



**SANCTION POLICY**  
**OTP BANKA SRBIJA A.D. BEOGRAD**

Belgrade, June 2020.

**OTP BANK SRBIJA A.D. BEOGRAD GENERAL PRINCIPLES OF APPLYING  
INTERNATIONAL FINANCIAL SANCTIONS  
(SANCTION POLICY)**

**1. Introduction**

OTP Banka Srbija a.d. Beograd (hereinafter: Bank) and the OTP Banking Group (hereinafter: Banking Group) are committed to complying with international sanctioning provisions set out in national legislation and issued by international organizations and individual state authorities.

To avoid any damage to the reputation of the Bank (reputational risk), the Bank acts with particular care during the establishment of certain account relations and transactions when the subject of the transaction and/or the parties to the transaction are subject to sanctions or are considered sensitive in terms of reputation.

**2. Scope of the Policy**

The scope of the Policy extends to the Bank's activities during procedures pertaining to sanctions and sensitive transactions and customers. Bank as Group member is obligated to apply the principles set forth in the Policy.

European Union sanctions primarily apply to Banking Group members in the EU, but members of the Banking Group with their registered offices outside the EU must also respect the interests of the Banking Group and, unless prohibited by national law or official requirements, all members of the Banking Group shall be compliant.

The Bank's Compliance Division supervises the compliance of bank procedures and decisions with sanctioning provisions.

**3. Definitions**

- **OTP Banking Group:** OTP Bank Plc. with member companies according to Hungarian regulations.
- **Customer:** a natural or legal person or non-legal entity having a standing or ad-hoc relationship with the Bank and/or the Banking Group for the depositing, transferring or investing of funds, accessing financing and executing orders.
- **Financial operation:** provision of the financial and investment services set out in relevant regulations.
- **Areas establishing and maintaining business relationships:** retail network, corporate network, retail and corporate support functions, domestic and international payments, trade services, factoring services, investment services, custody, financial markets, private banking.
- **Sanctioning relevance:** The prohibitions imposed on the organizations, natural persons and their businesses as well as products and services as listed in European Council Regulations, UNSC Resolutions and, in the case of US sanctions, lists published by the US Department of the Treasury<sup>1</sup> relating to orders issued by the President of the United States, as well as any sanctions ordered by the authorities of

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<sup>1</sup> Including comprehensive sanctions

certain countries, and restrictive provisions issued with international or regional force by authorities of other states.

- **Secondary sanctioning relevance:** US provisions that essentially apply to persons or organizations with non-US status, but which are committed to complying with the sanctions and acknowledge that non-compliance may incur measures taken by the US and could also lead to the loss of market.

In terms of content, international sanctions may be differentiated by the **types of measures** they incorporate:

1. Financial restrictive measures and asset restrictions: freezing of funds and other economic resources, prohibiting access thereto, restrictive measures concerning the transfer of funds;
2. Additional financial restrictions: provision of credit lines and loans, securities transactions, liquidity transactions and the time restrictions applicable thereto;
3. Trade restrictions: general or specific restrictions, of which the following types are frequent and should, therefore, be highlighted:
  - arms embargo: prohibition of the export, transit and import of military equipment and technologies, and prohibition of providing services related thereto;
  - other trade-type restrictions: prohibition of the export, transit and import of dual-use (both civilian and military purpose) goods; prohibition of providing related services; prohibition of the export and import of other non-dual-use goods and technologies, e.g. timber, diamonds, other luxury articles, hydrocarbons and extraction equipment and technologies; prohibition of the export and import of goods that might be used for internal repression etc.;
4. Prohibition of providing financial support and funding for military activities, military technology and dual-use goods exports or related services.

#### 4. Principles

As part of the establishment and maintenance of its relationships and when making its business decisions, the Bank takes into account the embargo-imposing, sanctioning and other restrictive measures of international organizations and various states, in particular the applicable provisions of the United Nations Security Council and the European Union.

The Bank and the Banking Group, furthermore, also takes into consideration the sanctions, prohibitions and restrictions issued by the President of the United States and published by the OFAC office of the US Department of the Treasury. These sanctions are applicable to all natural and legal persons with US status, as well as all financial transactions denominated in USD.

In the interest of retaining market position and good reputation, supporting international collaboration and complying with legal regulations, the Bank formulates and shapes regulations as well as day-to-day processes and practice so as to ensure appropriate

compliance with sanctions-related obligations and to protect the Banking Group's goodwill and reputation. To this end, the Bank and the Banking Group applies uniform rules.

In respect of its business decisions, the Bank also takes into consideration restrictive measures announced by various states aimed at stabilizing the international situation.

The Bank enforces its business policy measures by ensuring that it avoids transactions and relationships that have an adverse impact on its reputation and business relationships.

The Bank's has introduced evaluation systems to assess whether a given customer or transaction is impacted by sanctions, or whether they fall into the group of sensitive customers or transactions.

The application of sanctioning provisions may be waived if authorized by the issuer of the given provision.

Involving natural or legal persons not subject to sanctions in prohibited transactions for the purpose of the Bank or the Banking Group member waiving the enforcement of sanctions is prohibited.

**OTP Banka Srbija a.d. Beograd,**

  
**President of the Board of Directors**  
  
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**Laszlo Wolf**