



FIRSTRAND

UK TAX STRATEGY

Introduction

FirstRand Limited (FirstRand or the group) is an integrated financial services group, providing a comprehensive range of products and services to the South African market and niche products in certain international markets. In the UK, FirstRand primarily provides financial services through its MotoNovo Finance business; these services include car finance and similar loans.

This tax strategy applies to FirstRand UK which comprises FirstRand Bank Limited (London Branch) and all UK entities within FirstRand, excluding Aldermore Group plc and its subsidiaries (Aldermore) which have published a separate tax strategy on their website:

<https://www.investors.aldermore.co.uk/about-us/corporate-governance/introduction/tax-strategy>

References to FirstRand UK are, therefore, to all UK companies and UK permanent establishments within FirstRand (excluding Aldermore). This statement is intended to meet the requirements of Section 19(2) of Schedule 19 of the 2016 Finance Act to publish an external tax strategy.

FirstRand Limited is a South African company and the ultimate holding company. FirstRand UK is guided by the same principles as those which apply to FirstRand Limited and follows the FirstRand global tax strategy.

FirstRand global tax strategy

FirstRand's stated long-term strategic objective is to deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility and maintain balance sheet strength.

Consistent with the FirstRand global tax strategy, the UK tax strategy is aligned with the above principles. In achieving the business philosophy, a variety of local and international taxes arise.

FirstRand is committed to complying with all tax laws and practice in a responsible manner.

FirstRand's global tax strategy commits to two values:

- being responsible; and
- being accountable.

FirstRand acknowledges that to live these values successfully, it is imperative that FirstRand exhibits integrity in everything that it does.

Risk management and governance arrangements

This tax strategy is approved and owned by the strategic executive committee (Stratco). Tax risks, as well as improvements to the compliance processes, are reported periodically to the FirstRand UK audit, risk and compliance committee (ARC). ARC is responsible for the management and monitoring of tax risks, and ultimately reported to the FirstRand UK executive committee (executive committee) as the responsibility for FirstRand UK's business tax strategies and outcomes lies with the executive committee.

FirstRand UK has implemented a Risk Management Framework (RMF) which refers to the process of identifying, managing, monitoring and reporting the risks to which FirstRand UK is exposed. The RMF is supported by policies, processes and procedures. These combine to ensure that risks are managed in a manner which is appropriate to the size and nature of the group's operations.

Attitude to tax planning and level of risk

FirstRand UK does not enter into abusive tax planning arrangements. The low risk strategy is consistent with FirstRand UK's adoption of HM Revenue and Custom's Code of Taxation for Banks (the Code) and any tax planning is, and will be done, in accordance with the Code.

FirstRand UK engages in efficient tax planning that supports its business and reflects commercial and economic activity. FirstRand UK adheres to the tax laws in all of the jurisdictions in which FirstRand operates and, in so doing, seeks to minimise the risk of uncertainty or disputes.

FirstRand UK conducts transactions between the FirstRand group companies on an arm's-length basis and in accordance with the current OECD (Organisation for Economic Co-Operation and Development) principles. Where tax incentives or exemptions exist, FirstRand UK seeks to apply them responsibly in the manner intended by governments and tax authorities. FirstRand UK establishes entities in jurisdictions suitable to hold its offshore operations, giving consideration to its business activities and the prevailing regulatory environments in those offshore jurisdictions.

The broad range of tax obligations and the complexity of tax laws with which FirstRand UK is required to comply, give rise to occasional uncertainty in its tax liabilities. Tax risk is defined as non-compliance with these obligations, including inaccurate or late reporting which could lead to penalties, additional tax charges and reputational damage. Where there is uncertainty or significant complexity, external tax advice is sought, as deemed appropriate.

Relationship with HM Revenue and Customs (HMRC) and other tax authorities

FirstRand UK intends to have an open, honest and constructive relationship with HMRC. FirstRand UK is committed to the principle of openness and transparency in an effort to build trust with the tax authorities.

FirstRand UK aims to make full, accurate and timely disclosures in its tax returns for all UK taxes. If unintended errors arise, these will be corrected as soon as practicable after identification.