

# SRB MULTI-ANNUAL PROGRAMME 2021-2023

## WORK PROGRAMME 2021



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Print	ISBN 978-92-9475-243-7	ISSN 2529-671X	doi:10.2877/092705	FP-AB-20-001-EN-C
PDF	ISBN 978-92-9475-242-0	ISSN 2529-6728	doi:10.2877/303273	FP-AB-20-001-EN-N

More information on the European Union is available on the Internet (<http://europa.eu>).

Luxembourg: Publications Office of the European Union, 2020

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SINGLE RESOLUTION BOARD

**MULTI-ANNUAL PROGRAMME  
2021-2023**

**WORK PROGRAMME 2021**

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# FOREWORD

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I am pleased to introduce our second Multi-annual Programme, while being aware that we are publishing our vision for the next three years as storm clouds gather over the economic landscape, highlighting once again the relevance of our mission.

As I write this, the Banking Union is growing in size and relevance. The Covid-19 outbreak has had a serious impact on the global economy and the full effects are still materialising. The first analyses, such as the ECB vulnerability assessment, show an overall resilience of banks under our remit for the – hopefully likely – base line scenario. Adding to post-financial crisis reforms, coordinated response to the Covid-19 outbreak by regulators, supervisors and resolution authorities, including the SRB, is helping banks to continue to deliver their services.

At the same time, there are outliers, and the stress may become even more acute in case more severe scenarios materialise. Therefore, strengthening and completing the Banking Union, including a strong framework for dealing with ailing banks, is more important than ever if we are to minimise the negative impact of this and other crises on the economy and on tax-payers. On our side, we work to build and maintain financial stability, by ensuring the resolvability of all SRB banks in line with the timeline set in our “Expectations for Banks”. This is the driving force and guiding principle behind this ambitious programme for the next three years.

The SRB has grown in size and impact since we put our 2018-2020 Multi-annual Programme in place. We have reached the foreseen staffing, welcomed four new full-time Board Members and a new Vice-Chair, and continue to develop our crisis preparedness. We have published our key policies, including our Expectations for Banks that provide banks with clear guidance about how to make themselves resolvable. We have adapted our policies to the changes brought by the new Banking Package and we have prepared for Brexit. Last but not least, we welcomed two new members to the Banking Union, Bulgaria and Croatia.

Our clear focus for the next three years is on making progress in resolvability, and we require the banks to continue their work and to invest the necessary time and resources in this. Resolution planning leads to more stable banks that are better prepared to weather a storm, including the current one. If a bank does fail, it means that this can be managed in an orderly way, avoiding disruption to the wider economy and without putting viable banks in jeopardy.

Resolution plans are in place for all banks, alongside a transparent annual planning cycle. They need to be ready to go at short notice, and any gaps and blind spots need to be addressed. The SRB is ready to remove impediments to resolvability that are not addressed by banks themselves adequately.

There has been substantial progress on building up Minimum Requirement for own funds and Eligible Liabilities (MREL). To give a flavour, in Q2 2020 we observed MREL issuances for EUR 88,2 billion, adding up to a notable total MREL stock of EUR 2,3 trillion, yet entailing a reduction of 4% in new issuances compared to Q1 2020, due to the impact of Covid-19 disruptions. After the volatility of funding cost (of subordinated and senior bonds) and yield-to-maturity of subordinated debt peaked in March, the cost of funding materially decreased over the summer period until mid-September 2020. Clearly, we must keep up the momentum on MREL build-up, as key element for resolvability, also in light of the new rules and deadlines in the BRRD2.

As key priority for the next years, the SRB will fully operationalise the use of resolution tools, and their combined use. In this regard, more work is planned particularly on transfer tools.

Finally, the Single Resolution Fund (SRF) is an essential part of our toolset, ready to support our mission. By 2023, it will have reached the target of 1% of covered deposits and be fully mutualised. Clearly, we will also carefully consider the relevant judgments by the General Court of this last September, and determine the next steps in cooperation with the European Commission.

