

Sanctions policy of the Bank

Kyrgyz-Swiss Bank Closed Joint Stock Company (hereinafter referred to as the Bank), being committed to its mission and adhering to high ethical, professional, and regulatory standards, conducts its activities responsibly and ensures that neither the Bank nor the services provided by it directly or indirectly contribute to the violation, evasion, or circumvention of applicable international sanctions and/or restrictive measures.

1. General Provisions

As a responsible participant of the international financial system, the Bank highly values and protects the interests and security of its clients and follows the principles of ensuring business continuity for its clients. In this regard, the Bank complies with applicable international sanctions and/or restrictive measures, including but not limited to:

- sanctions imposed by the United Nations Security Council (UN);
- sanctions imposed by the European Union (EU);
- sanctions imposed by the United Kingdom (HMT);
- sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (OFAC);
- secondary sanctions imposed by the United States, the European Union, and other jurisdictions;
- other international and national restrictive measures in respect of foreign individuals and legal entities.

The above-mentioned sanctions are observed by the Bank with respect to all transactions and payments, regardless of currency, origin, or destination.

2. Bank's Right to Restrict or Terminate Services

The Bank reserves the right to refuse to establish or continue business relationships, as well as to suspend or terminate transactions:

- with clients who are fully or partially, directly or indirectly, subject to sanctions;
- with clients that are owned or controlled by sanctioned persons or fall under the "50 percent or more rule";
- where there are reasonable grounds to suspect that a client or transaction may be involved in the violation or circumvention of applicable sanctions regimes.

The Bank's Sanctions Policy prohibits any actions by clients that violate applicable sanctions and/or restrictive measures. Such actions may result in the rejection of transactions, blocking of payments, refusal to provide services, or termination of contractual relationships.

3. Automated Sanctions Compliance Procedures.

The Bank has implemented an automated sanctions and compliance control system ensuring continuous monitoring of clients and transactions.

Client due diligence and the detection of suspicious transactions are carried out on an automated basis using:

- the portal of the State Financial Intelligence Service under the Ministry of Finance of the Kyrgyz Republic (SFIS under the MoF of the KR).
- international information and analytical platforms LexisNexis Risk Solutions and Refinitiv;
- other reliable international and publicly available sources of information.

Sanctions screening is performed for both new and existing clients, as well as for all transactions conducted by the Bank.

The use of LexisNexis Risk Solutions (LNRS) enables the Bank to:

- automate and perform ongoing sanctions screening of clients and transactions, including daily automated screening of transactions outside business hours;
- identify matches against sanctions lists, including those of the UN, OFAC, EU, HMT, Rosfinmonitoring, as well as lists of Politically Exposed Persons (PEPs – foreign and domestic);
- utilize extended sanctions databases containing a significantly broader scope of information compared to official sanctions lists;
- detect payments made to or received from sanctioned persons, as well as transactions related to sanctioned territories (including specific locations), banks and their branches, offshore jurisdictions, and other restricted or high-risk areas;
- automate the screening of international transactions and identify goods specified in payment documents that are included in sanctions lists or classified as dual-use goods;
- apply specialized LNRS tools to minimize false positive matches;
- generate, store, and analyze sanctions screening reports;
- effectively manage and control the level of false alerts;
- identify individuals and legal entities in accordance with the “50 percent or more ownership and control rule”, including subsidiaries and affiliated entities of sanctioned persons, even if such entities are not explicitly listed in official sanctions lists of OFAC, the EU, HMT, or other regulators.

Detailed measures and procedures applied by the Bank with respect to persons and transactions associated with sanctions risks are set out in the Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Compliance Policy of Kyrgyz-Swiss Bank CJSC.

Sincerely,

Chairman of the Board



Chervonova K.V.