





Notification template for Article 131 CRD – Other Systemically Important Institutions (O-SII)

Please send this template to

- notifications@esrb.europa.eu when notifying the ESRB;
- macropru.notifications@ecb.europa.eu when notifying the ECB;
- notifications@eba.europa.eu when notifying the EBA.

Emailing this template to the above-mentioned addresses constitutes an official notification, no further official letter is required. In order to facilitate the work of the notified authorities, please send the notification template in a format that allows electronically copying the information.

1. Notifying national authority						
1.1 Name of the notifying authority	Eesti Pank					
2. Description o	f the measure					
	Institution		LEI code		Basis	
2.1 Concerned institution or group of institutions	Swedbank AS		549300PHQZ4HL15HH975		subconsolidated and individual	
	AS SEB Pank		549300ND1MQ8SNNYMJ22		subconsolidated and individual	
	AS Luminor Bank		213800JD2L89GGG7LF07		consolidated and individual	
	AS LHV Pank		529900GJOSVHI055QR67		consolidated and individual	
	Institution		O-SII buffer rate		Applicable from	
	Swedbank AS		2%		1 August 2016	
2.2 Level of the buffer applied	AS SEB Pank		2%		1 August 2016	
	AS Luminor Bank		2%		1 July 2018	
	AS LHV Pank		1%		1 January 2019	
	Eesti Pank plans to maintain the level of the buffer for all the four banks unchanged.					
			Parent institution	LELSS	do of parent institution	
2.3 Name of the EU ultimate parent	Swedbank AS	Swedbank AB		LEI code of parent institution M312WZV08Y7LYUC71685		
institution	AS SEB Pank	Skandinaviska Enskilda Banken AB		F3JS33DEI6XQ4ZBPTN86		
				<u> </u>		

