

Notification template for Article 131 of the Capital Requirements Directive (CRD) – Other Systemically Important Institutions (O-SIIs)

Template for notifying the European Central Bank (ECB) and the European Systemic Risk Board (ESRB) of the setting or resetting of an O-SII buffer under Article 131(7) CRD and of the identity of O-SIIs under Article 131(12) CRD

Please send/upload this template to:

- macropru.notifications@ecb.europa.eu when notifying the ECB (under Article 5 of the Single Supervisory Mechanism (SSM) Regulation¹);
- [DARWIN/ASTRA](#) when notifying the ESRB.

The ESRB will forward this notification to the European Commission, to the European Banking Authority (EBA) and to the competent and designated authorities of the Member States concerned without delay and will publicly disclose the names of the O-SIIs on its website. This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure².

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. To facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority																
1.1 Name of the notifying authority	Latvijas Banka.															
1.2 Country of the notifying authority	Latvia.															
2. Description of the measure																
2.1a Institution or group of institutions concerned	<table border="1"> <thead> <tr> <th>Name of institution</th> <th>LEI</th> <th>Consolidation level</th> </tr> </thead> <tbody> <tr> <td>Swedbank Baltics AS</td> <td>9845006C7B5CC707X660</td> <td>Highest level of consolidation in Latvia, sub-consolidated and individual level in Latvia (subsidiary "Swedbank" AS)</td> </tr> <tr> <td>AS "SEB banka"</td> <td>549300YW95G1VBBGGV07</td> <td>Highest level of consolidation in Latvia</td> </tr> <tr> <td>Akciju sabiedrība "Citadele banka"</td> <td>2138009Y59EAR7H1UO97</td> <td>Highest level of consolidation in Latvia and individual</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Name of institution	LEI	Consolidation level	Swedbank Baltics AS	9845006C7B5CC707X660	Highest level of consolidation in Latvia, sub-consolidated and individual level in Latvia (subsidiary "Swedbank" AS)	AS "SEB banka"	549300YW95G1VBBGGV07	Highest level of consolidation in Latvia	Akciju sabiedrība "Citadele banka"	2138009Y59EAR7H1UO97	Highest level of consolidation in Latvia and individual			
Name of institution	LEI	Consolidation level														
Swedbank Baltics AS	9845006C7B5CC707X660	Highest level of consolidation in Latvia, sub-consolidated and individual level in Latvia (subsidiary "Swedbank" AS)														
AS "SEB banka"	549300YW95G1VBBGGV07	Highest level of consolidation in Latvia														
Akciju sabiedrība "Citadele banka"	2138009Y59EAR7H1UO97	Highest level of consolidation in Latvia and individual														

