

FATCA Frequently Asked Questions (FAQ)

DISCLOSURE: The content of this information should not be considered as legal, accounting, regulatory, tax, or any other type of consultancy. For clarification, specialized professional services shall be used. BAICV does not guarantee the accuracy of the data contained in this information, at legal, accounting, regulatory or tax level as related to reader's specific case.

FATCA General Information

1. What is FATCA?
2. What is the impact of FATCA?
3. How do I know if I will be affected?
4. When will FATCA take effect?
5. Is BAICV the only Bank affected by FATCA?
6. What should BAICV do to comply with FATCA?
7. Does FATCA concern individual and corporate accounts?
8. Will I only be affected if I am a US citizen?
9. I am a US citizen (US Person). What does FATCA mean to me?
10. I am not a US citizen (US Person). What does FATCA mean to me?
11. Does FATCA replace existing US tax rules?
12. What happens when a joint account is held by a US citizen and a non-US citizen?
13. How often should I provide information for FATCA purposes?
14. What information will BAICV send to the local tax authorities or the American Tax Administration (IRS)?
15. What documents and/or information should I provide to BAICV?
16. Will BAICV provide the forms that I must fill out?
17. When should I provide the information and/or documentation requested by FATCA?
18. What will BAICV do if I do not provide the necessary information for FATCA purposes?
19. What should I do if I am impacted by FATCA?

1. What is FATCA?

FATCA means Foreign Account Tax Compliance Act.

Created by the US Treasury and the United States tax authority, (IRS), FATCA aims to increase the transparency of information for tax purposes, in the United States (US Persons), in reference to individuals and corporates that may have investments and

income through **financial institutions located in foreign countries (outside the US)**, and other type of overseas investments without declaring income to the US Tax Administration.

2. What is the impact of FATCA?

Annually, banks and other financial institutions shall report information on financial accounts held directly or indirectly by US PERSONS as defined by FATCA law. With the accession of Cabo Verde to FATCA, through the conclusion of an intergovernmental agreement, and subsequent legislative amendments, BAICV will be obliged, through analysis of its current customer portfolio, to identify their FATCA status, and if necessary, get in touch with them for more information and documents.

3. How do I know if I will be affected?

FATCA will affect individual and corporate customers, classified as "US PERSONS", as defined by FATCA legislation. The term "US PERSONS" includes, but is not limited to:

- A US citizen, including an individual born in the United States, but residing in other countries (who did not abdicate his/her American citizenship);

- A person residing in the United States, including those who have US green cards;
- A US company;
- A US cooperative;
- Any assets held in the US (with some exceptions);
- Any trust, (i) subject to the supervision of a US judicial authority; and (ii) which have its major decisions made by one or more US PERSONS.

4. When will FATCA take effect?

FATCA will enter into force, after the conclusion of the intergovernmental agreement between the US and the State of Cabo Verde, and the subsequent legislative amendments, especially regarding banking secrecy.

5. Is BAICV the only Bank affected by FATCA?

No. All financial institutions based in Cabo Verde will be affected by FATCA.

6. What should BAICV do to comply with FATCA?

In order to comply with FATCA, BAICV will:

- Analyze new and existing customer information and documents to identify those who are affected by FATCA;

- Classify individuals and corporates in accordance with FATCA (i.e., US citizens, foreign financial institutions or non-financial foreign entities);
- Report all accounts held directly or indirectly by US PERSONS to the tax authorities of Cabo Verde, which will in turn report to the US tax authorities. In the event of non-compliance with the obligations established by FATCA, BAICV will be subject to a number of sanctions.

7. Does FATCA concern individual and corporate accounts?

Yes. FATCA legislation will affect individuals and corporate customers.

