

## **Amendment to Program Information**

**Swedbank AB (publ)**

## AMENDMENT TO PROGRAM INFORMATION

Type of Information:	Amendment to Program Information
Date of Announcement:	9 April 2020
Issuer Name:	Swedbank AB (publ) (the “ <b>Issuer</b> ”)
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Type of Securities:	Notes (the “ <b>Notes</b> ”)
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Name of the Main Dealer that is Expected to Subscribe for the Notes to be Drawn-Down from this Program	Nomura International plc
Status of Submission of Annual Securities Reports or Issuer Filing Information:	No
Information on Original Program Information:	
Date of Announcement	29 May 2019
Scheduled Issuance Period:	30 May 2019 to 29 May 2020
Maximum Outstanding Issuance Amount:	U.S.\$40,000,000,000

This amendment, consisting of this cover page and the Supplement dated 6 April 2020, is filed to update the information included in the Program Information dated 29 May 2019 (as amended by the Amendment to the Program Information dated 19 July 2019, 25 October 2019 and 31 January 2020). This constitutes an integral part of the Program Information dated 29 May 2019, and shall be read together with it.

Supplement dated 6 April 2020

## Swedbank AB (publ)

U.S. \$ 40,000,000,000

### GLOBAL MEDIUM TERM NOTE PROGRAMME

This base prospectus supplement dated 6 April 2020 (the “**Supplement**”) to the Base Prospectus dated 14 May 2019 (together with the Supplements dated 17 July 2019, 23 October 2019 and 28 January 2020, the “**Base Prospectus**”) constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and is prepared in connection with the Global Medium Term Note Programme (the “**Programme**”) established by Swedbank AB (publ) (the “**Issuer**”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and European law pursuant to the Prospectus Directive.

The purpose of this Supplement is:

- to incorporate by reference the audited annual consolidated financial statements of the Issuer for the year ended 31 December 2019 (the “**2019 Financial Statements**”);
- to update the risk factor section;
- to include new Legal Proceedings and Recent Developments sections;
- to update the litigation statement;
- to update the significant change and material adverse change statements; and
- to update the form of final terms.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus issued by the Issuer.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 1 2019 Financial Statements

The Issuer has published its 2019 Annual Report (the “**2019 Annual Report**”) which can be viewed online at

<https://internetbank.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PRODE53581973>.

A copy of the 2019 Annual Report has been filed with the Central Bank of Ireland and, by virtue of this Supplement, the 2019 Financial Statements (on pages 54 to 152 inclusive of the 2019 Annual Report, including the audit report thereon on pages 218 to 221 inclusive of the 2019 Annual Report) are incorporated in, and form part of, the Base Prospectus.

## **2 Risk Factors**

The following risk factor shall be inserted as a new risk factor on page 35 of the Base Prospectus:

*“2.1.32 The recent global coronavirus pandemic has led to significant volatility in financial, commodities and other markets and could harm the business and results of operations of the Group.*

An outbreak of a novel strain of coronavirus (i.e. COVID-19), which first emerged in the PRC in late December 2019, has since spread to other parts of the world. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths as a consequence of COVID-19 worldwide, significantly exceed those observed during the SARS epidemic that occurred from November 2002 to July 2003. In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the coronavirus pandemic on the Group's business. The impact to date has included significant volatility in financial, commodities and other markets. Global GDP is expected to contract for 2020 in response to the economic slowdown caused by the spread of COVID-19. The COVID-19 outbreak could become more severe and result in a more widespread health crisis, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism and manufacturing supply chains. This volatility, if it continues, could have a material adverse effect on the Group's customers and on the Group's business, financial condition and results of operations.

As a result of the pandemic, the Group has announced that it will allow delayed mortgage payments or grace periods. It has outlined the structure of the grace periods for both private and corporate customers together with information on how to apply for this relief. This could have a significant effect on the Group's cash flows and liquidity. If business clients (particularly the Group's corporate customers in the manufacturing, retail and tourism industries) or home owners are unable to repay their loans due to the pandemic, this could increase default rates. In addition, recent actions by Swedish and foreign governments to address the pandemic, including travel bans and school, business and entertainment venue closures, may also have a significant adverse effect on the markets and on housing prices globally and in Sweden. The extent of the impacts resulting from COVID-19 and other events beyond the Group's control will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 pandemic and actions taken to contain COVID-19 or its impact, among others. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

The spread of COVID-19 has led the Group to modify its business practices, including the imposition of restrictions on employee travel and changes to working locations. The Group may take further actions required by authorities or that it determines are in the best interests of its employees, customers, partners or suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19, and the implementation of such measures (or their insufficiency) could harm the Group's ability to perform critical functions. The unavailability of staff could adversely impact the quality and continuity of service to

customers and the reputation of the Group. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations."

