Bank's or customers interest without first providing full and accurate notification in writing to EAB (to Head of Compliance, Head of Department, and HR)
- Accept any personal fiduciary appointments that conflict with the Bank's or customer's interests (such as trusteeships or executorships) other than those arising from family relationships, without obtaining advance written approval from EAB (to Head of Compliance, Head of Department, and HR)
- Hire family members without obtaining advance written approval from EAB (to Head of Compliance, Head of Department, and HR)
- Undertake Personal Account Dealing transactions when in possession of related confidential information (see EAB Personal Account Dealing Policy);
- Deal ahead or advise other customers to deal in front of a known customer order (front-running).
- Recommend EAB-developed products based on the level of commission earned.
- Extend credit to staff without following the appropriate internal procedures and receiving all relevant authorisations.

The above are examples and for guidance and is not to be seen as an exhaustive list.

Determining whether a conflict exists between an employee's personal or professional interests and those of the company is often a question of judgement and common sense. If in doubt staff should refer to Compliance to determine whether a conflicts exists.

Management of Conflicts of interest

EAB manages Conflicts of Interest using a suite of Policies and Procedures, teamed with appropriate levels of monitoring, guidance and training.

These Policies can be found on the EAB Intranet – alternatively contact Compliance for guidance as to where to find the latest version.

CONFLICT	POLICY / PROCEDURE
Conflict with employee personal interests i.e. ability for staff to gain personally using information of a confidential or sensitive nature.	PERSONAL ACCOUNT DEALING POLICY
Conflict with customer(s), i.e. using execution information for EAB to gain or prevent loss in dealing ahead of customer orders.	ORDER EXECUTION POLICY CONDUCT RISK POLICY
Conflict in offered bribery / inappropriate items in order to facilitate business.	GIFTS AND ENTERTAINMENT/ ANTI-BRIBERY AND CORRUPTION POLICY
Conflict in using Customer information inappropriately.	DATA PROTECTION POLICY INFORMATION SECURITY POLICY
Conflicts in internal financial incentive / remuneration structures.	REMUNERATION POLICY

Actions required in the event of a Conflict of Interest

In the event of a Conflict of Interest being suspected, staff must report the event(s)/suspicion(s) to Compliance and to their Head of the Department immediately.

Investigations will be lead and managed by Senior Management, including the Head of Compliance and other relevant departments (e.g. CEO, relevant Business Unit, Human Resources, Internal Audit, etc) at local and Group functions, as appropriate.

Where it is determined that a conflict does in fact exist, appropriate and timely remedial action will be taken to resolve the matter.

In the event EAB are unable to resolve a conflict of interest, to such an extent that it cannot be reasonably demonstrated that any risk of damage to the interests of the customer or other parties have been prevented, the Bank will disclose to the customer full details of the conflict before undertaking taking any business for them.

Disclosures will be in writing and include sufficient information about the conflict to enable a customer to make an informed decision as to whether they wish to proceed with the proposed service.

Disclosures must be approved by the Head of Compliance.

Roles, Responsibilities and Oversight

Senior Management of EAB are responsible for ensuring that the Bank's systems, controls and procedures are adequate to identify and manage conflict of interest.

Staff must read and understand the EAB Conflicts of Interest Policy and attend and complete all assigned training.

The Head of Compliance is responsible for establishing the framework, policies and procedures to ensure compliance with legal and regulatory obligations relating to Conflicts of Interest.

Internal Audit are responsible for supporting these objectives and the output of any reviews on the effectiveness of this Policy will be provided to the Board Audit and Risk Committee for review.

Monitoring

The operation and effectiveness of this Policy will be subject to monitoring and testing on a periodic basis through the Annual Self Disclosure process and Compliance Monitoring Programme as appropriate.

A 'Conflicts of Interest Register' is maintained by the Compliance Department.

All staff are required to affirm their adherence to this Policy and other relevant EAB policies and procedures on an Annual basis through the Annual Self Disclosure process, which is reviewed and monitored by the Compliance Department.

Governance

This Policy will be reviewed and updated as appropriate on an annual basis or sooner in the event of changing applicable laws, regulations and regulatory expectations and guidance.

This policy will be approved by the EAB Executive Risk and Compliance Committee and the Board Audit & Risk Committee.