

General information for clients of United Bulgarian Bank AD on embargo restrictions and sanctions

Guided by the responsibility it bears towards its customers, partners and the institutions and regulatory authorities, United Bulgarian Bank AD (UBB) conducts its business in strict compliance with the statutory requirements, striving to conduct its business in a legal, ethical and responsible manner. In particular, UBB complies with the binding requirements of national and international law for the implementation of measures against human rights violations, terrorist financing, money laundering, etc. For reasons of social commitment, UBB also tends to apply a more conservative approach than that provided for in the Law.

The imposition of international restrictive measures has become necessary as a diplomatic or economic tool that seeks to induce a change in activities or policies, such as violations of international law or human rights, or policies that do not respect the rule of law or democratic principles. Restrictive measures may target third country governments (embargoes) or non-state entities, companies and individuals (sanctions).

An embargo is a restrictive measure at national and/or international level. There are various forms of embargoes, the most common being:

- Financial embargo: restrictions on financial transactions and access to financial resources;
- Trade embargo: restrictions on imports and exports of certain goods or trade with certain countries;

UBB complies with embargo restrictions imposed by the United Nations, the EU, the applicable national framework of the Republic of Bulgaria, and the Office of Foreign Assets Control (OFAC) of the U.S. Treasury Department. Since the sanctions imposed by the US Office of Foreign Assets Control (OFAC) have an extraterritorial effect, they are taken into account when transactions/operations are carried out in the USD by persons located in the territory of the US, including but not limited to US citizens, or when related to goods of US origin.

For more information on the restrictive measures imposed by the UN, the EU and OFAC, please visit their official websites at the following links:

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

EU: http://ec.europa.eu/dgs/fpi/what-we-do/sanctions_en.htm

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

Compliance with international restrictive measures means that UBB does not provide payment services, financing or economic resources to individuals, legal persons, entities or governmental organisations that are on restrictive lists or sanctioned or not permitted to provide financial services, pursuant to UN Security Council resolutions or EU regulations and decisions in force, imposed in relation to the fight against the financing of terrorism and the prevention of the spread of terrorism. Following such a policy is not only intended to protect the Bank from the imposition of sanctions in relation to an identified breach of international restrictive measures, but also assists our customers in managing some of the risks associated with international trade.

In order to ensure compliance with applicable international regulations, decisions and sanctions on restrictive measures and relevant provisions, UBB has implemented various mechanisms for screening customer payments. As a result, the client may be asked to provide UBB with additional documents

and information about the relevant transaction(s) including information about the client's counterparty to the transaction.

Please note that UBB's Correspondent Banks also have the right to suspend the execution of any transaction in the event of a suspected potential breach of embargo restrictions and sanctions. In such situations, UBB acts only as an intermediary between the customer and the Correspondent Bank, without being able to influence its final decision.

In order to avoid complications, we advise clients to contact UBB in advance via the feedback form on the Bank's website if they are considering transactions with countries, persons, organisations or governmental organisations against which restrictive measures have been imposed.

<https://www.ubb.bg/contacts/feedback>

Against some specific countries, UBB, as part of the CBS Group, follows the Group-wide, more stringent extended measures. This is particularly true for the following countries: Afghanistan, Donetsk, Lugansk, Kherson and Zaporizhzhia, North Korea (DPRK), Iran, Syria, Venezuela, Cuba, Sudan, Belarus, Russia and Crimea (Sevastopol) and Myanmar. UBB considers these (and other) countries to be more sensitive due to the comprehensive or complex regulations imposed on them relating to embargo restrictions and/or export controls imposed under UN, EU or third country legislation or regulations, and/or the presence of a significant number of sanctioned individuals or entities.

Please note that UBB does not process in any form or currency transactions related to North Korea, Iran, Syria, Cuba and Afghanistan.

Restrictive measures against any country may change at any time due to changes in the regulatory framework or (geo)political or economic circumstances, and UBB may refuse to effect a payment order from, to or otherwise related to the countries, as indicated herein.

Afghanistan

UBB does not process payments or transactions related to Afghanistan.

Belarus

As of August 1, 2023, UBB will not process any outgoing payments or transactions to Belarus, regardless of the currency. This means that UBB will refuse outgoing payments intended for Belarusian bank accounts, but will continue to process incoming payments for the group's customers ordered from a Belarusian bank account. Due to the increased due diligence required for transactions involving Belarus, the processing of these payments may be significantly delayed.

In addition to the above restrictions, UBB will not process transactions, including incoming payments, that involve a sanctioned counterparty or otherwise violate embargo sanctions.

In this context, we would like to point out that several banks are currently subject to asset freezes imposed by the EU, the US or the 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 doing business with them.

Please be informed that as of 20 March 2022, a number of banks have been disconnected from the SWIFT network and UBB will not be able to process payments to or from these banks. For more information you can visit the SWIFT website.

Cuba

UBB does not process payments or transactions related to Cuba.

Iran

UBB does not process payments or transactions related to Iran.

Myanmar/Burma

UBB shall execute transactions/transactions directly or indirectly related to Myanmar/Burma only after thorough due diligence of the details of each transaction to ensure that the same is in compliance with the currently applicable restrictive measures as well as in accordance with the established UBB and KBC Group policy towards that country, and may therefore refuse to effect a payment order from, to or otherwise related to Myanmar/Burma.

North Korea

UBB does not process payment transactions related to North Korea.

Russia

More information is available below.

Syria

UBB does not process payment transactions related to Syria.

