Credit and Capital Markets, Volume 53, Issue 2, pp. 187–220
Scientific Papers

The Potential for Sovereign Wealth Funds to Exert Influence Through Critical Banks in the Five Smallest EU Member States: An Analysis of Malta, Cyprus, Estonia, Latvia and Lithuania

Jan Körnert* and Thomas Junghanns**

Abstract

The financial clout of global sovereign wealth funds (SWFs) is massive, and many of these are controlled by authoritarian regimes. It cannot be ruled out that these funds might take shareholding positions in banks which play key roles in other countries. This paper studies the extent to which SWFs have the potential ability to use shareholdings in critical banks as mechanisms to exert influence on other countries' banking systems, taking a comparative approach in considering the five smallest EU member states: Malta, Cyprus, Estonia, Latvia and Lithuania. The study concludes that SWFs would, in many cases, need to dedicate only a tiny portion of their assets in order to gain significant potential for influence within these countries.

Keywords: Sovereign Wealth Funds, Critical Infrastructure, Banking Systems, Significant Banks, Critical Banks, Mediterranean, Baltics, Swedbank, SEB, Luminor, Bank of Cyprus, Bank of Valletta

JEL Classification: G21, G15

I. Introduction

The mediterranean island nations of Malta and Cyprus and the Baltic nations of Estonia, Latvia and Lithuania are, in terms of gross domestic product (GDP), the five smallest member states of the European Union (EU). All five were under foreign rule for many decades of the 20th century, before only later gaining their national sovereignty, joining the EU in 2004 and more recently introducing the euro. Against this background, it is hardly surprising that the potential

* Prof. Dr. Jan Körnert, University of Greifswald, Faculty of Law and Economics, Friedrich-Loeffler-Straße 70, 17489 Greifswald, E-Mail: koernert@uni-greifswald.de.

** Dipl.-Kfm. Thomas Junghanns, University of Greifswald, Faculty of Law and Economics, Friedrich-Loeffler-Straße 70, 17489 Greifswald, E-Mail: ThomasJunghanns@gmx.de.
We thank the referee for valuable comments.

for foreign powers to gain and exert influence is a subject which still arouses particular interest in these countries.[1]

Within the economic sphere, the enormous wealth of certain sovereign wealth funds (SWFs) means that these institutions have the means and potential to gain and exert such influence.[2] With their vast financial resources, often exceeding the annual GDP of some countries, they provide a potential vehicle to carve inroads into the economies of other countries. Within this context, the critical infrastructure of other countries – specifically including banking systems – serves as a particularly sensitive entry point for gaining economic policy influence.[3] Banks have the inherent characteristic of being interwoven with a country's overall economic system, which in turn has an interdependent relationship with that country's political system.[4] This being the case, the financial clout of certain SWFs presents a potential but very real threat, particularly in a situation where a SWF might use the political influence which it has thus gained to undermine democracy and the rule of law. This threat is particularly germane in the case of powerful SWFs domiciled in authoritarian regimes.

The objective of the paper is to examine the potential for SWFs to gain and exert influence on the banking systems of the five smallest EU member states. This potential, however, does not apply equally to all banks within a country's banking system; it is, rather, concentrated in those banks critical to the system's functioning, which we term "critical banks", and which are a subset of the "significant banks" designated under the Single Supervisory Mechanism (SSM). In the course of this investigation, we shall also examine the percentage of assets that various SWFs would need to allocate in order to acquire controlling majorities in the critical banks in the five banking systems of Malta, Cyprus, Estonia, Latvia and Lithuania. This paper is thus particularly aimed at leaders of banks and banking associations as well as the responsible regulators, economic policy experts and political leaders within the EU and its member states.

In order to achieve this objective, section II. first addresses some basic parameters of our investigation by considering the total assets of the world's largest SWFs together with the Democracy Index rankings of their home countries. It also further examines the conceptual underpinnings of three key terms used

[1] This is true not only within the Baltic states (*Körnert* 2019) but also in the two Mediterranean islands, particularly in the case of Cyprus because of the country's partition continuing to the present day.

[2] *Köbeli* (2017).

[3] BMI (2009).

[4] For conceptual background, see *Deppe* (1989), as well as the sources cited in *Körnert* (2019), 115–118.

herein: critical infrastructure, significant banks and critical banks.[5] Section III. then considers the historical development of certain banks within the five banking systems, particularly those banks which currently comprise, or are the historical origin of, today's significant banks and critical banks, which are subsequently identified and discussed in section IV. Finally, section V. addresses the questions of who the owners of the critical banks in the five banking systems are, whether a controlling majority ownership of these critical banks could be acquired, how much invested capital would be required to gain such control, and how much of a burden this potential investment would be to the SWFs under consideration. The article concludes with a summary of its findings.

II. Mechanisms for the Potential Exercise of Influence by SWFs, Through Critical Infrastructure, and Through Significant and Critical Banks

1. Potential Exercise of Influence by SWFs

SWFs are investment vehicles established and owned by a sovereign government. These may, by investing across various financial asset classes, pursue conventional investment objectives, at least on the surface. The "wealth" of a sovereign wealth fund may arise from surpluses in the balance of trade and balance of payments, from foreign exchange transactions, from privatisations, or from commodity exports.[6] Most of the world's SWFs were established only in recent decades, although there are two in the United States which date back to the years 1854 and 1876.[7]

As of March 2019, the world's SWFs held combined total assets of some USD 8,145 billion.[8] Because some individual countries have multiple SWF vehicles, total SWF assets are (with certain exceptions) summarised here by home country (Table 1).[9] Of the roughly 70 countries with SWFs, more than half hold total assets in the single-digit billions; these together comprise just over one per cent

[5] For more on the conceptual underpinnings of this paper, as well as examination of the issue as it involves Malta and Cyprus, see *Körnert/Junghanns* (2019a, 2019b).

[6] TheCityUK (2015), 7; SWFI (2019).

[7] SWFI (2019). For more on Norway's SWF, see for example *Nolte/Nolting/Sarau* (2004); *Blisse* (2015).

[8] This figure is more than twice the annual GDP of Germany and almost half that of the United States.

[9] The exceptions, which are here counted separately, include the SWFs of the subnational constituent monarchies under the federation of the United Arab Emirates (UAE) and the SWF under the control of the Hong Kong special administrative region, which is part of China.

Table 1

SWF Assets and Democracy Index of Countries with SWFs (as of March 2019)

Countries with SWFs		SWF assets (USD billions)	Democracy Index (out of 167 countries)	
			rank	regime type
1	China	1,677	139	authoritarian
2	Norway	1,075	1	full democracy
3	UAE – Abu Dhabi	923	147	authoritarian
4	Saudi Arabia	876	159	authoritarian
5	Singapore	765	69	flawed democracy
6	Kuwait	592	119	authoritarian
7	China – Hong Kong	523	139	authoritarian
8	Qatar	320	133	authoritarian
9	UAE – Dubai	234	147	authoritarian
10	USA	141	21	flawed democracy
11	South Korea	134	20	full democracy
12	Kazakhstan	119	141	authoritarian
13	Australia	103	8	full democracy
14	Iran	91	150	authoritarian
15	Russia	82	135	authoritarian

Sources: www.swfinstitute.org/fund-rankings/sovereign-wealth-fund; *The Economist* (2017), pp. 5–9.

of global SWF assets. A further 15 countries have SWFs with between USD 15 billion and 99 billion of total assets, together comprising a further seven per cent of global SWF assets. Finally, there are a remaining 13 countries with massive SWFs, each with total assets of more than USD 100 billion; these giants comprise more than 92 per cent of global SWF assets. It is striking, in addition, that just four countries – China, Norway, Abu Dhabi and Saudi Arabia – together account for more than half of the world's SWF-held assets.

The concentrated financial potency of SWFs is both a curse and a blessing. On the one hand, the large capital amounts from SWFs may enable large-scale investments that stimulate the economies of other countries, leading to a general increase in welfare. On the other hand, these investments can result in dependency, which may in turn adversely impact the political systems of other countries. This is not to suggest that excessive and problematic influence by SWFs is a general assumption, but rather that it could, under certain circumstances, arise. Such circumstances must be assumed, and feared, in situations where home-country governments demonstrate antipathy towards democracy and the rule of law and, furthermore, where these anti-democratic tendencies are exerted upon their SWFs and the holdings thereof. Investments by a SWF should therefore always be judged against the backdrop of the fund's controlling home country and its attitude towards democracy and the rule of law.

The Democracy Index published by *The Economist*, the London-based weekly magazine, provides a convenient measure of the degree of democracy in each country, and thus of its government's proximity to democratic principles and the rule of law.[10] Every year, *The Economist* assesses the state of democracy in 167 different countries on the basis of more than 60 different criteria across five different categories, including the country's electoral process and pluralism, civil liberties, functioning of government, political participation and political culture.[11] The universe of assessed countries is thus divided into four classifications: "full democracies", "flawed democracies", "hybrid regimes", and "authoritarian regimes" (Table 1).[12]

An authoritarian regime which rejects basic democratic values and the rule of law will certainly not use its SWF holdings to foster democratic structures and the rule of law in other countries. This is because authoritarian regimes depend for their very survival upon lack of transparency, corruption, oppression, and "elections" with limited choices. When democratic countries express criticisms of authoritarian regimes, or propose sanctions, these are frequently met with virulent counter-reactions from such regimes. It is therefore entirely plausible that an authoritarian state might weaponise its SWF holdings as a bulwark against criticisms or sanctions from democratic countries.[13]

The threat outlined herein is not just a remote or theoretical possibility but rather, as Table 1 demonstrates, a very real and looming issue: Of the 15 countries with the world's largest and most powerful SWFs, fully two thirds are ruled by authoritarian regimes. Just five are classified as full or flawed democracies. This tilt towards authoritarianism is even sharper when weighted by the total assets of these top 15 SWF giants, with authoritarian regimes accounting for

[10] *The Economist* (2017).

[11] *The Economist* (2017).

[12] *The Economist* (2017), 63–66.

[13] For more on this, see section 6 ("Threat scenarios") in *Köbeli* (2017), 60–99, as well as *Körnert/Junghanns* (2019b), footnote 3.

about 71 per cent and democracies just 29 per cent. To the extent that we repeatedly focus on the examples of the SWFs of China and Russia, particularly in sections V. and VI., it is because these two countries respectively hold the first and last positions among the world's 15 largest funds and thus define the range. Within this range are the SWFs of various other countries of widely varying regime types.