The risk factor entitled "*The Group is exposed to anti-money laundering and sanctions compliance risks, and is currently cooperating with investigations by authorities into allegations that the Group may have processed money laundering transactions*" shall be deleted in its entirety and replaced with the following:

*"The Group is exposed to anti money laundering and sanctions compliance risks, and is currently subject to investigations by authorities into allegations that the Group may have processed money laundering transactions and may have violated OFAC sanctions.*

The Group is subject to anti money laundering and sanctions laws and regulations. These laws and regulations are continually evolving, and compliance by the Group may be time consuming and require the Group to incur significant costs. In particular, in recent years, regulators and other authorities have steadily increased their demands and expectations regarding financial institutions' ability to counter money laundering and terrorist financing.

Violations of anti-money laundering laws and regulations, including in connection with the allegations and investigations discussed below, may have significant financial, legal and reputational consequences for the Group and may, as a result, have a material adverse effect on the Group's financial condition and results of operations.

The Group has been under investigation by the Swedish Financial Supervisory Authority ("**SFSA**"), Estonian Financial Supervisory Authority ("**EFSA**") and is under investigation by the Estonian state prosecutor's office and U.S. authorities due to allegations that customers who may have been involved in money laundering transferred significant sums of money through the Group's Baltic subsidiaries.

On 19 March 2020, the SFSA concluded that, during the period 2015 to the first quarter of 2019, Swedbank had large deficiencies in its governance of anti-money laundering measures in its Baltic subsidiaries. The SFSA also found that Swedbank had deficiencies in its Swedish Banking operations, and therefore has not met anti-money laundering requirements in its Swedish operations and that it did not sufficiently address the risk of money laundering in the Baltics. In addition, the SFSA noted that in their opinion, in some instances, Swedbank withheld documentation and information and, in one case, in March 2019, Swedbank also provided the SFSA with false information. The SFSA issued a warning to Swedbank and imposed an administrative fine of SEK 4 billion, which Swedbank expects to charge as an expense in the first quarter of 2020, for both the investigation regarding Swedish Banking anti-money laundering and counter-terrorist financing processes, initiated in 2018 and the investigation regarding Swedbank's internal control and governance of anti-money laundering measures in the Baltic subsidiaries, initiated in 2019. On the same day, the EFSA concluded that the Estonian subsidiary had severe deficiencies in its anti-money laundering risk control systems and the bank failed to meet its anti-money laundering requirements. The EFSA issued a precept requiring the Estonian subsidiary to take comprehensive measures to properly understand and mitigate past and current risks, in addition it must review and amend its organizational framework to more effectively manage risks. If the Estonian subsidiary fails to comply with the requirements in the precept, fails to comply to the extent, or within the time, prescribed, the EFSA has the right to require the Estonian subsidiary to pay an initial fine of up to EUR 32,000 per day for the first occasion of a breach of the requirements, and a fine of up to EUR 100,000 per day for each subsequent identical or similar breach, up to a maximum of 10 per cent of the total net annual

turnover of the Estonian subsidiary for the year, including gross income which consists of commissions and fees and interest and other similar income.

The issue of whether money laundering or other criminal acts took place in the Group is currently being investigated by the Estonian Prosecutor's Office. If the Estonian Prosecutor's Office finds evidence of money laundering or other criminal acts, it could charge individuals or Swedbank's Estonian subsidiary with criminal liability, which could include imprisonment for convicted individuals or a fine of up to EUR 16 million per conviction, though Swedbank does not have any information as to whether the Estonian subsidiary will be treated as a suspect in this case. Any additional fines or sanctions imposed on the Group could have an adverse impact on the Group's business operations or reputation.

In addition to the investigations regarding anti-money laundering controls, U.S. authorities are investigating as to whether any crime or fraud was committed in connection with Swedbank's disclosure of information regarding anti-money laundering compliance and related issues. The Group does not currently know when the investigations may be concluded, or whether any sanctions or penalties may be imposed.

