

# Transcription

**Title: Swedbank Announcement**

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**Speakers: Gregori Karamouzis, Birgitte Bonnesen and Gabriel Francke Rodau**

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## Presentation

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### Operator

Hello and welcome to today's Swedbank announcement. Throughout this all participants will be in listen-only mode and afterwards there will be a question and answer session. And just to remind you this is being recorded. So today I'm very pleased to pass you to Gregori Karamouzis, Head of Investor Relations. Gregori; please begin.

### Gregori Karamouzis

Thank you operator and good afternoon everyone and thank you for participating on this call with such short notice. Due to today's Swedish media coverage on money laundering related matters and Swedbank's mentioning in this context, we would like to make a few comments. I will soon hand over to Birgitte, but after Birgitte's comments we will open up for questions. Birgitte, please.

### Birgitte Bonnesen

Thank you, Gregori, and thank you for joining us. It's been quite a dramatic day. But first of all I would like to start off by repeating some of the key messages that we have conveyed to you before. Nothing has changed in that. Swedbank has a domestic business model that focus on local private and corporate customers in all our home markets. We have and have always had a very systematic approach to dealing with all kinds of economic criminal activities. We have a zero tolerance. When we have identified suspicious transactions or suspicious activities of any kind we have acted by conducting in-depth reviews and where appropriate we have reported them to the authorities which is the finance Police.

We have a very low share of non-resident customers in the Baltics; as you know it's around 1%, or a bit more, 1.5% on average. The majority of these are private customers. And in addition we have throughout the years had a very small number of non-resident corporate customers domiciled outside of the EU. It was actually 79 individual customers last year. In Estonia specifically the share of non-resident customers out of total customers is around 1%. I will say this because this was a topic that you – many of you referred to when we had our last call which was in combination with – just before the third quarter. And something we've talked about. You've also seen, and we've shared with you the information that came out of the Estonian central bank about the – our cross-border payments which is an indication of what kind of business you run; that in Estonia, they are predominantly executed within our home markets, cross border payments that go to the other countries where we operate, which is Sweden, Latvia and Lithuania. Also when you look at the amount of cross border they are in line with the corporate banking business that we have in the country, and it has been very stable over time.

I would also like to clarify to everyone in relation to a Swedish news programme that will be broadcasted tonight, but it was released on the Swedish television – their website – this morning. And this was on AML in general. It was connected to the Magnitsky case, but also very much to Danske and to Swedbank. And for many reasons I think because we are the largest one in Estonia, so we were included in this.

And in connection with this I would like to say that something that you're all aware of but still it serves a purpose to repeat it. Money laundering attempts and other types of economic criminal activities have tried to make their way through the banking system, including Swedbank, is the largest challenge for banks overall. It's something, it's a phenomenon which happens across geographies, customer groups and segments, not only in the financial sector; but it happens in all banks. When we in Swedbank identify suspicious transactions we take action; we conduct more thorough investigations as I said and where needed and appropriate, we report it.

So also as we've mentioned to many of you already, during the past ten years the activities have changed shape and form as the regulation regarding AML has developed and our own internal processes and approach has been strengthened and we act in a way that is helped by our monitoring systems in reply to all the suspicious transactions.

So at various points in time we've taken actions by actively offboarding customers that no longer fulfil our requirements. As we mentioned in October, when Danske blew up, so to speak, on top of the fact that we have been monitoring suspicious activities continuously for a long time, we also initiated a look back, which I talked about to many of you, analysts, investors and also media. And in this look back what we did was that we talked to – we took in external help. We thought that it was good and useful for us to get external eyes on our own systems and everything that we found. And we used risk indicators on transaction data between Danske and Swedbank between seven and 15. And we concluded that what we saw we acted on and I think that this is important to repeat: that there's nothing new.