2. *Critical Infrastructure*

The question to be considered next is what entry points of particular vulnerability are present in modern democratic societies by which a foreign-controlled SWF might gain and assert influence. First of all, our societies are vulnerable to various disaster risks, both naturally occurring and made-made (anthropogenic). Natural hazards include such events as floods, droughts, earthquakes and epidemics, while anthropogenic hazards would include, for example, disasters resulting from sabotage, system failure, terrorism or war.[14] In order to focus attention on this issue in a systematic way, Germany, by way of example, began in 2009 to launch a set of national and international initiatives for critical infrastructure protection.[15] The first step was to identify those sectors of vital importance to the functioning of modern societies and to distil from these a concrete list of critical infrastructure, defined as the "organizational and physical structures and facilities of such vital importance to a nation's society and economy that their failure or degradation would result in sustained supply shortages, significant disruption of public safety and security, or other dramatic consequences."[16]

The German government initiative identified nine particular sectors that stand out as critical infrastructure. In addition to the financial sector, these include essential parts of the non-financial sector, namely the power supply, water supply and sewage disposal, public health and food, emergency services, government and administration, information and communications technology, transport and transportation, and media as well as cultural heritage objects.[17] These different components of national infrastructure are "critical" in different ways, both systemic and symbolic. Infrastructure is deemed systemically critical if other subsystems are extraordinarily dependent upon, or interdependent with, it. Infrastructure is deemed symbolically critical if its destruction could shake

[14] BMI (2009), p. 16; www.kritis.bund.de (>Einführung, >Gefahren und Interdependenzen) as well as (>Rechtsrahmen).

[15] BMI (2009), 16; www.kritis.bund.de (>Aktivitäten, >Internationales).

[16] BMI (2009), 3.

[17] BMI (2009), 5; www.kritis.bund.de (>Einführung, >Sektorenübersicht).

the cultural and identity-forming core of a society in such a way as to cause significant and long-term social disruption of a more psychological nature.[18]

There is no question that banks are systemically critical. Together, they make up a country's banking system, which is in turn an indispensable subsystem within the broader financial sector. Banks are a vital lifeblood of any modern society, not only because of their key role in the overall payments system but also their economically essential role in matching asset and liability term structures, in aggregating investment capital, and transforming risks. The following section will, for this reason, examine in greater details how a foreign-controlled SWF could potentially gain and exert influence over key banks and thus entire societies.

3. *Significant and Critical Banks*

Without functioning banking systems, modern economies organised as trade-centric, money-based economic systems could not exist. This is because of the financial dependencies of non-banks upon banks, along with financial intertwining. Banks exert great influence upon non-banks, in particular through lending relationships, shareholdings, supervisory board seats, and discretionary voting rights for shares held in custody.[19] Furthermore, the study of "political economy" presupposes that, at least in Western democracies, economics and politics do not exist and act independently of each other but rather act in tandem in setting the country's future course. There is, therefore, an evident interdependence between economic and political systems.[20] Through these close and mutual interrelationships, banks may exert great influence not only upon a country's economic system but also upon its political system.

It has been demonstrated elsewhere that this economic and political influence, rather than just being limited to the level of individual countries, may be further extended to supranational entities such as the EU.[21] The governing structures of supranational political systems are particularly susceptible to such influence. With regard to the EU, these are, in particular, the European Council and the Council of the European Union, as well as to a lesser extent the European Commission and the Court of Justice of the European Union.[22] Through

[18] BMI (2009), 5.

[19] This assertion is based, in particular, on the application of "accumulation theory". For more on this, see *Körnert* (2019), 116 f.

[20] In addition to "interdependence" as a characterization of the relationship between economics and politics, other models exist, in particular economic primacy, political primacy, and totalitarianism. *Körnert* (2019), 117.

[21] *Körnert* (2019), 128–133.

[22] *Körnert* (2019), 129.

these mechanisms, banks have opportunities to exert far-reaching influence upon national as well as international economic and political systems. They could, in this way, influence socio-political policy for their own ulterior objectives; that banks possess the power to potentially do so is beyond doubt.[23]

When does a bank become large and powerful enough to exert such economic and/or political influence? To answer this question, we begin with the criteria established under the Single Supervisory Mechanism (SSM), whereby a select subset of the total population of roughly 5,000 banks within the Eurozone are designated as significant banks.[24] We have, in applying this differentiation to the current question of potential economic and political influence, modified and tightened these criteria, thereby further reducing the number of significant banks (119 as of this writing) for the current purpose.[25] We assume that a bank may only exert influence or outright power within a country if it is either of disproportionate and thus systemically problematic size, or if it has a dominant market position. This specifically means the following:

1. A bank is deemed to be of "problematic size" if the bank has been classified by the Financial Stability Board (FSB) as globally systemically important[26] and is headquartered in the respective country (criterion 1a), or if the total value of the bank's assets exceeds 100 per cent of the country's annual GDP (criterion 1b).
2. A "dominant market position" is deemed to exist if the bank holds at least a 40 per cent share of the total market (criterion 2a), or if up to three of the country's banks would together hold at least 50 per cent share (criterion 2b). Market share is measured here as a percentage of the country's total bank assets.[27]

---

[23] *Weber* (1980), 28; *Albert* (1955), 74.

[24] The European Central Bank (ECB) considers a bank to be "significant" if the total value of its assets exceed EUR 30 billion, or if its total assets exceed 20 % of the GDP of the respective country. A bank is also considered "significant" if it is one of the country's three largest banking institutions in a country, if it has total assets of more than EUR 5 billion along with cross-border assets (liabilities) in excess of 20 % of total assets (liabilities), or if it has requested or received official support through the European Stability Mechanism (ESM). Significant banks are subject to direct supervision by the ECB, while banks not deemed significant are supervised by national authorities (ECB/2014/17).

[25] ECB (2019).

[26] For a list of the 29 global systemically important banks (G-SIBs), see FSB (2018).

[27] In establishing this criterion, we have relied upon the definition under German competition and anti-cartel law, per sec. 18 para. 4 and 6 of the German Act against Restraints of Competition (Gesetz gegen Wettbewerbsbeschränkungen). The third component of this definition, by which the five largest banks would be deemed to have a dominant position if they held two thirds of the market shares, is here excluded because coordination among five players would require extraordinary efforts, thus limiting the ability of one player in any such constellation to exert undue political influence. The ap-

For terminological clarity, we shall refer to this subset of SSM-designated significant banks – i. e. those additionally meeting either of the above two criteria – as "critical banks", meaning that they are of problematic size (criterion 1) and/or have a dominant market position (criterion 2). These critical banks, by their nature, hold power within the country's economic and political systems, although it must be emphasised that being in a position of intrinsic power is not the same as abusing this power, and abuse of power cannot be assumed from the mere existence of power.[28]

Critical banks are particularly susceptible to abuse of power because their potential for exerting influence can make them highly desirable acquisition targets for undesirable investors who have their own investment agendas and ulterior motives. A prime example of an undesirable investor within this sense would be an SWF under the control of an authoritarian regime which seeks thereby to attain economic and/or political hegemony over another country. The actual exercise of such intent, however, requires sufficient voting rights or control, which may be gained through direct investment.[29] Although the share of direct investment in the total assets of SWFs worldwide was less than ten per cent, it has gradually increased over recent years. Between 2007 and 2014 alone, SWFs invested some USD 800 billion into foreign direct investments. The financial sector, at almost a third of this total amount, accounted for the largest share.[30]

Ensuring the interests of a nation's critical infrastructure, specifically including its critical banking institutions, is a central task of every sovereign state and an indispensable component of its national security policy.[31] While this is ideally based upon partner-like cooperation with the banks concerned, it may need to go considerably beyond this, particularly in the case of smaller countries. Furthermore, without international cooperation, it is generally not possible to effectively protect critical banks while at the same time ensuring fair competition.

In our designation of critical banks, we shall, in cases where one bank meets multiple selection criteria or where multiple banks meet one selection criterion,

---

propriateness of total value of bank assets as a metric of market share may be inferred from the accumulation theory. For further explanation, see *Körnert* (2019), 124 f.

28 *Körnert* (2019), 115 f.

29 "Direct investments" here means investments in foreign companies through which at least ten per cent of voting rights have been gained, while "portfolio investments" involve the acquisition of less than ten per cent of the foreign company's voting rights. In contrast to portfolio investments, investors in direct investments are, as a rule, more interested in control of the company than in shareholding profits. See Austrian National Bank (2019).

30 TheCityUK (2015), 6.

31 BMI (2009), 10, 12 & 16.

impose the following simplifying restrictions. In both of these cases, we will, for reasons involving both the theoretical mechanisms of power and transaction cost theory, consider only those variants which result in the fewest designated banks. Two examples will illustrate this: In Example 1, bank A has been classified as globally systemically important (1a) and, together with bank B, holds a combined market share of more than 50 per cent (2b); here, we limit our further consideration to bank A. In Example 2, three banks A, B and C have a combined market share of more than 70 per cent (2b), but banks A and B already have a combined market share of 51 per cent (2b); in this case, we limit our further consideration to banks A and B.

A further situation that may arise is that some particular number of banks meets criterion 2b but in different combinations. In this case, on the other hand, we must rely more fully upon the mechanisms of power and transaction cost theory, proceeding with that combination which has the largest combined market share. By way of example: Banks A, B and C have respective market shares of 25, 20 and 15 per cent. In addition, Bank D has a market share of ten per cent. The combinations A + B + C (60 per cent), A + B + D (55 per cent) and A + C + D (50 per cent) all meet criterion 2b. In this case, we limit our further consideration to the combination of banks A, B and C because this combination holds the largest combined market share. The following section III. will outline the historical development of selected banks in each of the subject countries, in particular the designated significant and critical banks which are discussed in the subsequent section IV.