In addition, on 11 March 2020, Swedbank notified the U.S. Treasury's Office of Foreign Assets Control ("**OFAC**") of 586 transactions by the Baltic subsidiaries, amounting to approximately USD 4.8 million, that constitute potential sanctions violations (based on the OFAC country-based sanctions list). OFAC penalties generally can include significant fines (USD 250,000 or twice the amount of each underlying transaction up to USD 1,075,000 per violation) and potential jail time for culpable individuals.

There can be no assurance that other authorities will not take similar actions against the Group, including the imposition of fines which may be significant and have an adverse effect on the Group's financial condition and results of operations. As at 6 April 2020, Swedbank is not aware of when the investigations by other authorities may be concluded, or whether any additional sanctions or penalties may be imposed.

The Group's independent auditor, PricewaterhouseCoopers AB ("**PwC**"), audited administration of the Board of Directors and the Managing Directors for the financial year 2019. PwC recommended that the shareholders not discharge the former CEO from liability based on the fact that the outcome of the various investigations is uncertain. As the Group may be subject to corporate fines or significant sanctions, PwC could not exclude the potential harm derived from the former CEO's actions.

In February 2019, the Group hired an external law firm, Clifford Chance LLP, to lead an internal investigation to identify historical deficiencies in Swedbank's anti-money laundering systems and controls from January 2007 through March 2019 and an assessment of potential non-compliance by Swedbank's Baltic subsidiaries or their customers with OFAC sanctions regulations. On 23 March 2020, the Group announced the findings of the investigation, which have been published in a detailed report by Clifford Chance LLP on the investigation and its principal findings. In respect to the investigation of the Group's anti-money laundering systems and controls, Clifford Chance LLP concluded that the Group, throughout the period from January 2007 to March 2019 and to varying degrees across LC&I, Swedish Banking and Baltic Banking, had inadequate systems and controls to ensure proper management of anti-money laundering and economic sanctions risks from its customer base, thus exposing Swedbank and its Baltic subsidiaries to significant anti-money laundering and sanctions risk. The risk was most prevalent in the Baltic subsidiaries, primarily in Estonia from its high risk non-resident ("**HRNR**") business. The investigation also

found that Swedbank's senior management historically failed to establish clear lines of anti-money laundering responsibilities, particularly as between the business and the Group's compliance function.

There can be no assurance that its Group-wide anti-money laundering and counter-terrorist financing and sanctions compliance policies and procedures will effectively prevent instances of money laundering or terrorism financing or breaches of applicable sanctions. Violations of anti-money laundering or counter terrorist financing or sanction rules, including in connection with the allegations and investigations discussed above, may have severe financial, legal and reputational consequences for the Group. The Group has experienced a decline in customer satisfaction and trust in relation to reputational harm related to these investigations. If the Group is unable to successfully combat this, it may, as a result, have a material adverse effect on the Group's financial condition and results of operations."

### **3 Legal Proceedings**

A new section entitled "Legal Proceedings" shall be included on page 169 of the Base Prospectus as follows:

#### **"Legal Proceedings**

In February 2019, the television program "Uppdrag granskning," broadcast by the Swedish public broadcaster Sveriges Television, alleged that customers who may have been involved in money laundering transferred significant sums of money through the Group's Baltic subsidiaries. The Group is currently conducting a broad investigation in relation to these allegations. In addition, authorities in Sweden, the Baltics and the United States are conducting investigations regarding the Group's historical compliance with applicable anti-money laundering and sanctions laws and regulations.

The SFSA and the EFSA conducted separate but close investigations into money laundering allegations at the Group, as well as related issues involving the Group's anti-money laundering controls, procedures and governance.

#### **(i) SFSA Investigation**

The SFSA investigation into Swedbank AB's governance of anti-money laundering measures in the Baltic operations launched in April 2019 and included the period 2015 to the first quarter of 2019. The SFSA investigation into Swedbank AB's compliance with Swedish legislation regarding anti money laundering and terrorism financing was initiated in November 2018 and covered the period April to November 2018, focusing on business risk assessment, risk classification of customers, policies and instructions, know-your-customer files, transaction monitoring and reporting of suspicious activities to external investigative bodies. The investigation was limited to traditional high risk customer categories such as politically exposed persons and private-banking customers. The Group replied to the SFSA's requests for comment on preliminary observations and conclusions, concurring with many of their observations and conclusions. On 19 March 2020, the SFSA announced that in relation to Swedbank's Swedish operations, Swedbank has deficiencies in its risk classification of customers and its transaction monitoring and concluded that Swedbank has not met the anti-money laundering requirements in its Swedish operations. The SFSA also announced that Swedbank had large deficiencies in its governance of the risk of money laundering in its Baltic operations, finding its processes, routines and control systems insufficient; and noted that the Baltic subsidiaries lacked adequate resources to combat money laundering. The SFSA stated that despite internal and external reports warning about deficiencies in the Baltic operations and the risk of money laundering, Swedbank did not