8. Will I only be affected if I am a US citizen?

No. If an individual's account meets any of the criteria below ("FATCA criteria"), BAICV will request additional information/ documents to determine if you are a "US Person" according to the FATCA:

- US Citizen or residence;
- Birth in the US, except those who have renounced citizenship;
- Permanent residence in the US or substantial presence (resided at least 183 days in the last 3 years, with specific rules of

determination);

- US address, including PO Boxes;
- US phone number;
- Standard payment instructions made for a US address or account held in the U.S.;
- Power of attorney granted by a person with an address in the U.S. or in favor of a person with an address in the U.S.;
- Entities constituted under US law;
- Foreign entities with ultimate beneficial owners who are US Persons holding, directly or indirectly, a holding in the company capital of more than 25% (Substantial US Owners);
- Address of the person in charge or for correspondence purposes that appears as the sole address of the account holder.

9. I am a US citizen (US Person). What does FATCA mean to me?

If you are considered a US PERSON, as determined by FATCA, we may request additional information / documents. You can also visit the IRS website for additional information.

If you are considered a US PERSON, BAICV will annually report your information to the Tax Authorities of Cabo Verde, which in turn will report to the IRS. BAICV will not offer FATCA related consultancy.

Therefore, we recommend that you contact an independent expert consultant to discuss your particular case.

10. I am not a US citizen (US Person). What does FATCA mean to me?

For most customers, FATCA will have no impact and no action will be taken. However, BAICV may contact clients to confirm their US Persons status.

11. Does FATCA replace existing US tax rules?

FATCA does not replace any other rules of the current US tax regime; however, it may add requirements to existing tax legislation. BAICV will not offer FATCA related consultancy.

We recommend that you consult with an independent tax professional to discuss your particular tax situation.

12. What happens when a joint account is held by a US citizen and a non-US citizen?

A joint account that has an US Person co-holder is treated as a US Person account will be subject to FATCA regime.

13. How often should I provide information for FATCA purposes?

Whenever there is a change of personal information, registration information, and information of your account or documents. FATCA requires a continuous process. If your information/documents or your account changes, we may contact you for further information in order to update your account classification in accordance with FATCA.

14. What information will BAICV send to the local tax authorities or the American Tax Administration (IRS)?

The information passed on to the American Tax Authorities (IRS) is defined in the FATCA regulations. As soon as the intergovernmental agreement (IGAs) between Cabo Verde and the US is signed, there will be regulation by the Cabo Verdean authorities regarding the information to be reported.

15. What documents and/or information should I provide to BAICV?

Customers will be informed, in detail, which information/documents that BAICV Bank will need to report within FATCA. Documents may vary, from US tax forms (also known as W forms or withholding certificates), to FATCA Status statements.

16. Will BAICV provide the forms that I must fill out?

BAICV will indicate the website where the IRS forms may be downloaded and, if necessary, BAICV will send declarations for its completion.

17. When should I provide the information and/or documentation requested by FATCA?

In general, customers must provide the requested documentation by the date set forth in the communication sent by BAICV.

18. What will BAICV do if I do not provide the necessary information for FATCA purposes?

BAICV is 100% committed to compliance with FATCA requirements and may fail to open new accounts or offer new products and services to customers that do not comply with the documentation requirements necessary to obtain the FATCA classification.

In addition, revenues, payments and receipts from the United States may subject to withholding.

19. Consultation of Cabo Verdean legislation authorizing the withdrawal of bank secrecy for FATCA purposes?

Law 61 / VIII / 2014, dated April 23 (Basic Law of the Financial System), which sets out the bases, guiding principles and regulatory framework for the financial system, establishes in its article 33 exceptions to the Bank secrecy. The amendment of the above-mentioned law is in progress, with the aim of providing as an exception to the duty of banking secrecy, the information transmitted by financial institutions to the Tax Administration, within FATCA framework.

We will continue analyzing the impact of FATCA on our customers and will maintain contact with customers possibly subject to FATCA. For more information related to FATCA, visit the US Tax Administration website (<https://www.irs.gov/>), or contact an independent qualified professional.

BAI Cabo Verde, S.A.

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