III. The Historical Development of Significant Banks in the Five Banking Systems

1. The Historical Development of Significant Banks in Malta

In 1798, as he started off on his Egyptian campaign, Napoleon invaded Malta, bringing an end to the long rule over Malta by the Order of St. John (Knights Hospitaller). With the assistance of the British fleet, however, the Maltese succeeded in expelling the French just two years later, in 1800. In order to avoid a return to rule by the Order of St. John, Malta initially accepted the alternative of direct British rule. In 1814 it became a British crown colony, which it remained for the next 150 years until finally gaining its independence in 1964 as a Commonwealth realm. In 1974 it became a fully independent parliamentary republic within the Commonwealth.[32] In the course of the major EU enlargement in 2004, Malta became an EU member state, then introduced the euro in 2008.

[32] *Frendo* (2002), 327 f.; *Meyers* (1992) under the topic of "Malta".

DOI https://doi.org/10.3790/ccm.53.2.187 | Generated on 2025-09-08 19:02:06

The emergence of the modern Maltese banking system can be traced back to the guiding maxim of nineteen-century colonialism: "Trade follows the flag."[33] Under his policy of Continental Blockade (1806–1813), Napoleon imposed an economic blockade on the United Kingdom of Great Britain and Ireland, the effectiveness of which was far greater in northern than in southern Europe due to the presence of French troops. Merchants thus sought safe havens to avoid the blockade, which they found in the Mediterranean, particularly in Malta and Gibraltar. Malta later experienced a major economic boom during the Crimean War (1853–1856), when Britain intervened against Russia as an ally of the Ottoman Empire, using Malta as a key military base, as it likewise did in the subsequent World Wars. The opening of the Suez Canal in 1869 provided a further long-term boost to Malta's economy.[34]

Table 2

Number of Banks in the Banking Systems of Malta and Cyprus at the End of 2018

	Malta	Cyprus
Commercial banks └ of which domestic └ of which foreign-owned (EU + non-EU)	22	12 └ 7 └ 5 (3 + 2)
Branches of foreign banks └ of which EU └ of which non-EU		17 └ 5 └ 12
Cooperative banks	–	–

Sources: MFSA (2019); Central Bank of Cyprus (2019).

Malta's first banks were founded during this Continental Blockade period, namely the Anglo-Maltese Bank (1809), the Bank of Malta (1812) and Tagliaferro Bank (1812).[35] In 1830, a fourth was founded, Sciclunas Bank.[36] Later, in a

[33] *Consiglio* (2006), 176. For a detailed examination of the origins of this maxim, see *Gini* (1938).

[34] For more on these three key influences on the nineteen-century Maltese economy – the Continental Blockade, the Crimean War and the opening of the Suez Canal – see *Frendo* (2002), 327, 337 f. & 343.

[35] These three anglicised names were only used starting in the early 1880s; before this, the three banks were respectively called "Banco Anglo-Maltese", "Banco di Malta" and "Biagio Tagliaferro e Figli". *Frendo* (2002), 331–339 & 346; *Consiglio* (2006), 41 f., 46, 54; *Rudolf/Berg* (2010), 36.

[36] The bank was originally called "Josef Scicluna et fils". *Frendo* (2002), 327 & 346; *Consiglio* (2006), 68.

process which unfolded over several decades, these four banks joined together and ultimately became the Bank of Valletta, which is today the largest bank in Malta. The first part of this process was largely fuelled by fears among the banks that they would otherwise be nationalised: In 1946, the Anglo-Maltese Bank and Bank of Malta merged to form the National Bank of Malta, which then in 1949 further merged with Sciclunas Bank and Tagliaferro Bank.[37] In 1973, a collapse of the National Bank of Malta orchestrated by the Maltese government led nevertheless to its nationalisation, as a result of which the existing shareholders were forced out without compensation, which has since been recognised by the high court as a violation of human rights.[38] In 1990, the state reduced its stake in the successor bank founded in 1974, the Bank of Valletta, to 51 per cent.

Of the 22 banks operating in Malta today, two others besides the Bank of Valletta are also significant: HSBC Bank Malta and MeDirect Bank (Tables 2 and 4). The origins of HSBC Bank Malta date back to 1881 when Anglo-Egyptian Bank, a major British colonial bank, opened a branch in Malta.[39] In 1925 this became part of another British bank, Barclays, until its banking activities in Malta were nationalised in 1975 and renamed "Mid-Med Bank", which in 1999 was sold by the Maltese government to Midland Bank of the UK, by that time fully owned by HSBC.[40] In contrast, MeDirect Bank was founded relatively recently, in 2004, originally under the name "Mediterranean Bank". Following the 2008 financial crisis, it was recapitalised by a UK investment company and is now Malta's third largest bank after the Bank of Valletta and HSBC Bank Malta.[41]

2. *The Historical Development of Significant Banks in Cyprus*

As a result of the Russo-Turkish war of 1877–78, and in return for Britain's pledge to assist Turkey in the event of Russian attack on its territory, the United Kingdom was awarded administrative authority over Cyprus in 1878.[42] With the First World War, the UK formally annexed Cyprus, which in 1925 became a British crown colony and has been an independent nation and Commonwealth member since 1960. In 1974, the conflict between the country's Greek and Turkish ethnicities came to a head, leading to the entry of Turkish troops, Turkey's occupation of Northern Cyprus and the country's de facto partition, which re-

[37] *Consiglio* (2006), 186–190; *Rudolf/Berg* (2010), 36.

[38] *Consiglio* (2006), 192–207; *Rudolf/Berg* (2010), 36f. For more on the high court decision issued some 40 years later, see National Bank case: Court finds shareholders' human rights were breached (2014); *Mangion* (2014).

[39] *Frendo* (2002), 343; *Consiglio* (2006), 103–106 & 112.

[40] *Consiglio* (2006), 147 & 172; *Rudolf/Berg* (2010), 36.

[41] https://en.wikipedia.org/wiki/MeDirect_Bank_Malta.

[42] *Kyrris* (1985), 22 & 300–305.

mains until the present day.[43] The southern portion of the island, which is internationally recognised by all countries except Turkey as the legitimate government of Cyprus, has been an EU member state since 2004 and introduced the euro in 2008.

The increasing British presence in the Mediterranean over this period led to the creation of more modern banks in Cyprus. The pioneers were the Imperial Ottoman Bank in 1864, which was a British-French enterprise, followed by the Anglo-Egyptian Bank in 1879.[44] These banks, however, were focused mainly on financing colonial trade and refused to provide agricultural financing to local farmers.[45] In the late nineteenth century, this gap was closed with the emergence of the cooperative movement, and in the year 1899, Nicosia Savings Bank was founded on the model of Italy's cooperative "people's banks" (banche popolari).[46] Its considerable success, as well the growing demand for banking services by non-members, led Nicosia Savings Bank to change its legal form in 1912, moving from an unlimited liability structure to a stock corporation with limited liability.[47] At the same time, the bank changed its name from Nicosia Savings Bank to Bank of Cyprus and, over subsequent decades, developed into the country's largest bank today.

In addition to the Bank of Cyprus, Hellenic Bank and RCB Bank stand out among the current 29 banks in Cyprus as the two other banks of significance (see Tables 2 and 4). Founded in 1976, Hellenic Bank was in 2017 the country's fourth largest bank by assets.[48] Its rise to become the second largest bank is due to the fact that the previously second largest bank, Cyprus Cooperative Bank, ceased operations in 2018, with Hellenic Bank taking over its "good parts".[49] RCB Bank, currently the third largest bank in Cyprus (Table 4), was founded in 1995 and traded until 2013 as Russian Commercial Bank (Cyprus). Its history, however, dates back to earlier Soviet times, as it was originally the Beirut branch of the Soviet foreign trade bank, which in 1985 was relocated to Cyprus because

[43] *Kyrris* (1985), 306–414.

[44] *Phylaktis* (1995), 5 f.

[45] *Phylaktis* (1995), 7 f., explains the primary reasons for this refusal. See also *Kleanthous/Hadjimanolis* (2016), 19 f.

[46] *Phylaktis* (1995), p. 8. For more on the German roots of the Italian cooperative banks, see *Körnert/Rossaro* (2007), 82.

[47] *Phylaktis* (1995), 9 f. & 85–87. For more on the sovereign debt crisis and the role of the banks, particularly in the context of Tables 2 and 4, see *Theodore/Theodore* (2015). *Demetriades* (2017), 200, himself the Governor of the Central Bank of Cyprus, acknowledges the international perception "that Cyprus was 'a playground and money laundering heaven for rich Russians'."

[48] *Körnert/Junghanns* (2019a), p. 660; *Phylaktis* (1995), 88.

[49] *Manison* (2018); Hellenic Bank (2019). For more on the rise and fall of the cooperative movement in Cyprus, see sections 2 and 6 of *Phylaktis* (1995), 23–41 & 105–119.

of war turmoil in Lebanon. Today, Russia's second-largest bank, Vneshtorgbank (VTB), is the largest shareholder in RCB Bank, with just under 50 per cent; approx. 60 per cent of the shares of VTB are, in turn, in Russian state ownership.[50]

3. *The Historical Development of Significant Banks in the Baltic states*

The current structure of the banking systems within the three Baltic republics is largely the result of developments over the past 30 years which have, at times, taken place at a dizzying pace. Estonia, Latvia and Lithuania were independent and sovereign nations during the 1920s and 1930s but were forced into the Soviet sphere of influence in 1939 under the terms of the Secret Supplementary Protocol to the German-Soviet Non-Aggression Treaty as modified by the German-Soviet Border and Friendship Treaty (alternately known as the "Molotov-Ribbentrop Pact"). The three countries were promptly occupied first by Soviet troops, in 1941 by German troops, and in 1944 again by Soviet troops, at which point they were subsumed into the USSR as Socialist Soviet Republics, thereby falling under the centralised banking system of the Soviet Union. Only following the proclamation in 1990 of the three countries' renewed independence could fundamental structural changes, particularly to their banking systems, begin once again.[51] The three Baltic states acceded to the EU and NATO in 2004, followed by the introduction of the euro in Estonia in 2011, Latvia in 2014 and in Lithuania in 2015.

In these first years of Baltic independence, the first of two waves of banking crisis swept the Baltic states, beginning in Estonia as early as 1992 but striking Latvia and Lithuania only in 1995. These banking crises should be regarded as essentially domestic events; economic imbalances in the overall economies as well as in individual sectors, an excess of newly founded banks and a desperate lack of market regulation were the result of the difficult transformation process following independence and the dramatic shift from Soviet central planning to market economies based upon private ownership.[52] This turmoil inherently impacted the financial systems of the respective countries, which in turn dragged down the banks. The subsequent period of economic recovery lasted only a few years. Just a short time later, in 1998 and 1999, the three Baltic countries experienced a second wave of banking crisis, the root causes of which are to be found in the Asian and Russian financial crises.[53] The big difference with the first Bal-

[50] See https://en.wikipedia.org/wiki/RCB_Bank; www.rcbcy.com/en/about-rcb/history and www.rcbcy.com/en/about-rcb/corporate-governance/shareholders [both as of 14 August 2019].

