



Joint-Stock Company Commercial Bank “PrivatBank”

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Sanction policy

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1. General Provisions

1.1 *Sanctions policy* is the document that defines the general approaches to sanction control of JSC CB PrivatBank (hereinafter - **the Bank**) and applies to all employees of the Bank, business partners of the Bank, members of groups/payment systems to which the Bank belongs (organizations/payment systems that are created by the Bank), customers (including their representatives, ultimate beneficial owners), counterparties of the Bank's customers, correspondent banks, other persons specified by separate internal documents of the Bank on sanctions control issues

1.2. This Sanctions policy was developed based on and taking into account the following requirements:

- the Law of Ukraine "On Sanctions",
- the Law of Ukraine "On Prevention and Counteraction of Legalization (Laundering) of Criminal Proceeds, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction",
- Regulation on implementation of financial monitoring by banks, approved by the resolution of the Board of the National Bank of Ukraine No. 65 dated May 19, 2020,
- Resolution of the Board of the National Bank of Ukraine dated October 1, 2015 No. 654 "On ensuring the implementation and monitoring of the effectiveness of personal special economic and other restrictive measures (sanctions)".
- other external regulatory documents, and internal documents of the Bank.

1.3. In this Sanctions policy, terms and concepts are used in the following meanings:

State (jurisdiction/territory) of an unacceptably high level of risk - is a state (jurisdiction/territory) that meets any of the criteria specified in clause 2.3.1 of this Sanctions policy.

The state (jurisdiction/territory) against which sectoral sanctions have been applied - is the state (jurisdiction/territory) that meets any of the criteria specified in clause 2.3.2 of this Sanctions policy.

AML/CFT - counteraction the legalization (laundering) of proceeds of crime, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction.

Lists of sanctioned persons - lists of persons subject to the criteria of Clause 2.2 of this Sanctions policy, which include *the List of Terrorists, the List of the NSDCU and the List of certain groups of sanctioned persons*.

The list of terrorists - the list of persons connected with the conduct of terrorist activities or against whom international sanctions have been applied, which is formed in accordance with the procedure determined by the Cabinet of Ministers of Ukraine, including the list of sanctioned persons determined by the resolution of the General Assembly and the Security Council of the United Nations (UN).

The list of the NSDCU (*The National Security and Defense Council of Ukraine*) - the list of persons and states (jurisdictions/territories), in accordance with the decision on the application

and introduction of changes to personal special economic, sectoral and other restrictive measures (sanctions), adopted by the National Security and Defense Council of Ukraine, and put into effect by the Decree of the President of Ukraine.

The list of individual groups of sanctioned persons - the list of persons who fall under the criteria of sanctioned persons, defined in clause 2.2 of the Sanctions policy, excluding persons from *the List of terrorists and the List of the NSDCU*.

Sanctions - prohibitions and restrictions established by the state of Ukraine and/or other national governments, intergovernmental bodies, which seek to change the behavior and/or actions of a foreign state, a foreign legal entity or natural person, or other subjects that create real and/or potential threats to the interests, security, sovereignty and territorial integrity of countries, contribute to terrorist activities and/or violate the rights and freedoms of a person and citizen, the interests of society and the state, lead to the occupation of territory, expropriation or limitation of property rights, causing property losses, creating obstacles to sustainable economic development, citizens' full exercise of their rights and freedoms.

1.4. Other terms and concepts used in this Sanctions policy are used in the meanings defined by the regulatory documents that were taken into account during its development.

2. General principles of the Bank's sanctions policy

2.1. The purpose of the Bank's sanctions policy is to:

2.1.1. ensuring compliance of the Bank's activities with the requirements of regulatory documents specified in clause 1.2 of this Sanctions policy;

2.1.2. organization and operation of the interbank risk management system related to the activities of persons who:

- a. included in the *Lists of sanctioned persons*,
- b. related to countries (jurisdictions/territories) that fall under the *Criteria of countries (jurisdictions/territories) with an unacceptably high level of risk and/or for which sectoral sanctions have been applied*,

and making it impossible for these persons to use the Bank's products/services to carry out transactions aimed at, contributing to, or may contribute to the avoidance of sanctions.

2.2. To implement this Sanctions policy, the Bank uses the following **Lists of sanctioned persons** defined by the legislation of Ukraine and/or adopted/approved by the decisions of foreign states, and/or determined in accordance with the Bank's internal assessment (based on the risk-based approach), in particular

- a. decisions regarding the application, cancellation, and amendment of personal special economic and other restrictive measures (sanctions) adopted by the National Security and Defense Council of Ukraine, put into effect by the decree of the President of Ukraine;
- b. orders of the State Financial Monitoring Service of Ukraine on the inclusion, changes or exclusion of persons from the List of persons connected with the conduct of terrorist activities or in respect of whom international sanctions have been applied;

- c. resolutions of the General Assembly and the Security Council of the United Nations (UN);
- d. decisions of the Council of the European Union (EU);
- e. decisions of the Financial Sanctions Enforcement Office of Great Britain;
- f. decisions of the Office of Control of Foreign Assets of the US Department of Finance on the inclusion, changes or exclusion of persons from the SDN List;
- g. decisions of the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury on the introduction, changes or exclusion of persons from the SSI List;
- h. decisions of the US Financial Crimes Network;
- i. decisions of the Ministry of Finance of Japan;
- j. decisions of the Department of Foreign Assets of Canada;
- k. other decisions of foreign states;
- l. other negative information available in open sources and related to sanctions control.

