



NOTICE ON FATCA COMPLIANCE

The Government of Hungary and the United States of America signed an intergovernmental agreement (IGA) on 4 February 2014 to support the automatic exchange of information between the tax authorities of the two countries, and the performance of the duties determined in the provisions of FATCA (the Foreign Account Tax Compliance Act).

Accordingly, the Hungarian Parliament has passed Act XIX of 2014 on the promulgation into law of the intergovernmental agreement on FATCA and the related amendment of certain acts ("FATCA Act"). The FATCA Act prescribes a number of new obligations both for financial institutions and for their customers.

The purpose of the agreement between the two countries is to ensure that U.S. persons pay the taxes specified by the United States also in respect of their financial assets that are held outside the United States.

Under Article 288/B. of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises, which was added based on Article 22 of the FATCA Act, Citibank informs you of the following:

(a) For new accounts opened on or after 1 July 2014, Citibank is obliged to check the account holder's tax residency status. The same tax residency status check is applied to Citibank (i) in cases of pre-existing accounts with account balances are or exceed USD 250,000 as of June the 30th, 2014 furthermore (ii) in cases of accounts with balances that have not reached USD 250,000 as of June 30th, 2014, but in the meantime exceed USD 1,000,000. The aim of the tax residency status check is to determine whether the account holder (in the cases defined in the act, besides the account holder's status, the check may also include a check of the status of the Controlling Persons of Entities) is resident in the United States of America for tax purposes. In cases of new accounts the basis for the tax residency status check is Form W9 or W8, which must be completed by the account holder.

(b) Under Articles 43/B. and 43/C. of Act XXXVII of 2013 on the rules of international public administration cooperation related to taxes and other public duties, by the day of 30 June of the year following the tax year, Citibank is required to report to the Hungarian State Tax Authority (NAV) about the accounts maintained by U.S. persons defined as such under FATCA. The reporting obligation covers – among others – the provision of the following information:

- a. the name, address and U.S. taxpayer identification number (TIN) of the U.S. person;
- b. the data of the given account(s);

- c. the balance of the given account;
- d. the total gross amount of interest paid or credited;
- e. in specified cases, the gross amount of debits and credits.

(c) The information reported by Citibank to NAV will be forwarded to the Internal Revenue Service (IRS) of the United States as part of the automatic exchange of information.

We also inform you that as a general rule the U.S. levies a 30% withholding tax on “U.S. source income” as defined in the regulations (e.g. dividend, interest, royalties, rent), if it is paid to a non-U.S. financial institution. The obligation to deduct and pay the withholding tax, however, does not apply to compliant institutions that conclude an agreement with the IRS under which they review and audit their customers and processes, and submit a report to the IRS on their U.S. customers, or to institutions whose country of residence concludes an intergovernmental agreement with the United States of America. In the latter case – which also applies in respect of Hungary – the financial institution must comply with the FATCA rules incorporated into the provisions of local law.

Since Hungary has signed the intergovernmental agreement with the United States of America, Citibank is not obligated to deduct the 30% withholding tax from customers. However, if the prescribed tax residency status check is not successful (that is, if the appropriate declaration is not submitted, or if the submitted declaration is inconsistent with the information that has come to Citibank’s knowledge, and the customer is unable to satisfactorily certify his or her tax residence status), then Citibank is obliged, in accordance with the provisions of applicable laws, to report the given account, and the data specified by law, to NAV.

Further information on FATCA, the intergovernmental agreement and tax documents is available in English on the following site: www.irs.gov.

We inform you that in case your tax residence changes, you are obliged to report the changes in your personal data within 5 (five) working days to Citibank. The Bank hereby excludes its liability for damage arising from the lack of notification about the above mentioned obligation.

Citibank Europe plc Hungarian Branch Office