The SRB is committed to playing our part in promoting financial stability. However, the full potential of the Banking Union will not be achieved until certain gaps in the framework are addressed. We hope to see legislators take urgent steps forward on the provision of liquidity in resolution, on the review of deposit guarantee schemes (and their use in liquidation and resolution), on a European deposit insurance scheme and the harmonisation of liquidation rules for banks.

We always put emphasis on good cooperation and this is even more important in challenging times. I would like to thank the NRAs, our European and international partners and the banking industry for their continued collaboration. I am also grateful to the former and current SRB Board Members, as well as to our dedicated staff members. Only together can we deliver this programme, which will support the European economy and taxpayers both during the current storm and in the sunshine we hope will follow.

**Elke König**  
Chair of the SRB

# ABBREVIATIONS

<b>Ads</b>	Administrators	<b>ESRB</b>	European Systemic Risk Board
<b>AHWP</b>	ad-hoc Working Party	<b>EWG</b>	Eurogroup Working Group
<b>ASTs</b>	Assistants	<b>FMI</b>	Financial Market Infrastructure
<b>AST-SCs</b>	Secretaries and Clerks	<b>fmiCBCM</b>	Cross-border Crisis Management Group for Financial Market Infrastructures
<b>bankCBCM</b>	Cross-border Crisis Management Group for Banks	<b>FSB</b>	Financial Stability Board
<b>BRRD</b>	Bank Recovery and Resolution Directive	<b>FSC</b>	Financial Services Committee
<b>BU</b>	Banking Union	<b>G-SIB</b>	Global Systemically Important Bank
<b>CCP</b>	Central Counterparty	<b>HLWG</b>	High Level Working Group
<b>CF</b>	Critical Function	<b>IAAPN</b>	Inter-Agency Appeal Proceedings Network
<b>CMG</b>	Crisis Management Group	<b>ICF</b>	Internal Control Framework
<b>CMT</b>	Crisis Management Team	<b>ICT</b>	Information and Communication Technology
<b>CRD</b>	Capital Requirements Directive	<b>IGA</b>	Intergovernmental Agreement
<b>CRR</b>	Capital Requirements Regulation	<b>IPU</b>	Intermediate Parent Undertaking
<b>CSDB</b>	Centralised Securities Database	<b>IRT</b>	Internal Resolution Team
<b>DGS</b>	Deposit Guarantee Scheme	<b>ITS</b>	Implementing Technical Standard
<b>DPM</b>	Data Points Model	<b>LDR</b>	Liability Data Report
<b>DPO</b>	Data Protection Office	<b>LFA</b>	Loan Facility Agreement
<b>EBA</b>	European Banking Authority	<b>LSI</b>	Less Significant Institution
<b>EC</b>	European Commission	<b>MAP</b>	Multi-Annual Programme
<b>ECA</b>	European Court of Auditors	<b>MDA</b>	Minimum Distributable Amounts
<b>ECB</b>	European Central Bank	<b>MIS</b>	Management Information Systems
<b>ECON</b>	European Parliament's Economic and Monetary Affairs Committee	<b>MPE</b>	Multiple Point of Entry
<b>ECOFIN</b>	Economic and Financial Affairs Council	<b>MREL</b>	Minimum Requirement for own funds and Eligible Liabilities
<b>EDIS</b>	European Deposit Insurance Scheme	<b>MS</b>	Member States
<b>EfB</b>	Expectations for Banks	<b>NCA</b>	National Competent Authorities
<b>EFC</b>	Economic and Financial Committee	<b>NCWO</b>	No Creditor Worse Off
<b>EGBPI</b>	Expert Group on Banking Payments and Insurance	<b>NIP</b>	Normal Insolvency Proceedings
<b>EP</b>	European Parliament		
<b>ESA</b>	European Supervisory Authority		
<b>ESM</b>	European Stability Mechanism		



