FATCA/CRS

Dear Madam,

Dear Sir,

By means of this letter, you are informed of the Agreements (the “Agreement”) with PASHA Bank OJSC ("the Bank") regarding the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS). We would like to inform you about the possible impact on your relationship.

FATCA

The Agreement between the Government of the Republic of Azerbaijan and the Government of the United States of America on the improvement of compliance with international rules on the fulfillment of tax requirements and the implementation of the requirements of the Foreign Account Tax Compliance Act (FATCA) was signed on September 9, 2015, and approved by the Law of the Republic on October 20, 2015.

FATCA requires financial institutions to follow new customer documentation and reporting procedures, with the primary objective of identifying United States taxpayers. As a result of the implementation of the new procedures, the information collected on US individuals and legal entities is submitted to the United States tax authorities (“IRS”), on an annual basis through the State Tax Service under the Ministry of Economy of the Republic of Azerbaijan, on the basis of which the IRS reports the persons indicated in the report in accordance with the United States tax legislation. checks the correct execution of tax obligations.

Although the primary purpose of FATCA is to combat tax evasion in the United States, the new rules could potentially affect:

• Investments in most financial assets, including US investments;

• Investors who are defined as US Persons regardless of their citizenship (for example: persons born in the USA, “green card” holders, persons who spent a certain period of time in the USA during the relevant period).

According to the agreement, the FATCA status of existing account holders, as well as new customers, must be clarified, that is, whether they are US persons or not. The stated status is performed by the client by filling out the appropriate questionnaire form, as well as forms W-8BEN, W-8BEN-E, or W9. We would like to draw your attention to the fact that the W-8BEN, W-8BEN-E and W9 forms were prepared by the competent state authorities of the United States of America and their application in the Republic of Azerbaijan is carried out according to the instructions of the State Tax Service under the Ministry of Economy of the Republic of Azerbaijan.

More detailed information about FATCA can be found on the IRS website (www.irs.gov/FATCA) or on the FATCA section of the official website of the State Tax Service under the Ministry of Economy of the Republic of Azerbaijan (https://www.taxes.gov.az/az/page/crs--fatca). In addition, your advisor at the Bank is ready to answer any questions you may have regarding this issue.

CRS

In the 18th part of the directions of the reforms to be carried out in the tax field in 2016, approved by the Order of the President of the Republic of Azerbaijan No. 2257 on August 4, 2016, other measures to ensure transparency in the taxation of income earned outside the country and to implement effective tax control conclusion of intergovernmental agreements for automatic exchange of financial information with states is envisaged. In this regard, according to the Order No. 2834 of the President of the Republic of Azerbaijan on May 3, 2017, on June 1, 2017, the Declaration on joining the Multilateral Agreement between competent authorities on the automatic exchange of information on financial accounts was signed. According to the statement, the implementation of the General Accountability Standard began on July 1, 2017.

Common Reporting Standard means the Standard adopted by the Organization for Economic Cooperation and Development and its Commentaries on the automatic exchange of information about financial accounts for tax purposes. A financial institution reporting under the General Accountability Standard performs comprehensive verification procedures to determine whether accounts are owned by reportable persons. For this purpose, every person who applied to open an account in a financial institution will fill out a self-assessment document, that is, a document submitted for the purpose of determining the tax residency of individuals and legal entities.

According to the standard, by signing the “Multilateral Agreement between Competent Authorities on the Automatic Exchange of Information on Financial Accounts” by the designated competent authority, the automatic exchange of information, that is, after the end of the tax year, information on the accounts and transactions of natural and legal entities who are tax residents of other states is summarized and transferred to that It is intended to be sent to the states.