[51] For more on this, including further references, see *Körnert* (2019), 119 f.

[52] For more on this, including further references, see *Körnert* (2019), 120 f.

[53] *Körnert* (2019), 121 f.

tic banking crisis, however, was that during the second wave of crisis, foreign banks came to the rescue. In particular, two Swedish banks, Swedbank[54] and Skandinaviska Enskilda Banken[55] (SEB), made large-scale, long-term investment commitments.[56] As a result largely of the market participation of these and other foreign banks, a gradual process of market concentration took place in the three Baltic banking systems starting in 1998, which has ultimately led to the current concentrated market structure shown in Table 3.[57]

Swedbank entered the Baltic banking market through Estonia's Hansapank, in which it first acquired a shareholding in 1998, became the majority shareholder the following year, and finally gained full ownership in 2005. Hansapank, at that point a majority-owned subsidiary of Swedbank, initiated the delayed bank privatisation process in Lithuania through its 2001 acquisition of Taupomasis Bankas, the state-owned savings bank. Swedbank also gained market entry into Latvia through Hansapank, which had already had a Latvian representative office since the mid-1990s and shortly thereafter received a full banking license.[58]

Table 3

Number of Banks in Baltic Banking Systems at the End of 2018

	Estonia	Latvia	Lithuania
Commercial banks └ of which domestic └ of which foreign-owned	9 └ 6 └ 3	16 └ 12 └ 4	6 └ 2 └ 4
Branches of foreign banks	8	6	6
Cooperative banks	22	34	67

Sources: data were taken and updated from *Körnert* (2019), pp. 138 f.

[54] Swedbank was formed in the aftermath of the Nordic banking crisis of the early 1990s, on the foundation of cooperative banks and savings banks which merged in 1992. For more on this, see *Körnert* (2012), 225, and *Körnert* (2002).

[55] Skandinaviska Enskilda Banken (SEB), created in 1971 through the merger of Stockholms Enskilda Bank (originally founded in 1856 by the powerful Wallenberg family) and Skandinaviska Bank (founded in 1864), is currently among the four largest banks in Sweden, along with Swedbank, Nordea and Svenska Handelsbanken. SEB continues to be under the effective control of the Wallenberg family. SEB (2000), 8; *Ådahl* (2002), p. 112; www.wikipedia.org/wiki/SEB_Pank.

[56] *Sõrg/Uiboupin* (2001), 52.

[57] For a detailed presentation of market structure as of 2017, see *Körnert* (2019), 124–127 & 138 f. Some of the commercial banks and all of the cooperative banks have only very small market shares.

[58] For more on this, including numerous further references, see *Körnert* (2019), 122 f.

Having been outbid by Swedbank in 1998 in an acrimonious bidding war for Estonia's Hansapank, SEB instead acquired a shareholding in Eesti Ühispank that same year, gained majority ownership in 1999 and finally sole ownership in 2003. SEB's entry into the Latvian market was likewise in 1998, through the acquisition of a shareholding in Latvijas Unibanka, a private bank founded in 1993, which has been fully owned by SEB since 2007. In the case of its entry into the Lithuanian banking market, the SEB first waited for the merger of the country's two largest private banks, Vilniaus Bankas and Hermis Bankas, before acquiring the newly merged institution in 2000.[59]

Over the period from 2005 through 2009, Swedbank and SEB consummated a far-reaching clean-up of the Baltic banking market, including the phase-out of the previous local bank brands, such as Hansapank, Ühispank and Unibanka, in favour of the Swedish parent brands. With these renamings, the market consolidation process was initially considered complete, although there have been individual subsequent events of note, such as the collapse of Latvia's Parex Bank, which was nationalised in 2008 and broken up in 2010.[60] This likewise includes the closure of Latvia's fourth-largest bank, ABLV, in 2018 following allegations of large-scale money laundering.[61] The headline-making scandals also led to the arrest in early 2018 of Latvian central bank governor Ilmārs Rimšēvičs.[62] He was charged with corruption and removed from office, an act which was subsequently annulled by the European Court of Justice. The charges were apparently based in part on dubious accusations made by the Russian owner of Norvik Banka, a small Latvian bank.[63] A penalty was imposed on Norvik Banka in 2017 because it enabled clients to bypass sanctions against North Korea. In November 2018, Norvik Banka changed its name to PNB Banka.[64]

There have been some additional recent structural changes in the banking systems of the Baltic states, notably the 2016 announcement by DNB and Nordea that they would merge their Baltic activities.[65] Since then, the subsidiaries of DNB in Estonia, Latvia and Lithuania have been operating together with Nor-

---

[59] For more on this, including numerous further references, see *Körnert* (2019), 122 f.

[60] The break-up resulted in the creation of Citadele, the successor bank, as well as a "bad bank" named Reverta. *Körnert/Romānova* (2014), 241–243.

[61] ABLV (2018); *Plickert* (2018a).

[62] Latvia central banker Rimševics 'targeted by disinformation' (2018); *Plickert* (2018b).

[63] EZB kontrolliert künftig lettisches Bankhaus PNB Banka (2019); *Plickert* (2019). See also Table 4.

[64] EZB kontrolliert künftig lettisches Bankhaus PNB Banka (2019); *Plickert* (2019). At the request of the Latvian central bank, PNB was placed under the direct supervision of the ECB in March 2019, than declared insolvent and liquidated in September 2019; *Steuer* (2019).

[65] Joint bank of DNB, Nordea to be headquartered in Estonia (2019).

dea's branches in the three countries under the name "Luminor" and with headquarters in Estonia,[66] and with its banking activities in Latvia and Lithuania now operated as branches of the Estonian entity. This transaction has changed the market structure in all three banking systems and has, in particular, led to a significant recent increase in market share in Estonia in 2019 compared to prior years.[67] During 2019, U.S. investment group Blackstone acquired a 60 per cent shareholding in Luminor.[68]

IV. Determination of Significant and Critical Banks in the Five Banking Systems

1. Determination of Significant and Critical Banks in Malta and Cyprus

Malta and Cyprus were the EU's two smallest economies during 2018, with respective annual GDPs of EUR 12.3 and 20.7 billion.[69] Compared to the size of their national economies, however, the Maltese and Cypriot banking sectors are relatively large; the combined total assets of all banks in Malta amounted to EUR 45.8 billion in 2018, or approx. 3.7 times annual GDP, while in the case of Cyprus, the figure is EUR 59.4 billion, or approx. 2.8 times annual GDP.[70] Although both Malta and Cyprus each have a large number of different banks (Table 2), the high ratios of combined total bank assets to GDP are, in both cases, largely attributable to just a few large banks.

Of the 22 banks operating in Malta at the end of 2018, three were designated as significant under the SSM and placed under the direct supervision of the ECB: Bank of Valletta, HSBC Bank Malta and MeDirect Bank. Whichever of the three metrics in Table 4 one might prefer, Bank of Valletta is Malta's largest bank. Although the bank, with total assets equal to 99 per cent of Malta's 2018 GDP, falls just barely short of the 100 per cent threshold under criterion 1b, we nevertheless designate it as a critical bank, to be examined in detail later in this

[66] As of the close of 2017, when Luminor was still operating in the three Baltic states by way of three separate banking entities, its total bank assets (market share) were EUR 3.6 billion (14 %) in Estonia, EUR 4.9 billion (17 %) in Latvia, and EUR 6.9 billion (24 %) in Lithuania. *Körnert* (2019), 138.

[67] The abrupt changes in the total assets of banks domiciled in individual countries following such international restructurings of banking groups, particularly the conversion of subsidiaries to branches, points to the weakness of this metric for measuring market share as well as the ratio of banking assets to GDP.

[68] Nordea's sale of Luminor Bank to Blackstone delayed (2019).

[69] Eurostat (2019).

[70] Regarding total bank assets, see the sources referenced in Table 4.

Table 4

Total Assets of Banks Declared Significant per SSM (2018/19)

Banks		Total assets		
		in EUR billion	as % of GDP	as market share (%)
Malta	Bank of Valletta	12.2	99	27
	HSBC Bank	6.3	51	14
	MeDirect Bank	2.6	21	6
Cyprus	Bank of Cyprus	22.8	110	38
	Hellenic Bank	16.1	78	27
	RCB Bank	6.1	13	10
Estonia	Luminor	14.2	55	39
	Swedbank	10.6	41	29
	SEB	6.3	24	17
Latvia	Swedbank	5.7	19	25
	SEB	3.9	13	17
	PNB Banka	0.6	2	3
Lithuania	Swedbank	9.2	20	33
	SEB	7.9	18	28

Sources: Significant banks: ECB (2019); GDP of respective countries: Eurostat (2019).

Total assets Malta and Cyprus Q4/2018: sdw.ecb.europa.eu/browse.do?node=9691144. [14 January 2019].

Total assets Estonia Q1/2019: www.fi.ee/koond/eng/bilanss_kred.php. [3 July 2019].

Total assets Latvia Q1/2019: www.financelatvia.eu/wp-content/uploads/2019/06/Bank-results-1st-quarter-2019.pdf; www. fktk.lv/en/statistics/credit-institutions/public-quarterly-reports-by-banks/public-quarterly-reports-by-banks-1st-quarter-2019-2/. [3 July 2019].

Total assets Lithuania Q1/2019: www.lb.lt/uploads/documents/files/EN/our-functions/supervision-of-financial-institutions/finacial-sectors/banks/Bank-activities/Banku%20sektoriaus%20rodikliai%202019-04-01%20solo%20EUR%20eng.XLS. [3 July 2019].

paper, because this same ratio was 109 per cent as of the end of 2017.[71] The other two significant banks, HSBC Bank Malta and MeDirect Bank, are excluded from further examination, as neither is designated by the FSB as globally systemically important and also headquartered in Malta (criterion 1a),[72] neither

[71] The fall in the ratio is attributable to two causal effects: firstly, the GDP of Malta rose sharply from 2017 to 2018, and secondly, combined total bank assets declined significantly from 2017 (EUR 67.6 billion) to 2018 (EUR 59.4 billion). See also *Körnert/Junghanns* (2019a), 659.