I also have questions today that when Danske first hit the media there was a number of customers – a small number, it was six or seven – mentioned and upon a question from media I replied that none of these are customers of Swedbank. That still holds. Since October, we've taken further actions. We continue to work with this. We continue to do deep dives into things that we see and that is actually nothing out of the ordinary as such. I would also like to mention that today in Swedish media there has been a mentioning of Bill Browder who was the Magnitsky case that I'm sure that you all know about which is a completely horrible case. All of that. Awful in all aspects. And what I would like to share with you – and I think I said to many of you before that we understand in Swedbank that we don't know it all. So we look to the outside constantly to get help, to see if there are indicators, counterparties or traffic that we haven't detected ourselves. We work with other banks, we work with authorities and yeah, with screen media for things, etc. And we apply all that to our own systems to make sure that we actually – in connection with that, I went to London and met with Bill Browder and asked him to share what he saw. Because I think that its important for us to reach out to everyone who works with money laundering and have detected things just to make sure that we have seen the same thing.

And – and that I think could be important information in relation to what we're seeing because there has been a piece of news in the newspaper today that he might come in and – and sue Swedbank. And we actually talked to him today and there's no such thing.

So I think let me just end here and then I think we move on to take questions.

**Gregori Karamouzis**

Yes, thank you Birgitte. Operator, we're handing back to you to let the questions through.

## Q&A

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**Operator**

Thank you very much. So ladies and gentlemen if you wish to ask a question it is zero and then one on your phone keypad now in order to enter the queue. And then after I announce you simply ask that question. And if you find that question has been answered before it's your turn to speak, just press zero and then two to cancel.

And our first question is from the line of Rob Rane of Kepler Cheuvreux. Please go ahead sir; your line is now open.

**Rob Rane**

Hi, and thank you for taking the question. So I understand that you have seen the material of the journalists and I understand that you cannot comment on individual cases, but are these figures new to you or have you already reviewed this material before?

**Gabriel Francke Rodau**

Hi, Gabriel Francke Rodau, Head of Group Communication. We have not seen the full material from Swedish television. They showed us some material but not all.

**Rob Rane**

Alright, okay. So is there any reason for you to believe there might be individual Swedbank employees that have committed crimes as seems to be the case for Danske Bank?

**Birgitte Bonnesen**

Of course as part of our due diligence we track this too and we haven't seen anything.

**Rob Rane**

Alright, thank you, I'll stop there.

**Operator**

We are now over to the line of Maths Liljedahl at Handelsbanken. Matt, please go ahead. Your line is open.

**Maths Liljedahl**

Yes, good afternoon. A couple of questions if I may. First of all you mentioned that you had taken in external help or an independent investigation. Is that something that you could share? I know you can't specify details but could you go through,

share maybe the conclusions of it? Because I think that will help us a lot in understanding, building the trust of Swedbank in the market. And also, further on the – I know the Swedish FSA have commented earlier that they saw no risk in the Swedish banks. Is there any way you could get a general comment on the banking society or something from the FSA and the regulator?

And then finally you mentioned that systems or processes have been strengthened in the past years, but if we look or see the article or report today they are mainly from 2007 to 2015. Is there any risk that there's been payments that took place in 2007 to 2008 that could have slipped through the system that were in place by that time? Because I guess it was more lax than it is today. That's all for now, thanks.

### Birgitte Bonnesen

If I can answer your last question first – was there any risk that a payment in 2007 could have slipped through – and yes, there is a risk. But that was one thing. But it's right, of course that we work with processes and procedures and we've developed immensely over the years and when we took in the third party, they actually confirmed what we're doing which was very good for us. And there was nothing sort of really that they saw that we hadn't seen or anything so – so that was good. And then you asked about the FSA. We've been in contact with all FSAs, and as you may have seen the Estonian, Latvian and Lithuanian FSAs all came out with press releases commenting on the way that they work so the – the strength of the system as such, we also talk to the Swedish FSA. And I think that they have been conducting investigations over the years which has been thorough and in depth. We are covered as you know by the Baltics in the Baltic countries, by the Swedish FSA in Sweden, but they share their findings with each other and we also share everything we can with all FSAs. This is important to us.

### Maths Liljedahl

There's nothing that you could share with us to sort of – I mean we see credit spreads moving today and if we could get some more details I think it would be supportive.

### Birgitte Bonnesen

No, I'm sorry.

### Maths Liljedahl

Okay. Thank you.

### Operator

Okay, we are now over to the line of Marilyn Powley[?] at ER Estonian National News. Please go ahead. Your line is now open.

### Merilin Parli

Thank you and good afternoon. So do you claim that the fact that the Swedish TV station wrote this morning are lies? Or is any of it true? Thank you.

