

## **Group Sanctions Policy**

### **1. Purpose**

This Policy states the Bank's commitment to act in full compliance with, sanctions or restrictive measures imposed on countries, territories, entities, or specific persons and bodies by the UN and the EU, by the governments of the countries that the Group operates in, as well as by the US Department of Treasury's Office of Foreign Assets Control ("OFAC").

It also covers important restrictive measures imposed by other US authorities such as the Department of State and Department of Commerce, where a US nexus is established.

UK HM Treasury Sanctions are also monitored, albeit the Bank not being legally liable to comply, to ensue completeness and swift cooperation with correspondent banks.

Compliance with sanctions, or restrictive measures, is important for:

- The avoidance of criminal, civil or regulatory action and/or penalties that may be taken against the Bank by regulatory or other authorities,
- The protection of the Group's reputation, and
- Cypriot national security and rule of law; the safety and security of other EU Members and countries around the world; the effort to combat terrorist financing and proliferation; and respect for civil society and human rights.

Financial institutions play an important role and are held to high standards.

Additionally, the Bank of Cyprus ensures the following:

- a) The Sanctions Policy outlines the legal and regulatory requirements/principles emanated from the provisions set out in (a) the Law for the Implementation of the Provisions of the United Nations Security Council Resolutions (Sanctions) and the Decisions and Regulations of the Council of the European Union Law 58(I) of 2016, and (b) the Central Bank of Cyprus Directive for Compliance with the Provisions of United Nations Security Council Resolutions and the Decisions/Regulations of the Council of the European Union.
- b) The Bank and its subsidiaries meet the requirements set out in the Group Sanctions Policy and therefore the requirements of the Sanctions and Terrorism Laws
- c) The Bank, through the Annual Sanctions Risk Assessment Exercise, identifies sanctions risks and sets out appropriate mitigation measures.

### **2. Sectors Affected**

The Policy applies to all Group Entities.



### 3. Policy

#### 3.1. General Principles

- Complete abstinence from business relationships or transactions which violate or facilitate the violation of sanctions as defined in this Group Policy.
- Adherence to directives and guidance from regulatory and other authorities relevant to sanctions.

#### 3.2. Implementation Procedures

All Group Entities must, as a minimum, meet the requirements of this Policy. In any country where the requirements of applicable law(s), directives or practices establish a higher standard, Group Entities must meet those standards.

#### 3.3. Implementation Guidance Notes

Sanctions can be:

- a) Specific, i.e. relate to specific lists of named individuals, legal entities, organizations, vessels etc. (the US Department of Treasury refers to some of these entities as Specially Designated Nationals),
- b) General, i.e. cover all transactions with certain countries or jurisdictions; certain transactions with countries or jurisdictions such as exports, imports or new investment, or all transactions within a certain area of activity/products (e.g. arms sales to a particular country).
- c) Sectoral, i.e. cover certain parties in specific sectors (OFAC designates parties on a Sectoral Sanctions Identification List or “SSI List”) but only restrict certain transactions of these designated parties.
- d) Focused prohibitions on the export of commercial and dual-use goods, software and technology subject to U.S. jurisdiction under the Export Administration Regulations (“EAR”)

### 4. Definitions

#### **Group**

The Bank of Cyprus Group (including its overseas entities) and its subsidiary companies.

#### **Group Entity**

Any company of the Bank of Cyprus Group in Cyprus or overseas.

#### **High Risk Customer**

Customer that may pose a particular risk to the reputation of the Group and who should

normally be treated as high risk and be subject to enhanced due diligence measures (see Customer Acceptance Policy).

## **Office of Foreign Assets Control (OFAC)**

Office in the US Department of Treasury that administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States.

## **Persons connected with a sanctioned country**

Persons connected with a sanctioned country are considered those who fall within the definition of:

- a) Persons who are residents in a sanctioned country, and
- b) Persons with a passport from a sanctioned country

## **Sanctions**

Instruments of a diplomatic or economic nature which seek to bring about 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. Sanctions (or restrictive measures) may target governments, non-state entities and/or individuals (such as terrorist groups and terrorists). They may include arms embargoes, other specific or general trade restrictions (e.g. import and export bans), financial restrictions, restrictions on admissions (e.g. visa and travel bans), or other measures, as appropriate.

## **Specially Designated Nationals (SDN)**

The United States blocks assets and imposes restrictions on dealings with specified individuals, companies and entities. These can be individuals, companies, or entities owned or controlled by, or acting on behalf of a sanctioned country. They can also be individuals, groups, or entities, such as terrorists and narcotics traffickers, designated under OFAC programs that are not country specific. OFAC maintains a list of these Specially Designated Nationals

## **Subject to Financial Sanctions (EU)**

The European Union maintains asset freezes and bans on investment for parties subject to sanctions. These can include individuals, companies, or entities owned or controlled by, or acting on behalf of a sanctioned country. They can also be individuals, groups, or entities, such as terrorists and narcotics traffickers, designated under EU measures in force that are not country specific. The European Union's External Action Service maintains a list of parties subject to EU financial sanctions.

## **U.S. Jurisdiction**

U.S. sanctions rules apply to U.S. persons anywhere located and U.S. or foreign persons acting in the United States. U.S. persons would include foreign branches of U.S. banks and other U.S.-incorporated entities, as well as U.S. personnel even if working abroad at a non-U.S. company. Sanctions administered by OFAC also apply to property subject to U.S. jurisdiction, which includes property in the possession of a U.S. person, physically in the United States or in some cases where subject to U.S. export controls.



## **Secondary Sanctions**

The United States imposes sanctions measures which authorize penalties against non-U.S. banks for specified activities even where there is no U.S. jurisdiction. These are referred to as “Secondary Sanctions.” The penalties must be affirmatively imposed by U.S. policy makers and are not automatic. However, the penalties are serious and include sanctions designations against the non-U.S. bank, prohibiting correspondent and other accounts with U.S. banks, and various other measures which would be of significant concern to Bank of Cyprus. Group Entities must not engage in any business relationships or transactions relating to parties subject to U.S. Secondary Sanctions or activity which can expose the Group or any of its Entities to U.S. Secondary Sanctions. The Compliance Division will provide periodic updates on U.S. Secondary Sanctions, where deemed necessary.

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## Appendix 1-A

Current list of countries which are subject to General Sanctions on specific products / services, or Sectoral Sanctions on specific industries and specific types of transactions by OFAC, EU and UN

Treatment of sanctioned entities or transactions subject to sanctions relating to the following countries must be in accordance with specific instructions issued by the relevant Regulation.

### **Countries with List-Based Sanctions Programs**

Iraq  
Libya  
Somalia  
Venezuela

## Appendix 1-B

### **List of countries which are subject to Sanctions / Restrictions related to actions destabilizing the situation in Ukraine:**

Belarus  
Russia

#### Notes:

Please refer to the Customer Acceptance Policy, which describe the treatment of customers with a Russian or Belarusian nexus.

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## Appendix 2

Current list of countries which are subject to **strict** sanctions (on an extended list of products / services and on the government) by OFAC, EU and UN. For Sudan, even though sanctions were lifted, remains on this list due to restrictions imposed by Correspondent Banks.

### Countries

Cuba

Syria

Sudan (\* North, not including South Sudan)

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## Appendix 3

Current list of countries which are subject to stricter sanctions (on a comprehensive list of products / services and on the government) by OFAC, UN and EU.

### Countries:

- Iran
- Democratic People's Republic of Korea (North Korea)

### Territories:

- Crimea/Sevastopol
- Donetsk / Luhansk

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