¹ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

² On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

2.1b Changes to the list of institutions concerned	<p>The list of institutions concerned will decrease from five to three – Swedbank Baltics AS, AS "SEB banka" and Akciju sabiedrība "Citadele banka" will remain identified as O-SII, whereas, two institutions currently identified as O-SII (Akciju sabiedrība "Rietumu Banka" and BluOr Bank AS) will no longer be identified as such following the changes in the O-SII identification methodology (please see Sections 4.2 and 4.3).</p> <p>As of 2025 the O-SII requirements will be applicable both at the highest level of consolidation in Latvia and individual level, where possible. Accordingly, Akciju sabiedrība "Citadele banka" will have to apply respective O-SII capital buffer rate at the highest consolidation level in Latvia and at individual level. Swedbank Baltics AS continues to apply respective requirements also to its sub-consolidated and individual levels for local subsidiary registered in Latvia ("Swedbank" AS) to ensure full implementation of the capital stack (including Pillar 2 requirement and Pillar 2 guidance), as well as to take into account the local systemic importance. The application level for AS "SEB banka" remains the same (highest level of consolidation in Latvia), considering its specificities regarding overall capital requirements (they are set only at the highest level of consolidation in Latvia).</p>																														
2.2 Level of the buffer applied	<p>The O-SII capital buffer requirement will remain unchanged (2%) for Swedbank Baltics AS and for its local subsidiary registered in Latvia ("Swedbank" AS). The reviewed methodology for the calibration of the O-SII capital buffer rates implies moderately higher (2.5%) buffer rate that is currently possible to set considering the subsidiary cap which limits respective rate to 2% (please see Section 7.3).</p> <p>According to the reviewed methodology for the calibration of the O-SII capital buffer rates, as well as accounting for the changes in relative significance of institutions, the buffer rates for Akciju sabiedrība "Citadele banka" and AS "SEB banka" will decrease for each by 0.25 percentage points to respectively 1.25% and 1.5%.</p>																														
2.3 Name of the ultimate EU parent institution	<table border="1"> <thead> <tr> <th>Name of institution</th> <th>New O-SII buffer</th> <th>Previous O-SII buffer</th> </tr> </thead> <tbody> <tr> <td>Swedbank Baltics AS</td> <td>2%</td> <td>2%</td> </tr> <tr> <td>AS "SEB banka"</td> <td>1.50%</td> <td>1.75%</td> </tr> <tr> <td>Akciju sabiedrība "Citadele banka"</td> <td>1.25%</td> <td>1.50%</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Name of institution	New O-SII buffer	Previous O-SII buffer	Swedbank Baltics AS	2%	2%	AS "SEB banka"	1.50%	1.75%	Akciju sabiedrība "Citadele banka"	1.25%	1.50%															
Name of institution	New O-SII buffer	Previous O-SII buffer																													
Swedbank Baltics AS	2%	2%																													
AS "SEB banka"	1.50%	1.75%																													
Akciju sabiedrība "Citadele banka"	1.25%	1.50%																													
	<table border="1"> <thead> <tr> <th>Name of identified O-SII</th> <th>Ultimate EU parent institution</th> <th>LEI of ultimate parent institution</th> </tr> </thead> <tbody> <tr> <td>Swedbank Baltics AS</td> <td>Swedbank AB</td> <td>M312WZV08Y7LYUC71685</td> </tr> <tr> <td>AS "SEB banka"</td> <td>Skandinaviska Enskilda Banken AB</td> <td>F3JS33DEI6XQ4ZBPTN86</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Name of identified O-SII	Ultimate EU parent institution	LEI of ultimate parent institution	Swedbank Baltics AS	Swedbank AB	M312WZV08Y7LYUC71685	AS "SEB banka"	Skandinaviska Enskilda Banken AB	F3JS33DEI6XQ4ZBPTN86																		
Name of identified O-SII	Ultimate EU parent institution	LEI of ultimate parent institution																													
Swedbank Baltics AS	Swedbank AB	M312WZV08Y7LYUC71685																													
AS "SEB banka"	Skandinaviska Enskilda Banken AB	F3JS33DEI6XQ4ZBPTN86																													

