

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

Frequently Asked Questions (FAQs)

1. What is FATCA?

The Foreign Account Tax Compliance Act (“**FATCA**”) is a United States of America (“**US**”) law that was signed on March 18, 2010. The FATCA became effective from 30 June 2014 and is aimed at foreign financial institutions (“**FFIs**”) and other financial intermediaries to prevent tax evasion by US citizens and residents through use of offshore accounts. FATCA was introduced by the United States Department of Treasury (Treasury) and the US Internal Revenue Service (“**IRS**”), to encourage better tax compliance by preventing US Persons from using Banks and other Financial Organizations to avoid US taxation on their income and assets. FATCA rules are wide-ranging and require global financial institutions, investment entities, as well as national banks and other financial organizations to report details on their US clients either directly to the IRS or through their local regulators.

2. What is the impact of FATCA?

FATCA generally requires financial institutions (both US and non-US) to classify all account holders as either US or non-US and as individuals or entities, which are further broken down as financial and non-financial entities. While FATCA certainly affects U.S. withholding agents and U.S. multinational companies, its greatest impact is on non-U.S. Financial Institutions as all Foreign Financial Institutions (“**FFI**”) must comply with FATCA or be subject to a 30% withholding on their US-sourced income. Gulf International Bank B.S.C. and its subsidiaries (owned directly or indirectly) and branches (collectively known as “**GIB**” or “**the Bank**” or “**We**”) is committed to being fully FATCA compliant. We will therefore, review our existing customer base to ensure FATCA compliance. We may have to contact impacted customers for further information and documentation.

3. What does a US Person mean?

The term “US person” means any person or corporate or entity that falls in any of the following categories:

- A citizen or resident of the US;
- Any person who holds a US passport;
- Any person who holds a US citizenship (sole or dual);
- Any person who holds a US Green Card;
- Any person who was born in the US;
- Any person who is a non- US citizen or resident but has substantial presence in the US and meets the substantial presence test;
- Is a US tax payer for any other reason;
- certain persons who spend a significant number of days in the US each year
- A partnership created or organized in the US or under the law of the US or of any State, or the District of Columbia;
- A corporation created or organized in the US or under the law of the US or of any State, or the District of Columbia;
- Any estate other than a foreign estate;
- Any trust if (i) a court within the US is able to exercise primary supervision over the administration of the trust, and (ii) one or more US persons have the authority to control all substantial decisions of the trust.

4. Who must complete the Tax Residency Self-Certification Form (“**Form**”)?

The Form must be completed by any customer or account holder who wishes to establish a customer relationship

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

Frequently Asked Questions (FAQs)

with Gulf International Bank B.S.C. or any of its subsidiaries or affiliates or branches (the “Bank”).

5. What is customers’ obligation?

The Bank shall contact all impacted customers to obtain the self-certification forms in which they determine their residence for tax purposes and provide their tax identification number. Without a self-certification, the Bank is legally obliged to consider the customer as a reportable person. As a consequence, undocumented account holder information will be reported to the relevant tax authorities.

6. How do I know if I am affected and what do I need to do if I am affected?

FATCA legislation will affect both personal and corporate customers who are treated as a US Person for US tax purposes. The FATCA legislation will also affect certain types of businesses with US owners. Please note that you may receive more than one request for documentation if you have multiple relationships with different members of the GIB Group. It is important that you respond to all requests, even if you believe you have already supplied the requested information.

For more information regarding FATCA, please visit the IRS website or contact your professional tax advisor for advice.

7. What does FATCA mean for a US person and for Non-US person?

US Person: If you are considered a US Person, you may be asked to provide GIB with additional information/documentation including completing and submit any additional IRS forms, where required.

Non-US Person: Although for most customers, FATCA will have a minimal impact, we will need to ascertain and confirm your status as a non-US person if there is a reason to believe that you may be a potential US person for FATCA purposes. Based on your self-declaration, if it is determined that you are not a US person and do not hold any of the U.S indicia, there will be no further action required.

8. What happens if I refuse to answer FATCA-related questions or complete FATCA-related forms?

If you choose not to meet requests for assistance in determining your US tax status, we will be required to classify your account as a 'Recalcitrant Account' and treat your accounts as “reportable accounts”.

