

KBC Group Embargo policy information

International organizations and authorities such as the United Nations, the European Union and local or other national authorities can all impose restrictive measures against countries, organizations, legal entities and / or 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 (further the Group only) has a responsibility towards customers and authorities to conduct business in a lawful and ethical way. Therefore, we will observe laws and binding requirements of applicable laws and regulations, and for reasons of social responsibility, we may also choose to be stricter than legally imposed.

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

CSOB Bank (further Bank only) as a part of the Group complies with financial and trade embargoes issued by the United Nations, the European Union and by the Czech regulations (meaning sanctions that are legally binding for the Czech republic) as well as with any other embargo issued by a number of Third Countries that it determines are relevant such as the USA (OFAC) or UK. For more information on UN, EU and OFAC sanctions, please click on the respective links below.

Observing embargo regulations means that the 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. 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.

The Group has implemented certain screening measures in its different processes to ensure compliance with the applicable restrictions and regulations and with its own policy where this is stricter. As a result, a customer may be requested to provide the Bank with more information or documentation on transactions or counterparties before the Bank can process a transaction or payment. Both for the Bank and the Group, it is unacceptable to process payments that may circumvent the imposed sanction regimes and the internal policy rules by intentional or unintentional processing of payments via the intermediary financial institutions and subjects located in other countries (the so called indirect payments).

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 the Group / the Bank act only as an 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 restrictive measures have been imposed. For more information on applicable embargoes or on specific Group policies, please get in touch with your Bank contact person, the Client center or any Bank branch.

KBC Group specific country policies

The Group has decided to go further than the legally applicable sanction programs and to apply a stricter policy with respect to the following countries: Belarus, Crimea, Cuba, Iran, Myanmar / Burma, North Korea, Russia, Sudan, South-Sudan, Syria and Venezuela. The Group deems these countries to be more sensitive, for instance because comprehensive or complex embargoes or export control regulations are 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 the Bank, the Client center or any branch when you have questions regarding our policy with respect to one of these countries.

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

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

Belarus

The sanctions wrt. Belarus are not only very diverse and comprehensive, but the EU and Third Country sanctions are very different and cover a different range of activities, businesses and trades, persons and entities.

The Bank 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 the 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 the Bank / the Group, irrespective of the currency:

- Pass-through transactions;
- Financial assistance for 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 and also potash or potassium chloride (for fertilizers); etc.;
- Specific dealings in targeted financial instruments and/or services for the Belarussian government, governmental bodies and institutions and/or sectoral sanctioned banks.

Crimea

The Bank will not process any payments in USD, CAD and GBP that involve Crimean parties. The Bank has restrictions on non-USD, non-CAD and non-GBP payments with Crimean counterparties.

Cuba

The Bank will not process any payments in USD, CAD and GBP that involve Cuban parties.

The Bank 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 Group policy.

Iran

The Bank 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 Bank customer; 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 the Group own internal commercial policy with regard to Iran.

It is unacceptable to process payments that may circumvent the imposed sanction regimes and the internal policy rules by intentional or unintentional processing of Iran-related payments via the intermediary financial institutions or subjects located in other countries.

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 the Group's internal policy regarding Myanmar/Burma.

North-Korea

The Bank will not process any payment or transaction that is related to North-Korea.

Russia

Sanctions on Russia are very diverse and comprehensive, EU and OFAC sanctions are different.

Therefore, every transaction that has any link to Russia will be thoroughly screened to make sure the transaction is legally allowed and within the limits of our own policy.

Sudan and South-Sudan

The majority of sanctions with regard to Sudan and South Sudan have been revoked, with the exception of sanctions imposed on individuals.

Irrespective of the currency, the Bank will only process transactions (both trade related and retail transactions) for its own customers and only after being sure the transactions are allowed according to the applicable designations.

Syria

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

The Bank 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 the Group's own policy.

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.

The Bank will not process payments in USD, GBP nor CAD, involving Venezuelan parties.

The Bank 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 the Group's own policy.

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

EU: <http://ec.europa.eu/dgs/fpi/what-we-do/sanctionsen.htm>

US (OFAC): <http://www.ustreas.gov/offices/enforcement/ofac/sdn/>

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