take proper and sufficient action. In addition, the SFSA noted that in their opinion, in some instances, Swedbank withheld documentation and information and in one case, in March 2019, Swedbank provided the SFSA with false information. As a result of the investigation, the SFSA issued Swedbank a warning and an administrative fine of SEK 4 billion. Swedbank has announced that it accepts the decision of the SFSA and will not dispute it. Swedbank will receive payment instructions from the SFSA once formal procedures have been concluded, and Swedbank expects to charge this as an expense in the first quarter of 2020.

(ii) *EFSA Investigation*

The EFSA's investigation was conducted from April to mid-November 2019 and assessed the set-up of the anti-money laundering organisation of Swedbank's Estonian subsidiary, the activities of management and staff in combatting money laundering and terrorist financing, the identification, analysis, management and mitigation of risks and the application of due diligence measures during the establishment of business relationships and the provision of services. The Group replied to the ESFA's requests for comment on preliminary observations and conclusions, concurring with many of their observations and conclusions. On 19 March 2020, the EFSA announced that the Estonian subsidiary had severe deficiencies in its anti-money laundering risk control systems and that the bank failed to meet anti-money laundering requirements, noting examples of where the subsidiary withheld information during the investigation. The EFSA issued a precept that obliges Swedbank's Estonian subsidiary to take comprehensive measures to properly understand and mitigate past and current risks. In addition, the Estonian subsidiary must review and amend its organisational framework to more effectively manage risks, change its practices in understanding client activities and must review practices for reporting suspicious transactions to the appropriate external investigative body and operational risk to EFSA. If the Estonian subsidiary fails to comply with the requirements in the precept, fails to apply to the extent, or within the time prescribed, the EFSA has the right to require the Estonian subsidiary to pay an initial fine of up to EUR 32,000 per day for the first instance of an individual breach of the requirements and a fine of up to EUR 100,000 a day for each subsequent identical or similar breach, up to a maximum of 10 per cent of the total net annual turnover of the Estonian subsidiary for the year, including gross income which consists of commissions and fees and interest and other similar income. The Estonian state prosecutor's office launched a parallel criminal investigation into the Estonian subsidiary to determine whether money laundering or other criminal acts occurred but has not disclosed a timeframe as to when it expects to announce a decision. As in many other countries, double jeopardy is not permitted in Estonia, and therefore the EFSA terminated its own misdemeanour investigation into the Estonian subsidiary in November 2019 to allow the prosecutor to continue with its criminal investigation. If the Estonian Prosecutor's Office finds evidence of money laundering or other criminal acts, it could charge individuals or Swedbank's Estonian subsidiary with criminal liability, which could include imprisonment for convicted individuals or a fine of up to EUR 16 million per conviction. Swedbank does not have any information as to whether the Estonian subsidiary will be treated as a suspect in this case.

(iii) *Other investigations*

In March 2019, the Swedish Economic Crime Authority ("**EBM**") also launched an investigation into whether any crimes were committed in connection with the disclosure of information. EBM conducted a search and seizure of the Group's premises to determine whether any crimes were committed. To date, the Group is unaware of allegations against any individuals. The Group does not know when the EBM's investigation will be completed,



though the EBM clarified in April 2019 that it is not proceeding with allegations against any individuals regarding alleged money laundering during the period of 2006-2012.

The European Central Bank (“**ECB**”) also initiated an investigation of the Group’s operation in the Baltic countries. The ECB completed their investigation and the Group is implementing a number of remedies regarding governance, including control of subsidiaries.

In addition to the investigations regarding anti-money laundering controls, the Group is currently under investigation by U.S. authorities, including as to whether any crime or fraud was committed in connection with Swedbank’s disclosure of information regarding anti-money laundering compliance and related issues. The Group does not currently know when the investigations may be concluded, or whether any sanctions or penalties may be imposed.