<b>NRA</b>	National Resolution Authority	<b>SI</b>	Significant Institutions
<b>NZEB</b>	Nearly Zero-Energy Building	<b>SNE</b>	Seconded National Expert
<b>OSI</b>	On-Site Inspections	<b>SRF</b>	Single Resolution Fund
<b>P2R</b>	Pillar 2 Requirement	<b>SRM</b>	Single Resolution Mechanism
<b>PIA</b>	Public Interest Assessment	<b>SRMR</b>	Single Resolution Mechanism Regulation
<b>RAP</b>	Resolvability Assessment Process	<b>SSM</b>	Single Supervisory Mechanism
<b>ReSG</b>	Resolution Steering Group	<b>SWD</b>	Solvent Wind-Down
<b>RPC</b>	Resolution Planning Cycle	<b>TA</b>	Temporary Agents
<b>RPO</b>	Resolution Planning Office	<b>TFCA</b>	Task Force for Coordinated Action
<b>RTOB</b>	Resolution Tools Other than Bail-in	<b>TLAC</b>	Total Loss Absorbing Capacity
<b>RTS</b>	Regulatory Technical Standard	<b>TPLE</b>	Trilateral Principle Level Exercise
<b>RTT</b>	Resolution Tactical Team	<b>XBRL</b>	eXtensible Business Reporting Language
<b>RU</b>	Resolution Unit		
<b>SHS</b>	Security Holding Statistics Database		

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# EXECUTIVE SUMMARY

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This document presents the Multi-annual programme (MAP) of the SRB for 2021-2023 and the 2021 Work Programme<sup>(1)</sup>. Chapter 1 introduces the document by recalling the SRB mission statement, and brings the work of the SRB into the broader economic, policy and regulatory context. Chapter 2 outlines the priorities of the SRB for the next three years and Chapter 3 presents how such multi-annual priorities are implemented for 2021.

The SRB priorities are organised along five strategic areas of operation, which are in broad continuity with the first SRB MAP<sup>(2)</sup>. This executive summary recapitulates the priorities for 2021-2023 and for 2021 along these five areas.

## 1) ACHIEVING RESOLVABILITY OF SRB BANKS AND LSIS

The first area of SRB operations is the work to achieve resolvability of significant and cross-border institutions ("SRB banks") and less significant institutions (LSIs). The objectives for 2021-2023 and for 2021 in this respect can be summarised under the following deliverables:

- I. **Implement SRB Expectation for Banks.** The SRB Expectations for Banks (EfB)<sup>(3)</sup> is the key document of reference for banks to build, under the SRB steer, the capabilities to become resolvable, gradually, by 2023 at the latest. In 2021-2023, the SRB will steer the banks' work to meet the EfB and become resolvable. The SRB will send bespoke priority letters to banks, who should then describe how these will be actioned, by submitting to the SRB annual work programmes. The SRB will subsequently review long-term work programmes (to be delivered by banks in early 2021) and their resolvability self-assessments. These will feed into the SRB bank-specific resolvability assessment and horizontal heat-map. The Internal Resolution Teams (IRTs), formed by SRB and NRAs staff, conduct these processes for all SRB banks as part of the annual Resolution Planning Cycle (RPC). Besides bank-specific annual priorities, the SRB sets common EfB priorities across the SRB banks. For 2021, these are: (i) liquidity in resolution; (ii) management information system (MIS) and valuation capabilities; (iii) bail-in preparedness.
- II. **Further operationalise resolution plans.** The SRB has already drafted resolution plans for all SRB banks. Therefore, the focus for 2021-2023 will be to (update and) operationalise the resolution plans and to make them truly actionable at short notice. The majority of SRB banks' resolution strategies entail bail-in, alone or in combination with other tools. Therefore, the SRB work will focus on detailing banks' bail-in playbooks. For resolution tools other than bail-in, i.e. transfer strategies, IRTs will steer banks to develop the necessary pre-conditions to enable transfers (cf. further work under strategic area 3).

The 2021 RPC will be the second steady-state 12-months cycle for the SRB (i.e. April to April). As such, the SRB expects to deliver efficiency gains, particularly through the improvement and automation of data that underpins the RPC. To quantify the deliverables for the 2021

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<sup>(1)</sup> In accordance with Article 30 of the SRB Financial Regulation and Article 50(1)(a) of the SRMR

<sup>(2)</sup> [https://srb.europa.eu/sites/srbsite/files/srb\\_multi-annual\\_planning\\_and\\_work\\_programme\\_2018\\_final.pdf](https://srb.europa.eu/sites/srbsite/files/srb_multi-annual_planning_and_work_programme_2018_final.pdf)

<sup>(3)</sup> <https://srb.europa.eu/en/node/962>

RPC, the SRB and NRAs expect to adopt 109 resolution plans and 233 MREL decisions (cf. Table 3 for more detailed overview).