2.3. For the implementation of this Sanctions policy, the Bank is guided by the following **Criteria of states (jurisdictions/territories)**:

2.3.1. Criteria for states (jurisdictions/territories) with an unacceptably high level of risk:

- a. is a high-risk country (jurisdiction/territory) according to the statements of the Financial Action Task Force (FATF);
- b. is a state (jurisdiction/territory) sponsoring terrorism as defined by the US State Department;
- c. is an unrecognized state (jurisdiction/territory) that has the basic features of statehood, but is deprived of international recognition;
- d. is a temporarily occupied territory of Ukraine;
- e. is a state (jurisdiction/territory) selected by the Bank (including from the *List of states (jurisdictions/territories) of in-depth control* that fall under the criteria of the *AML/CFT policy*) in accordance with the Bank's internal assessment based on the risk-based approach and in accordance with the procedure determined by separate internal documents of the Bank on sanctions control / financial monitoring.

2.3.2. Criteria for states (jurisdictions/territories) subject to sectoral sanctions:

- a. is a state (jurisdiction/territory) subject to sectoral sanctions under the SSI List;
- b. is a state (jurisdiction/territory) to which sectoral special economic and other restrictive measures (sanctions) have been applied.

2.4. This Sanctions policy establishes the following prohibitions and restrictions:

- The Bank refuses to establish (maintain) business (contractual) relations / opening an account (servicing) / conducting one-time financial transactions (without establishing business relations) / conducting financial transactions aimed at or facilitating the avoidance of sanctions restrictions by

persons included in the *Lists of sanctioned persons* and/or associated with *States (jurisdictions / territories) of unacceptably high risk*.

2.4.1. In exceptional cases, it is allowed:

2.4.1.1 Establishing (maintaining) business relations with the client and/or conducting financial transactions of clients whose ultimate beneficial owners/related parties are subject to special economic and other restrictive measures (sanctions) in accordance with Article 5 of the Law of Ukraine "On Sanctions", under compliance with the following conditions:

- a. the client's business activity relates to the provision of legal socially important services to Ukrainian consumers and/or business entities and is of general/public interest;
- b. financial transactions do not contradict the requirements of current legislation / do not contribute to the avoidance and/or do not break the restrictions established by special economic and other restrictive measures (sanctions);
- c. the adoption of a separate decision on the application of such an exception by the Bank's Management Board or a collegial body of the Bank to which the Bank's Management Board has delegated consideration of issues in the area of AML/CFT..

2.4.1.2. Approval by the Bank's collegial body, to which the Bank's Management Board has delegated the consideration of issues in the field of AML/CFT, of certain exceptions regarding the establishment (maintenance) of business relations and/or the implementation of financial transactions of clients that are associated with *States (jurisdictions/territories) with an unacceptably high level of risk*, on the condition that such clients belong to certain categories of persons and on the condition that there is confirmation of their legal reasons for staying in the territory of Ukraine.

2.4.1.3. Approval by the Bank's collegial body, to which the Bank's Management Board has delegated the consideration of issues in the area of AML/CFT, of individual exceptions, taking into account the requirements defined by the current legislation regarding:

- a. carrying out financial transactions related to persons included in *the List of terrorists and/or the List of the NSDCU*;
- b. carrying out financial operations related to *States (jurisdictions/territories) with an unacceptably high level of risk*.

2.5. The procedure for implementing the control of sanctions requirements for persons included in the *Lists of Sanctioned Persons and/or associated with States (jurisdictions/territories) of unacceptably high risk and/or subject to sectoral sanctions* (including the compilation and updating of lists of such States/jurisdictions/territories) is determined by separate internal documents of the Bank.

3. Final Provisions

3.1. This Sanctions policy shall enter into force from the day of its approval by the decision of the Bank's Supervisory Board and shall be communicated to the Management Board of the Bank and the employee responsible for financial monitoring in the Bank.

3.2. Amendments to this Sanctions policy are carried out in accordance with the requirements of Ukrainian legislation, modern standards of global and domestic best practices in the field of sanctions control.

The update of this Sanctions policy is carried out in accordance with the procedure and within the time limits determined by the Bank's internal procedures regarding document circulation and the creation/accompanying of the Bank's internal documents.

The changes are approved by the decision of the Supervisory Board by publishing this Sanctions policy in a new version.

3.3. In case of amendments to the legislation and/or the Statute, the provisions of this Sanctions policy shall apply to the extent that they do not contradict the legislation of Ukraine and/or the Statute.

3.4. The Bank implements procedures and rules, the purpose of which is to implement the requirements set forth in this Sanctions policy.