Based on findings as a result of the Clifford Chance LLP investigation, discussed below, the Group notified OFAC on 11 March 2020 of 586 transactions amounting to approximately USD 4.8 million which constitute potential OFAC violations. 95 per cent of the transactions were processed by the Group in the 2015 – 2016 period. Of the 586 transactions, 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. The Clifford Chance investigation included all 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.

(iv) *Clifford Chance Investigation*

In February 2019, the Group hired an external law firm, Clifford Chance LLP, to lead an internal investigation to confirm facts and circumstances linked to historical shortcomings in Swedbank’s anti-money laundering systems and controls from January 2007 through March 2019. The investigation included, among other things, a review of Swedbank and its global network of branches, as well as relevant wholly-owned subsidiaries. The investigation also covered customers, transactions and how the Group handled internal and external information disclosures. In total, over 30 billion transactions made between 2007 and March 2019 were included in the investigation, of which 15 billion were from Baltic Banking. The investigation also included an assessment of potential non-compliance by the Baltic subsidiaries or their customers with OFAC sanctions.

The investigation was presented to the Board and parts of the Group’s management on 21 March 2020 and released to the public on 23 March 2020. The broad investigation included billions of transaction records, approximately 160 million customer records and over 38 terabytes of electronic and scanned hard copy data. Clifford Chance also conducted nearly 100 interviews of 81 individuals, including current and former employees, managers and senior executives, current and former Board members and external counsel. Steps were taken to ensure compliance with applicable privacy, bank secrecy, employment and other relevant legal regimes.

The investigation also included an assessment of potential sanctions breaches in the Baltic subsidiaries, including approximately 26.6 million transaction messages and 1.8 million USD denominated payments during a five-year period from March 22, 2014 through March 22, 2019. Of these transactions, the investigation identified 582 transactions (totalling approximately USD 4.76 million), processed by the Baltic subsidiaries that may not have complied with OFAC blocking sanctions or country embargos. None of the 582 transactions involved any OFAC-listed persons, and nearly all of them occurred prior to 2017, when the Baltic subsidiaries implemented an automated payment screening solution.

## Governance

The investigation did not conclude that Swedbank engaged in money laundering or processed customer transactions that constituted the proceeds of crime. Among other things, this would require definitive knowledge of a customer's source of funds, which was not available. However, the investigation revealed that the Group, throughout the period from January 2007 to March 2019, and to varying degrees across LC&I, Swedish Banking and Baltic Banking had inadequate systems and controls to ensure proper management of anti-money laundering and economic sanctions risks from its customer base, thus exposing Swedbank and the Baltic subsidiaries to significant anti-money laundering and sanctions risk. The risk was most prevalent in the Baltic subsidiaries, primarily in Estonia from its HRNR business. From before 2007 until 2016, Swedbank's subsidiaries in Estonia and Latvia actively pursued high risk customers as a business strategy. For example, despite a special committee in the Estonian subsidiary to review customer on-boarding and maintenance of HRNR customers, the committee approved high risk customers without having complete documentation regarding the ultimate beneficial owners, proof of funding sources or explanation of legitimate business purposes and did not address red flags that arose from the information provided. Some corporate customers had complex and opaque ownership structures involving off-shore entities organized in low tax jurisdictions, as well as ownership through foreign trusts and similar vehicles for which the ultimate beneficial owners were difficult to verify. The Estonian subsidiary also accepted certain customers despite awareness amongst employees, including relationship managers, that the listed beneficial owners were not the actual ultimate beneficial owners, or where the prospective customer refused to provide verifiable beneficial ownership information. In addition, the deficiencies in the Group's anti-money laundering systems and controls were not limited to the Baltic Banking, as certain of these high-risk customers in Baltic Banking were allowed to open accounts in the Group's other business areas in Sweden, Swedish Banking and LC&I. These customers have since been offboarded. Overall, the investigation showed that during the period 2014 to 2019, the Baltic subsidiaries conducted transactions (approximately EUR 17.8 billion in payments to customer accounts; approximately EUR 18.9 billion in payments from customer accounts) that represented a high risk for money laundering.