	<table border="1"> <thead> <tr> <th>Name of parent O-SII identified</th> <th>Name of O-SII subsidiary</th> <th>LEI of O-SII subsidiary</th> </tr> </thead> <tbody> <tr> <td>Swedbank Baltics AS</td><td>"Swedbank" AS</td><td>549300FXB1WWGK70Y98</td></tr> <tr> <td>Swedbank Baltics AS</td><td>Swedbank AS</td><td>549300PHQZ4HL15HH975</td></tr> <tr> <td>Swedbank Baltics AS</td><td>"Swedbank", AB</td><td>549300GH3DFCXVBHE59</td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td></td><td></td><td></td></tr> </tbody> </table>			Name of parent O-SII identified	Name of O-SII subsidiary	LEI of O-SII subsidiary	Swedbank Baltics AS	"Swedbank" AS	549300FXB1WWGK70Y98	Swedbank Baltics AS	Swedbank AS	549300PHQZ4HL15HH975	Swedbank Baltics AS	"Swedbank", AB	549300GH3DFCXVBHE59																																										
Name of parent O-SII identified	Name of O-SII subsidiary	LEI of O-SII subsidiary																																																							
Swedbank Baltics AS	"Swedbank" AS	549300FXB1WWGK70Y98																																																							
Swedbank Baltics AS	Swedbank AS	549300PHQZ4HL15HH975																																																							
Swedbank Baltics AS	"Swedbank", AB	549300GH3DFCXVBHE59																																																							
2.4 Names of subsidiaries																																																									
3. Timing for the measure																																																									
3.1 Timing for the decision	15/12/2025																																																								
3.2 Timing for publication	17/12/2025																																																								
3.3 Disclosure	<p>The respective publication will be made on Latvijas Banka home page:</p> <p>https://www.bank.lv/en/operational-areas/financial-stability/macropundential-measures-introduced-in-latvia/capital-buffer-for-other-systemically-important-institutions</p>																																																								
3.4 Timing for application	22/12/2025																																																								
3.5 Phasing in	<p>The decision will come in force in 22/12/2025. Therefore, as of 22/12/2025 Akciju sabiedrība "Rietumu Banka" and BluOr Bank AS will no longer be identified as O-SIIs and they will no longer have to apply O-SII capital buffer requirements.</p> <table border="1"> <thead> <tr> <th>Name of institution</th> <th>Date1</th> <th>Date2</th> <th>Date3</th> <th>Date4</th> <th>Date5</th> </tr> </thead> <tbody> <tr> <td></td> <td>22/12/2025</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Swedbank Baltics AS</td> <td>2%</td> <td>%</td> <td>%</td> <td>%</td> <td>%</td> </tr> <tr> <td>AS "SEB banka"</td> <td>1.50%</td> <td>%</td> <td>%</td> <td>%</td> <td>%</td> </tr> <tr> <td>Akciju sabiedrība "Citadele banka"</td> <td>1.25%</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>			Name of institution	Date1	Date2	Date3	Date4	Date5		22/12/2025					Swedbank Baltics AS	2%	%	%	%	%	AS "SEB banka"	1.50%	%	%	%	%	Akciju sabiedrība "Citadele banka"	1.25%																												
Name of institution	Date1	Date2	Date3	Date4	Date5																																																				
	22/12/2025																																																								
Swedbank Baltics AS	2%	%	%	%	%																																																				
AS "SEB banka"	1.50%	%	%	%	%																																																				
Akciju sabiedrība "Citadele banka"	1.25%																																																								
3.6 Review of the measure	<p>The list of the identified O-SII and the respective O-SII buffer rates are reviewed on an annual basis.</p>																																																								
4. Reason for O-SII identification and activation of the O-SII buffer																																																									
4.1 Scores of institutions or group of institutions concerned, as per EBA guidelines on the assessment of O-SIIs (Article 131.3 CRD)	<p>The O-SII scores for all institutions included in the identification exercise and their respective contributions of each indicator are available in the Excel file attached below the table in this Section. These scores are calculated according to the definitions provided in the EBA guidelines EBA/GL/2014/10 (EBA Guidelines).</p> <p>Taking into account that Swedbank Baltics AS is an intermediate holding company established to create a Baltic sub-consolidation group, which doesn't on its own behalf offer financial services nor attract deposits, and its formation represents an organisational change within the Swedbank Group but in itself has no practical</p>																																																								

	<p>effect on the systemic importance of "Swedbank" AS or other institutions included in the O-SII identification sample for the Latvian financial sector, just as in 2023 and 2024, it has been identified on the basis of supervisory reporting data of "Swedbank" AS in 2025 as well.</p> <p>N.B. The information in the table below and the attached file can be shared with other relevant authorities but in general should not be made publicly available. In light of specificities of the Latvian financial sector the harmonised indicator weights as per the EBA Guidelines do not correspond to their actual contribution to systemic risk, therefore resulting in scores that do not appropriately reflect the relative systemic importance of financial sector participants.</p>																																																						
	<table border="1"> <thead> <tr> <th>Name of institution</th><th>Size</th><th>Substitutability</th><th>Complexity</th><th>Interconnectedness</th><th>Overall Score</th></tr> </thead> <tbody> <tr> <td>Swedbank Baltics AS</td><td>874</td><td>778</td><td>433</td><td>761</td><td>2846</td></tr> <tr> <td>AS "SEB banka"</td><td>494</td><td>406</td><td>371</td><td>386</td><td>1658</td></tr> <tr> <td>Akciju sabiedrība "Citadele banka"</td><td>414</td><td>542</td><td>365</td><td>816</td><td>2137</td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td></tr> </tbody> </table>	Name of institution	Size	Substitutability	Complexity	Interconnectedness	Overall Score	Swedbank Baltics AS	874	778	433	761	2846	AS "SEB banka"	494	406	371	386	1658	Akciju sabiedrība "Citadele banka"	414	542	365	816	2137																														
Name of institution	Size	Substitutability	Complexity	Interconnectedness	Overall Score																																																		
Swedbank Baltics AS	874	778	433	761	2846																																																		
AS "SEB banka"	494	406	371	386	1658																																																		
Akciju sabiedrība "Citadele banka"	414	542	365	816	2137																																																		
	 O-SII_data_2025.xlsx																																																						

