

Dear Customer,

The Hungarian Parliament introduced the Common Reporting Standards, CRS on the automatic financial data exchange with the effect of 01.01.2016. The aim of the regulation is to hinder the tax cheating and tax evasion and to provide information to the tax authorities of the participated countries on the accounts of the customers having residence in the given countries.

The regulation on CRS has been executed by 70 participating countries in October 2014, and Hungary obliged itself as well to provide information according to the CRS multilateral agreement, and according to the directive 2014/107/EU adopted by the Council of Europe

The CRS and the EU directive has been implemented by the following Hungarian Acts:

- Act Nr. CXC of 2015 on the announcement of multilateral agreement on the automatic data exchange concerning the financial accounts among the relevant authorities (hereinafter: CRS regulation) and

- Act Nr. XXXVII of 2013 on certain regulation connected with the international administrative cooperation on tax and other public burdens.

Our bank is obliged to observe the tax residence status of the customers due to the CRS regulation and the customers have to make a declaration on their tax status before the account opening and have to declare whether they have a tax status exempt for Hungary USA. If the tax status of the customer is in a country concerned by the CRS regulation.(Annex 1.) the account opened by the customer is a Reported Account (hereinafter Reported Account) The information (including the name of the customer, address, tax identification number, account number and balance) has to be collected by the bank in order to forward them yearly to the Hungarian National Tax and Customs Office. .

The Bank observes the tax status of all new customers from 01.01.2016. in line with the CRS regulation and the customers having business relationship with the Bank before 01.01.2016 are observed continuously

The natural person customers intending to open an account with the Bank (including the entrepreneurs and agricultural producers) have to make a declaration on their tax status after 01.01.2016. and if they have the above mentioned tax status the foreign tax identification number has to be declared. If the customer has tax status in more countries, each tax status may be declared.

The non private individual customers who open an account after 01.01.2016. have to make a declaration moreover their tax status on the following:

- a) CRS status (Financial Institution / Active NFE / Passive NFE), and
- b) in case of Passive NFE on the foreign tax status of the beneficial owners..

The foreign tax status of the customers having account with the Bank before 01.01. 2016. are monitored continuously and the Bank requests the customers to make the CRS declaration due to the legal regulation above.

The CRS regulation obliges the Bank to report in written form the concerned customers having foreign tax status on the provision of information in 30 days after the data providing toward the National Tax and Customs Office (NAV) took place .

Sopron Bank Zrt.

Annex I. Countries participating in the CRS regulation:

1. Albania
2. Andorra
3. Anguilla
4. Antigua and Barbuda
5. Argentina
6. Aruba
7. Australia
8. Austria
9. Azerbaijan
10. Bahama Islands
11. Bahrain
12. Barbados
13. Belgium
14. Belize
15. Bermuda
16. Brazil
17. British Virgin Islands
18. Brunei
19. Bulgaria
20. Chile
21. Cyprus
22. Cook-Islands
23. Costa Rica
24. Curacao
25. Czech Republic
26. Denmark
27. South-Africa
28. Dominican Republic
29. Ecuador
30. United Arab Emirates
31. United Kingdom
32. Estonia
33. Faroe islands
34. Finland
35. France and overseas territories:
 - Francia Guyana
 - Guadeloupe
 - Martinique
 - Mayotte
 - Réunion és
 - Saint-Barthélemy
 - New Kaledonia

36. Ghana
37. Gibraltar
38. Greece
39. Grenada
40. Greenland
41. Guernsey
42. The Netherland and overseas territories
- Bonaire, Sint Eustatuius and Saba
43. Hong-Kong
44. Croatia
45. India
46. Indonesia
47. Ireland
48. Iceland
49. Israel
50. Japan
51. Jersey
52. Cayman-islands
53. Canada
54. Qatar
55. Kazakhstan
56. China
57. Columbia
58. Korea
59. Kuwait
60. Poland
61. Latvia
62. Lebanon
63. Liberia
64. Liechtenstein
65. Lithuania
66. Luxemburg
67. Macau
68. Malaysia
69. Malta
70. Man island
71. Marshall islands
72. Mauritius
73. Mexico
74. Monaco
75. Montserrat
76. Germany
77. Nauru
78. Nigeria
79. Niue
80. Norway
81. Oman
82. Italy
83. Panama
84. Russia