### Birgitte Bonnesen

I don't claim that it's lies at all. What I'm saying is that it's very difficult for us to comment on it as we haven't seen – we don't know, we haven't seen the material. We haven't seen the list of clients that they're talking about we haven't seen the transactions, so it's really, really difficult for us to comment on it. So this is what we're saying. And then to why we're having this call, and what we can do is, we can reiterate how we work with it and what we see and how we work with others, etc., but we can't really say anything about this as we don't know.

### Merilin Parli

Thank you.

### Operator

Okay. Our next question is over to the line of Ricardo Rovere at Mediobanca please go ahead, your line is now open.

### Riccardo Rovere

Thanks for taking my question and good afternoon to everybody. One follow up if I may. Getting back for one second to the external support that you got to look at some sanctions, is it possible for you to share with us things that would here[?] the external support started looking in the past, transactions in the past two years, past three years, past ten years – is it possible to have an idea on that?

### Birgitte Bonnesen

No but kind of what we did is – we've done it several times over the years. When we've seen something that we found was very complex or where there were certain patterns that were needed to understand better then – we've never been stingy on looking to the outside and get more help in understanding because it's been so important for us to act on everything we see. And the Danske thing we did when Danske exploded after the summer. But that was sort of on top of the monitoring and what we'd already done for years.

### Riccardo Rovere

Okay thanks. But if I may, maybe it's a naive question. But let's assume you see something suspicious. You proceed with the transaction but you report the suspicious transactions. Are you doing anything wrong, once you have reported it to the values authorities, to the police, to whoever need to know?

### Birgitte Bonnesen

No. This is exactly how we work. You are completely right.

### Riccardo Rovere

So once you report it you have fulfilled your duties? Do I get it right?

### Birgitte Bonnesen

Yes you do, but there's a second part of it, and that is we also act – when we see things we report it but we also ask customers to leave the bank. So we off-board customers, and this is an important part too. We sort of look at everything and then we ask them to leave the bank.

### Riccardo Rovere

Okay. Okay;. Thanks.

### Operator

Right, so we're now over to the line of Jan Wolter at Credit Suisse. Please go ahead, Jan, your line is now open.

### Jan Wolter

Thanks, Jan Wolter at Credit Suisse. A couple of questions then. First I think a key question is how much of the suspicious transactions have already been reported by Swedbank as such and if not today but I think it would be helpful if you could reveal the aggregate data on how much over the years have been reported in regards to the Baltic operation as suspicious flows. I think you can definitely reveal that aggregated data; banks have done that across the globe. So first question is really if you can shed any light on that on today's call or if you can do it perhaps later.

The second question is I think you highlighted that you've seen some but not all material of the broadcaster. And the question is, excuse me, have Swedbank identified the same 50 clients that SVT has identified? And if you haven't gotten the names of these clients, will you ask for the list? Because that would be a natural starting point now to do and I think the broadcaster has highlighted that they would be willing to give you the material. So that's the second question.

And the third one is I think you mentioned that the Baltic non-resident portfolio was 1% of deposits in Estonia just if I could – if you could reiterate that, if that's correct or not. And then what's the size of the total non- resident portfolio between 2007 and 2015? So we can gauge how big it was during those more sensitive years. Thanks a lot.

### Birgitte Bonnesen

Okay, Jan. I'll just try to – I think that on your – on the numbers I would just refer you to the documentation that we sent out in relation to the third quarter because you have all the numbers in there. You see exactly both volumes, you see number of clients, etc. All of that is in there. On the question of the document with the 50 customers, we don't know. We haven't seen it. We didn't get the list. And also when I get these questions, some say maybe they mention names of a couple, but we can of course never say yes or no. But the fact that there might be clients on this list, that might have been customers of Swedbank, there might have been customers, we have found, we have reported and we have offboarded. There might also have been customers that came in with one business model that changed into different business models, so we offboarded them. We say this. But we can't say because we don't have the names, and if we had, we could never comment and you know that well.

Then also, what we report to the FIU, the police, we report suspicious activity. We don't report amount. And we actually report everything.

