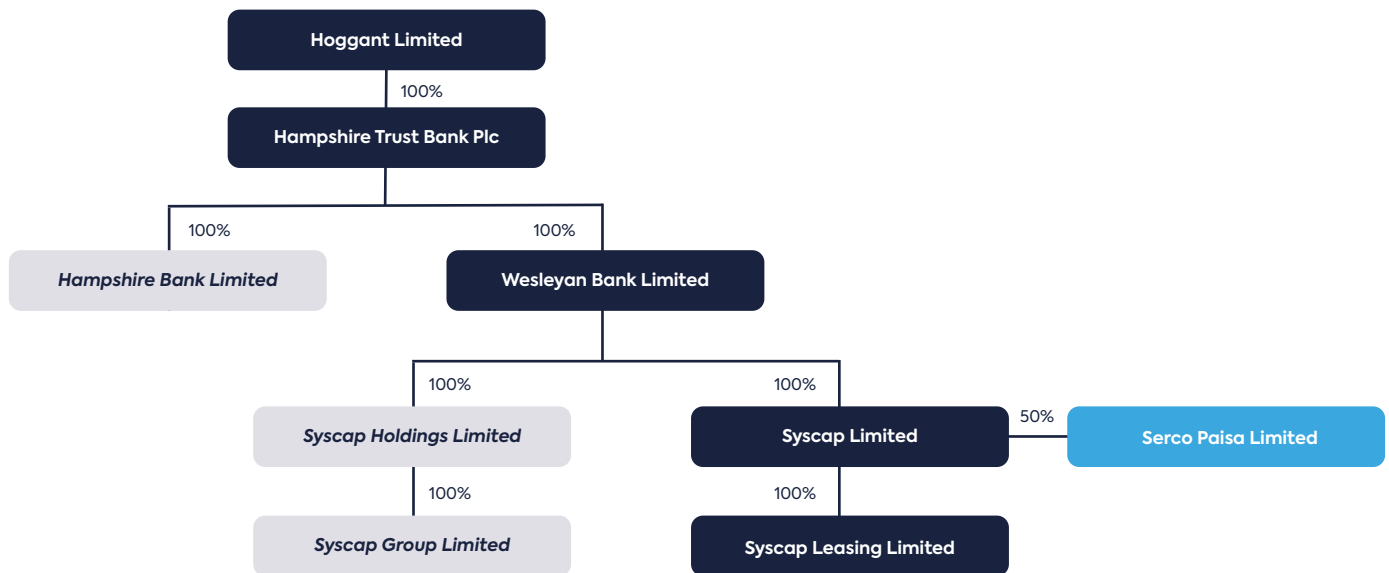


Hampshire Trust Bank Group Tax Strategy

Introduction

Hampshire Trust Bank Plc (HTB) seeks to deliver excellence through specialism by focusing on exceeding customer expectations through providing expert understanding of its chosen markets. HTB's corporate social responsibility policy involves treating customers fairly and providing accessibility to as many people as possible in the markets it chooses to operate in. HTB recognises the value in supporting local communities and the environment.

The bank is UK based and provides asset finance, development finance and specialist mortgage solutions funded by award winning individual and business savings accounts. HTB is owned by Hoggant Limited. HTB acquired the Wesleyan Bank Limited (WBL) in February 2022 and formed the HTB Group, this includes the WBL and its subsidiaries of Syscap Limited, Syscap Leasing Limited, Syscap Holdings Limited and Syscap Group Limited and the joint venture Serco Paisa Limited. Hampshire Bank Limited is a subsidiary of HTB.



Syscap Holdings Limited, Syscap Group Limited and Hampshire Bank Limited are dormant entities within the group and have no trading activity.

HTB Group are committed to paying the appropriate amount of tax when it falls due, together with fulfilling its obligations to report and disclose matters appropriately to HMRC.

HTB Group's risk appetite and approach to risk management and governance arrangements in relation to UK taxation

The level of risk HTB Group is prepared to accept is incorporated into the bank's wider risk management framework. HTB's Risk Appetite Statement is "to run a sustainable, safe and sound business that conducts its activities in a prudent and reputable manner taking into account the interest of our customers and key stakeholders". Active risk management is key in creating a strong risk culture within the bank with the Board taking responsibility for setting the 'tone from the top'.

Ultimate responsibility for the HTB Group's tax affairs rests with the Board and is delegated to the Audit Committee and the Chief Financial Officer, supported by the Group Financial Controller.

Day to day operational activity sits within the Finance Team. If there is uncertainty around the application of certain tax rules, then external advice is sought to assist in clarifying the matter and ensuring the most practical decision is taken.

Key objectives in relation to tax:

1. Committed to being compliant with UK tax legislation and consideration is taken regarding the tax impact of material business decisions
2. Ensuring sufficient controls are in place to support this so that HTB Group pay the appropriate amount of tax at the appropriate time
3. Focus on improving data reporting around tax to support tax strategy
4. The HTB Group's reputation is considered when deciding tax matters, with great importance being placed on integrity

Risks around tax are included as part of the risk management framework and this means that the HTB Group is actively identifying, monitoring, and reporting on tax risks that the HTB Group is exposed to. The Finance team will be responsible for using the HTB Group's Risk and Control Self-Assessment (RCSA) process to identify risks and ensure sufficient controls are in place and tested accordingly. The Risk and Compliance function provides independent oversight and external auditors provide further independent assurance of these risks and controls.

Attitude towards tax planning

The HTB Group has adopted the HMRC's Code of Practice on Taxation for Banks, so the HTB Group will stay clear from abusive tax planning schemes that contradict the intentions of Parliament. External guidance is sought for tax areas open to interpretation. Tax planning opportunities must be reported to the CFO and subsequently approved by the Board before being actioned.

Approach towards dealings with HMRC

HTB Group strive to have a transparent and co-operative relationship with HMRC and endeavour to work through matters with them on a real-time basis. HTB Group aims to maintain a collaborative relationship by engaging with HMRC around uncertainties prior to payments becoming due so that matters can be resolved in a timely manner. Errors that have been identified will be disclosed and corrected in the next return unless immediate disclosure is considered necessary due to materiality.

This tax strategy applies to the year ended 31/12/2022 and has been approved by the Board. It has been prepared in accordance with the requirements of the Finance Act 2016, paragraph 16 (2) of Schedule 19.