85. Pakistan
86. Portugal
87. Romania
88. Saint Kitts and Nevis
89. Saint Lucia
90. Saint Vincent and Grenadine islands
91. Samoa
92. San Marino
93. Seychelles islands
94. Saint Maarten
95. Spain
96. Switzerland
97. Sweden
98. Saudi Arabia
99. Singapore
100. Slovakia
101. Slovenia
102. Turkey
103. Turks and Caicos islands
104. Uruguay
105. New Zealand
106. Vanuatu

Annex II. t –Definitions for the CRS classification of the non private individuals

The term „Financial Institution” means a Custodial Institution, a Depository Institution, an Investment Entity, or a Specified Insurance Company.

The term „Custodial Institution” means any Entity that holds, as a substantial portion of its business, Financial Assets for the account of others. An Entity holds Financial Assets for the account of others as a substantial portion of its business if the Entity’s gross income attributable to the holding of Financial Assets and related financial services equals or exceeds 20 per cent of the Entity’s gross income during the shorter of: (i) the three-year period that ends on 31 December (or the final day of a non-calendar year accounting period) prior to the year in which the determination is being made; or (ii) the period during which the Entity has been in existence.

The term „Depository Institution” means any Entity that accepts deposits in the ordinary course of a banking or similar business.

The term „Investment Entity” means any Entity:

a) that primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer:

i. trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading;

ii. individual and collective portfolio management; or

iii. otherwise investing, administering, or managing Financial Assets or money on behalf of other persons; or

b) the gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets, if the Entity is managed by another Entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or an Investment Entity described in subparagraph A(6)(a).

An Entity is treated as primarily conducting as a business one or more of the activities described in subparagraph A(6)(a), or an Entity's gross income is primarily attributable to investing, reinvesting, or trading in Financial Assets for purposes of subparagraph A(6)(b), if the Entity's gross income attributable to the relevant activities equals or exceeds 50 per cent of the Entity's gross income during the shorter of: (i) the three-year period ending on 31 December of the year preceding the year in which the determination is made; or (ii) the period during which the Entity has been in existence. The term „Investment Entity” does not include an Entity that is an Active NFE because it meets any of the criteria in subparagraphs D(9)(d) through (g).

The term „Active NFE” means any NFE that meets any of the following criteria:

a) less than 50 per cent of the NFE's gross income for the preceding calendar year or other appropriate reporting period is passive income and less than 50 per cent of the assets held by the NFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income;

b) the stock of the NFE is regularly traded on an established securities market or the NFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market;

c) the NFE is a Governmental Entity, an International Organization, a Central Bank , or an Entity wholly owned by one or more of the foregoing;

d) substantially all of the activities of the NFE consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an Entity does not qualify for this status if the Entity functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes;

e) the NFE is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a Financial Institution, provided that the NFE does not qualify for this exception after the date that is 24 months after the date of the initial organization of the NFE;

f) the NFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets or is reorganizing with the intent to continue or recommence operations in a business other than that of a Financial Institution;

g) the NFE primarily engages in financing and hedging transactions with, or for, Related Entities that are not Financial Institutions, and does not provide financing or hedging services to any Entity that is not a Related Entity, provided that the group of any such Related Entities is primarily engaged in a business other than that of a Financial Institution; or

h) the NFE meets all of the following requirements:

i. it is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organization, business league, chamber of commerce, labour organization, agricultural or horticultural organization, civic league or an organization operated exclusively for the promotion of social welfare;

ii. it is exempt from income tax in its jurisdiction of residence;

iii. it has no shareholders or members who have a proprietary or beneficial interest in its income or assets;

iv. the applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents do not permit any income or assets of the NFE to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the NFE's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFE has purchased; and

v. the applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents require that, upon the NFE's liquidation or dissolution, all of its assets be distributed to a Governmental Entity or other non-profit organization, or escheat to the government of the NFE's jurisdiction of residence or any political subdivision thereof.

The term „Passive NFE” means any: (i) NFE that is not an Active NFE; or (ii) an Investment Entity described in subparagraph A(6)(b) that is not a Participating Jurisdiction Financial Institution.