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Sanctions against Russia and Belarus — Their Impact on Partnering with the Bank

13.04.2022.

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Russia and Belarus - the new North Korea

February 23. 1st round of sanctions in response to Russia's invasion of Ukraine

February 25. 2nd round of sanctions. Sanctions against Putin and the financial, energy, transport and technology sectors, as well as visa policy

February 28. 3rd round of sanctions. New targeted sanctions, sanctions against the Central Bank of Russia and regarding EU airspace

March 2. 3rd round of sanctions continues – SWIFT bans, RU media

March 9. New sanctions against Belarus and Russia and targeted financial sanctions against natural persons

March 15. 4th round of sanctions, including, restrictions against iron, steel, luxury goods, industry

April 8. 5th round of sanctions: coal, ports, road transport, wood, cement, alcohol, etc.

It has already been announced that the 6th round of sanctions is being drawn up, with particular mention of oil

CNN reports first signs of Russian default

Many Russian and Belarusian banks are subject to sanctions

The new sanctions are very complex in practice – it takes time and resources

What is allowed decreases and will continue to decrease

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EU sanctions must be implemented

Within Member States of the European Union, including airspace, including transit

EU nationals anywhere in the world

Legal persons registered or established under the law of a Member State

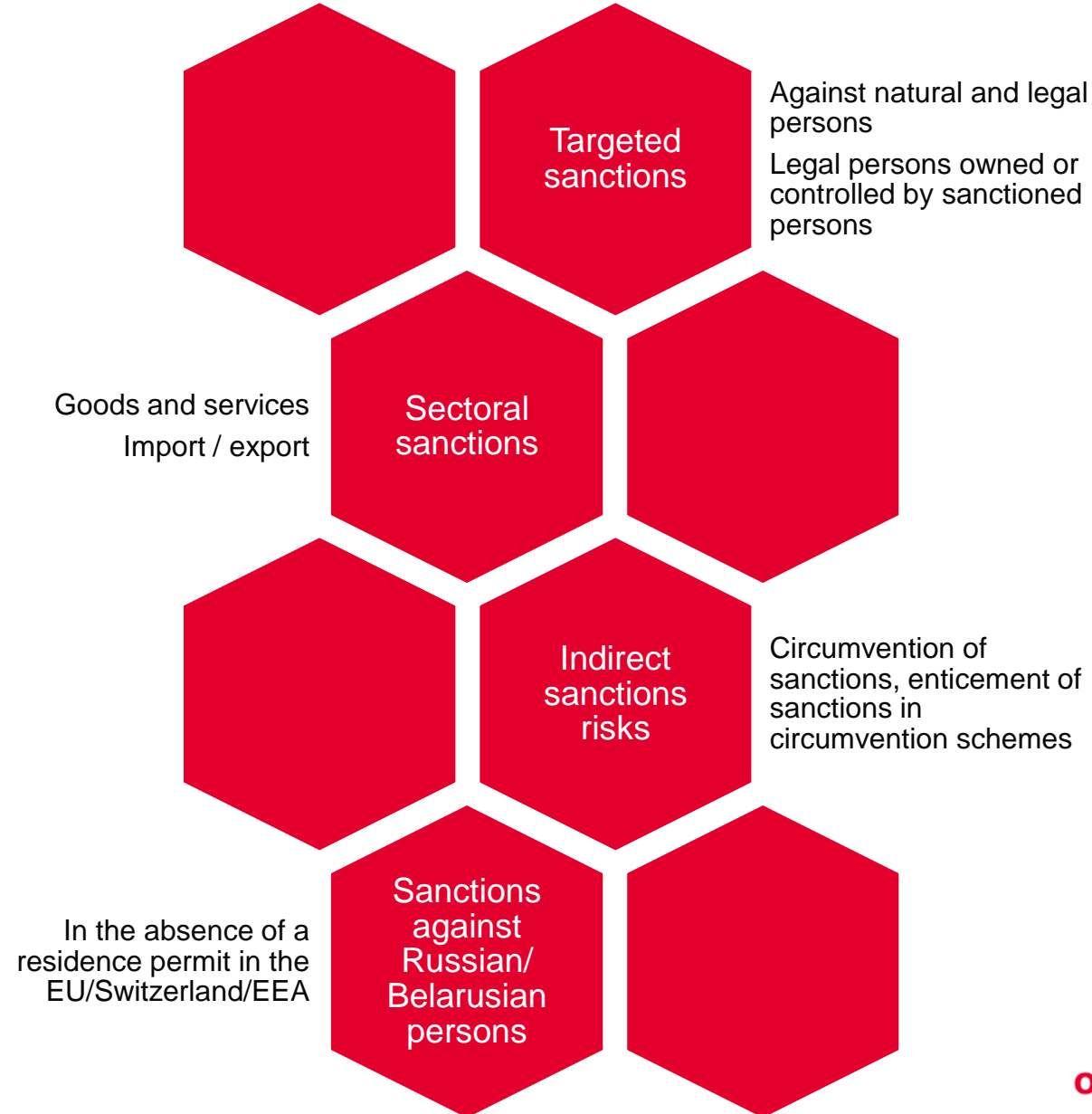
Transactions carried out in whole or in part in the EU (including payments under EU jurisdiction)



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Types of sanctions



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Caution!