<p>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</p>	<p><i>Please provide information on:</i></p> <p>a. whether you followed the EBA guidelines on the assessment of O-SIIs;</p> <p>The first step of O-SII identification was performed according to the mandatory criteria and indicators, data definitions and calculation procedures specified in the EBA Guidelines.</p> <p>In the second step, the obtained results were additionally evaluated to ensure that only truly systemically important institutions are identified as O-SII, considering that in practice some mandatory indicators and their weights in the EBA Guidelines can disproportionately signal systemic importance for institutions that are not truly 'too big to fail'.</p> <p>Methodology covered in the respective EBA Guidelines does not sufficiently distinguish between financial sector specificities of different Member States assuming the same 10 indicators and their weights and scoring of 10 000 bps for all countries. The EBA O-SII identification methodology offers no feasible possibilities to exclude very small banks from the identification as O-SII which often occur as a consequence after applying respective methodology in a country with smaller and less sophisticated financial sector and fewer market participants. For example, underrepresentation in some of the mandatory indicators can lead to rather extreme cases (e.g. if only one bank from the O-SII assessment sample issues debt securities this bank would automatically receive all 833 bps assigned to this indicator and thus would be identified as O-SII regardless of the amount of particular debt securities nor its other characteristics). Also high presence of large foreign subsidiaries in a country having cross-border banking groups can distort</p>
--	---

	<p>this assessment even further as some mandatory indicators excludes intragroup transactions and intra-office exposures, thus assigning larger importance in those indicators to other (often smaller) banks in an overall sample.</p> <p>To limit the possibility that countries with fewer number of banks and comparatively (to the EU average) smaller financial sectors sometimes identify very small institutions as O-SIIs (thus limiting unintended and disproportional in EU terms regulatory consequences for those institutions) and to account for national specificities of the financial sector, additional evaluation should be performed to exclude institutions that are not truly systemically important institutions, but that were identified as such by a methodological consequence.</p> <p>Given the small size and composition of the Latvian banking sector and necessity to ensure that systemically unimportant institutions are not unduly identified as O-SIIs, Latvijas Banka applied '<i>de minimis</i>' principle or scaling factor to the total sum of O-SII scores. Providing that 10 000 bps correspond to the average EU financial sector, these 10 000 bps were normalised - multiplied by the coefficient derived from the proportion of the size of the Latvian banking sector with respect to the size of the average EU banking sector. In 2024, the ratio of the Latvian banking sector to GDP was 74% while that of the EU average was 161% (according to the Eurostat data). In order to be more representative, the respective EU average was calculated by excluding maximal observation (a statistical outlier), resulting in a more conservative scaling. These values should be reassessed annually. Therefore for Latvia the normalised total O-SII score would be 4 589 bps. The lowering of the total sum of scores respectively resulted in lower O-SII scores for individual institutions (see Section 4.3).</p> <p>To ensure that all institutions not identified as O-SII after applying '<i>de minimis</i>' principle (but identified as such in the first step according to the respective EBA Guidelines) are truly not systemically important, Latvijas Banka has carried out additional qualitative and quantitative analysis on systemic significance of the institutions (see Section 4.3).</p> <p class="list-item-l1">b. <i>which threshold score has been set to identify O-SIIs;</i></p> <p>The threshold score has been set at 425 bps since 2015 due to the size and specificities of the financial sector. This threshold remained also in 2025 for the normalised (<i>de minimis</i>) O-SII scores.</p> <p class="list-item-l1">c. <i>whether relevant entities with relative total assets not in excess of 0.02% have been excluded from the identification process;</i></p> <p>Relevant entities with total assets not in excess of 0.02% of the whole sample are also included.</p> <p class="list-item-l1">d. <i>the names and scores of all relevant entities not excluded from the identification process (could be sent in a separate Excel file, see 4.1);</i></p> <p>Please see the Excel file attached in Section 4.1.</p> <p class="list-item-l1">e. <i>whether non-bank institutions have been included in the calculations.</i></p> <p>Non-bank institutions have not been included in the calculations as they are relatively small and are not material in terms of systemic importance in the Latvian financial system.</p>
--	---

