

## Imposition of an administrative penalty on AS SEB Pank

The EUROPEAN CENTRAL BANK,

pursuant to Article 18(7) of Council Regulation (EU) No 1024/2013<sup>1</sup>, decided on 27 March 2025 to impose an administrative penalty on AS SEB Pank in the amount of EUR 410,000. This penalty is imposed in respect of breaches of two ECB decisions relating to the use of internal rating-based models for calculating own funds requirements for credit risk. These two decisions imposed on AS SEB Pank obligations in relation to the introduction of a margin-of-conservatism framework in relation to some of its internal models.

When determining an administrative penalty, the ECB follows the principles set out in the ECB's Guide to the method of setting administrative pecuniary penalties pursuant to Article 18(1) and (7) of Regulation (EU) No 1024/2013. In accordance with this Guide, the ECB considered all the relevant circumstances of the case, in particular the degree of the misconduct of AS SEB Pank, the impact of the breaches and the size of the entity.

The ECB assessed the degree of the entity's misconduct as 'medium'. In this respect, the ECB found that AS SEB Pank committed the breaches with serious negligence, taking into account that the obligations imposed on it were clearly and unambiguously set out in each of the two relevant ECB internal model decisions. The ECB also found that AS SEB Pank failed until at least 6 September 2024 to take the necessary actions to comply with these obligations even after being granted an additional period of time to do so and being warned of the seriousness of the obligations.

The ECB assessed the impact of the breaches as 'medium' based on the effects that the breaches had on the prudential situation of the entity and its effective supervision. In that respect, the predominantly moderate to high severity of the deficiencies affecting the concerned internal models and giving rise to the obligations breached represented the extent to which AS SEB Pank deviated from the legal requirements it was required to comply with. Furthermore, these internal models were used to calculate a considerable portion of the entity's total risk-weighted assets during the period in which the deficiencies persisted. Finally, the ECB also took into consideration the relevant duration of the breaches, i.e. the period from 2 July 2022 to 6 September 2024, during which the entity was exposed to the potential underestimation of its credit risks for a material period of time.

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<sup>1</sup> 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).

Out of the severity categories ‘minor’, ‘moderately severe’, ‘severe’, ‘very severe’ and ‘extremely severe’, the ECB classified the breaches as ‘moderately severe’ since both the degree of misconduct and the impact were determined as ‘medium’. The ECB considered it a mitigating circumstance that, during part of the relevant period, AS SEB Pank undertook remedial measures to mitigate the underestimation of risks arising from the deficiencies in the concerned internal models used by it to calculate capital requirements for credit risk.

The administrative penalty is published in accordance with Article 1a(3) of Council Regulation (EC) No 2532/98<sup>2</sup>.

The ECB’s decision to impose an administrative penalty on AS SEB Pank may be challenged before the Court of Justice of the European Union under the conditions and within the time limits provided for in Article 263 of the Treaty on the Functioning of the European Union.

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<sup>2</sup> Council Regulation (EC) No 2532/98 of 23 November 1998 concerning the powers of the European Central Bank to impose sanctions (OJ L 318, 27.11.1998, p. 4).