

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

Important notice:

*Given the ever-expanding extraterritorial scope of the sanctions and embargo regimes, imposed on and against Russia and Belarus, with effect from **25.05.2025** UBB will discontinue the execution of incoming and outgoing fund transfers in all currencies from and to banks, operating in Russia and Belarus. This means that with effect from **25.05.2025** UBB will be rejecting any incoming or outgoing payment, ordered from or intended for an account with a bank in Russia and Belarus. Please, also inform yourself of the other restrictions, stated herein.*

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, while striving to conduct its business in a legal, ethical and responsible manner. In particular, UBB complies with the binding requirements of national and international laws on the implementation of measures against human rights violations, financing of terrorism, 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-governmental 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 the import and export 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, the Office of Foreign Assets Control (OFAC) of the U.S. Treasury Department and the Office of Financial Sanctions Implementation (OFSI) of the United Kingdom. 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 USD by persons, located on the USA territory, 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, OFSI and OFAC, please visit their official websites at the following links:

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

EU: https://finance.ec.europa.eu/eu-and-world/sanctions-restrictive-measures_en

US (OFAC): <https://ofac.treasury.gov/>

UK (OFSI): <https://www.gov.uk/guidance/uk-sanctions>

Compliance with international restrictive measures means that UBB does not provide payment services, financing or economic resources to individuals, legal entities, formations or governmental organisations that are either included in restrictive lists or sanctioned, or not permitted to provide financial services, pursuant to the UN Security Council resolutions or EU regulations and decisions in force, imposed in relation to combating the financing of terrorism and the prevention of the spread of mass destruction weapons or in line with the implementation of other international community goals, being part of the said decisions and regulations, nor does it support any transactions whatsoever, linked to such persons/entities and/or organizations. 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.

Sometimes companies or entities are not explicitly sanctioned, but they may be owned or controlled by individuals or entities, objects of asset freeze, thus making it prohibited to continue doing business with them. In this context, UBB asks its customers to perform their own due diligence in order to make sure they are not dealing with sanctioned counterparties.

To ensure compliance with applicable international regulations, decisions and sanctions regarding restrictive measures and relevant provisions, UBB has implemented various mechanisms for screening customer payments.

As a result, a 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 in question.

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>

UBB, being part of the KBC Group, follows the Group-wide, more stringent extended due diligence measures against specific countries. This is particularly true for the following countries: Afghanistan, the Ukrainian territories Donetsk, Lugansk, Kherson, Zaporizhzhia, North Korea (DPRK), Iran, Syria, Venezuela, Cuba, Sudan, Belarus, Russia and Crimea (Sevastopol) and Myanmar. UBB considers these (and other) countries and territories to be more sensitive due to the comprehensive and complex regulations, imposed on them and 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 legal entities.

Please, note that UBB does not process under any form whatsoever and in any currency transactions related to North Korea, Iran, Syria, Venezuela, 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 accept or effect a payment order from, to or otherwise related to the countries, as indicated herein.

Afghanistan

UBB does not process payment transactions, related to Afghanistan.

Belarus

The restrictive measures with regard to Belarus are very diverse and comprehensive, and they spread over different economic sectors, activities, transactions, persons, entities and formations and are currently rather volatile due to the issuance of new sanctions. Until 24.05.2025, UBB will process incoming payments for UBB clients, ordered from accounts in Belarusian banks. Due to the enhanced due diligence, required for transactions involving Belarus, the processing of such payments could be delayed significantly. Effective from **25.05.2025 UBB will discontinue the execution of incoming and outgoing fund transfers in all currencies from or to banks, operating in Belarus.** In addition to the above restrictions, please, note that UBB does not process any transactions, including incoming payments, involving a sanctioned counterparty or otherwise in breach of embargoe sanctions. In this context, we would like to point out that several banks are currently objects of asset freeze, imposed by the EU, the USA or the United Kingdom.

Please, note that some entities or banks, though not explicitly sanctioned, may be owned or controlled by individuals or entities, objects of asset freeze, thus making it prohibited to continue doing business with them.

This is to inform you that effective from 20 March 2022 a number of banks have been excluded 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 transactions, related to Cuba.

Iran

UBB does not process payments transactions, related to Iran.

Myanmar/Burma

Besides financial transactions to and from sanctioned persons and entities, certain transactions and the financial transactions, related to those are excluded, regardless of the currency, including, but not limited to, transactions related to: the export of weapons and related military goods, dual-use items, and goods and equipment, technology and software, included in the trade embargo list and mainly used for monitoring and interception of incoming and outgoing internet and telephone communications.

Further information on export restrictions with respect to dual-use goods is available in Section III below.

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 scope of UBB's internal policy regarding Myanmar/Burma.

North Korea

UBB does not process payment transactions, related to North Korea.

Syria

UBB does not process payment transactions, related to Syria.

Venezuela

UBB does not process payment transactions, related to Venezuela.

