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NASDAQ STOCKHOLM

DECISION

5 May 2021

DISCIPLINARY COMMITTEE

2021:03

Nasdaq Stockholm

Swedbank AB (publ)

DECISION

The Disciplinary Committee orders SwedBank AB (publ) to pay Nasdaq Stockholm a fine corresponding to twelve times the annual fee.

Motion

The shares of SwedBank AB (publ) (“SwedBank” or the “Bank”) are admitted to trading on Nasdaq Stockholm (the “Exchange”). SwedBank has signed a commitment to comply with the Exchange’s rules for issuers in force from time to time (“Rule Book”).

The Exchange has alleged that SwedBank violated section 3.1 of the Rule Book by, on three occasions, having belatedly published inside information. In addition, the Exchange has argued that during an extended period of time the Bank lacked the necessary capacity for the disclosure of information and thereby violated section 2.4.3 of the Rule Book. Citing section 35 in supplement D to the Rule Book, the Exchange has requested that the Disciplinary Committee consider the violations of the Rule Book and impose a reasonable sanction.

SwedBank has, to some extent, admitted the violations of section 3.1 of the Rule Book.

Neither of the parties has requested an oral hearing. The Disciplinary Committee has reviewed the documents in the matter.

Reasons for the decision

The Rule Book

Pursuant to section 3.1 of the Rule Book in force at the time, an issuer must publish inside information as soon as possible in accordance with Article 17 of Regulation (EU) no. 596/2014 of the European Parliament and the Council of 16 April 2014 (“MAR”).

The term ‘inside information’ is defined in Article 7.1 of MAR as information of a specific nature which has not been made public, which directly or indirectly concerns one or more issuers or one or more financial instruments and which, had it been disclosed, would probably have had a material impact on the price of its financial instruments.

Pursuant to Article 17.1 of MAR, the issuer must inform the public as soon as possible of inside information that directly concerns that issuer. The inside information must be made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public.

Pursuant to Article 17.4 of MAR, the issuer may, on its own responsibility, delay disclosure to the public of inside information provided that all of the following conditions are met:

- (a) immediate disclosure is likely to prejudice the legitimate interests of the issuer;
- (b) delay of disclosure is not likely to mislead the public;
- (c) the issuer is able to ensure the confidentiality of that information.

Pursuant to Article 2 of Commission Implementation Regulation (EU) no 2016/1055 of 29 June 2016 (the “Implementation Regulation”), upon disclosure of inside information by an issuer, it must be clearly evident that the information in question comprises inside information.

Pursuant to section 2.4.3 of the Rule Book, the issuer must, in ample time prior to listing, have introduced and established necessary routines and systems for information disclosure, including systems for financial reporting. This is to ensure that the requirement is satisfied regarding the issuer’s obligation to provide the market with correct, relevant and clear information, in accordance with the Exchange’s rules.

Considerations

In December 2016, SwedBank initiated a review of its *Anti-Money Laundering* procedures (“AML procedures”) at the Bank’s Baltic subsidiaries. The review showed shortcomings and the Bank engaged Advokatfirman Erling Grimstad to continue the review. In a report which was presented to the Bank in July 2017 (Grimstad Report 1), Grimstad emphasised that deficient AML procedures and weak compliance culture increased the risk that SwedBank Estland was used to facilitate money laundering. During the following year, the Bank carried out, and caused to be carried out, additional internal investigations which drew attention to further problems and risks with the AML work in the Bank’s activities in Estonia, which in the months around the end of the first half of 2018 were reported to the management and board of directors of SwedBank. In October 2018, Erling Grimstad was retained once again to assess whether the previous review was objective and thorough. Erling Grimstad delivered an initial report in December 2018 (Grimstad Report 2), which in all essential respects was based on Grimstad Report 1. The conclusion in Grimstad Report 2 was, once again, that the Bank’s ALM procedures in Estonia were deficient and SwedBank was recommended, *inter alia*, to notify the Swedish Financial Supervisory Authority concerning the deficiencies and to continue the investigation.

On 13 February 2019, SVT contacted SwedBank’s information department by email. In the email, SVT stated that the programme Uppdrag Granskning requested an interview with SwedBank’s CEO. SVT stated that, as part of an international collaboration, it had obtained

transaction data relating to money laundering through, *inter alia*, SwedBank, which gave rise to a number of conclusions presented by SVT in the email, and it was concerning these conclusions that SVT wished to interview the CEO. An interview was carried out on 15 February 19 with SwedBank's Head of Group Communication, whereupon questions were asked concerning SwedBank's activities in the Baltic region. On 18 February 2019, SwedBank's information department was contacted again by SVT, whereupon SwedBank was informed that another episode of Uppdrag Granskning's series concerning money laundering in the Baltic region would be broadcast on 27 February 2019 and that further parts of SVT's review would then be published. SVT described once again its review methodology and asked SwedBank a number of questions concerning SVT's observations, what SwedBank knew about specific circumstances, and which measures SwedBank had taken as a consequence thereof.

On 20 February 2019, SwedBank's inside information management committee met to decide whether what SVT had notified to SwedBank, or the fact that Uppdrag Granskning had investigated SwedBank's business in Estonia, constituted inside information. SwedBank made the assessment that it was not inside information.

On the same day, SVT's Uppdrag Granskning broadcast a programme regarding suspected money laundering in SwedBank's Baltic operations. The information presented in the programme had a clear impact on trading and the price of SwedBank's shares that day. Following the broadcast, the Swedish Financial Supervisory Authority commenced a review as to whether SwedBank had complied with the rules concerning governance and control with respect to measures against money laundering in the Bank's subsidiary banks in Estonia, Latvia and Lithuania from and including 2015 up to and including the first quarter of 2019. The Swedish Financial Supervisory Authority's investigation concluded, in brief, that there were major deficiencies in SwedBank's governance and control of the work against money laundering in the Baltic subsidiary banks.

