



TAX STRATEGY

May 2025

Section 1: Background

1.1 Ownership and Approval

In accordance with Paragraph 22(2), Schedule 19, Finance Act 2016, this document sets out the strategic tax objectives of BACB plc for the year to 31 December 2025. This strategy includes our tax risks and how we manage them, the Bank's attitude to tax planning, and how we co-operate with tax authorities to meet our taxation obligations.

The tax strategy is set by the BACB Board of Directors in consultation with executive management. It has been reviewed and approved by the Bank's Executive Committee, the Board Audit Committee ('BAC'), and the Board.

1.2 Audience

Within BACB, the tax strategy is of relevance to the Board of Directors, as well as to Finance, Legal, Compliance, HR and business functions where decisions have tax consequences.

The strategy is publicly available on the BACB website to allow external stakeholders to understand the Bank's approach to tax. The strategy is compliant with Part 2 of Schedule 19 of the Finance Act 2016.

1.3 Scope

BACB is a responsible taxpayer and the Bank's tax strategy is based on transparency in all aspects of tax reporting and compliance.

The strategy applies to the compliance, payment and reporting of all taxes borne and collected by BACB worldwide, the principal ones being corporate income, indirect and employment taxes.

Guidance on how to implement the tax strategy is provided to those with responsibility for taking decisions that could impact the successful achievement of BACB's strategic tax objectives.

1.4 Review

The tax environment is always evolving and so the tax strategy will be subject to regular review and update to ensure the level of tax risk is in line with BACB's overall risk appetite.

The tax strategy will be reviewed on at least an annual basis by the BAC as part of its overall review of the Bank's tax affairs. Any material amendments to the strategy will require approval by the Board. Minor amendments may be made by the Executive Committee.

Section 2: Tax strategy statement

2.1 Business strategy statement

BACB is a London-based international commercial bank, providing value-add trade solutions for clients in specialist markets particularly in Africa and the Middle East. The Bank also provides a niche UK real estate finance offering and operates a full Treasury function. It aims to drive sustainable growth and stay relevant to our clients and markets by leveraging our people, knowledge and relationships.

2.2 Tax strategy statement

The BACB tax strategy is aligned with the overall business strategy and to the Bank's approach to corporate governance and risk management.

BACB has adopted the HMRC "Code of Practice on Taxation for Banks," and continually seeks to comply with the spirit, as well as the letter of tax law. BACB does not engage in tax planning other

than that which supports genuine commercial activity.

It is of primary importance that BACB pays the correct amount of tax in the correct period. In order to do this, we aim to fully understand the commercial and regulatory context of transactions we undertake and associated tax consequences.

The Bank may consider different tax outcomes when considering how to structure commercial transactions; however, we do not enter into tax planning for the purposes of securing a tax advantage which goes against the express intention or the spirit of the law. We apply a prudent approach to tax risk when evaluating transactions, consistent with the Bank's Conduct Policy.

BACB enters into commercial transactions in the ordinary course of business with related parties on an arm's length basis and in accordance with the current Organisation for Economic Co-Operation and Development (OECD) principles.

As an organisation, we aim to be honest, fair and transparent in all our dealings. These principles of integrity are reflected in our relationship with tax authorities. We seek to be proactive with tax authorities to ensure the efficient resolution of any issues, as and when they arise.

Section 3: How we manage tax risk

3.1 Use of expert advice or pre-clearance

Where a tax position is unclear or subject to judgement or interpretation, we will seek professional advice and/or obtain advance clearance from tax authorities.

3.2 Relationship with HMRC

Where we receive enquiries from HMRC and other tax authorities, we adopt an open and proactive approach to the provision of information in order to minimise uncertainty or taxation calculation errors and to aid the resolution of any matters under review. We

undertake careful research before responding to questions to ensure that responses are based on documented facts and take account of relevant legislation and guidance. In order to be able to supply the required information, we endeavour to comply with all local document retention requirements.

3.3 Assessment of tax risks

We define tax risk as the failure to pay the accurate amount of tax within the deadlines set by the relevant tax authorities. BACB has a low appetite towards tax risk which may result from:

1. Tax calculation error: The risk that an error by the Bank results in the compliance, payment or reporting of taxes to be incorrect; or
2. Transactional risk: While most of the Bank's products are relatively standard in nature, the Bank operates in multiple jurisdictions which may result in unforeseen tax consequences.

3.4 Internal controls

Internal controls designed to provide a robust and comprehensive approach to managing tax risks are embedded into the Bank's risk and control framework and associated Policies and Procedures. These enhanced controls include a co-sourced arrangement with a professional firm offering the Bank specialist tax support. As with all processes and controls these would be subject to independent periodic review by the Bank's internal audit function.

3.5 Key roles and responsibilities

The Chief Financial Officer ('CFO') is the Senior Accounting Officer as defined in Schedule 46 Finance Act 2009 and makes an annual certification to HMRC as part of the UK Senior Accounting Officer regime.

The CFO has responsibility to inform the Board of key tax events, which allows all Board members

to be adequately engaged in the tax affairs of the Bank and thereby ensure adherence to their responsibilities.

The Chief People Officer ('CPO') is accountable for employment taxes and is supported by the Finance Department and external advice on an ad hoc basis. The CPO provides a handoff to the CFO for SAO purposes.

All other tax obligations are managed by the Finance Department, which reports into the CFO.

Cross Bank engagement to ensure that clear, timely and relevant advice is provided across all aspects of tax, and that the business understands the Bank's objective of minimising tax risk.