

SANCTIONS POLICY AND DEFENCE POLICY OF SKB GROUP

Effective from 15.04.2021

1. SANCTIONS POLICY OF SKB GROUP

1.1. Introduction

OTP Banking Group, to which SKB Banka, SKB Leasing and SKB Leasing Select (hereinafter SKB Group) belong, is committed to complying with the economic, financial, trade sanctions laws and regulations and embargo provisions of the European Union, the United Nations and the United States as well as other applicable sanctions laws and regulations specifically in the jurisdictions in which OTP Banking Group operates, subject to the primacy of local laws and regulations.

1.2. Group Standards

SKB Group members, part of OTP Banking Group have a Sanctions Policy and implemented sanctions program that define the minimum standards SKB Bank and its Group members must comply with to meet the above obligations including the following standards and procedures.

Screening customers and transactions against the sanctions lists issued by the European Union, the United Nations, the United States and all applicable local regulatory sanctions lists including the jurisdictions in which SKB Bank and its Group members operate.

Prohibiting or restricting business activities, providing financial and investment products or services or facilitating transactions that may violate the applicable sanctions laws or related OTP Banking Group standards.

Sanctions restrictions may prohibit business activity with individuals or entities named on a sanctions list, or any activity directly or indirectly involving countries or territories subject to comprehensive sanctions (including, without limitation, Cuba, Iran, North Korea, Venezuela, Syria, the Crimea region, Sudan, Myanmar, Zimbabwe and Belarus). Prohibitions aim also to prevent transaction and business conduct that has the purpose of evading or avoiding directly or indirectly any applicable sanctions.

SKB Group has introduced internal rules to investigate all relevant clients and transactions. Compliance with applicable sanctions laws may result in delays to the processing of customer transactions.

SKB Group may in its sole discretion refuse to provide financial and investment products or services or facilitate transactions even where permitted by applicable sanctions laws and regulations in case these activities fall outside of SKB Group's risk appetite.

2. SKB Group Policy On the financing of the defence industry

2.1. Introduction

OTP Banking Group, to which SKB Banka, SKB Leasing and SKB Leasing Select (hereinafter SKB Group members) belong, is committed to social responsibility and respects and supports the protection of human rights enshrined in international conventions and international efforts against proliferation. Accordingly, SKB Group seeks, inter alia, not to participate in financing and trade transactions of products that could be used in military conflicts or other human rights violations.

Recognizing the challenges posed by the production and use of arms, both individual states and the international community regulate the production and trade of conventional arms and weapons of mass destruction (including controversial weapons) in a number of laws and conventions.

2.2. Group Policy

Considering the above principles SKB Group pays special attention to customers and transactions related to arms production and trade and applies strict conditions and procedures including but not limited to the following.

SKB Group is committed not to facilitate the trade in arms (or dual-use items intended for military utilization) with individuals, companies or countries that are subject to international sanctions. SKB Group has a detailed procedure in place to ensure that transactions do not violate sanctions issued by the United Nations (UN), the EU, the USA or by any other applicable local regulator.

Sanctions policy and defence policy of SKB Group

SKB Group does not provide financing in connection with controversial weapons including nuclear, biological, chemical weapons, blinding laser weapons, anti-personnel mines, cluster munitions, non-detectable fragments and other weapons that are either prohibited by international legal provisions or deemed controversial because the disproportionate harm and/or suffering they cause.

Clients from the defence industry must fully comply not only with the binding national and international laws and conventions on arms production and trade, as well as internationally recognised sanctions and restrictive measures, but consider in its procedures the UN Guiding Principles on Business and Human Rights.

In case of transactions related to defence industry SKB Group applies strict controls in compliance with relevant embargo regulations and binding national legal provisions with additional detailed KYC and verification requirements for financing contract in connection with the defence industry.