Sanctioned persons often seek to deliberately conceal their links to payments, for example through long chains of intermediaries, by falsifying documents or by failing to provide complete information.



A Business involved in a sanctions avoidance scheme risks freezing or rejection of due payments and may also face criminal liability.

- [Citadele advice for businesses: how to recognize sanctions evasion attempts](#)

Sectoral sanctions against Russia and Belarus (1)

Russia: [Regulation No 833/2014](#)
(version until 07.04.2022):

- export of luxury goods for use in Russia, starting from 300 euros per product;
- export of sea navigation goods;
- exports of oil industry goods;
- imports of iron and steel from Russia;
- goods and technologies that could contribute to the increase of Russian military and technological capacity or to the development of the defence and security sector.

Belarus: [Regulation No 765/2006](#) (version until 07.04.2022):

- wood and wood products;
- cement products;
- articles of oil, gas, coal, bitumen, fertilizers, iron and steel;
- mechanical appliances;
- pneumatic rubber tyres;
- IT/telecommunications sector;
- goods and technologies that could contribute to the increase of the military and technological capacity of Belarus or to the development of the defence and security sector.

Sectoral sanctions against Russia and Belarus (2)

[New sanctions against Russia \(08/04/2022\)](#)

- It is prohibited to provide access after 16 April 2022 to **ports** in the territory of the Union to any vessel registered under the flag of Russia. *This applies also to vessels that have changed their Russian flag or their registration, to the flag or register of any other State after 24 February 2022.*
- It is prohibited to purchase, import, or transfer, directly or indirectly, **coal and other solid fossil fuels**, as listed in Annex XXII into the Union if they originate in Russia or are exported from Russia.
- It is prohibited to sell, supply, transfer or export, directly or indirectly, goods which could contribute in particular to the enhancement of Russian industrial capacities as listed in Annex XXIII, **to any natural or legal person, entity or body in Russia or for use in Russia**. *Those prohibitions shall not apply to the execution until 10 July 2022 of contracts concluded before 9 April 2022 or ancillary contracts necessary for the execution of such contracts.*

Sectoral sanctions against Russia and Belarus (3)

[New sanctions against Russia \(08/04/2022\)](#)

- It is prohibited for any **road transport** undertaking established in Russia to transport goods by road within the territory of the Union, including in transit (does not apply to postal transport).
- It is prohibited to purchase, import, or transfer, directly or indirectly, goods which generate significant revenues for Russia thereby enabling its actions destabilising the situation in Ukraine, as listed in Annex XXI into the Union if they **originate in Russia or are exported from Russia**, such as crustaceans, caviar, new rubber pneumatic tyres, preserving jars of glass; stoppers, lids and other closures, of glass, fertilisers containing potassium chloride, etc.
These prohibitions do not apply to the execution until 10 July 2022 of contracts concluded before 9 April 2022, or ancillary contracts necessary for the execution of such contracts.

Sectoral sanctions against Russia and Belarus (4)

[New sanctions against Russia \(08/04/2022\)](#)

It is prohibited to participate in **public procurements** for:

- a Russian national, or a natural or legal person, entity or body established in Russia;
 - a legal person, entity or body whose proprietary rights are directly or indirectly owned for more than 50 % by an entity referred to in point (a) of this paragraph; or
 - a natural or legal person, entity or body acting on behalf or at the direction of an entity referred to in point (a) or (b) of this paragraph
- It is prohibited to register, provide a registered office, business or administrative address, as well as management services for a trust or similar legal arrangement that has the status of **the founder or beneficiary of a trust for Russian citizens, residents, legal entities established in Russia**, owned directly or indirectly or controlled by such persons, as well as natural and legal persons acting on behalf of the abovementioned persons.

