

## Chinese State Banks Step Up Compliance on Russian Clients – Bloomberg

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Bank of China in Moscow. Andrei Makhonin / TASS

Chinese state banks are stepping up compliance on funding to Russian clients amid threats of secondary sanctions from the U.S., Bloomberg reported Tuesday, citing anonymous sources familiar with the matter.

Last month, the United States <u>threatened</u> to cut off access to its financial system for foreign banks that back companies targeted for supporting Russia's defense industry.

According to Bloomberg's sources, at least two unidentified Chinese banks have recently launched reviews of their Russian business involved with cross-border deals.

"Banks will sever ties with clients on the sanctions list and will stop providing any financial services to the Russian military industry regardless of the currency or the location of the transactions," the outlet wrote.

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A "strict threshold" will be adopted in economic sectors where it is unclear if the Chinese banks' Russia-related businesses could be impacted.

At the same time, non-Russian clients will reportedly be reviewed for deals in Russia or their transfer of critical items to Russia through third countries.

Kremlin spokesman Dmitry Peskov declined to comment on the report Tuesday.

"This is a very, very sensitive area and it is unlikely that anyone will talk about it," Peskov told reporters.

China's financial regulatory administration did not immediately respond to Bloomberg's request for comments.

Beijing has not joined Western sanctions against Russia in response to its invasion of Ukraine, and some of the country's largest banks meanwhile have extended billions of dollars worth of credit to Russia since the war began.

Nevertheless, China has largely complied with Western sanctions.

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