<p>4.3 Supervisory judgement</p>	<p><i>Have any of the institutions listed in 2.1 been identified by applying supervisory judgement as laid down in EBA guidelines on the assessment of O-SIIs?</i></p> <p>Yes. For the O-SII identification process the supervisory judgement was applied.</p> <p><i>If yes, please list the respective institutions and provide information on:</i></p> <ol style="list-style-type: none"> <i>which of the optional indicators have been used to justify the supervisory assessment decisions, if any, and what the scores were;</i> <i>why these optional indicators are relevant for the Member State;</i> <i>why the bank is systemically important in terms of those particular optional indicators.</i> <p>In addition to '<i>de minimis</i>' principle described in detail in Section 4.2, Latvijas Banka carried out qualitative and quantitative analysis for institutions that are not identified as O-SII after applying this principle (but would be identified as such in the first step strictly adhering to the respective EBA Guidelines) to ensure that they truly are not systemically important. These institutions are Akciju sabiedrība "Rietumu Banka" and BluOr Bank AS (see the table below) that after applying respective normalisation no longer fulfils the O-SII identification threshold of 425 bps.</p> <table border="1"> <thead> <tr> <th>Bank</th><th>O-SII score according to the EBA Guidelines methodology (bps)</th><th>O-SII score according to the '<i>de minimis</i>' (scaling of 45.9%) (bps)</th></tr> </thead> <tbody> <tr> <td>Akciju sabiedrība "Rietumu Banka"</td><td>640</td><td>294 (not identified as O-SII)</td></tr> <tr> <td>BluOr Bank AS</td><td>672</td><td>308 (not identified as O-SII)</td></tr> </tbody> </table> <p>In this additional analysis Latvijas Banka assessed the respective institutions' systemic importance focusing on factors which are material predominantly for the national banking sector (such as total assets, private sector loans and deposits to local residents, value of domestic payment transactions and a share of bank customer accounts in banks), while at the same time cross-border aspects were also considered. In the case of Latvia the focus on the domestic relevance prevails as cross-border activities are rather limited (also considering the predominance of large foreign subsidiaries and branches located in Latvia).</p> <p>Another aspect that should also be taken into account characterises the conditions under which the O-SII identification methodology leads to misleadingly high O-SII scores for Akciju sabiedrība "Rietumu Banka" and BluOr Bank AS:</p> <ul style="list-style-type: none"> in 2025 Q2 only three banks (among which BluOr Bank AS) had issued debt securities thus distorting the scores in the interconnectedness criteria; the scores of Akciju sabiedrība "Rietumu Banka" and BluOr Bank AS stand out against other institutions in the category of complexity. This occurs due to fact, that three out of four largest credit institutions operating in Latvia are subsidiaries or branches of other EU countries where significant part of international operations occurs at the parent bank level or within the group, and according to the EBA methodology intragroup transactions and intra-office exposures should be excluded. This results in larger importance of the rest of banks in this category. <p>According to this additional assessment Akciju sabiedrība "Rietumu Banka" and BluOr Bank AS are not considered as truly systemically important.</p>	Bank	O-SII score according to the EBA Guidelines methodology (bps)	O-SII score according to the ' <i>de minimis</i> ' (scaling of 45.9%) (bps)	Akciju sabiedrība "Rietumu Banka"	640	294 (not identified as O-SII)	BluOr Bank AS	672	308 (not identified as O-SII)
Bank	O-SII score according to the EBA Guidelines methodology (bps)	O-SII score according to the ' <i>de minimis</i> ' (scaling of 45.9%) (bps)								
Akciju sabiedrība "Rietumu Banka"	640	294 (not identified as O-SII)								
BluOr Bank AS	672	308 (not identified as O-SII)								

4.4 Calibrating the O-SII buffer

The O-SII capital buffer calibration up until 2025 was based on the *Equal Expected Impact* (EEI) method. According to it, the O-SII capital buffer rates were set with an aim to equalize the expected impact of an O-SIIs' financial distress with the expected impact of a non-O-SII reference institution's financial distress.

In 2025, Latvijas Banka has changed the approach for setting O-SII capital buffer rates replacing the EEI model with the bucketing approach. In the later approach the O-SII capital buffer rates correspond to the predefined buckets of systemic importance scores (in bps).

For the purposes of calibrating the O-SII capital buffer rate, since 2016 the systemic importance scores have been calculated by employing an adjusted EBA Guidelines' methodology which more appropriately takes into account the specificities of national financial sector. In 2018, the weighting of adjusted indicators used for the O-SII buffer calibration was changed (see the table below) due to the decrease in the outstanding stock of debt securities issued by the banking sector and significant structural changes in the Latvian financial sector. In 2025, those indicators and weights were further adjusted by excluding the credit risk stress test indicator (to minimise overlapping with other capital requirements calibrated on the basis of stress test results) and to increase appropriately the weight of private sector deposits from Latvian residents indicator (considering that the amount of these respective exposures have more than doubled since 2016).