	N/A						
2.4 Names of	14/7						
subsidiaries							
3. Timing of the	e measure						
3.1 Timing of the Decision	21 October 2019						
3.2 Timing of the Publication	21 November 2019.						
3.3 Disclosure	The list of the	The list of the O-SIIs and applicable buffer rates are published on the Eesti Pank website.					
3.4 Timing of Application	N/A, since the list of O-SIIs and their buffer rates remain at the previous level.						
3.5 Phasing in	No phase-in. All identified O-SIIs are already subject to the O-SII buffer requirement.						
3.6 Review of the measure	The list of the O-SIIs identified and the O-SII buffer rates are generally reviewed on an annual basis.						
4. Reason for C)-SII identificat	tion and ac	tivation	of the O-SII buffe	er		
	-						
4.1 Scores of				Importance	Criteria		
concerned		Overall		(including	Complexity/		
institution or group	Institution	score	Size	substitutability/ financial	cross- border	Interconnectedness	
of institutions, as				system	activity		
per EBA guidelines				infrastructure)			
	I I Swedbank			initia de la decida decida de la decida decida de la decida decida decida de la decida de la decida de la decida de la decida decida decida de la decida decida de la decida de la decida d			
on the assessment	Swedbank AS	3 154	3 998	4386	2797	1436	
of O-SIIs	AS SEB			4386			
	AS SEB Pank Luminor	2 070	2 460	4386 2531	2068	1221	
of O-SIIs	AS AS SEB Pank			4386			
of O-SIIs	AS AS SEB Pank Luminor Bank AS AS LHV Pank	2 070 2 165 667	2 460 1 523 629	4386 2531 1212 809	2068 1877 293	1221 4047 938	
of O-SIIs (Article 131.3)	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining ins	2 070 2 165 667 stitutions as	2 460 1 523 629 S O-SIIs,	4386 2531 1212 809 Eesti Pank used o	2068 1877 293 only the indicat	1221 4047 938 ors listed as mandator	•
of O-SIIs (Article 131.3) 4.2 Methodology	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining institute EBA guid	2 070 2 165 667 stitutions as elines and o	2 460 1 523 629 6 O-SIIs, did not co	4386 2531 1212 809 Eesti Pank used consider it necessa	2068 1877 293 only the indicatory to add any a	1221 4047 938 ors listed as mandator additional indicators to	•
of O-SIIs (Article 131.3) 4.2 Methodology and indicators used	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining insthe EBA guid list. The thres	2 070 2 165 667 stitutions as elines and othold of sys	2 460 1 523 629 s O-SIIs, did not co	4386 2531 1212 809 Eesti Pank used consider it necessa portance is set at 3	2068 1877 293 only the indicat ry to add any a 350 basis poin	1221 4047 938 ors listed as mandator additional indicators to ts. Only banks were	•
of O-SIIs (Article 131.3) 4.2 Methodology and indicators used for designation of	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining in: the EBA guid list. The thres included in th	2 070 2 165 667 stitutions as elines and of shold of system calculations.	2 460 1 523 629 s O-SIIs, I did not co temic imp	4386 2531 1212 809 Eesti Pank used consider it necessa portance is set at 3 anks have been e	2068 1877 293 only the indicat ry to add any a 350 basis poin xcluded from t	1221 4047 938 ors listed as mandator additional indicators to ts. Only banks were he sample.	the
of O-SIIs (Article 131.3) 4.2 Methodology and indicators used for designation of the O-SII	AS SEB Pank Luminor Bank AS AS LHV Pank In defining insthe EBA guid list. The thres included in the Eesti Pank defining defining the Eesti Pank defini	2 070 2 165 667 stitutions as elines and oshold of system calculations accepted to contact the contact to the c	2 460 1 523 629 6 O-SIIs, did not cotemic impons. No battering in the complement of	4386 2531 1212 809 Eesti Pank used consider it necessa portance is set at 3 anks have been ent the framework were set at the framework were set at 3 anks have been ent the framework were set at 3 anks have been ent the framework were set at 3 anks have been ent the framework were set at 3 anks have been ent the framework were set at 3 anks have been ent the framework were set at 3 and 3	2068 1877 293 only the indicat ry to add any a 350 basis poin xcluded from twith a condition	1221 4047 938 ors listed as mandator additional indicators to ts. Only banks were he sample.	the
of O-SIIs (Article 131.3) 4.2 Methodology and indicators used for designation of	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining insthe EBA guid list. The threstincluded in the Eesti Pank defining of a credit institution.	2 070 2 165 667 stitutions as elines and of shold of system calculations activation excited to constitution excited to constit	2 460 1 523 629 6 O-SIIs, Idid not cotemic implementations. No base per per per per per per per per per pe	4386 2531 1212 809 Eesti Pank used consider it necessa portance is set at 3 anks have been ent the framework were set at the framework were set at 3 anks have been ent the framework were set at 3 anks have been ent the framework were set at 3 anks have been ent the framework were set at 3 anks have been ent the framework were set at 3 anks have been ent the framework were set at 3 and 3	2068 1877 293 Inly the indicatory to add any and any any and any any and any	1221 4047 938 ors listed as mandator additional indicators to ts. Only banks were he sample.	the
of O-SIIs (Article 131.3) 4.2 Methodology and indicators used for designation of the O-SII	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining institute EBA guid list. The threstincluded in the Eesti Pank defining institute of a credit institute institut	2 070 2 165 667 stitutions as elines and obligation should of system to expect the control of th	2 460 1 523 629 6 O-SIIs, did not cotemic impons. No batterist the interest of the nate th	4386 2531 1212 809 Eesti Pank used consider it necessa cortance is set at anks have been ent the framework was 350 basis points to institution as an October 1988 Pank, AS Lui	2068 1877 293 only the indicatory to add any and add any and add any and any and any and any and and and any and	1221 4047 938 ors listed as mandator additional indicators to ts. Only banks were he sample. In that if the overall scotemporarily, Eesti Pand d AS LHV Pank – have	the ore
of O-SIIs (Article 131.3) 4.2 Methodology and indicators used for designation of the O-SII	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining insthe EBA guid list. The threstincluded in the Eesti Pank do of a credit instead of a cred	2 070 2 165 667 stitutions as elines and of shold of system calculation excited to design to to design Swedbanked as O-SIIs	2 460 1 523 629 6 O-SIIs, Idid not contemic implementations. No base of the part of the pa	4386 2531 1212 809 Eesti Pank used consider it necessa cortance is set at 3 anks have been ent the framework vasto basis points to institution as an O-SEB Pank, AS Luin their overall sco	2068 1877 293 Inly the indicatory to add any a a signification and any a significant from the significant and any a significant and any a significant and any and any and any and any and and any any and any any and any	1221 4047 938 ors listed as mandator additional indicators to ts. Only banks were he sample. In that if the overall sco temporarily, Eesti Panid AS LHV Pank – have based on the data from	the ore