## Accountability

Although Swedbank has attempted to enhance its compliance control and risk management systems in the Baltic subsidiaries since 2016, the investigation found that these efforts were impeded by a number of governance failings. For example, Swedbank's senior management historically failed to establish clear lines of anti-money laundering responsibilities, particularly as between the business (first line of defence) and the Group's compliance function (second line of defence), or to ensure that the Group's compliance function could successfully challenge the decisions of the business. In addition, Swedbank's former CEOs appeared to lack adequate appreciation for the severe risk posed to the Group by the HRNR business in Baltic Banking. In particular, Swedbank failed to adopt a Group-level anti-money laundering risk appetite statement until 2017 and did not take steps to ensure a consistent approach to risk rating customers across business lines. In addition, the investigation found that because Swedbank's senior management failed to appreciate the degree of legal and reputational risk to Swedbank, management did not always engage with the Board in a manner consistent with the importance of these issues. The investigation did not find evidence that either the Board, Risk and Capital Committee or the Audit Committee were adequately informed of the degree of legal and reputational risk posed by these deficiencies arising from the high-risk customer base that the Baltic subsidiaries had serviced historically.

Nevertheless, several Group internal audit reports (from 2015 through early 2017) to the Board and the Audit Committee gave the Board notice of the prospect of regulatory sanctions or elevated reputation risk arising from identified deficiencies in the Baltic subsidiaries with respect to weak sanctions screening data, insufficient KYC processes and transaction monitoring and defects in the payments screening process. Notwithstanding these warnings, the Board did not take action to manage anti-money laundering risk in the Baltics commensurate with the degree of legal and reputational risk presented. The investigation found little evidence of any substantive discussion of these issues at the respective Board or Audit Committee meetings. Therefore, while the Board was not adequately apprised by management of the full extent of the risk posed by the anti-money laundering deficiencies in the Baltics, the Board also did not act adequately to manage and control the risk of money laundering (of which it was made aware).

#### Interactions with Regulators

The investigation also noted that in certain instances, Swedbank's responses to regulators regarding anti-money laundering-related topics were not always actively transparent, including de-emphasizing negative information or employing a narrow or literal reading of certain requests. In considering accountability, the investigation concluded that the three former CEOs who served during the relevant investigation period, the Board and certain employees (including senior managers to relationship managers) all contributed to Swedbank's failure to recognise and manage the significant legal and reputational risk to Swedbank posed by its HRNR portfolio in the Baltic subsidiaries.

#### Public Disclosures

The investigation also considered the completeness and accuracy of Swedbank's public disclosures concerning anti-money laundering compliance and related issues. Specifically, Clifford Chance reviewed public statements made by Swedbank and its executives from January 2014 through March 2019, including for example, interim and annual reports issued by Swedbank and associated materials, other statements and presentations in communications with investors, analysts, and the financial community, corporate debt offering documents and media appearances and publications. When considered in light of the facts developed in the investigation, certain statements made during October 2018 and February 2019 by Swedbank and its executives concerning Swedbank's historical anti-money laundering compliance, then current anti-money laundering compliance, and exposure to certain types of anti-money laundering risk, were inaccurate or presented without sufficient context.

#### Remediation

In response to these concerns, the Group has created a new Special Task Force. This unit is led by former Head of Group Treasury Tomas Hedberg, who in his new role reports directly to the CEO. Since the Clifford Chance investigation began in early 2019, the Group has taken a number of actions to remedy shortcomings and ensure a sustainable corporate governance in Swedbank. The Group is implementing an action program which as of 31 December 2019 consisted of 152 initiatives, of which 67 were implemented. Swedbank has appointed a new CEO and a mostly new management team, including a new Chief Compliance Officer ("CCO") and CEO of the Estonian subsidiary, and has taken other employment actions dictated largely by the historical shortcomings. Moreover, Swedbank has a new Board chair, and the Board is now comprised of mostly new members.

Under this new leadership team, Swedbank has focused on transforming its approach to anti-money laundering and counter-terrorist financing and sanctions policies and procedures, creating new roles, appointing new personnel, increasing resources, revising and strengthening policies and procedures and taking steps to continue the process of de-risking its customer portfolio including in the Baltic Subsidiaries.

As part of these ongoing de-risking and remediation efforts, and with input from Clifford Chance, Swedbank and its Baltic subsidiaries have (a) embarked on a much more comprehensive approach and remediation plan to address and to strengthen the anti-money laundering/counter-terrorist financing and sanctions frameworks; (b) undertaken a review of Swedbank's corporate governance; (c) engaged external consultants to assist in remediation efforts; (d) increased anti-money laundering/counter-terrorist financing resources; and (e) continued to off-board customers who do not meet Swedbank's risk appetite.