Venezuela

UBB executes transactions/transactions related to Venezuela only after thorough due diligence of the details of each transaction to ensure that the same is in compliance with the currently applicable restrictive measures as well as in accordance with the established UBB and KBC Group policy towards this country, and may therefore refuse to effect a payment order from, to or otherwise related to Venezuela.

INFORMATION ON THE OBB POLICY TOWARDS RUSSIA

February 2022, after weeks of political tension, Russia launched a full-scale military operation against Ukraine. In response, a number of countries, including the EU, imposed various economic sanctions aimed at restricting Russia's access to the international financial system.

These measures have had a decisive impact on money markets and international trade flows and are likely to have an impact on the provision of banking services and products to UBB's customers.

Please note that UBB conducts its business in an ethical and lawful manner and complies with all regulatory requirements imposed by the EU and other countries or organisations, such as those of the

USA and the UK. Therefore, UBB as part of the KBC Group has decided to adopt the following approach for transactions relating to Russia, Donetsk, Luhansk, Kherson, Zaporizhzhia and Crimea.

Russia

Given the scope of the embargo sanctions imposed on Russia and the vulnerability of the local financial market, UBB limits its services related to transactions to and from Russia and in Russian rubles. UBB is not responsible for failure to execute or non-execution of these transactions as a result of internal embargo policy, government measures, market conditions or inability of correspondent banks to execute the transactions or to execute them correctly.

• Transactions to and from Russia (regardless of currency)

UBB does not process any outgoing payments or transactions to Russia, regardless of currency. This means that UBB will reject an outgoing payment intended for a Russian bank account, but will still process incoming payments for Group customers coming from a Russian bank account. Due to the increased due diligence required for transactions involving Russia, the processing of these payments may be significantly delayed.

• Transactions involving sanctioned parties or otherwise in violation of embargo sanctions

In addition to the above restrictions, UBB will not process transactions, including incoming payments, that involve a sanctioned counterparty or otherwise violate embargo sanctions.

In this context, UBB would like to point out that several banks are currently subject to asset freezes imposed by the EU, the US or the UK.

Note that some entities or banks have not been specifically sanctioned, but may be owned or controlled by individuals or entities subject to an asset freeze, making it prohibited to continue doing business with them.

In addition, a number of banks have been excluded from the SWIFT network and KBC Group will not be able to process payments to or from these banks. Please see the SWIFT website for more information.

• Trade restrictions regarding Russia

Russia is subject to a wide range of import and export restrictions applicable to any importer or exporter.

Import restrictions

UBB will not process transactions and related financial transactions related to the import of goods listed in the annexes to EU Regulation 833/2014 if they originate in Russia or are exported from Russia.

These import restrictions apply to, among others, crude oil or petroleum products, coal, iron and steel products, gold, goods that generate significant revenue for Russia, etc.

These rules also apply to the purchase or transfer of such restricted goods.

Export restrictions

For more information on export restrictions on dual-use items, please see Section III below.

In addition, UBB will not process transactions or related financial transactions that fall within the scope of other EU export restrictions imposed against Russia, including (but not limited to) restrictions on the export of "advanced technology" items that could improve Russia's military and technological capacity, goods and technology suitable for use in the aviation or space industry, as well as in the

energy sector, luxury goods, maritime navigation goods and technology, and goods that could contribute to the improvement of Russian industrial capacity .

UBB also does not process transactions or related financial transactions related to the provision of a wide range of services to the Russian government or entities established in Russia, including, but not limited to, accounting, auditing, consulting, legal consulting or tax consulting services, etc.

To enforce these trade restrictions, UBB applies enhanced due diligence to transactions involving Russia. The necessary documentation (invoices, bill of lading, etc.) will be requested and as a result the processing of related payments may be significantly delayed.

Russian-occupied regions of Ukraine and impact on Ukraine as a country

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

Apart from these regions, UBB 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 violation of embargo sanctions or group policies is prohibited and will not be processed.

Sudan and South Sudan

Most of the sanctions against Sudan and South Sudan were lifted, except for some so-called name sanctions or asset freezes.

Therefore, and regardless of currency, UBB will only process transactions for its own customers (both trade-related and retail transactions) to ensure that the transactions are authorized according to the applicable designations.

III. Dual-use export control regulations

UBB does not process transactions related to the export of dual-use items without the permission of the competent authority. In order to be able to verify that a transaction complies with all dual-use export control rules, the necessary documentation (invoices, authorization or license, etc.) will be requested and, as a result, it is possible processing of the related payments to be significantly delayed.

What are dual-use items?

Dual-use items are goods, software and technology that can be used for both civilian and military applications. The export of such items is restricted by the EU, USA and a number of other countries. The brief summary below focuses on the dual-use export restrictions imposed by the EU.

General EU restrictions on dual-use items

The EU imposes restrictions on the export, transit, brokering and technical assistance of dual-use items in order to contribute to international peace and security and to prevent the proliferation of weapons of mass destruction (WMD).

EU Regulation 2021/821 (the "EU Dual-use Regulation") governs the EU export control regime and includes a common EU list of dual-use items (in Annex I to the Regulation) and the rules for obtaining authorizations/ licenses. In certain cases, EU Member States may introduce additional controls on non-listed dual-use items for public security or human rights reasons, or to ensure that the items are not for military or end-user use.

Dual-use items can be traded freely within the EU, except for some particularly sensitive items, the transfer of which within the EU remains subject to prior authorisation.

EU sanctions against Russia and Belarus impose additional restrictions on the export of dual-use goods and technology. Export of these items is prohibited (i.e. no license or authorization is possible) even when these items are intended for civilian end users or uses.

EU sanctions against Myanmar prohibit the export of dual-use goods and technology if those items are or may be intended for military use or military end-users.

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

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