[72] While HSBC is indeed designated by FSB as globally systemically important, this refers to the parent group with headquarters in London. FSB (2018).

has total assets in excess of 100 per cent of GDP (criterion 1b), and neither meets the defined criteria for holding a dominant market position (criterion 2).

Of the 29 banks that operate in Cyprus, the ECB regards three as significant under the SSM: Bank of Cyprus, Hellenic Bank and RCB Bank (Table 4). None of these three banks is designated by the FSB as globally systemically important (criterion 1a). The total assets of Bank of Cyprus, however, exceed 100 per cent of the annual GDP of Cyprus (criterion 1b), thus warranting our designation as a critical bank, to be subsequently examined in greater detail.

Hellenic Bank and RCB Bank, on the other hand, are excluded from further examination. It should be evident that neither would fall under the definition of a critical bank under criteria 1a, 1b or 2a. One could argue that the Bank of Cyprus and Hellenic Bank would have a combined share of 65 per cent of the banking market in Cyprus, which could be construed to mean that Hellenic Bank, in conjunction with the Bank of Cyprus, would qualify as a critical bank under criterion 2b. This, however, does not yet consider the simplifying restriction explained in the above section II.3., namely that we, for reasons involving both the theoretical mechanisms of power and transaction cost theory, consider only those variants which result in the fewest designated banks.

In summarising our examination of potentially critical banks in Malta and Cyprus, we conclude that each has just one bank which is critical under our defined criteria. Thus, only these two respective banks, the Bank of Valletta and Bank of Cyprus, will be further examined in section V. as to their ownership structure and vulnerability to takeover.

2. *Determination of Significant and Critical Banks in the Baltic States*

Estonia, Latvia and Lithuania rank just above Malta and Cyprus as the EU's next three smallest economies, with 2018 full-year GDPs of roughly EUR 25.7 billion, EUR 29.5 billion and EUR 45.1 billion respectively.[73] The banking systems of these countries are however, considerably smaller than those of Malta and Cyprus, with combined total bank assets of EUR 36.5 billion in Estonia, EUR 22.6 billion in Latvia and EUR 28.2 billion in Lithuania. Only in Estonia do combined total bank assets exceed annual GDP, at a ratio of roughly 1.4 times; in Latvia and Lithuania, combined total bank assets are below the annual GDPs of the respective countries. If one neglects the cooperative banks within the three Baltic states on the grounds of their miniscule size,[74] both now and in

[73] Eurostat (2019).

[74] As of the end of 2017, the combined market share for all cooperative banks was 0.4 % in Estonia, 0.1 % in Latvia, and 3 % in Lithuania. *Körnert* (2019), 126. See also Table 3.

the remainder of this analysis, a comparison of Tables 2 and 3 reveals that Estonia and Lithuania have far fewer banks than Malta or Cyprus, while Latvia has the same number of operating banks as Malta and slightly fewer than Cyprus.

Of the 17 banks in Estonia, the ECB classifies three as significant (Table 4): Luminor, Swedbank (Estonia) and SEB (Estonia). Of these, none is designated by the FSB as globally systemically important (criterion 1a), and none has total assets in excess of Estonia's annual GDP (criterion 1b). Moreover, none has an individual market share exceeding the defined threshold under criterion 2a (40 per cent), although it should be noted that Luminor misses this threshold by only one percentage point. However, two combinations meet criterion 2b: Luminor plus Swedbank (Estonia), with a combined market share of 68 per cent, and Luminor plus SEB (Estonia), with 56 per cent. We shall consider only the larger of these two combinations, under the simplifying restriction explained in the above section II.3., and therefore proceed with further examination of only Luminor and Swedbank (Estonia) as critical banks within Estonia.

In the case of Latvia, three of the 22 banks are supervised by the ECB as significant banks (Table 4). In addition to Swedbank (Latvia) and SEB (Latvia), the third is PNB Banka;[75] in terms of total assets, PNB Banka ranks only sixth in Latvia. None of these three significant banks is globally systemically important (criterion 1a), or has total assets exceeding the annual GDP of Latvia (1b), or has an individual market share exceeding 40 per cent (2a). Even a combination of two or three major banks would not, at first glance, lead to the designation of any banks as critical.

The particular circumstances arising from the aforementioned restructuring of Luminor, however, warrant a closer look. As of the end of 2017, when Luminor closed down its Latvian bank vehicle as a legally independent subsidiary, its total assets were EUR 4.9 billion, giving Luminor a market share of 17 per cent, and putting it behind Swedbank (Latvia) and ahead of SEB (Latvia) as the country's second largest bank – and Luminor's Latvian subsidiary was, moreover, directly supervised by the ECB as a designated significant bank.[76] However, because Luminor has since been conducting its banking activity in Latvia (and Lithuania) as branches of a foreign bank entity, the bank continues to be designated as significant and directly supervised by the ECB but now only through Luminor's headquarters in Estonia, which is why Luminor only appears among the designated significant banks in that country. In Latvia, as in Lithuania, Luminor is no longer considered a significant bank. However, with total assets of EUR 4.4 billion (as of the first quarter of 2019), and thus a market share of

[75] Reference is made here to footnotes 62 through 64.

[76] For more information including the source of these numbers, see footnote 66.

19 per cent, Luminor's Latvian branch continues to rank second in market share, behind Swedbank (Latvia) and ahead of SEB (Latvia).

In augmenting Table 4 with this additional information, it becomes clear that the combination of Swedbank (Latvia), Luminor and SEB (Latvia), with their respective market shares of 25, 19 and 17 per cent, would have a combined market share of 61 per cent, thereby meeting criterion 2b. Thus, all three banks qualify as critical banks for further examination. While these are indeed a subset of banks designated as significant under the SSM, it should be explicitly noted that only Swedbank (Latvia) and SEB (Latvia) may be found in the list for Latvia, as Luminor is the Latvian branch of a bank which is now only designated as significant in Estonia.

Of the 12 banks operating in Lithuania, the ECB directly supervises only Swedbank (Lithuania) and SEB (Lithuania) as designated significant banks (Table 4). Neither of these banks is designated by the FSB as globally systemically relevant (criterion 1a), neither has total assets exceeding Lithuania's GDP (1b), and neither has an individual market share in excess of 40 per cent (2a). The two banks together, however, would have a combined market share of 61 per cent, thus fulfilling criterion 2b. Swedbank (Lithuania) and SEB (Lithuania) thus qualify for further examination as critical banks.

In summarising our examination of candidates in the Baltic states, we find that Estonia and Lithuania each have two critical banks while Latvia has three, which shall be further examined below as to their ownership structure and vulnerability to acquisition. These banks are: Luminor and Swedbank (Estonia) in Estonia; Swedbank (Latvia), Luminor (Latvia) and SEB (Latvia) in Latvia; and Swedbank (Lithuania) and SEB (Lithuania) in Lithuania.

V. Current Shareholdings in Critical Banks Relative to Financial Power of SWFs

1. Malta

Not all critical banks within a country are available to SWFs as investment control targets, only those in which majority control can, in principle and in practice, be attained. This broadly excludes state-owned, public-sector and cooperative banks. The preferred target for such purposes is thus a banking institution whose shares, with voting rights, are publicly traded on a stock exchange. In such a situation, the SWF, as an acquiring investor, would – absent precluding regulation – depend solely upon the willingness of shareholders to sell.

In the case of Malta, we have identified only one critical bank, Bank of Valletta, which is a publicly listed stock corporation. As of June 2019, 64.8 per cent of its shares were in free float, 25 per cent in the hands of the Maltese government, and 10.2 per cent owned by UniCredit, Italy's largest bank.[77] As to the shares held by the Maltese government, it is hard to imagine that the government would even consider a sale to a foreign investor with hegemonistic ambitions. The government's shareholding, however, is too small to prevent an unwanted investor from gaining majority control. As to UniCredit, which operates as a publicly listed bank which seeks to make profits for its shareholders, it must be assumed that UniCredit would, for the right price, sell its shareholding in the Bank of Valletta. The same assumption must be made for the owners of the bulk of shares in free float, which are generally held either by small shareholders or as portfolio holdings of institutional investors. Because of their small proportion of voting rights, neither of these investor groups can reasonably have any strategic interest in their shareholdings and would therefore be expected to sell more readily than a strategic investor. One must therefore assume that they would respond positively to a takeover bid.[78] Thus, the Bank of Valletta's majority free float, along with the UniCredit shareholding, makes it an entirely feasible takeover target for a SWF with sufficient financial resources.

The current market capitalisation of the Bank of Valletta is roughly USD 728 million. The acquisition of a simple controlling majority would thus entail a total investment on the order of USD 364 million.[79] This means that the world's largest SWF, that of China, would need to dedicate a miniscule 0.02 per cent of its total assets to acquire a simple outright majority of Bank of Valletta shares. Even for the smallest of the world's 15 largest SWFs, that of Russia, the required investment would involve just 0.44 per cent of its wealth. Thus, a takeover of Bank of Valletta would not present much of a financial challenge to the SWF of China or of Russia, nor does the bank's ownership structure present any particular obstacle. In either case, the acquisition of Malta's sole critical bank by a SWF controlled by an aggressively authoritarian regime would certainly raise disturbing questions.

2. Cyprus

In the case of Cyprus, we have likewise identified just one critical bank, which is Bank of Cyprus. It is a publicly listed and traded stock corporation, thus fulfilling a basic prerequisite for the conventional attainment of majority share ownership. Beyond this, the potential willingness of existing shareholders to sell must also be considered. An examination of the bank's shareholder structure

[77] *Wink* (2014), 13; Bank of Valletta (2019), 9.

[78] Bundeszentrale (2017).