Russia

In February 2022, after weeks of political tension, Russia launched a full-scale military operation against Ukraine. In response to that series of countries, including the EU, imposed various economic sanctions, aimed at restricting the access of Russia to the international financial system. Those measures exerted a decisive impact on the money markets and the international trade flows, and it is quite probable that they could also impact on the rendering of banking services and products to the UBB clients. Please, note that UBB carries out its activity in an ethical and lawful way and abides by all regulatory requirements, imposed by the EU and by other countries or organizations, such as, for example, those of the USA and the United Kingdom. It is for this reason that UBB, being part of the KBC Group, has decided to adopt the following approach with regard to transactions, pertaining to Russia, Donetsk, Luhansk, Kherson, Zaporizhzhia and Crimea.

Given the scope of the embargoes and sanctions, imposed on Russia, UBB limits its services, related to transactions to and from Russia. UBB shall not be held liable for the failed execution or non- execution of such transactions as a result of its internal embargo policy, government measures, market conditions or the failure of our correspondent banks to either execute the transactions, or to execute them correctly.

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

Until 24.05.2025 UBB will process only incoming payments for UBB clients, ordered from accounts with Russian banks. Due to the enhanced due diligence required for transactions, involving Russia, the processing of such payments could be delayed significantly. With effect from 25.05.2025 UBB will discontinue execution of incoming and outgoing fund transfers in all currencies from or to banks, operating in Russia.

Accounts and transactions in Russian rubles

UBB has decided to no longer offer accounts in Russian rubles. Additionally, UBB will no longer process outgoing or incoming transactions in Russian rubles.

- **Transactions, involving sanctioned counterparties or otherwise in breach of the embargoes and sanctions**

In addition to the above restrictions, UBB will not process transactions, including incoming payments, involving a sanctioned counterparty or otherwise in breach of embargoes and sanctions.

In this context, UBB would like to point out that several banks are currently objects of asset freeze, imposed by the EU, the USA or the United Kingdom.

Please, note that some entities or banks, though not explicitly sanctioned, may be owned or controlled by individuals or entities, objects of asset freeze, thus making it prohibited to continue doing business with them.

Moreover, 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. Please, refer to the [SWIFT website](#) for more information.

Finally, customers with Russian citizenship can be subject to additional restrictions.

- **Trade restrictions with respect to Russia**

Russia is an object of a wide range of import and export restrictions, applicable to every importer or exporter.

Import Restrictions

UBB will not process transactions and related financial transactions, linked to the import of goods, listed in the Annexes to EU Regulation 833/2014 if they originate in Russia or are being exported from Russia. These import restrictions apply, inter alia, to crude oil or petroleum products, coal, iron and steel products, gold, goods which generate significant revenues for Russia, etc.

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

Export Restrictions

For more information on dual-use export restrictions, 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 regarding the export of 'Advanced Technology' items that could enhance Russia's military and technological capacity, goods and technology suitable for use in the aviation or the space industry, as well as in the energy sector, luxury goods, maritime navigation goods and technology, and goods, which could contribute to the enhancement of Russian industrial capacities.

Finally, what UBB does not process either are transactions or related financial transactions, linked to the provision of a wide range of services to the Russian government or entities, established in Russia, including, inter alia, accounting, auditing, consulting, legal advisory or tax consulting services, etc.

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

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

All transactions to or from the regions of Crimea and Sevastopol, Donetsk, Luhansk, Kherson and Zaporizhzhia are prohibited and will not be processed.

Apart from these regions, UBB will continue processing transactions (both payments on open accounts and trade finance transactions) to and from Ukraine for customers of its own Group.

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

In addition, customers that are resident in, established in (or moving to) Crimea (and Sevastopol), Donetsk or Luhansk can be subject to additional restrictions.

Sudan and South-Sudan

The majority of sanctions with regard to Sudan and South-Sudan have been revoked, with the exception of some so-called name-related sanctions or asset freezes.

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

III. Rules on dual-use export controls

UBB does not process transactions, related to the export of dual-use goods without prior authorization from a competent authority in Bulgaria (Interministerial Commission for Export Control and Non-Proliferation of Weapons of Mass Destruction). In order to verify whether a given transaction complies with all rules for the control on the export of dual-use items, the Bank will request the necessary documentation from the client (invoices, a permit or license, etc.) before a fund transfer execution, therefore the processing of the payment could be significantly delayed.

Dual-use items explained

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

EU general restrictions with respect to dual-use items

The EU imposes restrictions with respect to the export, transit, intermediation and technical assistance for dual-use items so that it can contribute to international peace and security and prevent the proliferation of Weapons of Mass Destruction (WMD).

EU Regulation 2021/821 ('the EU Dual-Use Regulation) governs the EU's 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 because of public security or human rights considerations, or to ensure items are not for military uses or end-users.

Dual-use items may be traded freely within the EU, except for some particularly sensitive items, whose transfer within the EU remains subject to prior authorization.

EU sanctions against **Russia and Belarus** impose further export restrictions concerning dual-use goods and technologies. The export of these items has been 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 technologies if those items are or may be intended for military use or military end-users, companies or organizations, linked to military and weapon-related activities.

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

EU: https://finance.ec.europa.eu/eu-and-world/sanctions-restrictive-measures_en

US (OFAC): <https://ofac.treasury.gov/>

UK (OFSI): <https://www.gov.uk/guidance/uk-sanctions>