

Press Release

23 March, 2020

Swedbank comments on Clifford Chance report

The law firm Clifford Chance was retained in February 2019 to conduct an investigation of Swedbank's anti-money laundering work, with forensic support from FRA and FTI. Swedbank has now received the report and it is available at www.swedbank.com.

The investigation includes customers, transactions and activities from 2007 through March 2019 and how the bank has handled internal and external information disclosures. Clifford Chance has examined how Swedbank has responded historically to shortcomings that have been identified. Clifford Chance notes that Swedbank has fully cooperated in Clifford Chance's investigative work and that the bank has not influenced the conclusions.

Swedbank's Board and parts of the Group Management received the report on Saturday, March 21, in order to have the opportunity to analyse the report.

"Clifford Chance's report confirms the bank's failure. In its anti-money laundering work, the bank has not measured up to the requirements that customers, owners and society are entitled to set. We now have the facts and are working hard to solve the problems", says Swedbank's Chairman Göran Persson.

Clifford Chance's report shows that during the period 2014 – 2019 transactions representing a high risk for money laundering were made in the form of payments to customer accounts worth EUR 17.8 billion and payments from customer accounts worth EUR 18.9 billion in the Baltic subsidiaries. Clifford Chance cannot conclude that money laundering has actually taken place.

Clifford Chance reports that Swedbank Estonia and Swedbank Latvia actively pursued high-risk customers and Swedbank Estonia accepted certain high-risk customers who had been offboarded as customers in another bank in Estonia, when that bank had decided to discontinue their business with foreign high-risk customers.

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

Clifford Chance also notes that high-risk customers in Baltic Banking were allowed to open accounts in the bank's other business areas in Sweden – Swedish Banking and LC&I. Clifford Chance further notes that all of these customers have been offboarded.

Clifford Chance writes that during the period 2007 – 2019, the bank's senior management failed to establish clear lines of AML-related responsibilities and that Swedbank's CEO's throughout the review period all had a lack of adequate appreciation for the risk posed by the high-risk non-resident customers to the bank. Clifford Chance also notes that the management's information disclosure to the Board has had shortcomings and that management has communicated that reported weaknesses have been addressed. The report states that it is not clear from the Board minutes that the Board has clearly put pressure on the management regarding the problems related to the work on money laundering presented to them. Furthermore, Clifford Chance considers certain statements during October 2018 and February 2019 concerning money laundering, were inaccurate or presented without sufficient context.

"It is obvious that there have been cultures in the bank that are not acceptable. This is serious. I have initiated a review which aims to examine the culture and identify actions needed. This work is under way", says Swedbank's President and CEO Jens Henriksson.

Since last year, a number of actions have been taken to remedy shortcomings and ensure a sustainable corporate governance in Swedbank. The bank is implementing an action program which at year-end consisted of 152 initiatives. New executives have been appointed to a number of central positions, including the bank's new Chairman of the Board, a new vice Chairman, a new CEO and a new Chief Compliance Officer. A new Head of Group Communications and a new Chief Risk Officer have also been recruited.

Clifford Chance writes that Swedbank, under the new management, has strengthened its anti-money laundering work and compliance with the international sanctions' regulations.

Clifford Chance presents its report at a press conference at 10.00 at Swedbank's Head Office at Landsvägen 40, Sundbyberg.

Following the press conference, Chairman of the Board Göran Persson, and President and CEO Jens Henriksson, will answer questions from media.

The press conference and the Q&A session with Göran Persson and Jens Henriksson will also be possible to follow via webcast on www.swedbank.com.

It will only be possible to pose questions to Clifford Chance by journalist at the press conference.

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The press conference and the Q&A session will be held in English. Individual interviews with Swedbank's representatives can be conducted in Swedish.

Analysts and investors are welcome to contact the Investor Relations department, ir@swedbank.com, for meeting inquiries.

To attend the press conference, press pass or equivalent is required. The venue takes a maximum of 30 participants from the media.

It is also possible to listen to the press conference (+44 333 300 92 62).

Contact:

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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 23 March 2020 at 07:00 CET.

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