

Information regarding the KBC Group embargo policy

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International organizations and authorities such as the United Nations, the European Union and its member states and other local authorities can impose restrictive measures against countries, organizations, legal entities and individuals for committing or being suspected of infringement of human rights and international law, acts of crime, terrorism, money-laundering etc. These measures are most commonly referred to as sanctions or embargoes.

KBC Group has a responsibility towards customers and authorities to conduct business in a lawful and ethical way. Therefore, we will observe all binding requirements of applicable laws and regulations. For reasons of social responsibility or other considerations, we may also choose to be more strict than legally imposed.

This document is based on the information available at the time of writing (May 20th, 2022). Given the volatile and exceptional nature of the situation, especially with regards to Russia, the legal context and KBC Group's policy may change at any moment. This document will be updated with additional information, when needed.

I. EMBARGOES

An embargo is a restrictive measure or sanction on national and/or international level. Although provisions differ by country, person or agency, we distinguish two common types of embargoes:

- Financial embargoes: restrictions related to financial operations and financial resources
- Trade embargoes: restrictions on the import or export of certain goods or trade with certain countries or parties

KBC Group complies with financial and trade embargoes issued by the United Nations (by law enforceable in Belgium), the European Union, the Belgian legislator, and any other embargo issued by a number of third countries that it determines to be relevant such as the USA (OFAC).

For more information on UN, EU and OFAC sanctions, please click on the respective links below.

Observing embargo regulations means that KBC Group will not provide funds or economic resources to persons, entities or government agencies that appear on embargo sanction lists or support any kind of transaction with these parties. Any transaction with a sanctioned individual or entity, or otherwise in breach of sanction regulations or KBC Group's own policy, is prohibited and will not be processed.¹ This not only helps us to avoid penalties for breaching international sanctions, it also helps you, as our customer, manage some of the risks associated with international trade.

Sometimes companies or entities are not explicitly sanctioned, but they may be owned or controlled by individuals or entities subject to an asset freeze, making it prohibited to continue to do business with them. In this context KBC Group asks its customers to perform their own due diligence in order to make sure they are not dealing with sanctioned parties.

KBC Group has implemented certain screening measures in its different processes to ensure compliance with the applicable embargoes and with its own policy where this is stricter. As a result, a customer may be requested to provide KBC Group with more information or documentation on transactions or counterparties before KBC Group can process a transaction or payment.

Please note that Correspondent Banks also have the right to suspend any transaction in case their monitoring system detects a potential breach of embargoes. In case of suspended transactions, KBC Group acts only as intermediary between the customer and the correspondent bank, without having any influence on the result of their investigation.

In order to avoid complications, customers are advised to contact the bank when considering doing business with countries, persons, entities or government agencies against which embargoes have been imposed. For more information on applicable embargoes or on specific KBC Group policies, please get in touch with your KBC Group contact person.

II. KBC GROUP SPECIFIC COUNTRY POLICIES

Due to the complexity of certain sanction programs, KBC Group sometimes has to apply a more rigorous policy with respect to i.a. the following countries (and regions): Afghanistan, Belarus, Crimea, Donetsk, Luhansk, Cuba, Iran, North-Korea, Russia, Syria, Venezuela, etc. KBC Group deems these (and other) countries to be more sensitive, for instance because of comprehensive or complex embargoes

¹ In case of a blocking or freezing of funds by KBC Group, customers should contact the local competent authority and request an official authorization for their release (for Belgium this is the Belgian General Administration of the Treasury, quesfinvragen.tf@minfin.fed.be).

or export control regulations, imposed under UN, EU or Third Country legislation or regulations, and/or because of the presence of a significant number of blocked individuals or entities. Therefore, please always contact your contact person at KBC Group, when you have questions regarding our policy with respect to one of these countries.

Through a thorough screening of the transaction details KBC Group wants to make sure that the transaction is legally allowed and within the limits of KBC Group's own policy.

The details for each country policy may change at any given time, due to changing regulations or (geo)political or economic circumstances.

Afghanistan

Following the Taliban takeover of the country and the Afghan state apparatus in particular, KBC Group has decided that it will no longer process any payment or transaction that is related to Afghanistan.