[79] Calculated as of 27 July 2019. Data: *Rizzo-Farrugia* (2019); exchange rate: finanznachrichten.de.

shows that, as of July 2019, 85.7 per cent of shares were in free float, with the remaining 14.3 per cent held by Lamesa Holding (9.3 per cent) and the European Bank for Reconstruction and Development (EBRD; 5.0 per cent).[80] The large majority of shares in free float alone provides sufficient opportunity for a foreign investor to gain majority control of the Bank of Cyprus. As to the EBRD's shareholding, this would, considering the EBRD's ownership structure and business model, presumably be out of reach; the EBRD is owned by the EU and European Investment Bank together with the EBRD's 69 member countries,[81] and its aim is the long-term development of economies and companies. The attempted destabilisation of a banking system would run counter to the EBRD's core objectives.[82]

An examination of the other major shareholder, Lamesa Holding, is far more problematic. Lamesa Holding is a subsidiary of Renova Group, whose founder, owner and chairman is Russian billionaire Viktor Vekselberg.[83] On 6 April 2018, the United States imposed sanctions against Vekselberg and his Renova Group. The Russian oligarch, who is said to be close to the Kremlin, was accused of interfering in the U.S. elections of 2016.[84] These U.S. sanctions apply not only to Mr. Vekselberg and the Renova parent entity but also, indirectly, to all companies in which Renova holds a majority stake.[85] In view of these circumstances, Russia's Renova Group must be seen as an undesirable investor which is already able to apply a degree of influence to the Bank of Cyprus through its existing shareholding. Although Bank of Cyprus is not yet a majority shareholding, a future increase in this shareholding to a position of outright control cannot be excluded.

As to the question of how financially feasible it would be for an SWF to gain majority control, one may begin this analysis with the market capitalisation of Bank of Cyprus, which is, as of this writing, approx. USD 794 million.[86] China's SWF would need to dedicate just 0.02 per cent of its total assets to acquire simple majority control of Bank of Cyprus, while Russia's SWF, the smallest of the top 15, would need to invest just 0.48 per cent. Thus, either of these authoritarian-controlled SWFs would require only a relatively trivial investment to gain outright control of Bank of Cyprus.

[80] Bank of Cyprus (2019).

[81] EBRD (2019).

[82] EBRD (2019a).

[83] *Mordrelle* (2018).

[84] *Sheth* (2018).

[85] *Brächer* (2018).

[86] Calculated as of 14 August 2019. Data: Bloomberg (2019); exchange rate: finanznachrichten.de.

3. Estonia

In the case of Estonia, Luminor and Swedbank (Estonia) together account for over 68 per cent of the market. They therefore have, under criterion 2b, a combined dominant market position and are designated as critical banks. The question to be addressed now is whether these two critical banks are vulnerable to takeover and whether this, under the present circumstances, presents a real risk. We will first consider *Luminor*. While Luminor is a stock corporation, it is not publicly listed or traded.[87] It was created through the 2017 merger of the Baltic banking activities of Nordea Bank and DNB Bank.[88] On 13 September 2018, Blackstone, a U.S. private equity investor, announced its intention to acquire a 60 per cent holding in Luminor, with parent banks Nordea Bank AB and DNB Bank ASA remaining as minority shareholders, each with 20 per cent of Luminor's shares. For this 60 per cent majority shareholding in Luminor, Blackstone is reported to have paid a cash purchase price of EUR 1 billion (USD 1.16 billion).[89] It should also be noted that Blackstone entered into an agreement with Nordea Bank AB to further acquire its remaining 20 per cent shareholding over subsequent years.[90] Thus, a SWF could, at this point, only acquire majority control of Luminor through agreement with Blackstone as the new controlling majority owner.

Private equity funds typically strive for a target annual return of at least 25 per cent over a target holding period in the range three to seven years.[91] It is thus likely that an offer by a SWF to purchase this shareholding at a price considerably above that paid by Blackstone, and especially yielding an actual return above this target, would meet with a positive reaction from a private equity investor such as Blackstone. After all, private equity investors typically declare that the investment objective of their funds is to maximise returns to participating investors (who are typically limited partners). Moreover, the compensation of private equity fund managers is invariably, and to a very significant extent, linked to investment success. For this reason, it is entirely possible that Blackstone, as a private equity investor, would sell its holding in Luminor for the right price, even well in advance of its originally contemplated holding period. Assuming the long end of the typical range of holding periods, if Blackstone expected a target return of 25 per cent annual over an originally planned investment holding period of seven years, a SWF would have to pay USD 5.53 billion to acquire

87 *Kosk/Lepik* (2009), 111; Nasdaq Baltic.

88 Luminor (2017), 3.

89 Blackstone (2018); Reuters (2018). Completion of the transaction is anticipated in the second half of 2019. See Reuters (2019).

90 Blackstone (2018).

91 *Schramm/Hansmeyer* (2011), 208.

Blackstone's 60 per cent shareholding and majority voting control of Luminor. This would, moreover, bring control over Luminor's banking activities not only in Estonia but also in Latvia and Lithuania. It should be recognised here that Blackstone would be unlikely to sell only a simple majority (marginally over 50 %), as it would face a more difficult task in finding an exit for its remaining ten per cent share. Furthermore, the disproportionately high transaction costs which would arise from selling the remainder in a second transaction, to a separate investor,[92] make this scenario even less likely.

To gain a dominant market position in Estonia, a SWF would, in addition to gaining control of Luminor as explained above, also require majority control of Swedbank (Estonia), which is a wholly owned subsidiary of Swedbank.[93] A SWF could theoretically reach agreement with the Swedish parent to purchase only its Estonian subsidiary. On the other hand, Swedbank's Baltic subsidiaries have reported above-average profitability over the past few years and are closely interlinked with each other.[94] Moreover, the Baltic is the fastest growing region within the EU.[95] It would thus seem unlikely that the Swedbank parent would be keen to part with a particularly profitable part of its banking group, in a particularly high-growth market. For this reason, we shall only consider the potential for a SWF to acquire the Swedbank parent group in its entirety. Such a takeover would impact numerous markets, as it would seize not only significant market share in Estonia, Latvia and Lithuania but also in the Swedish home market and in other markets in which Swedbank does business. On the other hand, this practical assumption, upon which we will proceed, significantly amplifies the purchase price which would, in theory, have to be offered to instead acquire only the Estonian bank.

Because Swedbank is a publicly listed and traded Swedish stock corporation, a potential acquirer could purchase its shares so long as its existing shareholders are prepared to sell. As of 30 June 2019, two significant shareholdings were in fixed hands: Sweden's savings bank group, with a share of 10.87 per cent, and Folksam, with a share of 7.02 per cent.[96] The remaining 82.11 per cent of shares were, as of this date, in free float, and thus simple majority control of Swedbank could be attempted through open market purchases. At current market prices, a SWF would need to commit roughly USD 8.13 billion.[97]

---

[92] *Schramm/Hansmeyer* (2011), 208.

[93] Swedbank (2018), 170.

[94] The relatively high profitability of the Baltic subsidiary banks is evident from a comparison of their respective return on total capital with that of the Swedish parent group. These figures may be obtained from the relevant annual reports of Swedbank AB, Swedbank (Estonia), Swedbank (Latvia) and Swedbank (Lithuania).

[95] AHK (2019).

[96] Swedbank (2019). See also footnote 54.

[97] Calculated as of 20 July 2019. Market capitalisation: onvista.de; exchange rate: finanznachrichten.de.

Putting these two parts together, the 60 per cent shareholding in Luminor (USD 5.53 billion) plus simple majority control of the Swedbank parent group (USD 8.13 billion) would entail a combined total investment of some USD 13.66 billion. This sum would, moreover, bring control of both banks' activities not only in Estonia but also in Latvia and Lithuania. For China's SWF, this sum would represent 0.81 per cent of its total assets (0.33 per cent for 60 per cent of Luminor, plus 0.48 per cent for a simple majority of Swedbank), which would bring dominance over Estonia's banking market (Table 5). For China, as the world's largest SWF, this would be a very modest challenge. Such a move would, on the other hand, be far more difficult for Russia's SWF, which would have to commit 16.66 per cent of its total wealth holdings.

4. Latvia

As in the case of Estonia, economic and political influence in Latvia through dominance of the banking sector could be gained only through some combination of the country's largest banks, but in this case there are three: Swedbank (Latvia), SEB (Latvia) and Luminor's Latvian branch. As in Estonia, Swedbank does business in Latvia through a wholly owned subsidiary, which is Swedbank (Latvia).[98] For the reasons already explained in the preceding section V.3., we shall only consider the potential acquisition of majority control of the Swedish parent group. To achieve this objective, a SWF would, as further explained above, have to dedicate roughly USD 8.13 billion.[99] As to the Luminor's bank branches in Latvia, we likewise refer back to our analysis of the preceding section, in which we presented a reasonable scenario whereby the majority ownership now held by Blackstone might be acquired for a purchase price of USD 5.53 billion.

Sweden's SEB operates in the Baltics very much like Swedbank, with separate bank subsidiaries in each of the three countries[100] making disproportionately large contributions to group profits.[101] Because of these important similarities to the scenario of Swedbank, we shall likewise only consider a potential acquisition of the entire SEB parent group. As with Swedbank, this likewise would be preconditioned upon the willingness of existing SEB shareholders to sell.

[98] Swedbank (2018), 170.

[99] Calculated as of 20 July 2019. Market capitalisation: onvista.de; exchange rate: finanznachrichten.de.

[100] SEB (2018), 129.

[101] Here as well, the relatively high profitability of the Baltic subsidiary banks is evident from a comparison of their respective return on total capital with that of the Swedish parent group. These figures may be obtained from the relevant annual reports of SEB AB, SEB (Estonia), SEB (Latvia) and SEB (Lithuania).

As of 30 June 2019, SEB had three large shareholders: Investor AB with 20.3 per cent of SEB's voting rights, Alecta Pension Insurance with 6.5 per cent, and Trygg-Stiftelsen 5.2 per cent. Investor AB is an investment vehicle controlled by the Wallenberg family, which originally founded SEB.[102] It seems unimaginable that SEB's founding family would submit to a sale of its shares to a SWF with malign or hegemonistic ambitions, and thus we will exclude this scenario. Alecta Pension Insurance is Europe's fifth largest provider of occupational pension schemes; in consideration of the company's cooperative ownership structure and its emphasis on long-term investment aims, an acquisition of this shareholding is likewise considered unlikely.[103] The remaining block shareholding, that of Trygg-Stiftelsen, is likewise considered out of reach, as SEB is closely interlinked with Trygg: in 1997, SEB merged with Trygg-Hansa so that it would be able to offer its insurance products through SEB Trygg Liv.[104] Thus, it is difficult to imagine a scenario in which any of these three fixed shareholdings could be acquired by an undesirable SWF. Nevertheless, a simple controlling majority in SEB could still be acquired from the remaining 68 per cent of shares in free float. Based upon SEB's current market capitalisation, this would entail an investment of roughly USD 10.87 billion dollars.