### Jan Wolter

Sure, if I could just follow up. So if you don't have the list with these 50 clients, would you ask for it from the broadcaster in order to check against your own list and how many, what proportion are red flagged? Because I think you can do that and then also tell the market whether you have already identified those as sensitive clients or red flagged clients please.

### Gabriel Francke Rodau

Hi, Gabriel here again. All the information that can help us we have asked for.

### Jan Wolter

Thank you. And the final one from me is I think Birgitte said of Bill Browder you've spoken earlier or today and that he will not make a claim against Swedbank or sue Swedbank, did I get that right? Or what are you saying, or what did he say to you?

### Birgitte Bonnesen

Yes you've got that right.

### Jan Wolter

Okay. Thanks a lot for those clarifications.

### Operator

Okay. We are now over to Paulina Sokolova at Barclays. Please go ahead, Paulina, your line is now open.

### Paulina Sokolova

Hi, thank you for taking my question. I just have one left actually. Just going back to Q3, I think you mentioned that you didn't have any of the names in the Danske Bank report as clients. Could you maybe elaborate on what you meant by that comment and whether you think this is still the case? Thank you.

### Birgitte Bonnesen

These were clients that were out in media, when all this came out initially.

### Paulina Sokolova

Okay. So how many clients approximately? Was this the six or seven clients you referred to earlier or is it a much more extensive list?

### Birgitte Bonnesen

No; it was what you said. I think it was seven, yeah.

### Paulina Sokolova

Okay. Thank you.

### Operator

Right, we're now over to Jacob Kruse at Autonomous. Please go ahead. Your line is now open.

### Jacob Kruse

Hi. Thank you. So I guess most of my questions have been asked. But just to get back to the scale here. So the Swedish press is saying they look at a subset of what you do; they look at 50 clients; they focus on where there have been transactions between yourselves and Danske, and they come up with this number of \$5.8 billion. And from this call it sounds to me like you're saying, 'We can't really know what those transactions are but we have been continuously reporting.' And I know you say you don't actually collect the sort of reported volumes, but that \$5.8 billion number which I guess if they had access to all your data they could probably find additional on the same basis – is that a similar number or is that the same ballpark of number as to the level of transactions, the level of activity that you would already have a report to the authorities?

### Birgitte Bonnesen

You know what? Frankly we don't recognise this number but if you look also back at the documentation that we gave you in connection with the third quarter you see very clearly our cross-border – you can see that, how much we've had, you know, annually, for everything we do. So do that. Maybe Gregori wants to add something.

### Gregori Karamouzis

Yeah. And you can see there Jacob, on the slide that we present in conjunction with the Q3 report that we have had volumes in terms of cross border outgoing cross-border transactions payments in Estonia of between \$10 and \$15 billion per year, and the growth in that number has been in line with the economy. So then you can make your own comparison to the number that has been in media.

### Birgitte Bonnesen

And that's been everything.

### Jacob Kruse

Right, so then to get to that \$5.8, you would have had to have reported effectively a tenth of aggregate transactions. It seems like a fairly big number in compared to the numbers you're mentioning now, that you presented on the previous slide?

### Gregori Karamouzis

Yeah, that is your conclusion based on the numbers. If the \$5.8 is a real number then that is a conclusion you can draw, but we report the transactions that we have and what we see; that's the numbers that we give you in conjunction with the Q3 report.

### Jacob Kruse

And have you said how many suspicious activity reports you have filed?

### Gregori Karamouzis

We have mentioned that the number in the Baltics on an aggregate level has been around the same number as the one in Sweden the most recent years. So it's a couple of thousand reports typically that you will see on an annual basis.

### Jacob Kruse

Okay. Great. Thank you.

### Operator

Okay. Before we go onto the next question which is Chris Thompson at Reuters, can I please remind everyone so we can get through as many questions as possible in the time allowed, can you please not re-join the queue with follow up questions. And Chris, over to you.

### Chris Thompson

Oh, hi there. Thanks for taking my questions. Just two very straightforward ones. Firstly have you – are you currently in any contact whatsoever with authorities in the US concerning this? And secondly, you mentioned that non-resident accounts accounted for about 1% of your Estonian clients last year. But what about the period in question between 2009 and 2015? Did non-resident accounts account for a higher proportion during the period under investigation? Thank you.

### Birgitte Bonnesen

No. We are not in contact with the authorities in the US at all.

