FBN Bank (UK) Limited - Tax Strategy

FBN Bank (UK) Limited ("the Bank" or "we") is a wholly owned subsidiary of the First Bank of Nigeria Limited ("FBNL"), an African bank with a rich heritage, established in 1894 as the first banking institution in Nigeria. Operating in the City of London with a branch in Paris and a representative office in Nigeria, this Tax Strategy covers the operations in all the jurisdictions in which the Bank operates. The Bank strives to be transparent and compliant in respect of taxation matters in all jurisdictions in which it operates.

This Tax Strategy is being published in accordance with Schedule 19 of the Finance Act 2016.

Governance Framework

The Bank's Board of Directors (the "Board") have ultimate responsibility for its tax affairs.

The Board approves and reviews the Tax Strategy and a Tax Policy Statement annually and updates for changes in tax legislation or processes as and when required. The Bank operates a Risk Register which includes consideration of tax risk.

The Board delegates the responsibility for tax matters to the Chief Financial Officer ("CFO"), who delegates the day to day management of tax matters to Head of Finance, Head of Human Resource, Paris branch Deputy Manager and Nigeria Representative Office Accountant depending on the specific tax type, as set out in the Tax Policy Statement. Each part of the Bank's business and ultimately our employees are responsible for ensuring that our Tax Policy is complied with.

The CFO reports to the Board Audit and Risk Assessment Committee on a quarterly basis to cover the Bank's tax affairs in all jurisdictions it operates.

The Financial Control department, encompassing tax personnel and overseen by the CFO, are equipped with the appropriate knowledge, skills and capability to manage the Bank's tax affairs. The Bank uses reputable external tax advisors to provide technical insights and advice on tax compliance matters where required, examples of which include:

- when new or changes to existing tax laws and regimes arise;
- when the Bank enters into complex transactions; and
- when the potential tax impact of a transaction is material.

Risk Management

The Bank operates a three line of defence model for risk management. The Board delegates the oversight of identifying risks and managing controls to mitigate risks, to the Chief Risk Officer ("CRO"). The CRO works with the Operational Risk Manager to test the key operational tax risks and key controls periodically. The CRO reports to the Board Audit and Risk Assessment Committee.

A Risk Register exists to ensure that the Bank applies the law and its intentions adequately on transactions and activities throughout the business and its operations. Tax risk considerations are inherent in the overall Risk Register.

Key tax risks for the Bank include:

- failure to charge, withhold and pay the appropriate amount of tax on a timely basis; and
- failure to meet our tax reporting compliance obligations on an accurate and timely basis.

These key risks are mitigated by:

- reviewing the roles and responsibilities of the team, assessing any knowledge and skills gaps;
- engaging external advisors where gaps identified;
- diligently monitoring and managing deadlines; and
- a well-established review process.

When a risk is identified, our process is to gain a deeper understanding of the identified risk and to then determine whether to tolerate or mitigate the risk depending on the potential impact and likely probability of reoccurrence.

In the event of discovering any inadvertent errors in tax filings submitted, the Bank makes full disclosure to the appropriate tax authority.

Acceptable level of risk

The Bank has a conservative appetite for tax risk. The Bank is not prescriptive in terms of the level of acceptable tax risk it undertakes and each matter is assessed on its specific facts and circumstances, and within the Bank's governance framework.

The Bank relies on the implementation of our Tax Strategy and Tax Policy to minimise our exposure to tax risk. We manage our tax affairs to ensure compliance with both the relevant tax laws and regulations, as well as the intention of Parliament and other governments in the tax jurisdictions in which we operate, and to ensure the appropriate amount of tax is paid in a timely manner.

Attitude toward tax planning

The Bank does not engage in tax planning other than that which supports genuine commercial activity. The Bank does not engage in highly aggressive or artificial transactions whose sole or main purposes is to generate a tax advantage. The Bank does not enter into arrangements that would lead to a failure under Part 1 of HM Revenue & Custom's Code of Conduct. Whilst the Bank will make use of available reliefs and allowances for tax purposes, the focus is on the Bank's reputation and ensuring compliance with the law and its intention.

All transactions undertaken by the Bank are discussed with the Finance Team, and they consider the tax implications and provide approval, with appropriate support from external advisors as required. Tax is embedded with regard to introduction of new products for customers and "Project Review Committee and Executive Management Committee" signs off.

Relationships with Tax Authorities

The Bank seeks to have an open and transparent relationship with the tax authorities in the tax jurisdictions in which it operates. We do this by acting in an honest and constructive way in our dealings with them, including:

- seeking clarification in complex areas of tax law or when new tax laws are introduced;
- meeting deadlines;
- being proactive in sharing information on returns or omissions identified; and
- remaining available for questions as and when required.

List of entities covered by this Tax Strategy

FBN Bank (UK) Limited