Thus, a SWF which had already gained market dominance in Estonia through the acquisition of the 60 per cent holding in Luminor and a simple majority of Swedbank would need to invest an additional USD 10.87 billion to also gain market dominance in Latvia by means of the third critical bank, SEB. In the case of China's vast SWF, this would mean an additional portfolio allocation of 0.65 per cent, while in the case of Russia's SWF it would mean an additional 13.26 per cent (Table 5).

5. *Lithuania*

In Lithuania as in Estonia, economic and political influence through dominance of the banking sector could be gained only through control of two critical banks, except that in the case of Lithuania, these are Swedbank and SEB. In the preceding two sections, we considered the potential avenues for a SWF to gain dominance over the banking sectors, and thus influence over the economic and political systems, of Estonia and Latvia, which would, in the scenarios we already described, entail the acquisitions of the Swedbank and SEB parent groups. Thus, because the Lithuanian subsidiaries of Swedbank and SEB are the required critical banks to gain dominance, then no additional investment would

[102] SEB AB; Investor AB. See also footnote 55.

[103] Alecta.

[104] *Walter* (2001); SEB (2018), 159.

be required to gain such dominance in the event that a SWF already held majority control of the Swedbank and SEB parent banks.

VI. Summary

Each of the EU's five smallest countries was under foreign rule for many decades of the past century. In each case, this has had a considerable influence of the development of the country's banking system, even to the present day. In Malta and Cyprus, the countries' largest banks were established in the colonial era and evolved over their long years as British crown colonies; in the three Baltic states, the reestablishment of sovereign independence was quickly followed by several years of turbulence and market transformation, in the course of which several major Swedish banks gained major market positions.

In each of Malta, Cyprus, Estonia and Latvia, three banks are currently under direct ECB supervision as designated significant banks, while in the case of Lithuania the number is just two. However, not all of these have dominant or otherwise critical positions in their respective countries. In Malta and Cyprus, we concluded that only one bank in each meets our criteria for national criticality: Bank of Valletta in Malta, and Bank of Cyprus. In each of the Baltic states, on the other hand, a dominant market position could only be gained by control of some combination of two or three critical banks in each country, and in all three cases, this would mean some combination of the same three banks: Swedbank, SEB and Luminor. In the case of Estonia, the required combination would be Luminor and Swedbank (Estonia); in Lithuania: Swedbank (Lithuania) and SEB (Lithuania); and in Latvia: Swedbank (Latvia), SEB (Latvia) and Luminor (Latvian branch).

Table 5

Total Investment (as Percentage of SWF Assets) Required for SWFs of China or Russia to Acquire Majority Control of Critical Banks (or Their Parent Banks) in Malta, Cyprus, Estonia, Latvia and Lithuania

Critical Banks	SWF of China	SWF of Russia
Bank of Valletta (Malta)*	0.02 %	0.44 %
Bank of Cyprus (Cyprus)*	0.02 %	0.48 %
Luminor (Estonia, Latvia, Lithuania)**	0.33 %	6.74 %
Swedbank (including Estonia, Latvia, Lithuania)*	0.48 %	9.91 %
SEB (including Estonia, Latvia, Lithuania)*	0.65 %	13.26 %
Total	1.50 %	30.83 %

Note: * = simple majority; ** = majority of 60 %.

Controlling shareholdings in Bank of Valletta and Bank of Cyprus could be acquired through the purchased of free float shares on the open market. The acquisition of controlling majorities of the critical banks in the three Baltic states would depend upon the willingness of the owners to sell: the Swedish parent bank groups in Sweden, or in the case of Luminor, private equity investor Blackstone. Because we see little reason why either Swedish parent bank, Swedbank or SEB, would wish to consider the sale of their Baltic bank subsidiaries, we instead examined the potential for a SWF to acquire controlling majorities in the parent bank groups, at a far higher required investment, which would also bring the buyer control over the Baltic bank subsidiaries. In the case of Blackstone, on the other hand, we have assumed a willingness to sell the shareholding in Luminor, but only in its entirety, and only at a price that would meet the high target for investment returns typical of private equity investors.

For the world's 15 largest SWFs, this means that they would have to dedicate a percentage of their total wealth ranging from 1.5 per cent (for China, the largest) to just under 31 per cent (for Russia, the smallest) in order to acquire controlling majorities of the critical banks required to achieve banking dominance over all five EU member states: Malta, Cyprus, Estonia, Latvia and Lithuania (Tables 1 and 5). Should the SWF of a foreign regime successfully carry out such a strategy, it would gain considerable influence potential, not only over the banking systems of these five countries but also over their economic and political systems. Under the rules for consensus among EU member states within the governing structures of the EU, such influence could be further extended to these supranational institutions. When one considers that fully two-thirds of the world's 15 largest sovereign wealth funds are under the control of authoritarian regimes, the dangers posed by this potential mechanism become even more alarming. Against this background, the calls for uniform laws on foreign investment throughout the EU would seem entirely justified, as are the voices for the continued plurality of bank legal forms within the EU's various banking systems. Finally, this and similar analytical approaches could serve as a guideline for European Commission review of proposed bank merger or acquisition transactions.[105]

[105] For an example of the review procedure in the case of Luminor, see European Commission (2019).

References

ABLV (2018): Voluntary liquidation of ABLV bank. Riga, 12 June 2018. www.ablv.com/en/legal-latest-news/ablv-bank-self-liquidation (accessed on May 5, 2019).

Ådahl, M. (2002): Banking in the Baltics – the development of the banking systems of Estonia, Latvia and Lithuania since independence. The Internationalization of Baltic Banking (1998–2002). In: Focus on transition 2/2002. Published by Austrian National Bank. Vienna, 107–131.

AHK (2019): Baltenstaaten mit EU-weit größtem Wachstum im vierten Quartal 2018. www.ahk-balt.org/news/news-details/baltenstaaten-mit-eu-weit-groesstem-wachstum-im-vierten-quartal-2018. (accessed on August 11, 2019).

Albert, H. (1955): Macht und Zurechnung. Schmollers Jahrbuch 75. Berlin, 57–85.

Alecta: This is Alecta. www.alecta.se/en/in-english/about-alecta/this-is-alecta/#taking-responsibility-for-the-future-since-1917. (accessed on July 23, 2019).

Austrian National Bank (2019): Aussenwirtschaft. www.oenb.at/Statistik/Standardisierte-Tabellen/auszenwirtschaft.html. (accessed on February 4, 2019).

Bank of Cyprus (2019): Shareholder Structure. https://www.bankofcyprus.com/en-GB/investor-relations-new/shareholder-information/shareholder-structure/. (accessed on July 27, 2019).

Bank of Valletta (2019): Changes in share capital. Since listing on the Malta Stock Exchange. www.bov.com/documents/bov-changes-in-share-capital. (accessed on August 6, 2019).

Blackstone (2018): Blackstone to acquire €1 billion majority stake in Luminor through a corporate partnership. china.blackstone.com/media/press-releases/article/blackstone-to-acquire-1-billion-majority-stake-in-luminor-through-a-corporate-partnership. (accessed on July 21, 2019).

Blisse, H. (2015): Genossenschaftliche und staatliche Vermögensfonds – Drei europäische Beispiele solidarischer (Alters-) Vorsorge. In: Perspektiven für die Genossenschaftsidee. Edited by J. Brazda/R. van Husen/D. Rössl. Bremen, 181–190.

Bloomberg (2019): Bank of Cyprus Holdings PLC. www.bloomberg.com/quote/BOCH:LN. (accessed on August 14, 2019).

BMI, German Federal Ministry of the Interior (2009): Nationale Strategie zum Schutz Kritischer Infrastrukturen (KRITIS-Strategie). Berlin.

Brächer, M. (2018): So leiden schweizer Firmen unter den Russland-Sanktionen. Handelsblatt dated 11 April 2018. www.handelsblatt.com.

Bundeszentrale, German Federal Agency for Civic Education (2017): Aktionärsstruktur von DAX-Unternehmen. www.bpb.de/nachschlagen/zahlen-und-fakten/globalisierung/52596/aktionaers-struktur-dax. (accessed on August 6, 2019).

Central Bank of Cyprus (2019): www.centralbank.cy/en/licensing-supervision/banks/register-of-credit-institutions-operating-in-cyprus. (accessed on June 13, 2019).

Consiglio, J. A. (2006): A history of banking in Malta. Valletta.

Demetriades, P. (2017): A diary of the Euro crisis in Cyprus. Lessons for bank recovery and resolution. Cham.

Deppe, H.-D. (1989): Finanzielle Haftung heute – Obsoletes Relikt oder marktwirtschaftliche Fundamentalleistung? In: Geldwirtschaft und Rechnungswesen. Edited by H.-D. Deppe. Göttingen, 199–228.

EBRD (2019): Shareholders and Board of Governors. www.ebrd.com/shareholders-and-board-of-governors.html. (accessed on July 27, 2019).

EBRD (2019a): What We Do. www.ebrd.com/what-we-do.html. (accessed on July 27, 2019).

ECB (2019): List of supervised entities, 1 March 2019. www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.listofsupervisedentities20190301.en.pdf. (accessed on May 5, 2019).

European Commission (2019): Case M.9135. The Blackstone Group/Luminor Bank. https://ec.europa.eu/competition/mergers/cases/decisions/m9135_97_3.pdf.

Eurostat (2019): GDP and main components (output, expenditure and income). http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nama_10_gdp&lang=en. (accessed on June 18, 2019).

EZB kontrolliert künftig lettisches Bankhaus PNB Banka (2019): Handelsblatt dated 5 May 2019. www.handelsblatt.com/finanzen/banken-versicherungen/bankenkontrolle-ezb-kontrolliert-kuenftig-lettisches-bankhaus-pnb-banka/24090678.html?ticket=ST-1204244-0kEXTITcTv5eD1EiW3lD-ap5. (accessed on May 5, 2019).

Frendo, H. (2002): Ports, ships and money: The origins of corporate banking in Valletta. Journal of Mediterranean Studies, vol. 12, 327–350.