9. What does FATCA mean for me as a Non-Individual or entity customer?

As a non-individual customer, you may be required to provide certain information/documentation to determine your status under FATCA. As the impact of FATCA is wider than just US institutions, we will be required to establish your FATCA status based on self-declaration forms and/or additional IRS forms. We will need to ascertain the following based on the information/documentation provided:

- (a) Financial Institutions - Participating status under FATCA or applicability of exemptions if any;
- (b) Non-Financial Institutions - Presence of substantial US owners (i.e. more than 10%) based on the nature and type of business.

As part of our account-opening and due-diligence process, you will be asked to complete a Tax Residency Self-Certification Form (to declare your FATCA status) as well as any additional IRS forms, if required. Based on the information provided, if your account is determined to be a 'US reportable account", GIB will be required to report information about you and your account to the relevant local authorities or to the IRS on an annual basis. Furthermore, if there is any change in your circumstances or update to your account information, you are

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

Frequently Asked Questions (FAQs)

required to provide GIB with such information within 90 days of such change.

10. If I have an account in US Dollars (USD), would this mean that my account will be a reportable under FATCA?

No, the currency of an account has no impact on whether or not it is treated as a 'reportable account'. "Reportable accounts" are individual and non-individual accounts that are:

- held by one or more US persons; or
- held by certain entities in which one or more US persons hold a substantial ownership or controlling interest.

11. Is GIB the only bank to be affected by FATCA?

No. All banks and other financial institutions will be affected by FATCA, however, their approach to adopting FATCA may differ. GIB is committed to FATCA compliance in all countries where we operate.

12. Does FATCA replace existing tax rules I already follow?

FATCA does not replace the existing US tax regimes; it may however add additional requirements and complexity to the existing tax rules you may already follow. Should you need further advice on your tax status or FATCA classification, you should contact a professional tax advisor.

13. Why has my other bank asked for documentation that is different from than GIB?

The way in which banks and financial organisations collect information from their customers in order to confirm their tax status under FATCA may vary.

14. How frequently will I have to provide information for FATCA purposes?

FATCA is an on-going process. If your account information changes, you are required to provide us with an updated Form so that we are able to update your account classification under FATCA.

15. What information will GIB report to the local tax authority or the IRS?

The information reported to the IRS or the local tax authority will depend on the FATCA classification of the customer. This information will typically be of a personal nature in relation to the substantial US owners of a business (for example, Name, Address, US Taxpayer Identification Number), and of a financial nature (e.g. Account number, Account balance/Value). We will be communicating with the affected customers in detail on these requirements.

16. What types of information and/or documents can I expect to supply to GIB?

We will be communicating with the affected customers and provide full details of the information / documentation GIB needs for FATCA purposes. Documents may include US tax forms (also referred to as withholding certificates or W-forms) or self-declarations of FATCA status.

17. Will GIB supply me with all the forms I need to complete?

Yes. If GIB requires further information from you we will either send you the relevant forms or direct you to a

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) Frequently Asked Questions (FAQs)

website where you can download them.

18. What should I do if I do not know how to complete the self-certification form or the other related forms?

GIB cannot offer advice on your FATCA tax status or classification. If you need further support you should visit the [IRS website](#) or contact a professional tax advisor. If you have any further queries regarding FATCA/ local legislation and your tax position, please contact a tax advisor, as GIB is unable to provide tax advice.

19. What happens if I do not complete the self-certification and other required forms or do not provide the required information?

The Bank may be obligated to decline any requests for new accounts, and decline any further transactions for existing clients that do not provide a completed self- certification form and applicable documentation. Generally, all new clients are expected to provide the relevant form to open any new financial account with the Bank. If you do not respond to the Bank's request for a self-certification and depending on the details on your record, the Bank may need to treat your account as a reportable account.

20. What will GIB do if I do not provide the information required under FATCA?

GIB is committed to be fully compliant with FATCA. GIB Group may not open new accounts or offer additional products and services to customers who choose not to comply with GIB's requests for documentation to establish a customer's status under FATCA.

In accordance with the FATCA regulations, GIB may exit the relationship with customers who decide not to provide the necessary information and documentation within the regulatory timeframe.

GIB may also need to report information about customers who do not provide the required documentation to us.

In addition, we may also be required to withhold tax on certain US-source payments coming into your account.