- III. **Conduct resolvability assessments, feeding into an SRB “Heatmap”, and take action in case of insufficient progress.** Building on the above-mentioned milestones, the SRB performs resolvability assessments as part of the annual RPC. In 2021-2023, such assessments will feed into a central “heat-map”, aimed to track individual banks’ progress and benchmark it across SRB banks. If and when the SRB finds banks’ progress to be insufficient, it will take action, including formal procedures for the removal of substantive impediments.
- IV. **Design and perform on-site inspections (OSI).** The SRB plans to develop gradually over 2021-2023 its OSI-capacity. As first step-stone, the SRB will perform in 2021 pilot on-site visits with banks deemed to be of specific interest. Leveraging on the lessons learnt from these visits, and from the experience of other relevant European and national authorities, the SRB will then coordinate and plan fully-fledged OSIs by 2023.
- V. **Enhance oversight function of less significant institutions (LSI).** LSIs are under NRAs’ direct remit, with the SRB performing oversight functions. For 2021, NRAs expect to have around 2193 LSIs in scope and to cover 92% of them with resolution plans (reaching 100% by 2023). The SRB has already received the majority of first resolution plans for LSIs: thus, the priority for 2021-2023 is to cover all incoming plans with a deeper assessment. This will be achieved through, inter alia, intensified interaction with NRAs (e.g. bi-annual workshops) and their implementation of comply-or-explain LSI guidelines (SRM-internal), aimed to attain common high quality standards in resolution planning across SRB banks and LSIs.

## 2) FOSTERING A ROBUST RESOLUTION FRAMEWORK

The second strategic area comprises of the SRB work on its policies and guidances and quality assurance, underpinning the work of the first strategic area, and the SRB interaction with relevant EU and international authorities and policy-makers.

**SRB policies and banks’ guidances:** Over 2021-2023, the SRB will, in close cooperation with NRAs, revise and develop further policies and banks’ guidances. The policy programme for 2021-2023 is tailored to underpin the Efb and RPC. Key areas of policy development for 2021-2023 are:

- (i) MREL: the priority is to refine the 2020 MREL policy to complete the implementation of the Banking Package’s new rules as they fall due. For 2021, revisions will cover: responses to MREL breaches, including minimum distributable amounts (MDA), new aspects of the eligibility framework (and banks’ sign-off letters), implications of the requirement to set up an intermediate-parent undertaking (IPU) in the EU, and refining the NCWO model.
- (ii) PIA: the plan is to extend the SRB methodology, by strengthening the analysis against the five resolution objectives, and in particular of the impact on financial stability of banks’ critical functions, and in case of use of the DGS.
- (iii) Financial continuity framework: this comprises of policy work, for 2021 and 2022, on liquidity and funding in resolution, and on solvent wind down (SWD) of banks’ trading books.

Beyond these three areas, other policy developments programmed for 2021-2023 include work on: resolution scenarios; resolvability assessment, including separability analysis and restructuring; resolution tools; ancillary powers and moratorium. The SRB will also, as part of its policy programme, implement all relevant Technical Standards by the EBA, and the FSB recommendations.

Mirroring the three Efb horizontal priorities for 2021, the SRB will develop guidances for banks on: MIS capabilities for valuation; MIS capabilities for bail-in execution; Estimation of liquidity and funding needs in resolution.

While SRB policy developments aim to attain consistency ex-ante, the SRB will also continue to work to ensure consistency ex-post (or ad-interim), through quality assurance. To do so, the SRB revises draft plans in two phases of the cycle. This allows systematic benchmarking of the plans against SRB policy developments, and fosters harmonised and high-quality practices for SRB banks.

