

NATIONAL DEVELOPMENT BANK (NDB) PLC SANCTIONS POLICY STATEMENT

National Development Bank PLC is firmly committed to complying with all applicable economic sanctions / laws / directives / regulations that are legally binding upon the Bank and its business operations.

The Bank has therefore established the below sanctions policy, that refrains the Bank from doing business with or providing any service to any party is associated with or directly benefits from any Sanctioned Party or country that has comprehensive sanctions*.

According to these guidelines, Sanctioned Parties are:

- a) parties that have been designated as the target or subject of sanctions by any one or more of the **United Kingdom (UK), the European Union (EU), OFAC (Office of Foreign Assets Control) or the United Nations (UN)**; or
- b) parties that are owned 50% or more (individually or in aggregate) by any party\parties who are subject to sanctions as per World-Check; or
- c) any party who is listed under **UNSC Resolutions (UNSCR 1373, UNSCR 1267, UNSCR 1718 and UNSCR 2231)** under **United Nations Act No 45 of 1968**; or
- d) parties who are Directors/Partners/Signatories/UBOs listed as a sanction party; or
- e) parties (including Vessels, ports, etc.) or transactions having a nexus to a sanction country as per Bank's policies); or
- f) parties which have been internally identified as presenting an unacceptable level of risk to the Bank.

The Bank also prohibits and will not facilitate transactions or activities involving countries or specific regions that are subject to the **UK, EU, OFAC, or UN Sanction Programs**. As the sanctions imposed are a direct consequence of international relations and given the rapid nature of developments in the sanctions being imposed, specific prohibitions may change from time to time.

Prohibited countries

- a) The Bank shall not facilitate any transactions (directly or indirectly) involved with **Cuba, Iran, North Korea, Sudan (North), Syria, and Crimea & Sevastopol**.
- b) **Any transaction** which are received or originated by the Bank which involves these countries/regions shall be **REJECTED** and details of transactions shall be referred to the Compliance Department.
- c) Immediately after detecting a transaction having a nexus to a country with comprehensive sanctions, the Bank shall evaluate customer's sanction exposure using the "Sanctions Exposure Questionnaire" [refer Annex I].

Sanctions screening is a key component of transactional due diligence in order to ensure that the Bank is not dealing with a sanctioned party. **Screening on all parties related to each transaction, port and vessel shall be carried out in line with the sanctions screening procedure.**

The Bank's stance in processing transactions with **Russia, Belarus** and **Venezuela** are outlined in detail after considering the risk appetite of our correspondent Banks.

a) Russia

Given the rapid nature of developments in the sanctions space, payments/transactions involving Russia and any Russian parties may be subject to additional due diligence by correspondent Banks. Therefore, the Bank may request for additional information and documents prior to processing transactions with Russia in order to validate the permissibility. For further clarifications please contact the Correspondent Banking Department.

The correspondent banks namely, **Standard Chartered Bank (SCB), Deutsche Bank (DB), Commerzbank and HSBC** do not undertake any business or transaction involving Russia.

In addition, **CITI Bank, Habib NY, JPMorgan Chase** consider Russia as a High Risk jurisdiction having sectorial sanctions*. Therefore, these correspondent banks conduct enhanced due diligence on all parties on a transactional basis, prior to processing transactions originating or remitting to or from Russia through their respective correspondent accounts.

Bank facilitates cross border and trade transactions with Russia on a restrictive approach provided that it falls under the risk appetite of the respective correspondent bank after conducting stringent due diligence measures.

Therefore, the customers will experience delays in the completion of transactions as the correspondent banks will hold the payment to conduct satisfactory sanctions due diligence on the underlying parties and activities involved. The correspondent banks reserve the right to reject any payment that is not consistent with correspondent bank's risk appetite.

Internal Controls

Given the above developments the Bank shall carry out stringent scrutiny against transport documents i.e. Invoices, Bill of lading, Customs declarations, etc. in respect to all transactions, specifically trade transactions (both imports and exports) and customers are informed of possible delays.

b) Belarus

The Bank refrains from doing any business involving the Belarusian military or related defence equipment, or transactions with Belarusian state owned enterprises, including those subject to sectoral sanctions*.