FSB (2018): List of global systemically important banks (G-SIBs). www.fsb.org/wp-content/uploads/P161118-1.pdf. (accessed on July 3, 2019).

Gini, C. (1938): "Trade follows the flag". Weltwirtschaftliches Archiv, vol. 47, pp. 181–227.

Hellenic Bank (2019): Our history 2018. www.hellenicbank.com/portalserver/hb-en-portal/en/about-us/who-we-are/overview/our-history. (accessed on August 11, 2019).

Investor AB: Investor's History. https://www.investorab.com/about-investor/investor-s-history/1916-1929/. (accessed on July 23, 2019).

Joint bank of DNB: Nordea to be headquartered in Estonia (2019): news. postimees.ee/3813175/joint-bank-of-dnb-nordea-to-be-headquartered-in-estonia. (accessed on May 5, 2019).

Kleanthouse, A./*Hadjimanolis*, A. (2016): Co-operative credit institutions in Cyprus. In: Credit cooperative institutions in European countries. E S. Karafolas. Berlin et al., 19–41.

Köbeli, P. (2017): Staatsfonds als Investoren: Anforderung an Zweck und Organisation. St. Gallen. www1.unisg.ch/www/edis.nsf/SysLkpByIdentifier/4669/$FILE/dis4669.pdf.

Körnert, J. (2002): Die Bankenkrisen in Nordeuropa zu Beginn der 1990er Jahre: Eine Sequenz aus Deregulierung, Krise und Staatseingriff in Norwegen, Schweden und Finnland. Kredit und Kapital, vol. 35, 280–314.

Körnert, J. (2012): Swedish cooperative banking in the 1990s: a decade of crisis and transition. In: Raiffeisen's footprint. The cooperative way of banking. Edited by J. Mooij/W. W. Boonstra. Amsterdam, 217–230 and 303–306.

Körnert, J. (2019): Auslandsbanken in den Bankensystemen des Baltikums – Nationalstaatliche Marktanteile, europäische Machtpotenziale und Aussenwirtschaftsrecht. In: Recht trifft Wirtschaft. Edited by J. Körnert/J. Lege/K. Grube. Berlin, 113–146.

Körnert, J./*Junghanns*, Th. (2019a): Einflusspotentiale von Staatsfonds auf die Bankensysteme Maltas und Zyperns. Bank-Archiv, vol. 67, 656–662.

Körnert, J./*Junghanns*, Th. (2019b): Staatliche Investitionen. Die Gefahren von Staatsfonds. Katapult, vol. 14, 78–81.

Körnert, J./*Romānova*, I. (2014): Entwicklungen im Bankensystem Lettlands seit 1991. Bank-Archiv, vol. 62, 237–245.

Körnert, J./*Rossaro*, F. (2007): Italiens Genossenschaftsbanken im Spannungsfeld aus genossenschaftlichem Prinzip und Rechtsformwahl. In: Handbuch Regionalbanken. Edited by B. Schäfer. 2nd ed., Wiesbaden, 79–97.

Kosk, E./*Lepik*, P. (2009): Estonia. In: Corporate business forms in Europe: A compendium of public and private limited companies in Europe. Edited by F. Dornseifer. 107–168.

Kyrris, K. P. (1985): History of Cyprus. With an introduction to the geography of Cyprus. Nicosia.

Latvia central banker Rimševics 'targeted by disinformation' (2018): www.bbc.com/news/world-europe-43135939 (accessed on May 5, 2019).

Luminor (2017): Luminor Bank AS. Consolidated annual report. www.luminor.lv/sites/default/files/docs/finansu_parskati/luminor-lv-annual-report-2017-en.pdf. (accessed on August 4, 2019).

Mangion, Ch. (2014): Mintoff's forcible take-over violated National Bank shareholders' rights. Malta Today dated 6 February 2014. www.maltatoday.com.mt/news/court_and_police/35759/mintoff-s-forcible-take-over-violated-national-bank-shareholders-rights-20140206 (accessed on July 17, 2019).

Manison, L. G. (2018): The Hellenic Bank-Cyprus Cooperative Bank deal. www.stockwatch.com.cy/el/blog/685933-hellenic-bank-cyprus-cooperative-bank-deal. (accessed on August 11, 2019).

Meyers (1992): Meyers grosses Taschenlexikon in 24 Bänden. 4th ed., Mannheim et al.

MFSA, Malta Financial Services Authority (2019): www.mfsa.com.mt/financial-services-register. (accessed on June 13, 2019).

Mordrelle, E. (2018): Vekselberg nimmt auch Julius Bär ins Visier. Finanz und Wirtschaft dated 28 May 2018. www.fuw.ch.

Nasdaq Baltic: Baltic equity list. www.nasdaqbaltic.com/market/?pg=mainlist. (accessed on August 4, 2019).

National Bank case: Court finds shareholders' human rights were breached (2014): Times of Malta dated 9 January 2014. timesofmalta.com/articles/view/nationalbank.502022#.UtVyXPRDuSo. (accessed on July 17, 2019).

Nolte, B./*Nolting*, R.-D./*Sarau*, P. (2004): Asset Allocation. Das Beispiel des norwegischen Petroleumfonds. Bank-Archiv, vol. 52, 253–260.

Nordea's sale of Luminor Bank to Blackstone delayed (2019): www.reuters.com/article/nordea-bnk-results-luminor/nordeas-sale-of-luminor-bank-to-blackstone-delayed-idUSL5N22C1PI. (accessed on May 5, 2019).

Phylaktis, K. (1995): The banking system of Cyprus. Past, present, future. London.

Plickert, Ph. (2018a): Finanzkrimi im Baltikum. Korruption und Geldwäsche. Frankfurter Allgemeine Zeitung dated 21 June 2018. www.faz.net/aktuell/wirtschaft/mehr-wirtschaft/korruption-und-geldwaesche-in-lettland-15648466.html. (accessed on May 5 2019).

Plickert, Ph. (2018b): Der mysteriöse Krimi um den Notenbankchef. Frankfurter Allgemeine Zeitung dated 20 February 2018. www.faz.net/aktuell/wirtschaft/ilmars-rimcevics-weist-alle-vorwuerfe-zurueck-15459125.html. (accessed on May 5, 2019).

Plickert, Ph. (2019): Neue Wendung im lettischen Finanzkrimi. Frankfurter Allgemeine Zeitung dated 26 February 2019. www.faz.net/aktuell/wirtschaft/neue-wendung-im-lettischen-finanzkrimi-16061370.html. (accessed on May 5, 2019).

Reuters (2018): Nordea, DNB sell Baltic bank stake to Blackstone in $1.2 billion deal. https://www.reuters.com/article/us-blackstone-group-m-a-nordea-bank-dnb/nordea-dnb-sell-baltic-bank-stake-to-blackstone-in-12-billion-deal-idUSKCN1LT0KL. (accessed on August 14, 2019).

Reuters (2019): Nordea's sale of Luminor Bank to Blackstone delayed. https://www.reuters.com/article/nordea-bnk-results-luminor/nordeas-sale-of-luminor-bank-to-blackstone-delayed-idUSL5N22C1PI. (accessed on August 14, 2019).

Rizzo-Farrugia (2019): Bank of Valletta plc. rizzofarrugia.com/security-quotes/equities/c1100e/. (accessed on July 27, 2019).

Rudolf, U. J./*Berg*, W. G. (2010): Historical Dictionary of Malta. 2nd ed., Lanham et al.

Schramm, M./*Hansmeyer*, E. (2011): Transaktionen erfolgreich managen. Ein M&A-Handbuch für die Praxis. Munich.

SEB (2000): Cash offer by Skandinaviska Enskilda Banken AB (publ) for the whole of the issued share capital of AS Eesti Ühispank. Tallinn.

SEB (2018): Annual report 2018. sebgroup.com/siteassets/investor_relations1/annual_reports/annual_report_2018.pdf. (accessed on July 22, 2019).

SEB AB: Our history. https://sebgroup.com/about-seb/who-we-are/our-history. [23 July 2019].

Sheth, S. (2018): The 3 biggest names on the latest Russia sanctions list have all popped up in the investigation surrounding Trump. Business Insider dated 6 April 2018. www.businessinsider.de.

Sõrg, M./*Uiboupin*, J. (2001): Internationalisation and entry of foreign banks into Estonian market. In: Estonia on the threshold of the European Union. Financial sector and enterprise restructuring in the changing economic environment. Edited by V. Vensel/C. Wihlborg. Tallinn, 45–70.

Steuer, H. (2019): Lettische PNB Banka muss schließen. “Handelsblatt” v. 16.8.2019. https://pnbbanka.eu/en/pnb/about_bank/news/insolvency-process-started-18092019.

Swedbank (2018): 2018. Annual and sustainability report. online.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PRODE29146126. (accessed on July 20, 2019).

Swedbank (2019): Swedbanks shareholders. www.swedbank.com/investor-relations/the-share/shareholders.html. (accessed on July 21, 2019).

SWFI (2019): What is a SWF? www.swfinstitute.org/sovereign-wealth-fund. (accessed on February 4, 2019).

The Economist (2017): Democracy index 2017. Free speech under attack. pages.eiu.com/rs/753-RIQ-438/images/Democracy_Index_2017.pdf. (accessed on February 5, 2019).

TheCityUK (2015): UK, the leading western centre for sovereign wealth funds. www.thecityuk.com/assets/2015/Reports-PDF/9812c8ec8e/Sovereign-Wealth-Funds-2015.pdf. (accessed on February 1, 2019).

Theodore, J./*Theodore*, J. (2015): Cyprus and the financial crisis. The controversial bailout and what it means for the Eurozone. Basingstoke.

Walter, T. (2001): SEB bergen Kurschancen Fragezeichen Fusion. Finanz und Wirtschaft dated 19 September 2001. www.fuw.ch/article/seb-bergen-kurschancen-fragezeichen-fusion. (accessed on August 9, 2019).

Weber, M. (1980): Wirtschaft und Gesellschaft. Grundriss der verstehenden Soziologie. 5th ed., Tübingen.

Wink, St. (2014): Management/Employee buy out: Gestaltungsmöglichkeiten unter Berücksichtigung von Pensionsverpflichtungen. Hamburg.

DOI https://doi.org/10.3790/ccm.53.2.187 | Generated on 2025-09-08 19:02:06