### Gregori Karamouzis

The last – second part of the question I didn't catch, could you just repeat that?

### Chris Thompson

Sorry, it was – at the beginning you mentioned that non-resident accounts are about – constitute about 1% of your Estonian client base last year. But I was just wondering the period under investigation is 2007 to 2015. What roughly was the average proportion of non-resident accounts in your Estonian subsidiary during that period?

### Gregori Karamouzis

In terms of customers, again we have given you the data and the aggregate number has not changed a lot. But we have seen that the private part has increased lately and that has to do with the labour -with work – you know, people moving into or working in Estonia. So that's why we've seen a slight increase of individual customers.

### Chris Thompson

Okay. Thank you.

### Operator

We are now over to the line of Maria Episanova of Novaya Gazeta – I do apologise if I've mispronounced that, but go ahead, Maria.

### Maria Episanova

Good evening. Thank you for taking my question. I also wanted to ask about this non-residents portfolio. I'm wondering which part of it are non-residents from Russia. And another question is whether in this period of time between 2007 and 2015, you have recorded any suspicious transactions in particular related to Russian clients.

### Gregori Karamouzis

Sorry the first question was about Russia specifically and Estonia? If I understood you correctly? Is that correct?

### Maria Episanova

Not only in Estonia. In all countries where Swedbank operates.

### Gregori Karamouzis

The majority of the non-resident customers are EU domiciled. And then there is a portion of former CIS countries and other countries but the majority is EU and there is an even split on the other categories. So there is some Russian domiciled – or customers with Russian citizenship.

### Maria Episanova

Okay. And the second part was whether you have recorded any suspicious transactions related to those clients that are non-resident and are from Russia in this period of time between 2007 and 2015?

### Gregori Karamouzis

We don't have that information available currently I think the country per se is not really what we're looking after. We're looking after the activity; the type of activities and the type of customers. So I cannot exclude it but I cannot confirm it either.

### Maria Episanova

Okay. Thank you.

### Operator

We're now over to Richard Smith at ABW. Please go ahead. Your line is now open.

### Richard Smith

Yeah, thank you very much for the call. Just one quick follow up from me just around your comments around having been in contact with Bill Browder. And I guess you've requested information from him. I mean firstly was there anything that he provided and was there anything that you felt from the information that he gave you that was substantially different to what your own systems were picking up historically? Thanks.

### Birgitte Bonnesen

No. There was nothing that was significantly different from what we have seen before. But I can tell you it's always useful to have these discussions and I highly appreciate it when I have it. It can give different context, etc., and I think that is very, very important.

### Richard Smith

Okay. Thanks.

### Operator

We now go to JP Morgan Asset Management and Steve Sung. please go ahead, your line is now open.

### Steve Sung

Hi, yes, thanks for taking my call. I want to get back to your non-resident portfolio you disclosed around 1% non-resident. But this percentage to me is not really helpful. Can you disclose the number of accounts in the both corporate and private, outside non-resident – you know, in the EU, outside the EU, and in Russia and the CIS. Just number of accounts. And then what is the transaction amount involved every year over the seven years? I mean obviously you have the data behind it when you provide all these percentage, but we want to know the real data. Thanks.

### Gregori Karamouzis

In terms of the deposits we haven't specifically given that number because we don't think it's a relevant number because deposits are typically money that you know, sits on the accounts, but it's rather the transactions that we are tracking and following. That is one comment. And then when it comes to the actual transactions, as I mentioned before, since most of the non-resident customers that we have are domiciled within EU countries and also private individuals, the transactions that are conducted are primarily done within our home markets. So within Sweden and the three Baltic countries. But of course there are other European countries in these transaction flows as well.

### Steve Sung

I'm sorry. So why do you think the disclosure of number of accounts is not relevant? To me it's really relevant, and I want to know do you have 50,000 corporate accounts like, domiciled in [inaudible] estimated 20 billion transactions over one year?

### Gregori Karamouzis

We've given you the number of non-resident corporate customers. Birgitte mentioned that. And it was as low number as 79 customers last year and that number has been low throughout the years and that is across the Baltic countries. So that gives you some indication of this type of customers which is very small number.

### Steve Sung

Okay. Thanks.