**Contribute to external policy-making:** The key priority for the SRB in coming years is to call for and support the completion of the Banking Union. More specifically, the SRB expects and will push as priority areas: (i) the establishment of the common backstop to the SRF; (ii) the issue of liquidity in resolution; (iii) progress towards a common deposit guarantee system; and (iv) “measures for a robust bank resolution and insolvency framework”.

**International cooperation:** On the one hand, the SRB in 2021-2023 will continue to negotiate agreements with non-Banking Union authorities and with third country authorities to support the work of CMGs. On the other hand, the SRB will contribute to the work of standard setters, such as the FSB, and bilateral, trilateral and multi-lateral dialogues with third country authorities to improve international cooperation.

### 3) PREPARING AND CARRYING OUT EFFECTIVE CRISIS MANAGEMENT

The third strategic area focuses on crisis management. As the authority responsible for banks crisis management within the Banking Union, dealing with crisis cases and improving its readiness to do so are two sides of the same core SRB activity. Priorities for 2021-2023 can be summarised in four clusters:

- (i) **Operationalise resolution tools other than bail-in:** The aim of this project is to enhance readiness of the SRB for implementing resolution schemes based on transfer strategies. The focus for 2021 will be to obtain the front-to-back competencies for executing the sale of business tool (both share and asset deals). Work will be divided in three streams: (i) setting-up a virtual data room (VDR) and organising investors’ due diligence process; (ii) approaching investors and managing the marketing process; (iii) creating the transaction documentation.
- (ii) **Refining data, procedures, documents and tools for crisis cases:** The SRB will work to enhance its own procedures and documentation (also in light of possible lessons learnt) and, with NRAs, to update and expand National Handbooks (that look at the implementation of resolution schemes). Moreover, the SRB aims to refine its quantitative tools (e.g. bail-in tool calculator, sale of business tool calculator, crisis dashboard). This is supported by the overarching priority of maintaining an effective ICT platform, aligning data sources and expand data available to crisis management teams.
- (iii) **Post-resolution:** The objective is to elaborate policy stances and operational procedures on, for instance, impacts on business model, governance arrangements, special manager role, etc.
- (iv) **Dry-run exercises:** To test crisis preparedness, the objective for 2021-2023 is to perform several “fully-fledged” and “technical” dry-runs. The former type of dry-run simulates the entire management process and decision making in resolution cases, while the latter investigates specific topics and/or processes in crisis. Beyond this, the SRB also encourages

“bank-specific deep-dives”, i.e. dry-runs by IRTs to assess specific topics (i.e. governance, communication, use of the resolution tools, etc.), and dry-runs by NRAs to enhance readiness to implement resolution decisions.

#### 4) OPERATIONALISING THE SRF

The fourth strategic area relates to the Single Resolution Fund (SRF) and its operationalisation. By 2023, the available financial means of the SRF are set to reach at least 1% of the amount of covered deposits of all credit institutions authorised in the Banking Union and national compartments will have merged. The SRF can be used to ensure the effective application of resolution tools. SRB priorities in this area can be divided into three clusters:

- (i) **Contributions:** A key priority for 2021-2023 is the monitoring of the evolution of covered deposits, for the annual target setting as well as with regard to the objective of reaching the overall target level of 1% of covered deposits. Other multi-annual priorities regard the evaluation of the current contribution framework, and enhancement of the ICT environment. For 2021, the SRB will work to calculate the individual 2021 ex-ante contributions, notifying NRAs as soon as possible accordingly, and on-boarding two new participating Member States, i.e. Bulgaria and Croatia, into the contributions cycle. The growing number of litigation cases related to ex-ante contributions before the EU courts in recent years will also require substantial work in 2021. The recent decision by the General Court will also require careful considerations in cooperation with the European Commission.
- (ii) **Investments:** Key priorities for 2021 are the monitoring of the implementation of the 2021 investment plan by the external investment manager, and the on-boarding of a second investment manager. Year-by-year, the SRB will review the investment strategy, update the annual investment plan, and further develop the risk and portfolio management tools. Finally, the SRB will work to operationalise the SRF liquidity.
- (iii) **Funding and Financing:** Over 2021-2023, the SRB will continue analysing the optimal financing instruments for capital and/or liquidity support, covering any possible combination of resolution tools. This work will build on existing SRB procedures and past dry-runs. In terms of additional financial means, the SRB aims to conclude the technical work to operationalise the agreements on the Common Backstop, including the completion of the repayment capacity methodology, jointly with the European Stability Mechanism (ESM).

