

Kuwait Finance House PLC
Tax Strategy
Financial Year to 31 December 2025

1. Overview

Kuwait Finance House PLC (the 'Bank') is an authorised institution under the United Kingdom Financial Services and Markets Act 2000. The Bank's ultimate parent company is Kuwait Finance House K.S.C.P., which is incorporated in Kuwait.

The Bank's tax strategy, which is compliant with schedule 19 section 16(2) of the Finance Act 2016, sets out the Bank's approach to conducting its tax affairs and management of tax risk¹.

The Board promotes a comprehensive and transparent corporate governance framework to ensure the Bank complies with all prevailing legislation and regulations, and as part of a wider group endorses that the Bank's tax strategy should be aligned with the overall KFH Group tax strategy, which contains 3 key pillars:

- i) Compliance – To ensure tax compliance obligations are met on time and to increase the efficiency of fulfilling these tax obligations through standardised and transparent processes, within an effective governance framework.
- ii) Risk Minimisation – To minimise risk by greater awareness in tax planning, forecasting, and ensuring tax reporting is in compliance with regulations.
- iii) Reputation – To protect the overall KFH Group's tax reputation through disclosing correct and supportable information, both publicly and internally.

This corporate governance framework is fully aligned with the Bank's adoption of the HMRC Code of Practice on Taxation for Bank's, and is underpinned by the following principles, which the Bank has adopted:

- The Bank should adopt adequate governance to control the types of transactions they enter into;
- The Bank should not undertake tax planning that aims to achieve a tax result that is contrary to the intentions of Parliament;
- The Bank should comply fully with all its tax obligations; and
- The Bank should maintain a transparent relationship with HMRC.

2. UK tax risks

As a UK Bank we are subject to direct and indirect taxation (including operational taxes) in the UK.

Whilst these tax risks are deemed low or the Bank has in place processes and controls that are appropriate², the Bank nevertheless recognises the following tax risks:

- Tax compliance and reporting risks
Covers risks associated with compliance failures such as submission of late or inaccurate returns.
- Transactional risks
Arises where transactions are carried out or actions are taken without the appropriate consideration of the potential tax consequences or where advice taken is not correctly implemented.
- Reputational risk

¹ Approved by the Board of Kuwait Finance House PLC on 21 November 2025.

² A SAO assurance review was undertaken by an external tax advisor during Q2.2025 and SAO Certification submitted to HMRC on 28 June 2025.

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Arises due to negative announcements in relation to the Bank as a result of non-tax compliance, which may have an impact on our relationships with our shareholders, clients, tax authorities and the general public.

- Interpretation risk
Where an assessment of tax risk is subject to a level of uncertainty surrounding the particular tax decision or position. In these special circumstances the Bank mitigates the risk by the use of qualified external advisors to provide the foundation for the tax decision-making process.
- Adherence to laws and regulations
Whilst tax efficiency is a factor in decision making, the Bank's primary objective is to ensure full compliance with domestic and international law obligations.

A key cornerstone for the Bank's assessment of UK tax risks is to ensure that the assessment is fully aligned with the KFH Group's tax risk appetite and risk management framework. This is achieved through:

- Effective management of operational risks.
- Manage tax risk throughout the whole tax life cycle, namely planning, accounting, reporting and compliance.
- An understanding that tax risks are not solely financial in nature, but have a direct impact on the Bank's reputation, both locally and as part of a wider KFH Group, and with local tax authorities.

The Board of Directors are ultimately accountable for the tax risks of the Bank and are supported in the day to day attainment of this responsibility by key management functions within the Bank.

3. Tax planning

The Bank has a low risk appetite in relation to tax planning. Any tax planning undertaken is of a commercial nature and transactions are not entered into with the intention of gaining a tax advantage.

The Bank is aligned with the KFH Group tax planning strategy, which ensures the following key fundamentals:

- Tax planning should always be managed and supported by tax professionals to ensure adherence to laws and regulations.
- Early engagement of internal communication to ensure business planning is aligned with the Bank's tax policy.
- Adherence to the 'arm's length' framework and applying a conservative approach.

4. The Bank's approach to manage tax risk and tax compliance

The Bank has in place a framework to actively manage its tax obligations, which is commensurate with the Bank's business model:

- **KFH Group framework**
The Bank, in all instances, should ensure that the framework for managing tax risks is aligned to the KFH Group Tax Policy.
- **Corporate Governance**
The Bank's code of conduct clearly outlines the framework in which personnel of the Bank should operate.

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- **Senior Accounting Officer (SAO)**
Compliance with HMRC guidelines in relation to SAO and annual review of tax risks, including transfer pricing, which in the last review undertaken by external tax advisors during the 2nd quarter of 2025 and was found to be satisfactory.
- **New Products and Initiatives**
Use of external advisors to ensure new products and initiatives comply with UK tax requirements.
- **Tax compliance – Corporation Tax and Employers Employment Taxes**
Contractual engagement with external advisors, who are reputable experts in this field, to act as agents for the Bank for processing and submitting required returns in accordance with current tax laws.
- **Automatic Exchange of Information**
Full compliance with the due diligence and reporting requirements under the Automatic Exchange of Information legislation.
- **Criminal Finances Act 2017 – Failure to prevent the facilitation of tax evasion**
The Bank takes seriously its response to the Criminal Finances Act 2017, Corporate Criminal Offences to prevent the facilitation of tax evasion. In this regard, the Bank ensures reasonable procedures are in place to prevent or minimise the risk of its employees, agents, suppliers or other third parties associated with the business from facilitating tax evasion. We have undertaken, and periodically refresh, a risk assessment of our business activities to identify risks and ensure that our procedures to prevent facilitation of tax evasion are reasonable. The Bank has communicated its CCO policy and our zero tolerance to facilitation of tax evasion across the business.
- **Ongoing reviews of HMRC requirement**
Use of external advisors to provide tax advice to ensure compliance with new or modified tax reporting requirements.
- **Policy documents**
Board approved policy for Expense Management and Risk Framework.
- **Incentive schemes**
Confirmation that the Bank does not promote remuneration schemes that incentivise the employee to perform their tasks in a manner contrary to regulatory guidelines.
- **Management awareness**
The Bank manages such requirements in a similar way to any area of operational risk within the organisation, whereby departmental heads act within their prescribed responsibilities to identify and manage such risks.

5. Working with HMRC

The Bank is committed to work with all regulatory authorities in an open and transparent manner, and thereon ensure its compliance with tax filing, tax reporting and tax payment obligations.

The Management of the Bank ensures that all dealings with HMRC are undertaken in a collaborative, courteous and timely manner, with the target objective to achieve certainty for any tax obligations.

Where the Bank identifies any inadvertent errors in the submission of tax returns to HMRC, the Bank ensures that such errors are fully disclosed to HMRC as soon as practically possible.