Based on the above mentioned restrictions, **the Bank** facilitates cross border and trade transactions with Belarus on a restrictive approach provided that it falls under the risk appetite of the respective correspondent bank after conducting stringent due diligence measures.

c) Venezuela

Commerzbank has a **ZERO** risk appetite towards any business with Venezuela.

The Bank refrains from doing any business or provide any services involving the Venezuelan military or the Venezuelan Government, including its properties or entities owned or controlled by the Venezuelan Government. This rule applies to all Venezuelan state-owned entities, like Petróleos de Venezuela S.A. and the Central Bank of Venezuela.

Based on the above mentioned restrictions, the Bank facilitates cross border and trade transactions with Venezuela on a restrictive approach, provided that it falls under the risk appetite of the respective correspondent bank after conducting stringent due diligence measures.

General guidelines

- New updates with regard to the above will be shared by the Compliance Department as and when received.
- Customers should be informed that the payments might get held or delayed due to the possibility of correspondent banks seeking additional information in order to conduct enhanced due diligence checks/measures.
- **The Bank** may change the limitations/prohibitions described here without notice at any time. If you have any queries in relation to the Banks Policy in relation to Sanctions, please contact the Compliance Department.
- Customer should adhere to the sanction disclaimer prior to processing the transactions with the Bank. The Bank's sanctions disclaimer applies to all banking services provided by the National Development Bank PLC. By engaging in any financial transaction with the Bank, the applicant/s acknowledge/s and agrees to its sanctions policy. The Bank strictly adheres to international/local sanctions laws and regulations and the customers must be kept informed to avoid Bank channels for any transactions having a nexus to sanctions.

Definitions

- **Comprehensive sanctions*** prohibit transactions with a country's government and virtually all other transactions, including exports/imports, involving the sanctioned country
- **Sectoral sanctions*** mean restrictions focused on specific industries within a particular country or region to prevent destabilization of the global economy.

SANCTIONS EXPOSURE QUESTIONNAIRE



CID Number:	Name:		
Account number/s:		RM Name/Dept:	
		Branch name:	

a.	Do you have any direct/indirect financial or commercial relationships involving a Sanctioned Country (i.e. Cuba, Iran, North Korea, Sudan (North), Syria, Crimea & Sevastopol)	YES	NO
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If the response to Question 'a' is answered as yes, please answer Section F.

b.	Are you own/owned by any person/entity that has any financial or commercial relationships involving a Sanctioned Country (i.e. Cuba, Iran, North Korea, Sudan (North), Syria, and Crimea & Sevastopol, a sanctioned individual/entity	Yes/No	Comments:
	If Yes, provide details including the % of effective ownership, the name of shareholder and etc.		

c.	Do you perform business/transactions on behalf of third party clients? Or receive funds from third parties on behalf of the original party?	Yes/No	Comments:
	If Yes, provide details including the countries.		

d.	Are the end users different from the consignee mentioned in the trade document? Ex: invoice, bill of lading, way bills & etc.;	Yes/No	Comments:
	If Yes, provide details including countries.		

e.	Do you have any office, branch, subsidiary or any other type of presence in a sanctioned country?	Yes/No	Comments:
	If yes, please elaborate		

SANCTIONS EXPOSURE QUESTIONNAIRE



SECTION: f

Please list the country/countries in question.	
Provide percentage of financial or commercial relationships, i.e. percentage of sales, purchases, assets involving a Sanctioned Country, individual, entity.	
Provide a brief description of the business activities involving a Sanctioned Country/s, individual, entity.	
What goods/products are involved, what they are used for, what is the country of origin and destination and are there any transport through a Sanctioned Country/Territory?	
Going forward, would you expect the financial or commercial relationship with the Sanctioned Country to... increase/decrease/remain the same? Indicate the percentage of exposure?	
What operational controls do you have in place to ensure that transactions involving Sanctioned Countries/Territories, individual, entities are not routed through NDB Bank PLC?	

I/We confirm that all information given in the questionnaire is true and accurate at the time of responding and is authorized to provide such certifications/undertakings (if required). Also the Company undertakes to inform the bank immediately if there are any changes to the above information.

Signature of the authorized person & Company stamp	
Name and designation	
Date	

For office use only:

<i>Relationship owner (RM/BM) comments & recommendation:</i>	
<i>Signature and stamp:</i>	
<i>Date</i>	