Criterion	Indicators	EBA guidelines weights	Adjusted methodology for buffer calibration weights (2016-2017)	Adjusted methodology for buffer calibration weights (2018-2024)	Adjusted methodology for buffer calibration weights (2025-)
Size	Total assets	25%	25%	25%	25%
	Risk weighted assets		15%	15%	15%
Importance (including substitutability/financial system infrastructure)	Value of domestic payment transactions	8.33%	5%	5%	5%
	Private sector deposits from depositors in the EU	8.33%	5%	5%	5%
	Private sector loans to recipients in the EU	8.33%	5%	5%	5%
	Private sector deposits from Latvian residents		5%	7.5%	12.5%
	Private sector loans to Latvian residents		5%	7.5%	7.5%
	Credit risk stress test – additional provisions (% of total provisions needed in banking sector)		5%	5%	-
Complexity/cross-border activity	Value of OTC derivatives (notional)	8.33%	5%	5%	5%
	Cross-jurisdictional liabilities	8.33%	5%	5%	5%
	Cross-jurisdictional claims	8.33%	5%	5%	5%
Interconnectedness	Intra-financial system liabilities	8.33%	5%	4.5%	4.5%
	Intra-financial system assets	8.33%	5%	4.5%	4.5%
	Debt securities outstanding	8.33%	5%	1%	1%

The table below compares the identified institutions' O-SII scores (i) according to the EBA Guidelines methodology, (ii) according to the normalised (against EU average) O-SII score considering the size of the local banking sector to rule out overinflated O-SII scores in jurisdictions with smaller and often less sophisticated banking sectors, and (iii) according to the adjusted indicators used for the O-SII buffer calibration (as per adjusted indicators and their weights covered in the table above).

Bank	O-SII score according to the EBA Guidelines methodology (bps)	O-SII score according to the ' <i>de minimis</i> ' (scaling of 45.9%) (bps)	O-SII score according to the adjusted indicators and their weights (bps)
Swedbank Baltics AS	2 846	1 306	3 365
AS "SEB banka"	1 658	761	1 941
Akciju sabiedrība "Citadele banka"	2 137	981	1 677

Respective changes to the O-SII capital buffer rate approach were stipulated by various aspects, some of which stem from increasing larger transparency to market participants regarding setting respective buffer rates as opposed to the EEI model, and also by stimulating larger international comparability among peer countries (countries with similar financial system characteristics) to further ensure that similar banks in terms of their systemic importance would receive more comparable O-SII capital buffer rate requirements both in Latvia as well as in other peer countries thus ensuring more equal, proportional and competitive regulatory framework. Also international best practices of EU countries lean towards employing some form of bucketing approach rather than relying on EEI or similar sophisticated model (Latvijas Banka assessed from publicly available information that twenty two EEA countries in 2024 employed some form of bucketing approach). The bucketing approach facilitates greater simplification without impairing the resilience.

Another important aspect towards gravitating away from the EEI model was the data reliability and assumptions used for the calibration of the O-SII capital buffer levels as respective data characterised significantly changed banking sector (historical banking sector losses (RORWA) from 2004) over a time span of more than 20 years. While at the same time the EEI model could offer greater precision and risk sensitivity, more granular buckets can also mitigate this at some degree.

Latvijas Banka calibrated bucketing approach by combining regression results with expert judgement and also by considering various aspects such as average rates of the historically applied cut-off thresholds for different O-SII capital buffer rates by the EEI model employed in Latvia over a multi-year horizon, average buckets (respective O-SII scores and correspondingly set O-SII capital buffer rates) applied in practice among EEA countries as well as those of peer countries. The ECB O-SII floor methodology was also considered when deciding on the respective bucket cut-off thresholds as well as overall general practice of the EEA countries' respective O-SII capital buffer methodologies.

In line with the chosen threshold used for the O-SII identification, the 425 bps is also used to define a starting cut-off threshold for the smallest of buckets - thus at this level distinguishing O-SIIs from the non-O-SIIs (see the table below). The rest of the thresholds represent a 290 bps linear interval between each bucket.

