



BBG: VEBBANK Corp

July 17, 2014

Further to the recent actions by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") please be advised that:

General view (please refer to the Details section below)

- VEB has not been added to the SDN list;
- Sanctions only restrict financing from US persons with respect to new equity and debt with maturity longer than 90 days; other transactions are explicitly permitted;
- Sanctions do not have any material impact on VEB's operations and financial standing, in particular, no asset freeze has been imposed;
- Sanctions do not impact VEB's existing debt: debt servicing and secondary market trading will continue as usual;
- Liquidity and funding position of the bank is comfortable and well manageable: wholesale redemptions for 2014 have been prefunded.

Details

In its new directive issued on 16 July 2014, the U.S. Department of Treasury imposed so-called "sectoral sanctions" in respect of two Russian energy companies and two Russian financial institutions. These sanctions relate to certain types of financial transactions that may be entered into by the relevant Russian entities in the future.

One of the financial institutions affected by this development is VEB. It is important to stress that these restrictions have a substantially narrower scope and are distinctly different from the sanctions previously imposed by the United States in respect of certain other Russian banks, companies and individuals. VEB has not been added to the list of Specially Designated Nationals (SDNs), its property is not subject to any blocking and the new restrictions primarily relate to the ability of US persons to participate in future long-term financing transactions of VEB.

We currently understand that, pursuant to the materials published by the U.S. Department of Treasury's Office of Foreign Assets Control:

- Any debt or equity instruments of VEB issued prior to 16 July 2014 are not subject to any restrictions and may continue to be dealt with as previously by any persons.
- With respect to debt or equity instruments issued on 16 July 2014 or thereafter, U.S. persons are prohibited from transacting in, providing financing for, or otherwise dealing in those instruments if they have maturity of longer than 90 days. New instruments with a maturity of 90 days or less are not subject to these restrictions.

All other transactions with VEB are expressly permitted to US persons and/or within the US. It is also expressly clarified that the new measures do not represent a blocking action and do not require US persons to block VEB's property or interests in property.

Kind regards,
VEB IR team

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