In addition, Swedbank is planning to engage an external consultant to assess the current state of Swedbank's anti-money laundering/counter-terrorist financing policies, procedures, systems and controls, including their implementation. The consultant will identify any existing gaps against regulatory requirements and industry best practices, help Swedbank address those gaps and conduct assessments to ensure that gaps have been fixed.

As of 23 March 2020 and as a result of external investigations conducted by the SFSA, EFSA and the Group's internal investigation into allegations of anti-money laundering and potential sanctions breaches, the Board has decided to unilaterally cancel severance payments to the former CEO (which was planned to start 29 March 2020).

(v) *Auditor Recommendations*

The Group's independent auditor, PricewaterhouseCoopers AB ("**PwC**"), also audited administration of the Group's Board of Directors and the Managing Directors. Based on their findings and factoring that the various investigations were not complete, PwC recommended that the shareholders not discharge the former CEO from liability. Similarly, due to potential financial consequences such as fines, withdrawn licenses, restrictions on currency trading and other sanctions, PwC considered the extent to which any deficiencies in regulatory compliance may have affected the financial statements of the annual report. This included accounting and disclosure regarding reserves and contingent liabilities.

Swedbank has not allocated any provisions for fines or penalties. Current accounting rules provide that the Group is able to determine with a high probability the size of any fines or penalties before a provision can be allocated, and this has not been possible to date."

#### **4 Recent Developments**

A new section entitled "Recent Developments" shall be included on page 169 of the Base Prospectus as follows:

"On 26 March 2020, S&P lowered Swedbank's long-term and short-term issuer credit rating on Swedbank AB and its core subsidiary Swedbank Mortgage AB to A+/A-1 from AA-/A-1+. The outlook is stable.

On 2 April 2020, Moody's downgraded Swedbank's long-term deposit and senior unsecured debt ratings to Aa3 from Aa2, junior senior unsecured debt ratings to Baa1 from A3, subordinated debt ratings to Baa2 from Baa1 and baseline credit assessment to baa1 from a3. The outlook on the long-term deposits and senior unsecured ratings has been changed to stable from negative.

On 3 April 2020, Fitch downgraded Swedbank's long-term issuer default rating to 'A+' from 'AA-', its short-term issuer default rating to F1 from F1+ and its viability rating to 'a+' from 'aa-'. The outlook on the long-term issuer default rating is stable.”

## 5 Litigation statement

Paragraph 2 on page 183 of the Base Prospectus under “General Information” shall be deleted in its entirety and replaced with the following:

“Except as disclosed in this Base Prospectus under the headings “*Risk Factors – Risks Relating to Group – The Group is exposed to anti money laundering and sanctions compliance risks, and is currently subject to investigations by authorities into allegations that the Group may have processed money laundering transactions and may have violated OFAC sanctions*” and “*Swedbank – Legal Proceedings*”, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer or the Group.”

## 6 Significant change/material adverse change statements

Paragraph 3 on page 183 of the Base Prospectus under “General Information” shall be deleted in its entirety and replaced with the following:

“Other than as disclosed in “*Swedbank – Legal Proceedings*” regarding the SEK 4 billion fine the Issuer expects to charge in the first quarter of 2020, there has been no significant change in the financial or trading position of the Group since 31 December 2019 and no material adverse change in the financial position or prospects of the Issuer since 31 December 2019.”

## 7 Form of Final Terms

The legend entitled “PROHIBITION OF SALES TO EEA RETAIL INVESTORS” on page 123 of the Base Prospectus in the Form of Final Terms shall be deleted in its entirety and shall be replaced with the following:

“**[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (as defined below). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended) (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]”

Item 7(vii) of Part B of the Form of the Final Terms on page 138 of the Base Prospectus shall be deleted in its entirety and shall be replaced with the following:

“7. (vii)

Prohibition of Sales to EEA and UK Retail Investors: [Not Applicable] *(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified.)*

[Applicable] *(If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)*”

## 8 General

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

If documents which are incorporated by reference to this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference to the Supplement.

Copies of this Supplement, the Base Prospectus and all documents which are incorporated by reference in the Base Prospectus can be obtained, upon request and free of charge, from the registered office of the Issuer and from the specified office of the Principal Paying Agent in London as described on page 184 of the Base Prospectus. In addition, this Supplement and the Base Prospectus are available for viewing on the website of the Central Bank of Ireland and Euronext Dublin at <http://www.ise.ie> and <https://www.centralbank.ie/regulation/industry-market-sectors/securities-markets/prospectus-regulation/prospectuses>.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.