

## Press release

18 April 2025

# ECB sanctions SEB Baltics for breaching ECB requirements on internal models

- ECB imposes three penalties for a total amount of €1.24 million for breaching requirements related to internal-rating-based models.
- SEB Baltics did not ensure sufficiently conservative estimation of its credit risk parameters.

The European Central Bank (ECB) has imposed separate administrative penalties, for a total amount of €1.24 million, on AS SEB Pank, AS “SEB banka” and AB SEB bankas (together referred to as SEB Baltics) for not complying with the imposed requirements related to the margin of conservatism for some of their internal models. The three entities were fined, respectively, €410,000, €340,000 and €490,000.

Between July 2022 and September 2024, i.e., for 26 months, the three entities failed to take adequate measures to meet the requirements set by the ECB to develop a framework to calculate an adequate margin of conservatism on the risk parameters determined by some of their internal-rating-based models, used for a considerable portion of their risk weighted assets. The three entities failed to comply with clear requirements despite the additional time granted by the ECB for remediating the identified deficiencies.

By incorporating a margin of conservatism on risk parameters, a bank ensures that risk weights remain sufficiently prudent, even in the event of potential uncertainties within the model used to derive the risk estimates. These uncertainties may arise, among other things, from incorrect data inputs or the application of inappropriate statistical methods within the model. Conservative risk weights impact Risk Weighted Assets, a crucial metric for assessing the risk profile of a bank's balance sheet. This, in turn, affects the bank's capital ratios.

When setting a pecuniary penalty, the ECB applies its dedicated [public guide](#). In this case, the ECB has classified the breaches as “moderately severe”.

### European Central Bank

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More details on sanctions imposed by the ECB are available on the [ECB's Banking Supervision website](#).

The banks may challenge the ECB's decisions before the Court of Justice of the European Union.

**For media queries, please contact [Carlijn Straathof](#), tel.: + 49 170 348 7585.**

## Notes

- The ECB's power to impose sanctions stems from Articles 18(1) and 18(7) of 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.
  - The Decision imposing a sanction 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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