

Ahli United Bank (UK) PLC
Tax Strategy
Financial Year to 31 December 2019

1. Overview

This strategy document, drawn up in accordance with schedule 19 section 16(2) of the Finance Act 2016, sets out the Bank's approach to conducting its tax affairs and management of tax risk¹.

The Board, as a whole, promotes a comprehensive and transparent corporate governance framework to ensure the Bank complies with all prevailing legislation and regulations.

In June 2015, the Bank resolved to unconditionally re-confirm the adoption of the HMRC Code of Practice on Taxation for Banks², which contained the following four principles:

- The Bank should adopt adequate governance to control the types of transactions they enter into;
- The Bank should not undertake tax planning that aims to achieve a tax result that is contrary to the intentions of Parliament;
- The Bank should comply fully with all its tax obligations; and
- The Bank should maintain a transparent relationship with HMRC.

The above underlying principles underpins Ahli United Bank (UK) PLC's tax strategy.

2. UK tax risks

The Bank acknowledges that it is subject to direct and indirect taxation (including operational taxes) in the UK.

Whilst these tax risks are deemed low or the Bank has in place processes and controls that are appropriate³, the Bank nevertheless recognises the following tax risks:

- Tax compliance and reporting risks
Covers risks associated with compliance failures such as submission of late or inaccurate returns.
- Transactional risks
Arises where transactions are carried out or actions are taken without the appropriate consideration of the potential tax consequences or where advice taken is not correctly implemented.
- Reputational risk
Arises due to negative announcements in relation to the Bank as a result of non-tax compliance, which may have an impact on our relationships with our shareholders, clients, tax authorities and the general public.

The Board of Directors are ultimately responsible for the tax risks of the Bank and are supported in the day to day attainment of this responsibility by key management functions within the Bank.

3. Tax planning

The Bank has a low risk appetite in relation to tax planning. Any tax planning undertaken is of a commercial nature and not designed to achieve a tax advantage.

¹ Approved by the Board of Ahli United Bank (UK) PLC on 14 November 2019.

² Further information on the Bank's readoption is available on the UK Government's website:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764362/The_Code_of_Practice_on_Taxation_for_Banks_annual_report_2018.pdf

³ Basis - 'Tax Risk Assurance Matrix' review undertaken by external tax advisor during Q2.2019, which concluded that the Bank's processes achieved a Senior Accounting Officer (SAO) benchmark, which was submitted to HMRC on 25 June 2019.

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4. The Bank's approach to manage tax risk

The Bank has in place a framework to actively manage its tax obligations, which is commensurate with the Bank's business model:

- **Corporate Governance**
The Bank's code of conduct clearly outlines the framework in which personnel of the Bank should operate.
- **Senior Accounting Officer (SAO)**
Compliance with HMRC guidelines in relation to SAO and annual review of tax risks, including transfer pricing, which in the last review undertaken by external tax advisors during the 2nd quarter of 2019 and was found to be satisfactory.
- **New Products and Initiatives**
Use of external advisors to ensure new products and initiatives comply with UK tax requirements.
- **Tax compliance – Corporation Tax and Employers Employment Taxes**
Contractual engagement with external advisors, who are reputable experts in this field, to act as agents for the Bank for processing and submitting required returns in accordance with current tax laws.
- **Automatic Exchange of Information**
Full compliance with the due diligence and reporting requirements under the Automatic Exchange of Information legislation.
- **Outsourcing and service providers**
In accordance with the Criminal Finances Act 2017 and the Corporate Criminal Offences (CCO) legislation, responsibility for monitoring engagements to ensure that the Bank has reasonable procedures in place to prevent the criminal facilitation of tax evasion.
- **Ongoing reviews of HMRC requirement**
Use of external advisors to provide tax advice to ensure compliance with new or modified tax reporting requirements.
- **Policy documents**
Board approved policy for Expense Management and Risk Framework.
- **Incentive schemes**
Confirmation that the Bank does not promote remuneration schemes that incentivise the employee to perform their tasks in a manner contrary to regulatory guidelines.
- **Management awareness**
The Bank manages such requirements in a similar way to any area of operational risk within the organisation, whereby departmental heads act within their prescribed responsibilities to identify and manage such risks.

5. Working with HMRC

The Bank is committed to work with all regulatory authorities in an open and transparent manner, and thereon ensure its compliance with tax filing, tax reporting and tax payment obligations.

When an enquiry is received from HMRC, management of the Bank ensure that all such dealings with HMRC are undertaken in a collaborative, courteous and timely manner, with the target objective to achieve certainty for any tax obligations.

Where the Bank identifies any inadvertent errors in the submission of tax returns to HMRC, the Bank ensures that such errors are fully disclosed to HMRC as soon as practically possible.