Belarus

The sanctions wrt. Belarus are not only very diverse and comprehensive, EU and Third Country sanctions are very different, cover a different range of activities, businesses and trades, persons and entities and are currently very volatile due to the issuance of new sanctions. KBC Group will therefore only process payments (both trade related and private transactions) for its own customers and after thorough screening of the transaction details, to make sure the transaction is legally allowed and within the limits of KBC Group's own country policy.

Besides financial transactions to and from sanctioned persons and entities, none of the following transactions and related financial transactions will be processed by KBC Group, irrespective of the currency:

- Pass-through transactions
- Specific transactions with goods under trade embargoes, such as arms and related military goods; equipment, technology and software to be used in the monitoring or interception of internet or telephone communications; dual-use goods; petroleum products; potash or potassium chloride (for fertilizers); wood products; cement; iron and steel; machinery; etc.
- Specific dealings in targeted financial instruments and/or services for the Belarussian government and state-owned entities
- Dealings with sanctioned banks, including the Central Bank of Belarus

Be advised that a number of banks will be disconnected from the SWIFT network from March 20th 2022 onwards and KBC Group will not be able to process payments to or from these banks. Please refer to the [SWIFT website](#) for more information.

Crimea, Donetsk, Luhansk and impact on Ukraine as a country

All payments to or from the regions of Crimea, Donetsk and Luhansk are prohibited and will not be processed.

Apart from these regions, KBC Group will continue to process payments (both open account payments and trade finance transactions) to and from Ukraine for its own Group customers.

Any transaction with a sanctioned individual or entity, or otherwise in breach of embargoes or KBC Group's own policy, is prohibited and will not be processed.

Cuba

KBC Group will not process any payments in USD, CAD or GBP that involve Cuban parties.

KBC Group will only process non-USD, non-CAD and non-GBP payments for its own customers, after thorough screening of the transaction details to make sure the transaction is legally allowed and within the limits of our own policy (please refer to your KBC Group contact person for more details).

Iran

KBC Group will only process trade related payments and transactions with regard to the export to Iran and only for its own customers, who are active as producers of medicines and / or medical supplies, excluding medical machinery (equipment), as far as the following cumulative conditions are met:

- The customer is a longstanding KBC Group customer with a diversified product portfolio; and
- It does not concern (direct, nor indirect) payments or transactions in USD, CAD or GBP; and
- The transactions are documented in detail; and
- After thorough screening of the transaction details, including all involved parties, it's clear that the transactions are transparent, legally allowed and within the limits of KBC Group's own internal policy with regard to Iran.

For more details you can always contact your KBC Group contact person.

Myanmar/Burma

Besides financial transactions to and from sanctioned persons and entities, all following transactions and related financial transactions are excluded, regardless of the currency: Arms and related military goods, dual use (civil, but also military) goods and equipment, technology and software, included in the sanction list and mainly used for monitoring and interception of incoming and outgoing internet and phone communications.

Therefore, a financial transaction regarding Myanmar/Burma will only be processed after thorough screening of the transaction details, to make sure that the transaction is transparent, legally allowed and also within the boundaries of KBC Group's internal policy regarding Myanmar/Burma.

North-Korea

KBC Group will not process any payment transaction that is related to North-Korea.

Russia

Given the scope of the embargoes imposed against Russia and the vulnerability of the local financial market, KBC Group has decided to limit its services related to transactions to and from Russia and in Russian roubles. KBC Bank will under no circumstances be liable for the failed execution or non-execution of these transactions as a result of its embargo policy, government measures, market conditions or the failure of our correspondent banks to execute the transactions, or execute them correctly.

- **Transactions to and from Russia (irrespective of the currency)**

KBC Group will no longer process any outgoing open account payments or transactions to Russia, irrespective of the currency. This means that KBC Group will reject an outgoing payment destined for an account at a Russian bank, but will still process incoming payments coming from an account at a Russian bank.