of O-SIIs (Article 131.3) 4.2 Methodology and indicators used for designation of the O-SII	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining insthe EBA guid list. The threstincluded in the Eesti Pank deformation of a credit instead	2 070 2 165 667 stitutions as elines and of shold of system calculation excited to design a Swedbank and as O-SIIs 18, also Big	2 460 1 523 629 S O-SIIs, I did not contemic imports. No based the interest of the interest	4386 2531 1212 809 Eesti Pank used consider it necessal cortance is set at anks have been ent the framework was 350 basis points to institution as an Observation of their overall score received a score	2068 1877 293 Inly the indicatery to add any a second from twith a condition threshold only self. In minor Bank and the self. In the self	1221 4047 938 ors listed as mandator additional indicators to ts. Only banks were he sample. In that if the overall scotemporarily, Eesti Panion desired and AS LHV Pank – have based on the data from than 350 basis points.	the ore
of O-SIIs (Article 131.3) 4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining insthe EBA guid list. The threstincluded in the Eesti Pank deformation of a credit instem may decide in the sential decid	2 070 2 165 667 stitutions as elines and of shold of system calculation excited to design Swedbank and as O-SIIs 18, also Big to higher p	2 460 1 523 629 S O-SIIs, Idid not contemic impons. No based state the interpretation of the contemic impons. AS, AS S shared to gbank AS points recommendations.	4386 2531 1212 809 Eesti Pank used of consider it necessal contance is set at 3 anks have been ent the framework with 350 basis points to institution as an October 1988 Pank, AS Luin their overall scotore ived under criteria.	2068 1877 293 Inly the indicatory to add any a second from the second from	1221 4047 938 ors listed as mandator additional indicators to ts. Only banks were the sample. In that if the overall scotemporarily, Eesti Panion and AS LHV Pank — have based on the data from than 350 basis points. ity/cross-border activity.	the ore
of O-SIIs (Article 131.3) 4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining insthe EBA guid list. The threstincluded in the Eesti Pank defining may decide in Eesti Pank definition of a credit institute of a credit institute end of 20 This was due which was me	2 070 2 165 667 stitutions as elines and of shold of system calculation exception to design Swedbank and as O-SIIs at the day of t	2 460 1 523 629 5 O-SIIs, Idid not contemic impons. No based state the interpretate the	4386 2531 1212 809 Eesti Pank used of consider it necessal cortance is set at 3 anks have been ent the framework was 350 basis points to institution as an October Pank, AS Luin their overall score received a score eived under criteri banks' liquidity mental score eived under criteria score eived under criteria banks' liquidity mental score eived under criteria banks' liquidity eived	2068 1877 293 Inly the indicatery to add any a 350 basis point a condition threshold only sold and any a 350. In a condition threshold only sold and any a 350. In a condition threshold only sold and any a 350. In a condition threshold only sold and any	1221 4047 938 ors listed as mandator additional indicators to ts. Only banks were the sample. In that if the overall scotemporarily, Eesti Panilod AS LHV Pank – have based on the data from than 350 basis points, ity/cross-border activity the end of the year. The	e m y,
of O-SIIs (Article 131.3) 4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining insthe EBA guid list. The threstincluded in the Eesti Pank do of a credit instead of a cred	2 070 2 165 667 stitutions as elines and of shold of system calculation excited to design system of the day	2 460 1 523 629 S O-SIIs, did not contemic imports. No becomplemented the interest of the contemic in the contemic imports. No becomplemented the interest of the contemic in the contemic	4386 2531 1212 809 Eesti Pank used of consider it necessal cortance is set at 3 anks have been eart the framework was 350 basis points the institution as an October SEB Pank, AS Luin their overall score received a score eived under criteria banks' liquidity macreased score of	2068 1877 293 Inly the indicate ry to add any a 350 basis poin excluded from the with a condition threshold only self. In minor Bank and the res. However, slightly higher on of complex anagement at Bigbank AS or	1221 4047 938 ors listed as mandator additional indicators to ts. Only banks were the sample. In that if the overall scotemporarily, Eesti Pando de AS LHV Pank — have based on the data from than 350 basis points ity/cross-border activity the end of the year. The ly based on 31.12.20	e m y,
of O-SIIs (Article 131.3) 4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining insthe EBA guid list. The threstincluded in the Eesti Pank do of a credit instem ay decide in the sentified the end of 20 This was due which was me "denominator data, while the	2 070 2 165 667 stitutions as elines and of shold of system calculation exceptitution exception and as O-SIIs also Big to higher postly driven effect" cause use of da	2 460 1 523 629 5 O-SIIs, did not contemic imports. No be complemented the interest of the part of	4386 2531 1212 809 Eesti Pank used consider it necessa portance is set at 3 anks have been ent the framework was 350 basis points to institution as an October Pank, AS Luin their overall score eived under criteria banks' liquidity macreased score of or 30.09.2018 and	2068 1877 293 Inly the indicatory to add any as a second from twith a condition threshold only self. However, slightly higher on of complex anagement at Bigbank AS or 31.03.2019 reserved.	1221 4047 938 ors listed as mandator additional indicators to ts. Only banks were he sample. In that if the overall scotemporarily, Eesti Panda d AS LHV Pank – have based on the data from than 350 basis points, ity/cross-border activity the end of the year. The ly based on 31.12.20 esulted in a score far	the ore ak
of O-SIIs (Article 131.3) 4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	AS AS SEB Pank Luminor Bank AS AS LHV Pank In defining insthe EBA guid list. The threstincluded in the Eesti Pank do of a credit instead of a credit instead denoted in the send of 20 This was due which was me "denominator data, while the below 350 base."	2 070 2 165 667 stitutions as elines and of shold of system calculation except to design Swedbank and as O-Sils at the higher postly driven the effect" cause of datasis points.	2 460 1 523 629 6 O-SIIs, Idid not contemic implementation. No based on the interval of the	4386 2531 1212 809 Eesti Pank used of consider it necessate ortance is set at 3 anks have been ent the framework was 350 basis points to institution as an October of a score eived under criteric banks' liquidity materiased score of a 30.09.2018 and esti Pank decided	2068 1877 293 Inly the indicatory to add any as a solution of complex anagement at Bigbank AS or a 1.03.2019 red to not designal	1221 4047 938 ors listed as mandator additional indicators to ts. Only banks were the sample. In that if the overall scotemporarily, Eesti Pando de AS LHV Pank — have based on the data from than 350 basis points ity/cross-border activity the end of the year. The ly based on 31.12.20	the ore ok e m cy, hee 18

