

## Press release

**Date:**  
19 October 2021

**Embargo:**  
--

**Contact:**  
Tobias Lux, Spokesperson  
Tel. +41 31 327 91 71  
[tobias.lux@finma.ch](mailto:tobias.lux@finma.ch)

Vinzenz Mathys, Spokesperson  
Tel. +41 31 327 19 77  
[vinzenz.mathys@finma.ch](mailto:vinzenz.mathys@finma.ch)

# Mozambique loans: FINMA concludes proceedings against Credit Suisse

**Credit Suisse seriously violated the organisational requirements and the AMLA reporting obligations in connection with loans it made to state-owned companies in Mozambique in 2013. The Swiss Financial Market Supervisory Authority FINMA is concluding its enforcement proceedings in this context and imposing conditions on Credit Suisse's new lending business with financially weak countries.**

FINMA is concluding a supervisory investigation and subsequent enforcement proceedings against the Credit Suisse Group. As part of these, it clarified the role of the parent company in connection with two significant loans granted by the British subsidiaries of Credit Suisse to Mozambican state-owned companies. In the course of the proceedings FINMA coordinated closely with the local partner authority, the British Financial Conduct Authority (FCA) and with the American Securities and Exchange Commission (SEC). Both authorities have also investigated and closed this case, as has the US Department of Justice (DOJ).

### Sizeable loans to Mozambique

In 2013, the British subsidiaries of the Credit Suisse Group (Credit Suisse UK) arranged two loans guaranteed by the state of Mozambique totalling one billion US dollars to two Mozambican state-owned companies, ProIndicus S.A. (ProIndicus) and Empresa Moçambicana de Atum S.A. (EMATUM). These loans, which made up almost 6% of Mozambique's gross domestic product, were primarily intended to fund maritime security vessels and a tuna fleet. Credit Suisse UK shared the loan to ProIndicus with other syndicate banks. It structured the loan to EMATUM and placed the corresponding bonds with investors. In 2016, due to payment difficulties on the part of EMATUM, these loans were swapped for direct bonds issued by the state of Mozambique. Credit Suisse UK carried out the restructuring of these debts.

### **Shortcomings in Group-wide risk management**

There are high reputational risks associated with large loans to financially weak or corruption-prone countries. In the present case, the bank focused instead primarily on the financial risk, which was limited because of the syndication and issue of bonds. The consequence of this one-sided focus was that the British subsidiaries of Credit Suisse decided on their own to grant the original loan in 2013, without the parent company intervening and thereby fulfilling its duty within the context of Group-wide risk management.

### **Indications that the funds were being misused**

Particularly before the EMATUM bonds were converted in 2016, the parent company had information indicating that funds from the loans running to several hundred million may have been misused. The parent company ultimately still approved the restructuring, although there were various warning signs and unanswered questions, which could not be plausibly clarified.

Overall FINMA concludes that the Group's risk management in connection with the Mozambique loans was seriously deficient.

### **Breach of reporting obligations**

A suspicious payment of around USD 8 million was also made to an adviser of Mozambique through Credit Suisse in the context of this case. Questions concerning the background to the payment remained unanswered, despite the bank's investigations. Although the bank was not able to dispel the suspicions, it did not file a suspicious activity report with MROS. Instead, the bank terminated the business relationship and declared the adviser to be an undesirable client. The bank did not fulfil its reporting obligation until 2019, after the US Department of Justice (DOJ) had publicly indicted three former employees of Credit Suisse UK, among others, in connection with the Mozambique loans. The bank thereby also seriously violated the AMLA reporting obligations.

### **FINMA imposes conditions on new loans business**

During the course of the FINMA investigation, Credit Suisse has already adopted and partially implemented measures to improve the Group-wide risk management and internal control systems. FINMA will appoint an independent third party to review the implementation and effectiveness of these measures.

FINMA also decrees that in future the Credit Suisse Group AG must ensure that all lending transactions that pose increased risks for the entire Group are escalated to Group level and that the decision-making process is

documented accordingly. In doing so, it must make an overall assessment of all types of risk, i.e. of a financial, reputational or legal nature, at the Group level. Furthermore, FINMA will arrange for Credit Suisse's existing credit transactions with financially weak and corruption-prone states or companies with guarantees from such states to be reviewed by an independent third party, as well as the correct implementation of the AMLA reporting obligations. The individual transactions to be examined by FINMA will be selected on the basis of specific risk criteria such as the amount of the loan or the risk profile of the countries. FINMA is also imposing temporary conditions for new loans to financially weak countries and countries with a high risk of corruption. Until all of the remedial measures have been taken, Credit Suisse will only be permitted to enter into such new transactions if Credit Suisse or the borrower concerned informs the public transparently about the purpose, amount, term and any guarantors of the loan.