Systemic importance score according to the adjusted methodology for buffer calibration weights (2025-)	Respective corresponding O-SII capital buffer rate
425 – 749	0.25%
750 – 1039	0.50%
1040 – 1329	0.75%
1330 – 1619	1.00%
1620 – 1919	1.25%
1920 – 2209	1.50%
2210 – 2499	1.75%
2500 – 2789	2.00%
2790 – 3079	2.25%
3080 – 3369	2.50%

	<table border="1"> <tr> <td>3370 – 3659</td><td>2.75%</td></tr> <tr> <td>3660 and more</td><td>3.00%</td></tr> </table>	3370 – 3659	2.75%	3660 and more	3.00%												
3370 – 3659	2.75%																
3660 and more	3.00%																
<p>The table below compares the identified institutions' O-SII capital buffer rates according to (i) the bucketing approach and (ii) previously used EEI model. There is no difference in O-SII capital buffer rates for AS "SEB banka", but there is a small difference (0.25 percentage points) for Akciju sabiedriba "Citadele banka", whereas for Swedbank Baltics AS the bucketing approach suggests O-SII capital buffer rate at 2.5% compared to 2% suggested by the EEI model; however, the subsidiary cap limits respective rate at 2%.</p>																	
	<table border="1"> <thead> <tr> <th>Bank</th><th>O-SII buffer rate according to the new bucketing approach</th><th>O-SII buffer rate according to the previously used EEI model</th><th>Difference</th></tr> </thead> <tbody> <tr> <td>Swedbank Baltics AS</td><td>2.50% (without the subsidiary cap)</td><td>2% (considering the subsidiary cap)</td><td>+ 0.50pp (capped at 2%)</td></tr> <tr> <td>AS "SEB banka"</td><td>1.50%</td><td>1.50%</td><td>0</td></tr> <tr> <td>Akciju sabiedriba "Citadele banka"</td><td>1.25%</td><td>1.50%</td><td>- 0.25pp</td></tr> </tbody> </table>	Bank	O-SII buffer rate according to the new bucketing approach	O-SII buffer rate according to the previously used EEI model	Difference	Swedbank Baltics AS	2.50% (without the subsidiary cap)	2% (considering the subsidiary cap)	+ 0.50pp (capped at 2%)	AS "SEB banka"	1.50%	1.50%	0	Akciju sabiedriba "Citadele banka"	1.25%	1.50%	- 0.25pp
Bank	O-SII buffer rate according to the new bucketing approach	O-SII buffer rate according to the previously used EEI model	Difference														
Swedbank Baltics AS	2.50% (without the subsidiary cap)	2% (considering the subsidiary cap)	+ 0.50pp (capped at 2%)														
AS "SEB banka"	1.50%	1.50%	0														
Akciju sabiedriba "Citadele banka"	1.25%	1.50%	- 0.25pp														
<p>Considering the impact of released CET 1 capital reserves following the decision of Latvijas Banka to no longer identify certain institutions as O-SII as well as to decrease respective O-SII capital buffer rates for certain institutions – these changes will in total amount to 0.16% of the banking sector TREA (as of 2025 Q2). Thereby considering these aspects, the shift from the EEI model to the bucketing approach will not impair the overall resilience of O-SIIs.</p>																	
4.5 Effectiveness and proportionality of measure	<p>The higher capital requirements resulting from the application of the O-SII buffer are essential to ensure the resilience of the systemically important institutions in Latvia. The total assets of the identified O-SIIs account for 71% of Latvian banking sector assets and 53% of Latvian GDP as of 2025 Q2 – financial distress of these institutions would negatively affect financial stability and economy of Latvia.</p> <p>At the same time to limit the possibility that countries with fewer number of banks and comparatively (considering the EU average) smaller financial sectors sometimes identify very small institutions as O-SIIs (thus limiting unintended and disproportional in EU terms regulatory consequences for those institutions) and to account for national specificities, additional evaluation was performed to exclude institutions that are not truly systemically important.</p> <p>As of 2025 Q2 the identified O-SIIs are able to fulfil the buffer requirements with the available CET 1 capital reserves and no disruptions to the local financial system or economy are expected.</p>																
<p>5. Sufficiency, consistency and non-overlap of the policy response</p>																	
5.1 Sufficiency of the policy response	<p>The Latvian economy relies heavily on the financing provided by the banking sector, therefore its resilience is essential for the financial stability and economic development.</p> <p>For institutions with O-SII buffer rates under 2% the measure is deemed sufficient considering their relative systemic importance as derived from the O-SII scores calculated according to the adjusted indicators and overall required additional proportional resilience according to the bucketing approach results. In case of Swedbank Baltics AS the measure is deemed sufficient in light of the maximum</p>																

