Issuer:	Governor of Eesti Pank
Type:	regulation
In force from:	12.06.2021
In force until:	05.12.2021
Translation published:	10.08.2021

Procedure for calculating the systemic risk buffer

Passed 02.06.2021 No. 9

This decree is established on the basis of subsection 86^{49}(2)2) of the Credit Institutions Act.

§ 1. Scope of the Decree

(1) The Decree sets out the procedure for calculating the systemic risk buffer.

(2) The systemic risk buffer is the amount of own funds that a credit institution is obliged to hold under subsection 86^{44}(1)4) of the Credit Institutions Act.

(3) The systemic risk buffer rate is the required amount of own funds expressed as a percentage of risk exposures.

§ 2. Application of the Decree

The Decree applies to all the credit institutions licensed to operate in Estonia on an individual, sub-consolidated and consolidated basis.

§ 3. The calculation of the systemic risk buffer rate

(1) The systemic risk buffer rate is calculated using the formula:

$$B_{SR} = r_T \cdot E_T + \sum_i r_i \cdot E_i$$

where
B_{SR} is the systemic risk buffer expressed in euros;
r_T is the systemic risk buffer rate applied to the total risk exposure of the credit institution;
E_T is the total risk exposure of the credit institution, which is calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013;
i is an index denoting a subset of exposures as defined in subsection 86^{49}(4) of the Credit Institutions Act;
r_i is the systemic risk buffer rate applied to the risk exposures of risk exposure subset i;
E_i is the sum of the risk exposures in risk exposure subset i of the credit institution, which is calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013.

(2) In calculating the systemic risk buffer, the credit institution shall apply to its relevant risk exposures either the systemic risk buffer rate set by Eesti Pank or that set by the European Central Bank under Section 2 of Article 5 of Council Regulation (EU) No 1024/2013, whichever is higher.

(3) When the systemic risk buffer is calculated under subsection (1) of this section, the systemic risk buffer rate or rates shall be used that apply as at the date or dates that the systemic risk buffer requirement or requirements entered into force for the exposures concerned.

Madis Müller
Governor