

Tax conduct statement

1. A commitment to paying the right amount of tax

We are committed to paying all the taxes that we owe in accordance with the spirit of all tax laws that apply to our operations. Paying our taxes in this way is a clear indication of our being responsible participants in society.

2. What seeking to pay the right amount of tax means

We will fulfill our commitment to paying the appropriate taxes that we owe by seeking to pay the right amount of tax (but no more), at the right rate, in the right place and at the right time. We aim to do this by ensuring that we report our tax affairs in ways that reflect the economic reality of the transactions we actually undertake in the course of our trade.

3. Approach to tax planning and tax avoidance

As a bank, we will have to make decisions about the way in which transactions will be undertaken for tax purposes. We consider this to be appropriate tax planning so long as when doing so we always seek to make use of the options available and allowances and reliefs provided in ways which are both consistent with the spirit of the law (on which we will take advice, if appropriate) and with the way in which we actually undertake our transactions.

We will when making these tax planning decisions also consider the impact that they might have on the company's reputation, its relationship with HM Revenue & Customs, its staff, customers, suppliers and all its other stakeholders as well as the on the company's shareholders and will only undertake tax planning that we consider in the best interests of our company and its stakeholders.

What we will not ever do is seek to use options made available in tax law or the allowances and reliefs that provide ways to avoid tax that are contrary to the spirit of the law. Nor will we undertake specific transactions with the sole or main aim of securing tax advantages that would otherwise not be available to us based on the reality of the trade that we undertake.

4. What the Bank will not do

The Bank will never undertake transactions that would require notification to HM Revenue & Customs under the Disclosure of Tax Avoidance Schemes Regulations or participate in any arrangement to which it might be reasonable anticipated that the UK's General Anti-Abuse Rule might apply.

5. Policy on tax haven usage

We will trade with customers and suppliers genuinely located in places considered to be tax havens but we will not make use of those places to secure a tax advantage, and nor will we take advantage of the secrecy that many such jurisdictions provide for transactions recorded within them.

6. Policy on disclosure

We are committed to transparency with regard to our tax affairs and this will be reflected in our annual financial statements, our web site and in other documents we produce. To fulfill this commitment we will publish:

- a. A tax reconciliation that explains the difference between the tax that might be expected to be due on our profits at current headline tax rates and the current tax actually expected to be paid with an additional reconciliation explaining the impact of deferred taxation on our tax charge for the year. We will seek to explain all major differences arising in this way, both numerically and in accompanying narrative notes;
- b. We will explain movements in the sums we owe in tax between each year end, making reference to all tax charges included in the financial statements and the amount of tax settled in cash during the course of the year to ensure clear indication of our commitment to make payment of our tax liability on time is provided;
- c. We will seek to make clear explanation of our deferred taxation assets and liabilities, including explanation of how they have arisen and will provide an indication as to when they might impact on our cash flow to the extent that we are reasonably able to do so.

7. Relationship with HM Revenue & Customs and other tax authorities

We believe it in the best interests of the Bank as a whole that we maintain an open and transparent relationship with HM Revenue & Customs and all other tax authorities with whom we might engage. To ensure that this is the case we:

- a. Seek to be open and transparent about all our affairs and any issues that we think HM Revenue & Customs need to be aware of;
- b. Seek to resolve any issues arising openly and transparently.

8. Governance

The tax policy of the Bank was approved by the Audit Committee on 27 February 2014 and has been subject to monitoring and updating since then, all changes being reflected in the latest version, noted above.

The Managing Director is responsible for ensuring that the Bank complies with its published tax policy and reports in a manner consistent with the policy.

The Bank reviews compliance with the policy in conjunction with its tax advisers at least once a year when preparing our annual Financial Statements.