	O-SII capital buffer rate allowed according to the EU legislation (CRD subsidiary cap) (please see Section 7.3).																				
5.2 Consistency of application of the policy response	Setting O-SII buffers to increase the resilience of systemically important institutions is consistent with the aim of limiting the potential risks stemming from a failure of identified O-SIIs for the Latvian financial system. In application of the measure Latvijas Banka complies with the Article 131 of CRD and the principles set out in EBA Guideline, as well as considers national specificities. The O-SII buffers were calibrated relative to their systemic importance in a risk sensitive manner – banks with higher adjusted O-SII score are required to hold higher buffers.																				
5.3 Non-overlap of the policy response	No other policy instruments are used to address the systemic risk in Latvian banking sector in relation to banks' systemic importance, therefore there is no overlap with other policy instruments.																				
6. Cross-border and cross-sector impact of the measure																					
6.1 Assessment of cross-border effects and the likely impact on the Internal Market (Recommendation ESRB/2015/2³)	The cross-border effects and impact on the internal market is expected to be non-material as the cross-border activities within EU of identified O-SIIs are rather limited. The EU parent institutions of local subsidiaries identified as O-SIIs are required to hold at least as large capital buffers at the consolidated level as Latvijas Banka is planning to set in Latvia for these respective institutions if considering the sum of their locally set SyRB and O-SII buffers. In case for Swedbank Baltics AS its three subsidiaries in the Baltic States are required to hold the same 2% O-SII buffer.																				
6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	As the measure is institution-specific and applied at the highest consolidation level and individual (where possible) in Latvia (for considerations regarding Swedbank, please see Sections 2.1a and 2.1b), possibility of any leakages and regulatory arbitrage is minimal.																				
7. Combinations and interactions with other measures																					
7.1 Combinations between G-SII and O-SII buffers (Article 131.14)	Not applicable.																				
	<table border="1"> <thead> <tr> <th>Name of institution</th> <th>O-SII buffer</th> <th>G-SII buffer</th> </tr> </thead> <tbody> <tr> <td></td> <td>%</td> <td>%</td> </tr> <tr> <td></td> <td>%</td> <td>%</td> </tr> <tr> <td></td> <td>%</td> <td>%</td> </tr> </tbody> </table>	Name of institution	O-SII buffer	G-SII buffer		%	%		%	%		%	%								
Name of institution	O-SII buffer	G-SII buffer																			
	%	%																			
	%	%																			
	%	%																			
7.2 Combinations with systemic risk buffers (SyRBs) (Article 131.15 CRD)	Not applicable.																				
	<table border="1"> <thead> <tr> <th>Name of institution</th> <th>SyRB rate</th> <th>SyRB application level</th> <th>Sum of G-SII/O-SII and SyRB rates</th> </tr> </thead> <tbody> <tr> <td></td> <td>%</td> <td></td> <td>%</td> </tr> </tbody> </table>	Name of institution	SyRB rate	SyRB application level	Sum of G-SII/O-SII and SyRB rates		%		%		%		%		%		%		%		%
Name of institution	SyRB rate	SyRB application level	Sum of G-SII/O-SII and SyRB rates																		
	%		%																		
	%		%																		
	%		%																		
	%		%																		

³ Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

		%		%
		%		%
		%		%
		%		%
7.3 O-SII requirement for a subsidiary (Article 131.8 CRD)		According to the new methodology (bucketing approach) O-SII capital buffer rate for Swedbank Baltics AS (and also that of "Swedbank" AS) should be set at 2.5%; though, CRD Art 131.8.caps it to 2%.		
		Name of O-SII subsidiary	Name of the EU parent of the O-SII subsidiary	Buffer applicable to O-SII EU parent
		Swedbank Baltics AS	Swedbank AB	1%
		AS "SEB banka"	Skandinaviska Enskilda Banken AB	1%
8. Miscellaneous				
8.1 Contact person(s)/mailbox at notifying authority	Kristina Bojare, phone +371 67022128, kristina.bojare@bank.lv			
8.2 Any other relevant information	Updated O-SII identification and O-SII capital buffer methodology will be published in a timely manner at Latvijas Banka homepage after the decision on 15 December 2025.			
8.3 Date of the notification	Please provide the date on which this notification was uploaded/sent. 14/11/2025			