

# Press release

11 March, 2020

## Swedbank notifies OFAC of potential sanction violations

**The investigation of Swedbank's work on anti-money laundering conducted by the law firm Clifford Chance has found that transactions amounting to approximately USD 4.8 million in total constitute potential sanction violations. The bank will therefore be making a report to the U.S. Treasury's Office of Foreign Assets Control (OFAC).**

OFAC enforces compliance with U.S. sanctions imposed against countries or specific economic sanctions targets - organisations, companies or persons. A sanction breach means for example that a bank processed a transaction involving an OFAC sanctioned person, entity or jurisdiction, and the U.S. financial system, U.S. person, or other U.S elements.

On behalf of the Board of Swedbank, the law firm Clifford Chance has been conducting an investigation since February 2019, which includes clients, transactions and activities from 2007 to March 2019 and how the bank has handled internal and external disclosures. Clifford Chance is also examining how Swedbank has responded historically to identified AML and sanctions controls shortcomings.

In this work Clifford Chance examined all the USD denominated transactions from the three Baltic subsidiaries in Estonia, Latvia, and Lithuania, processed through the U.S financial system during the period 22 March 2014 through 22 March 2019. A five-year period was chosen in light of the applicable statute of limitations.

Clifford Chance has found 586 transactions amounting to approximately USD 4.8 million which constitute potential OFAC violations, 95% of which were processed by the Bank in the period 2015 – 2016. 508 transactions constitute salary payments and payments associated with the operation of a vessel whose owner and operator are located in Crimea and used Swedbank in the Baltics. Crimea is subject to broad U.S. economic sanctions.

- I have been clear regarding the fact that Clifford Chance is to report any suspected sanction breaches that they may have come across in the investigation. This has now occurred. We are now immediately proceeding with a self-report to OFAC. This shows that the bank's process for Know Your Customer, transaction monitoring and internal governance and control have had shortcomings. At the same time, it is some relief that it regards a relatively low amount and transactions such as salary payments, says Jens Henriksson, President and CEO of Swedbank.

Extensive work has been ongoing to remedy shortcomings in the bank's work against money laundering and other financial crimes. At the end of January this year, the bank's action program included 152 initiatives. Further measures to prevent sanction breaches are implemented as part of the program.

*Swedbank encourage a sound and sustainable financial situation for the many households and businesses. As a leading bank in the home markets of Sweden, Estonia, Latvia and Lithuania, Swedbank offers a wide range of financial services and products. Swedbank has over 7 million retail customers and around 600 000 corporate customers and organisations with 168 branches in Sweden and 98 branches in the Baltic countries. The group is also present in other Nordic countries, the US and China. As of 31 December, 2019 the group had operating profit of 24 420 SEKbn. Read more at [www.swedbank.com](http://www.swedbank.com)*

Swedbank is reporting the suspected transactions to OFAC. It is now a matter for the U.S. authority to decide how to proceed with the case, and potential consequences. The bank will cooperate fully with OFAC to resolve the matter.

The bank has now received an oral presentation from Clifford Chance of their investigation concerning possible OFAC violations in the Baltics. The information in this press release is based on this oral presentation.

**The report from Clifford Chance will be presented on March 23 – as stated in a separate press release.**

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**This announcement involves the disclosure of inside information**

Swedbank AB (publ) is required to disclose this information pursuant to Regulation (EU) No 596/2014 on market abuse, the Swedish Securities Markets Act (2007:528), the Swedish Financial Instruments Trading Act (1991:980) and the regulatory framework of Nasdaq Stockholm. This information was sent to be published on 11 March, 2020 at 08:15 CET.

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