The Bank was also deemed to have had insufficient risk awareness, insufficient procedures, routines and control systems regarding the management of risks of money laundering, as well as insufficient resources to counter money laundering in the Baltic operations. The investigation showed that SwedBank had been aware of suspected money laundering in the Baltic region but had failed to take suitable and sufficient measures, despite a number of internal and external reports that had warned about deficiencies in the Baltic subsidiary banks and risks of money laundering. SwedBank was issued with a warning combined with payment of a fine of SEK 4 billion.

Prior to 20 February 2019, when SVT's Uppdrag Granskning broadcast the first programme about AML problems in SwedBank, SwedBank had neither publicly disclosed any information concerning the problems noted regarding the Bank's compliance with the AML regulations nor taken any decision to delay public disclosure of inside information regarding the Bank's compliance with the AML regulations. On 20 February 19, SwedBank published a press release in which it described in brief the dialogue between the SwedBank and Uppdrag Granskning and the reasons why SwedBank was unable to comment on all information in the programme. The press release contained no reference to MAR.

On 21 February 2019, SwedBank published an additional press release, "SwedBank's President and CEO decides on an external investigation", with information that a decision had been taken to retain the accounting firm EY to analyse material that had appeared in connection with Uppdrag Granskning's reporting. The press release contained no reference to publication having taken place in accordance with MAR. On 26 February 2019, SwedBank published a press release, "SwedBank retains Forensic Risk Alliance (FRA) as external

investigator”, according to which SwedBank had decided to replace EY with FRA to carry out the review, with the aim of ensuring that the external review satisfied the highest requirements. The press release lacked any reference to publication having taken place in accordance with MAR.

The Exchange has asserted: The Bank has violated section 3.1 of the Rule Book by having failed to publicly disclose on time inside information concerning the Bank’s AML deficiencies in accordance with Article 17 of MAR. In any event, the Grimstad Report 2, which also to a high degree confirms the observations presented in the Grimstad Report 1, must be deemed to contain inside information. Consequently, according to the Exchange, inside information was available in any event on 10 December 2018, but information thereon was not published by the Bank until 20 February 2019. The Exchange has noted that during the period from December 2016 to 20 February 2019, the Bank publicly disclosed no inside information about AML shortcomings, took no decision to delay disclosure of such inside information, or even took a decision as to whether the information constituted inside information.

The Bank has also breached section 3.1 of the Rule Book by failing to timely assess and manage SVT’s emails of 13 and 18 February 19 regarding inside information, in accordance with Article 17 of MAR. In the Exchange’s opinion, SwedBank should have made the assessment that the kind of adverse information that was to be published by SVT constituted inside information. The information that the Bank received from SVT should, in the Exchange’s opinion, also have been assessed and managed by the Bank taking into account the information regarding the same and related circumstances to which the Bank already had access.

Finally, the Bank has also breached section 3.1 of the Rule Book by, in its disclosure of information as a consequence of Uppdrag Granskning’s programme of 20 February 2019, having failed to publish on time the Bank’s comments and clarifications concerning the content of the programme, in accordance with Article 17 of MAR, and through the content of some of these press releases being inaccurate. In the Exchange’s opinion, it is clear that SwedBank’s internal governance and control and SwedBank’s routines and systems for information disclosure have failed to function. Specifically, this has resulted in SwedBank, in a number of respects and over an extended period, having committed serious violations of MAR. In light thereof and taking into consideration that which is otherwise evident in the matter, the Exchange believes that, during the period of time in question, SwedBank did not have a necessary organisation and resources to satisfy the requirement of necessary capacity for information disclosure as set forth in section 2.4.3 of the Rule Book.

SwedBank has asserted: SwedBank admits that the Bank should, at an earlier stage, have assessed the information regarding the Bank’s deficiencies associated with AML procedures as constituting inside information. SwedBank wishes, however, to emphasise that following the period in question the Bank has taken a number of measures to improve its internal governance and control associated with information disclosure. Among other things, changes have been carried out in the Bank’s organisation, which has resulted in an increased information flow, training courses have been carried out, and procedures and routines have been sharpened.

The Disciplinary Committee notes that it is evident from the matter that over an extended period of time there have been deficiencies in SwedBank’s procedures and routines for counteracting money laundering and that these deficiencies were known to SwedBank’s most senior management over an extended period of time. It is also undisputed that the Bank

violated section 3.1 of the Rule Book by having failed to make a timely assessment that the information regarding deficiencies constituted inside information and thereby having failed to manage the information in accordance with the Rule Book. The Disciplinary Committee also finds that the Bank, in connection with the Bank being contacted by SVT in February 2019, violated section 3.1 of the Rule Book as asserted by the Exchange. In light of these violations and that which has come to light in the matter regarding the Bank's systems and routines for managing inside information, in the Disciplinary Committee's opinion it is also clear that, during the relevant period, the Bank failed to satisfy the requirement of necessary capacity for information disclosure set forth in section 2.4.3 of the Rule Book.

The Disciplinary Committee considers SwedBank's behaviour to be particularly serious, which in the Committee's opinion was likely to seriously damage public confidence in the Exchange and the stock market.

The Disciplinary Committee determines the sanction at a fine corresponding to twelve times the annual fee.

On behalf of the Disciplinary Committee

A handwritten signature in blue ink, appearing to read 'Marianne Lundius', is shown on a light grey background.

Marianne Lundius

The following have participated in the Committee's decision: former Justice Marianne Lundius, Justice Ann-Christine Lindeblad, Justice Petter Asp, economist Ragnar Boman and director Joakim Strid.

Secretary: Jur.dr. Erik Lidman