#### 5) THE SRB AS AN ORGANISATION

The fifth strategic area focuses on the SRB as an organisation, and outlines how the different horizontal and support functions within the SRB contribute to effective operations under the four areas above-mentioned and, ultimately, to the achievement of the multi-annual and 2021 priorities.

The primary focus, underpinning all SRB MAP-WP priorities, is on SRB staff. In this sense, the priority for the SRB will be the retention, training, mobility and career development of its staff, while ensuring the recruitment of additional 50 staff members, as key enabler for the SRB multi-annual objectives.

Another vital support function for the SRB priorities is ICT. The ICT support proved its effectiveness as SRB staff operated remotely in 2020 due to the COVID-19 outbreak. The ICT work programme for 2021 and coming years include several projects, for instance in the domain of reporting

from banks, the expansion of data sources, improvements (and automation) of data processing, ultimately achieving an effective management information system (MIS) and a “digital-SRB”.

On the communication front, the SRB will in 2021 implement a comprehensive and ambitious communications work programme across different channels, including the launch of a new website, and develop the SRM Communication Forum.

While other functions and their priorities are further described in this MAP-WP, it may be worth noting here that the SRB is now working with a renovated and streamlined structure, whereby:

- ▶ The SRB Secretariat is separated from the Legal Service. The Secretariat, incorporating also the Document Management Office, focuses on supporting the SRB governance and decision-making. While the Legal Service priority remains the provision of legal advice to other SRB functions and the work on ongoing litigation cases.
- ▶ A new function, the Resolution Planning Office, operates as a point of reference to support the implementation of the “steady-state” 12-months RPC, and to promote consistent, efficient and high-quality resolution planning across SRB banks.

The SRB will also in future constantly assess its structure and workflow to maintain a lean and efficient structure.

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# 1. INTRODUCTION

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## 1.1. Mission statement

The SRB was established by [Regulation \(EU\) No 806/2014 \(the Single Resolution Mechanism Regulation \(SRMR\)\)](#), and began operating as an independent EU agency on 1 January 2015. It assumed its full legal mandate for resolution planning and adopting all decisions relating to resolution on 1 January 2016.

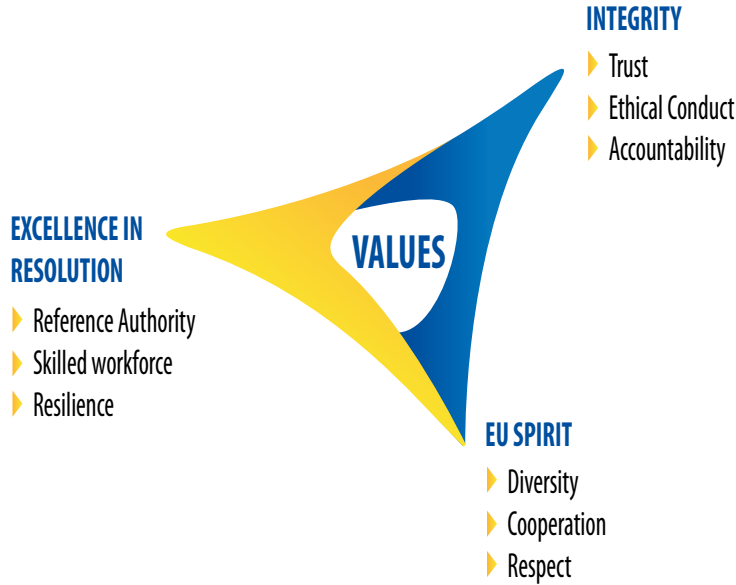
**The SRB's mission is to ensure an orderly resolution of failing banks with minimum impact on the real economy, the financial system, and the public finances of the Banking Union's Member States and beyond.**

The SRB is the central resolution authority within the Banking Union. Together with the NRAs of participating Member States, it forms the Single Resolution Mechanism (SRM), as illustrated. The SRB works in close cooperation with 21 NRAs, the European Commission (EC), the European Central Bank (ECB) and the European Banking Authority (EBA), as well as national competent authorities (NCAs).

