

## Principles for handling conflicts of interest

BankM AG ("BankM" or "the bank") is an investment firm licensed in accordance with § 15 in conjunction with § Section 86 (1) WpIG (German Securities Institutions Act). BankM operates a business model that essentially comprises the provision of high-quality securities services and ancillary securities services. This can lead to conflicts of interest in individual cases. A conflict of interest exists if the provision of the investment service involves a potential advantage for BankM or another third party and, at the same time, a potential disadvantage for the client. The following presentation presents the main features of possible conflicts of interest of our company.

Conflicts of interest cannot always be ruled out in a bank that provides a wide range of investment and financial services. Such conflicts of interest may arise between the bank, other companies, our management, our shareholders, our supervisory board, our employees or other persons associated with us and our customers and business partners or between our customers and business partners.

When designing the committees and systems, care was taken to achieve the best possible balance between the interests of customers and business partners, employees, management and owners. Existing immanent conflicts of interest were analysed and taken into account in the organisation of business operations. Examples of such conflicts are:

- incentive system ("ability to work in a team" before "short-term performance", reduction of the "principal-agent problem");
- consideration of operational conflicts of interest, e.g. between sales and project management, equal consideration of investors and customer interests;
- long-term determination of the dividend ratio (stability of the equity base, short-term versus long-term dividend yield);
- joint profit center for determining the basis for potential bonus payments (prevention of departmental egoism)

BankM's most important goal is to retain its customers in the long term and thus reduce earnings volatility. This is only possible if the employees and management structures are also long-term oriented. For this reason, incentives via the bonus system ensure that considerable weight is given to long-term aspects in particular, such as the development of customer relationships, teamwork and the development of the bank. The incentive system does not reward short-term profit maximisation (possibly against customer interests).

There is a clear distribution of income between shareholders, the Supervisory Board and the company, which has been practised since the start of business operations.

There is no financial incentive to generate particularly high earnings for the bank, possibly contrary to customer interests. On the contrary, a significant monetary incentive is created for all employees and the Management Board to ensure that employees and management behave in the interests of the Company and its customers and business partners.

The salary structure also means that employees find BankM attractive, who plan for the long term and value a relatively secure job. The team of founders has been working together for the most part since 1998 and since BankM started its business operations none of the 7 founders has left. The fluctuation

among employees is also low (< 1 employee / year). Since the start of activities under the BankM brand, there has been no restructuring process or redundancies.

In addition, all relevant regulations for avoiding or dealing with conflicts of interest (Chinese Walls, Need-to-Know Principle, Restricted List, and monitoring of employee transactions) are applied.

The Supervisory Board represents the interests of the shareholders, who are generally interested in a high dividend payout. In order to avoid conflicts in this respect, a fundamental and longer-term regulation of the allocation of the net income for the year was created.

With the exception of one operational member of the Supervisory Board, no business relations are currently maintained with members of the Supervisory Board. Should this be deemed appropriate in special cases in the future, the Management Board will always obtain several offers from comparable providers.

In order to protect our customers and business partners, and above all to effectively prevent any disadvantages for customers, the bank also has principles for identifying, avoiding and disclosing conflicts of interest in its operating business.

In particular, we expect our employees to act with care and honesty at all times, to act lawfully and professionally, to observe market standards and, in particular, to always consider the interests of our customers. BankM has an independent compliance officer under the direct responsibility of the management, who also monitors compliance with the principles for handling conflicts of interest.

**In detail, we take the following measures, among others:**

- **creation of organisational procedures to safeguard the interests of customers**
- **creation of confidentiality areas by setting up information barriers, separation of responsibilities and/or physical separation**
- **rules on the acceptance, award and disclosure of grants**
- **maintenance of a watchlist, which serves to monitor sensitive information and prevent the misuse of insider information**
- **maintenance of a restricted list, one of the purposes of which is to avoid possible conflicts of interest**
- **disclosure of securities transactions of all employees to the Compliance Officer**
- **Continuous training of our employees**
- **disclosure of conflicts of interest that cannot be avoided or resolved**
- **disclosure of potential conflicts of interest in the investment research produced or disseminated by BankM**

In connection with the provision of investment or ancillary investment services, the bank may not accept or grant benefits from third parties who are not clients of this service, unless the benefit is designed to ensure or improve the quality of the service provided to the client. The grant may not conflict with the proper provision of the service in the interest of the customer. This requirement is implemented by BankM.

Benefits received by the bank from or granted to third parties may generally be tangible or intangible. These include commissions, fees or other monetary benefits as well as benefits in kind. The

assessment basis for these grants is usually transaction-related. In certain cases, BankM grants individual cooperation partners subsidies for brokering business relationships.