### Operator

Okay we now go to the line of Jan Almgren Svenska Dagbladet. Please go ahead, Jan. your line is now open.

### Jan Almgren

Hello and good evening. Just wondering a little bit what's your feeling about all this new information about money laundering. Is it something that worries you? Is it a problem or just business as usual today?

My second question is what you say about Mr Bill Browder's demand to start a new external investigation around all this. Is that something you're planning to do?

### Birgitte Bonnesen

Yeah, you know, it's a very good question your first one and of course we take this really seriously and we do everything we can to provide as much information to everybody who asks us internally and externally today. But basically I come back to what I've said before: I'm very comfortable with the way that we work with these issues and we've been working through the years. And I see how we've – yeah. So basically we continue to do look backs. We continue to do more investigations. We continue to report and we also continue to talk to as many people who can help us as possible and to take in experts when we hear about people outside who can come in and help us with doing analysis or different view of this because we also know that criminal activity which this is – it's finding new ways all the time so we have to be on our toes constantly to detect where there are new patterns, etc.

And you know what, I haven't seen this thing about Bill Browder requesting a third... I don't know. I don't know. I will have to come back to you on that.

### Jan Almgren

Whether you're planning to do that or not.

### Birgitte Bonnesen

To date? No. We are not thinking about doing anything more than we're already doing.

### Jan Almgren

Okay. Because I talked to Mr Bill Browder just an hour ago; he said that that was one of his demands. That the bank should start some kind of new external investigation.

### Birgitte Bonnesen

Yeah. You know. Let me take that with me, but yeah.

### Jan Almgren

Okay. Just one last question. What's your main message to customers today after all these big headlines? What's your message to them?

### Birgitte Bonnesen

You know, my message is, that I understand if you've seen this programme, I understand very well that you can think it's – did this really happen and this Magnitsky case is so horrible and there's so many dimensions to it that it's very complicated and it's a tragedy in all respects and also when you see this they talk about the customers and things that have come through Swedbank and I can understand that, that you can think – is this what has happened in the bank? And what I can do is I can continue to reiterate that we do everything we can and we do it constantly. We are a big retail bank. We are not a bank that focuses on a small number of non-resident customers that have a specific business model. We're a big retail bank in all countries. We work with mortgages and payments and cards and pensions and corporate banking etc. and we take this extremely seriously. We work so much with government and with everybody; we work with government in all three Baltic countries in order to strengthen infrastructure. So it's not we work with it a lot internally at Swedbank, but we also work it with, yeah, government, politicians, prime ministers, etc., in order to strengthen this, because it's an important part of the confidence issue in banks which is a bit of a – yeah, today. So it doesn't feel good at all. I can tell you it doesn't.

### Jan Almgren

But at the same time you don't say that some of the information, some of the figures or numbers in the programme is wrong?

### Birgitte Bonnesen

It's impossible because we don't know. We haven't seen all of it so you know, I can't say that – you know – what?

### Jan Almgren

Shouldn't you know?

### Birgitte Bonnesen

No. Gabriel?

### Gabriel Francke Rodau

Jan I think I told some of your colleagues, we have seen the number – that it's 50 customers, that it's SEK40 billion, but we have not seen any specific details, e.g., names of the customers on the list.

### Jan Almgren

Okay. Thank you very much.

### Operator

Okay. Our next question is from the line of Benjamin Segal at Neuberger Berman. Please go ahead. Your line is open.

### Benjamin Segal

Hi. Good afternoon and thanks for doing this call. You make the case which is good to hear that anti money laundering disciplines have improved over time and clearly this is going to be a focus over – of the next few years for everybody in the industry. My question is, you had a process in place during the period under review, and you would have flagged some transactions – I think you said a couple of thousand, both from the Swedish subsidiary but also a similar number from your non-Swedish Baltic operations. My question is, as you look back – and you went over the data perhaps prompted by the Danske Bank story – were there any additional transactions that you reported after the fact under a new stringent, strict and improved reporting system, or are the transactions you reported only the ones that you reported at the time?

### Birgitte Bonnesen

You know what? I'm not going to answer your question directly but what I can say is that as we see things we act, and that goes for everything. So there might have been things that developed over time that started off as being okay and then developed into something that we didn't like, and then we acted, off-boarded and reported it to the police.