Note: there are also other sanctions related to Russian citizens and residents without a residence permit in the EU/EEA/Switzerland and legal entities established in Russia

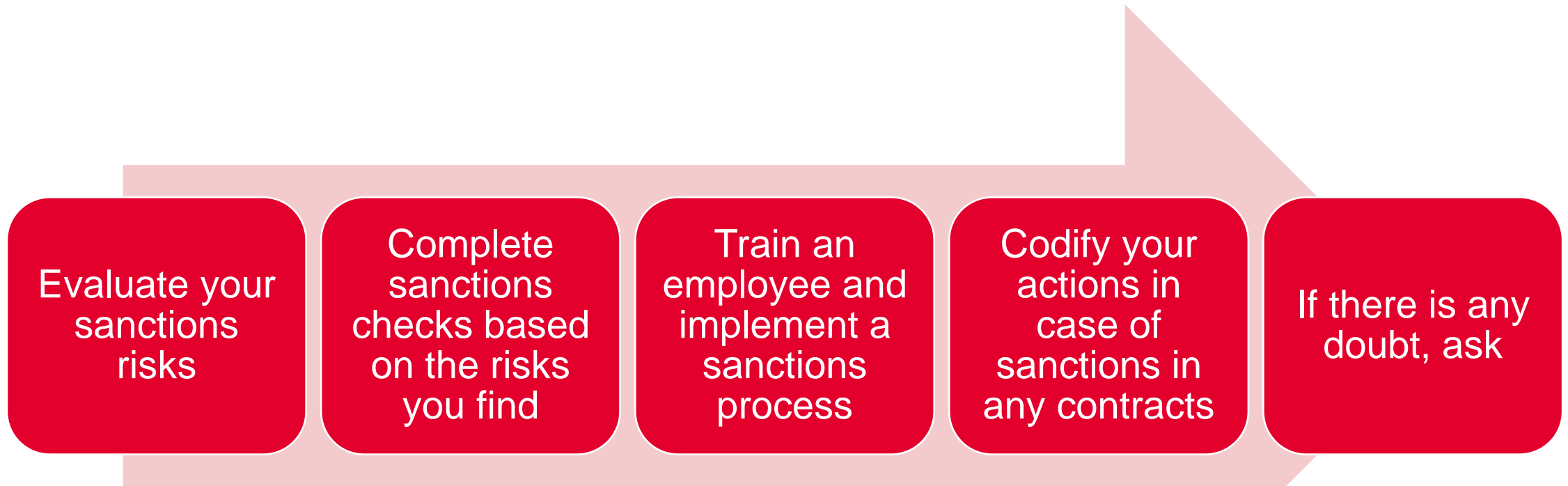
Payments with Russia and Belarus

As of April 4th, 2022, changes in the payments of business customers to and from Russia and Belarus have been made. From now on, the bank will make payments only to those customers who have confirmed this service with the bank personally, as well as:

- ✓ who have informed the bank of their sanctions compliance procedure; or
- ✓ whose business operations are not directly or indirectly linked with goods and services subject to European Union sectoral sanctions.

For other customers, payments to or from Russia or Belarus will not be completed, based on Paragraph 3.8 of the General Terms of Business, which relates to sanction risks.

Five steps to adhering to sanctions for Businesses



➤ Please read further: <https://www.cblgroup.com/en/media/press-releases/2022/5-steps/>

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Action in case of violations of sanctions

PAYMENTS THAT VIOLATE SECTORAL SANCTIONS ARE REJECTED

IF THE PAYMENT TO THE CUSTOMER IS MADE BY THE SUBJECT OF SANCTIONS
- THE FUNDS ARE FROZEN FOR AN INDEFINITE PERIOD OF TIME

IF THE PAYMENT IS MADE BY THE CUSTOMER TO THE SUBJECT OF SANCTIONS
- THE PAYMENT IS REJECTED

THE FUNDS OF THE SUBJECT OF SANCTIONS ARE FROZEN

Requesting exemptions from the competent authority

The exemptions are requested directly by the customer to the competent authority (in LT/EE)

The customer must provide legal reasoning for the exemption

The competent authority reviews the request and may provide exemption

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Useful Links on Citadele Website

- [Five steps to adhering to sanctions for businesses](#)
- [Frequently asked questions on sanctions](#)
- [Advice for Businesses: How to Recognise Sanctions Evasion Attempts](#)
- [On processing payments to business customers to and from Russia and Belarus from 04.04.2022](#)
- [Changes to the Price List for Businesses incoming and outgoing payments from Russia and Belarus](#)
- [Latest EU Sanctions Will Make Payments to and from Russia and Belarus Even Slower](#)
- [Collaboration With Mail.ru and VKontakte No Longer Possible Due To Sanctions](#)
- [Current sanctions against Russia and Belarus and their potential impact on businesses in the Baltics](#)
- [Changes to transactions with Russian and Belarusian rubles](#)
- [On the effect of sanctions on Citadele Bank's services related to Russia](#)

