Tax Policy

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Make REAL Change

Tax Policy

Policy Statement

Tax Policy set out principles and guidelines for the Bank and its subsidiaries' tax treatments to illustrate good corporate practice in tax management and tax transparency and to comply tax treatment in accordance with local and oversea tax laws and regulations of every jurisdiction which the Bank and its subsidiaries operate in.

Tax policy is reviewed annually and subject to revision when there are any changes in relevant tax law and regulations. The policy is approved by the Chief Executive Committee.

1. Tax Code of Conduct

1.1. Compliance

The Bank and its subsidiaries do tax filing in accordance with all applicable laws and regulations in the jurisdictions we operate in, taking account of both the letter and the spirit of the law. Tax is one of the elements we take into account in our commercial and economic activities. Our employees act with integrity and adhere the Bank's value when managing tax affairs.

1.2. Tax accountability

Holding accountable to all stakeholders, the Bank conducts our business within a governance framework to ensure stable and sustainable growth. The Bank places strong emphasis on integrity, transparency, and compliance with tax laws, while appropriately utilizing available tax measures to enhance operational efficiency. These practices support the Bank's business strategies and aim to maximize benefits for shareholders.

1.3. Tax payment and tax structure

The Bank and its subsidiaries set the policy to ensure that it pays all tax and duties properly and timely as required by law whilst making best use of legally available tax incentives. Taxes are paid correctly and in alignment with the value generated from normal business activities in each country of operation, without shifting value to lower-tax jurisdictions or using artificial tax structures lacking genuine business substance that could result in tax avoidance. The Bank also maintains a strict policy of not using non-transparent jurisdictions (Tax Havens) for tax avoidance and fully adheres to all applicable legal requirements.

Additionally, the Bank has implemented an electronic tax system (eTax System) to enhance the efficiency of tax operations and reduce the complexity of tax document management. The Bank is committed to continuously developing the eTax System to align with technological advancements and relevant tax laws and regulations.

1.4. Transfer Pricing

Transactions between related parties are based on arm's length principle, which is principle that goods and/or services exchanged among the subsidiary, affiliate or commonly controlled companies or legal entities that are part of the same enterprise must be the same as if the parties were not related, as defined by tax authorities to ensure that the fair share of taxes is paid with respect to the function performed, risk and assets accountabilities of each party to the business transactions.

1.5. Relationships with Government and Tax Authorities

The Bank and its subsidiaries respect the right of governments to determine their own tax regime, tax rate and collection mechanisms and their obligation

to protect a sustainable tax base. It is utmost important that the Bank and its subsidiaries maintains the organization's reputation and close collaboration with the tax authorities relating to business operation of the Bank and its subsidiaries.

The Bank and its subsidiaries appoint person(s) responsible for general tax matters and coordinate with the tax authorities to ensure that all relevant information will be timely submitted and to enhance transparency of our tax affair.

1.6. Tax Consultation

The Bank and its subsidiaries always consider hiring a highly experienced tax consultants prior to commencement of any complex transaction to ensure that all taxation risks are identified, mitigated and complied with relevant tax laws and regulations. In addition, consultants are expected to provide advice for the best benefits of the Bank and its subsidiaries' stakeholders.

2. *Tax Risk Management*

The Bank and its subsidiaries have an internal policy and procedures in place as part of tax governance to ensure that our products and services to customers comply with the best practice and comply with applicable tax laws and regulations in all jurisdictions where we operate. This tax policy applies to all management, employees and entities which are under the Bank and its subsidiaries' management control. Periodical review of the control and compliance is conducted by internal auditors, tax policy and governance unit, and certified public accountants, the results of which are reported to Chief Executive Committee and Audit Committee.

It is utmost important that the Bank and its subsidiaries maintains our reputation and close collaboration with the relevant governmental agencies governing taxation, duties and fees relating to business operation of the Bank and its subsidiaries.

With tax impact for investments and new products and services, a team of competent members responsible for business and tax is formed to understand and discuss the impact of such transaction to ensure that the structure and transactions are conducted within the acceptable legal framework, in accordance with reasonable commercial spirit, align with business objectives and strategies and shall not be done purely for the purpose of tax avoidance. Where necessary, a professional advisor is appointed to provide council to the business team and/or consultation with relevant regulators is arranged to ensure the seamless understanding of the business objective of the transaction.

We put in place procedures to ensure that tax risks are timely identified, managed and reported to the management and our tax positions are supported by relevant laws, regulations and their interpretations. We consider the level of compliance not only at national level, but also at the level of international tax laws and regulations. The Bank and its subsidiaries are committed to timely and accurate registration, filing of tax returns by their due dates, collection and payment of taxes, appropriate documentation, and tax reporting. We focus on knowledge-based development by providing training courses to accounting, tax, and other relevant staff regarding tax management and compliance.

3. Transparency in Tax Reporting

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The Bank and its subsidiaries are transparent about our approach to tax and comply with any legitimate disclosure requirement and rule regarding transparency in the area of tax (e.g. tax payment, explanation for the difference in effective tax rate and the expected tax rate) in our Financial Report to demonstrate our integrity and strengthen stakeholders' confidence and trust.