### Benjamin Segal

I guess the reason I'm asking is because it's one thing not to catch bad behaviour which is one thing and we all recognise that the safeguards have improved over time. It's another thing to have sort of spotted them but not reported them. Are you saying -and you've certainly implied – that everything you've seen either at the time or with your subsequent reviews with third parties and even yourselves, you have proactively reported even if it was for transactions which might have slipped through at the time? Is

that – can you confirmed that anything you saw at whatever time you saw it was reported, so you've done everything you could possibly expect to have done as an when you knew the information? Clearly if you were a clairvoyant there might have been other things that you could have spotted but everything you did spot was reported?

**Birgitte Bonnesen**

Yes.

**Benjamin Segal**

Thank you.

**Operator**

Okay. We now go to the line of Connor Middleton at J P Morgan. Please go ahead. Your line is now open.

**Connor Middleton**

Hi there. Yes. Thanks for taking my questions. Just firstly I was wondering if you could give us a bit more colour on the processes that you have in place in the Baltics in order to monitor this type of risk? I think if I understood the programme correctly, they mentioned about 1,000 customers with accounts outside of the Baltics and I'm just trying to kind of figure out the checks that you have in place to kind of ensure that these are legitimate customers.

And then the second question is, when you say that when you find that customers may have done suspicious transactions and they're asked to leave the bank, I mean, are you actually allowed to do this? Or is this in contradiction with kind of your obligations where you're not supposed to inform them if they've done suspicious activity and that's then been reported? Thank you.

**Birgitte Bonnesen**

If I take your last question first, we can't say that we've reported them, but what we can say is that we've seen activity that is not in line with the procedures that we have or the standard that we have in Swedbank and for that reason we are absolutely allowed to do that. You are welcome as a client of Swedbank but you need to follow our rules. The thing is also that we have a risk appetite that we apply to this and as you know we are a low-risk bank and in this area we are zero. So we do ask customers to leave and at times it's very difficult but we have followed through on that and it's important, because it's also a very important sign to the market that they know that if you want to be a customer of ours you need to follow these.

So that was you – and then you had your first question. Was it on the processes? There is – we do have a KYC process that everybody has and then we actually update that once a year. But the thing is that – and then on the transaction monitoring we use risk indicators which set up a lot of different scenarios and risk indicators and that is the way we work and when we catch things we go back and also look again at the KYC, what we did initially, and see if something has changed.

So we are reasonably – I think we catch when things change in customer status, etc.

**Gregori Karamouzis**

And then with regards to your question about the 1,000 customers – non-resident customers, I refer you back to what Birgitte and I mentioned earlier that we have about 1% of our total customer base in the Baltics being non-resident customers and we have roughly three million customers in the Baltics. So 1,000 customers of any sort being non-resident is a realistic number but we don't know what it relates to when they mention it in their programme.

**Connor Middleton**

Okay. Thank you.

**Operator**

Right. The next question is from the line of Bruce Hamilton at Morgan Stanley; please go ahead, your line is now open.

**Bruce Hamilton**

Hi there. And thank you very much for taking my questions. I just wanted to clarify on the comments you made earlier regarding Browder because there's some Bloomberg headlines alleging that he's saying it's not true that he's not planning a case against Swedbank. So can you just sorry – clarify what your comments were, just to make sure I've interpreted correctly?

**Gabriel Francke Rodau**

Gabriel here. We talked to Bill Browder earlier today; he confirmed that he will look at this based on the TV programme today and then if needed he will hand over the material to us and to relevant authorities.

**Bruce Hamilton**

Got it. Thank you.

**Operator**

The final question we have time for today is over to the line of Richard Smith at KBW. For today's final question, Richard, please go ahead.

**Richard Smith**

Bruce has actually just asked my follow up so I'll pass thank you.

**Operator**

In that case, may I please pass it back to you for any closing comments at this stage?

**Gregori Karamouzis**

Thank you and thanks everyone for participating so actively. If there are any follow up questions please direct them to myself and we'll make sure we address them as quickly as possible. Thank you and have a good night. Bye-bye.

**Operator**

This now concludes today's announcement. Thank you very much for attending. You may now all disconnect your lines.