	anly temporarily because of any off factors
	only temporarily because of one-off factors.
	Eesti Pank did not identify any additional institution as an O-SII through supervisory judgement.
4.4 Calibrating the O-SII buffer	According to Eesti Pank framework for O-SII buffer calibration, Eesti Pank applies the maximum rate of 2% to those credit institutions that get an overall score of at least 1200 basis points in the assessment of systemic importance. A buffer rate of at least 0.5% is applied to credit institutions that pass the minimum threshold of 350 basis points. If the overall score for systemic importance is between 350 and 1200 basis points, the benchmark rate is found linearly. The O-SII buffer rate is calibrated in steps of 0.5 percentage points.
	The threshold of 1200 basis points results from peer review and an analysis of the systemic importance of the banks operating in Estonia. In addition, the 'equal expected impact' approach was used to assess the appropriateness of the score of 1200 basis points as the threshold for the maximum buffer rate of 2% for O-SIIs.
4.5 Effectiveness and proportionality of measure	The higher capital requirements help to increase the resilience of the systemically important banks in Estonia. The total assets of the banks identified as systemically important – Swedbank AS, AS SEB Pank, Luminor Bank AS and AS LHV Pank – were worth around 86% of Estonian banking sector total assets and 88% of Estonian GDP at the end of 2018. If these banks were to cease functioning it would be very difficult to replace their services quickly. The non-functioning of these banks would endanger the stability of the Estonian financial system, incur major costs for the state and have a negative effect on the real economy.
	At the end of 2018 the four banks fulfilled the total capital and buffer requirements with voluntary excess using CET1 capital. Among these banks the lowest total capital ratio was 19%, while the highest total capital ratio approached 42% of risk weighted assets. Thus the impact of the application of this measure is expected to remain neutral
5. Cross-border	r and cross-sector impact of the measure
5.1 Assessment of cross-border effects and the likely impact on the internal market (Recommendation ESRB/2015/2)	The potential impact of the O-SII buffers being applied to the banks in Estonia is assessed to be small on the financial system of the European Union as a whole and on individual member states. Additionally, the EU parent institutions of the two local subsidiaries identified as O-SIIs are required to hold higher capital buffer requirements on the consolidated level.
5.2 Assessment of	The measure is institution-specific. Therefore the possibility of any leakages is minimal.
leakages and regulatory arbitrage within the notifying Member State	The share of EU branches in the total banking sector assets is around 8%. However, as their home authorities have set the same of higher O-SII buffer requirement, the risk of regulatory arbitrage is expected to be nonmaterial.
6. Combination	s and interactions with other measures
6.1 Combinations between G-SII and O-SII buffers (Article 131.14)	N/A

6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	systemic risk b	•	all credit institutions authorised in Es pplied to domestic exposures. The sy evel as the O-SII buffer	
6.3 O-SII requirement for a		Parent institution	O-SII buffer rate of the parent institution	
subsidiary (Article 131.8)	Swedbank AS	Swedbank AB	2%	
	AS SEB Pank	Skandinaviska Enskilda Banken AB	2%	
6.4 Interaction with other measures		anks established in Estonia. T	e risk weight of domestic mortgage lo wo O-SIIs (Swedbank AS and AS SE	

7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Jaak Tõrs, Head of Financial Stability Department +372 668 0905; jaak.tors@eestipank.ee
7.2 Any other relevant information	N/A