- **Accounts and transactions in Russian roubles**

KBC Group has decided no longer to offer accounts in Russian roubles. For private persons, KBC no longer processes outgoing or incoming payments in Russian roubles. For businesses with an existing account in Russian roubles, KBC Group has decided to limit the total balance that may be held in Russian roubles to a maximum of 30 million Russian roubles per account holder. To determine whether the maximum amount has been reached, KBC Bank adds together the balances in Russian roubles in all business accounts in the name of the same account holder. KBC Group no longer accepts incoming payments in Russian roubles which would cause the total balance on these accounts to exceed the maximum amount of 30 million Russian roubles. KBC Group will reject any such incoming payments in Russian roubles and return them to the sender.

KBC Group cannot guarantee the availability of assets in Russian roubles. Deposits in Russian roubles held by customers with KBC Group are considered part of KBC Group's deposits with its foreign correspondent. Customers' assets in Russian roubles are therefore subject to the same consequences as the corresponding assets of KBC Group with the correspondent. KBC Group is not liable for the whole or partial unavailability or loss of such deposits at the correspondent bank. If the deposits are not held on the account of a foreign correspondent, KBC Group is also not liable for the unavailability of your deposits in Russian roubles as a result of market conditions or cases of force majeure.

- **Transactions involving sanctioned parties or otherwise in breach of the embargoes**

In addition to the above restrictions, KBC Group will not process transactions involving a sanctioned counterparty or otherwise in breach of embargoes.

In this context, KBC Group would like to point out that the following banks are currently subject to an asset freeze, imposed by the EU, US or UK.

- Novikombank (EU, US)
- Bank Otkritie (EU, US, UK)
- Promsvyazbank (EU, US, UK)
- Bank Rossiya (EU, US, UK)
- Sovcombank (EU, US, UK)
- VEB.RF (EU, US, UK)
- VTB Bank (EU, US, UK)

- Alfa-Bank (US, UK)

- Bank Dabrabyt (US)
- Belinvestbank (US)
- Black Sea Bank (US, UK)
- Gazprombank (UK)
- Genbank (UK)
- IS Bank (US, UK)
- Genbank (US, UK)
- Russian Agricultural Bank (UK)
- Sberbank (US, UK)
- Ural Bank for Reconstruction and Development (UK)

Be advised that some entities or banks were not explicitly sanctioned, but may be owned or controlled by individuals or entities subject to an asset freeze, making it prohibited to continue to do business with them.

In accordance with the instructions of the Belgian General Administration of the Treasury, the processing of payments to or from Alfa-Bank JSC or any of its subsidiaries is subject to conditions: KBC Bank (Belgium) will only process transactions to or from (non-sanctioned) account holders at Alfa-Bank. All funds of incoming payments belonging to Alfa-Bank itself, any of its subsidiaries or any of its owners will be subject to an asset freeze.

Moreover, a number of banks were disconnected from the SWIFT network from March 12th 2022 or March 20th 2022 onwards and KBC Group will not be able to process payments to or from these banks. Please refer to the SWIFT website for more information.

Syria

KBC Group will not process any payments in USD, CAD or GBP that involve Syrian parties.

KBC Group will only process non-USD, non-CAD or non-GBP payments for its own customers, after thorough screening of the transaction details to make sure the transaction is legally allowed and within the limits of our own policy (please refer to your KBC Group contact person for more details).

Venezuela

Sanctions on Venezuela are not only very diverse and comprehensive: EU and Third Country sanctions also cover a range of various types of activities, persons, entities and currencies.

KBC Group will not process payments in USD, GBP nor CAD, involving Venezuelan parties.

KBC Group will only process non-USD, non-GBP or non-CAD payments for its own customers and after a thorough screening of the transaction details to ensure that the transaction is legally allowed and within the limits of KBC Group's internal policy regarding Venezuela (please consult your KBC Group contact person for more information).

Sudan and South-Sudan

The majority of sanctions wrt. Sudan and South-Sudan have been revoked, however with the exception of the so-called name sanctions and asset freezes.

Therefore and irrespective of the currency, KBC Group will only process transactions for its own customers (both trade related and retail transactions), to make sure that transactions are allowed according to the applicable designations.

UN: <https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list>

EU: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/international-relations/restrictive-measures-sanctions_en#guidance

US (OFAC): <https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information>