

Diamond Bank (UK) Plc

Tax Strategy Statement

Background

The tax strategy statement sets out Diamond Bank (UK) Plc's ("DBUK's") approach to conducting its tax affairs in the UK and is approved by the DBUK Board.

This document evidences compliance with DBUK's obligation under para 19(2) of Schedule 19 of the 2016 Finance Act and applies to the UK tax strategy for Diamond Bank (UK) Plc.

DBUK is authorised as a wholesale bank in the UK and its principal activities are to offer a range of commercial and wholesale banking and financial services to its clients in the UK, Europe and West Africa. The main business segment is trade finance.

DBUK is a wholly owned subsidiary of Diamond Bank PLC, one of Nigeria's leading financial institutions whose core business is retail, business and corporate banking. Diamond Bank PLC has an operational tax administration policy. The policy is aimed at ensuring full compliance with all tax responsibilities and obligations from various tax jurisdictions. The tax management framework identifies the roles and responsibilities of various departments of the parent bank for the collection and remittance to the relevant tax jurisdictions. The tax function liaises with internal and external stakeholders to ensure compliance with the law.

Governance and Risk Management

DBUK has formally adopted and complied with HMRC's Code of Practice on Taxation for Banks. In compliance with the Code of Practice for Banks, DBUK has risk management and governance processes within a formal policy. The policy is overseen by the Board.

The DBUK Board sets the company's values and standards and ensures that its fiduciary duties to shareholders and other stakeholders are appropriately discharged. The tax strategy, and compliance with it, is reviewed and approved annually by the Board of Directors. The Board ensures that DBUK employs staff with sufficient tax experience and qualifications as is appropriate and retains external advisors to ensure that knowledge remains up to date and all tax obligations are met.

Day to day management and implementation of the strategy is delegated to the CFO as supported by the Finance team with appropriate control and overview.

In operating tax risk management and governance processes, DBUK has a low appetite for tax risk. The Bank is committed to full compliance with its tax obligations, paying the right amount of tax at the right time. DBUK ensures that that tax arrangements remain consistent with a low risk assessment, both in financial and reputational terms. DBUK meets all its tax filing and payment obligations on a timely basis.

Tax related transactions are documented appropriately and retained in accordance with the Bank's document retention policy.

Tax Planning and risk tolerance

The Bank has a conservative approach to all tax planning, pursuing only those initiatives that it is prepared to fully disclose to the tax authorities and complies fully with all relevant tax obligations. The Bank does not undertake any planning of a contrived nature.

DBUK does not promote tax avoidance or aggressive tax planning arrangements with our customers and ensures tax strategies are in line with the intentions of Parliament and meet its obligations under the Criminal Finances Act 2017. DBUK ensures that its tax position is consistent with the spirit as well as the letter of tax law.

DBUK does not structure transactions in a way that will have tax results that are inconsistent with the underlying economic consequences, unless there exists specific legislation designed to give effect to such a result. In this respect, if there is any doubt for any transaction the Bank involves external advisors where required in the first instance and/or enters dialogue with HMRC as appropriate.

Relationship with HMRC

DBUK maintains an open and constructive dialogue with HMRC. The Bank engages with HMRC on a timely basis to minimise any tax risk, ensuring full and appropriate disclosure and that all taxes are paid correctly. In the event of uncertainty about a tax outcome, DBUK invites dialogue with HMRC in the context of its desire for an open and transparent relationship.

DBUK has a collaborative approach to resolving any dispute that may arise with HMRC in a timely manner. Enquiries raised by tax authorities are dealt with on a timely basis and answered in an open way, disclosing all relevant facts and circumstances to provide a complete response.