

UK Tax Strategy / Policy

Introduction

Kexim Bank (UK) Limited ("the Bank") is a wholly-owned subsidiary of the Export-Import Bank of Korea ("Korea Eximbank"). The Parent Bank is 100% owned by the Korean government and is solely mandated to promote international trade and investment by providing comprehensive export credit and guarantee programmes to support Korean enterprises in conducting overseas business. The UK Bank was established in 1992 with the objective of supporting and complementing the parent bank's global network and its main activities revolve around providing credit facilities such as loans to corporates. The Group has been established by the special act, namely "The Export Import Bank of Korea Act". Every aspect of its businesses is strictly supervised and audited by relevant government bodies and congress. The executive directors and non-executive directors are appointed by the government, therefore, the Bank has embedded a strong culture of compliance with laws and regulations into its management and operations. The UK tax strategy is aligned to this string culture of compliance.

The Bank has signed up to the UK Code of Practice on Taxation for Banks ("The Code of Practice"). As such it is committed to having a proactive and transparent relationship with HMRC and interpreting UK tax law within the intention of parliament.

The purpose of this document is to communicate our tax strategy per the requirements of Schedule 19 of the Finance Act 2016.

Our approach to tax risk management and governance

The Bank has strong risk management procedures in place, and these are overseen by the Audit and Risk Committee which devises, approves, and monitors key risk management plans and policies of the Bank. Risk management related operations and functions are executed through the Risk Management Department. The UK Finance team assumes the day to day responsibility of the UK Bank's tax matters and risk management with the appropriate oversight from the Board.

We consider the main tax risks affecting the Bank to be as follows:

- **Tax compliance and reporting risk**

To mitigate the risk that the Bank's UK tax returns are not submitted on a timely and accurate basis we engage external professional advisors to prepare and advise us on our UK tax filing obligations.

- **Legislative risk**

Our external professional advisors inform us of any applicable legislative changes which may have a material tax implication to the business. We have engaged them to assist us with the implementation of a number of new tax legislative changes.

- **Reputational risk**

The Bank has enforced a Code of Conduct for its entire staff in order to ensure the Bank is an organisation that customers and the public can trust. The Code of Conduct serves as the fundamental basis for ethical management at the Bank and is the foundation upon which the high reputation has been built; this includes ensuring tax consequences are considered when significant business decisions are made. This risk is mitigated by using external tax advisors when complexity or uncertainty arise on material transactions.

Our tax risk appetite and approach towards tax planning

The Bank strives to establish strict ethical standards and principles to meet our social responsibilities and achieve mutual growth with our clients under the strong Code of Conduct and various ethical management systems. These policies form a vital part of the UK tax strategy.

The Bank has a low appetite towards tax risk, which is aligned with the overall prudent risk culture of the Group, and does not participate in aggressive tax planning or implement complex structuring arrangements with the purpose of minimising the Bank's tax liability. Any tax planning that is undertaken is driven by wider commercial and economic factors. The governance arrangements described above ensure actions are aligned to our low tax risk appetite.

Our approach when working with HMRC

The Bank endeavours to promote an open and transparent relationship with HMRC and as a result would proactively disclose any material tax issue should such an issue be identified. In line with the Group's principles and the Code of Practice, the Bank strives by being highly ethical and compliant with UK tax legislation.

Review schedule

This strategy has been formally approved by the Board of Directors at Kexim Bank (UK) Limited on 27 December 2017.

It is the responsibility of the Managing Director of Kexim Bank (UK) Limited to review this tax strategy and to recommend changes to the UK Board on annual basis.