**The role of the SRB is proactive:** rather than waiting for resolution cases to manage, the SRB focuses on resolution planning and enhancing resolvability in close cooperation with NRAs. The SRB drafts and adopts resolution plans for the banks under its remit and regularly updates these plans. In this context, the SRB determines the preferred resolution strategy for a bank; this strategy sets out the resolution tools and powers to be applied in the event of resolution and sets the MREL. Should a bank within the SRB's remit be failing or likely to fail, and also fulfil the other criteria for resolution, the SRB will draft and adopt a resolution scheme and the relevant NRAs will implement the resolution accordingly. In addition to resolution planning and decisions for significant institutions, the SRB also performs an oversight function with regard to less significant institutions (LSIs). The SRB is also in charge of the industry-funded SRF, which was established to provide ancillary financing to ensure the effective application of resolution schemes.

**The SRB's values:** the SRB strives to be a trusted and respected resolution authority with a strong resolution capacity in the SRM, thus avoiding future bail-outs. The SRB aims to be a centre of expertise in bank resolution. Its three values are (i) Excellence in Resolution, (ii) Integrity and (iii) EU spirit.

Figure 1: The SRB's values



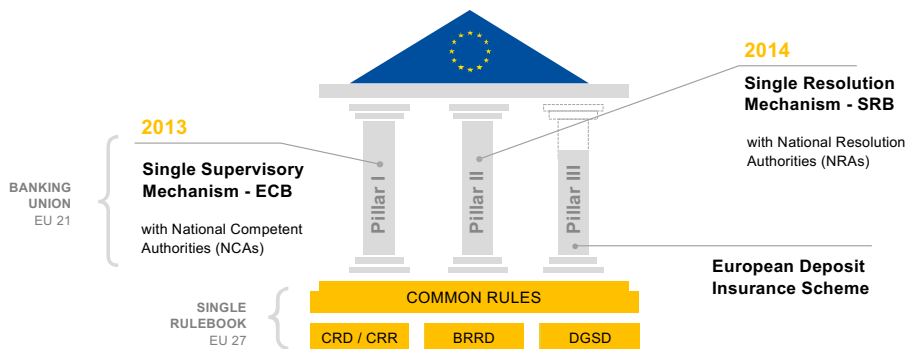
## 1.2. General policy context of the SRB work

### BACKGROUND: EU SINGLE RULEBOOK AND BANKING UNION

In response to the global financial crisis of 2008-2009 and the ensuing euro area debt crisis, the EU adopted measures to create a safer financial sector. This was done through increased prudential requirements for banks, improved protection for depositors and new rules for managing failing banks (part of the so-called Single Rulebook); and establishing a Banking Union to address interdependencies in the euro area and break the link between banks and sovereigns. The Banking Union consists of three pillars, the Single Supervisory Mechanism (SSM) and the SRM, which are fully operational, and the European Deposit Insurance Scheme (EDIS), which is still to be developed.

The SRB operates within this regulatory framework as the central resolution authority of the Banking Union, working closely with the NRAs and forming together the SRM.

Figure 2: The Banking Union



\* The EU Bank Recovery and Resolution Directive is the EU implementation of the FSB Key Attributes.



## EVOLVING GENERAL, POLICY AND REGULATORY CONTEXT

The activities of the SRB are directly impacted by regulatory changes relating to the bank resolution framework of the Banking Union, and they are indirectly affected by broader EU policy developments.

The EU resolution regulatory framework was recently strengthened with the so-called Banking Package, which revised the Bank Recovery and Resolution Directive (BRRD) and SRMR, as well as the Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR). Among others, the review transposes the international Total Loss Absorbing Capacity (TLAC) standard within the EU and revises the MREL. Implementation of the Banking Package by the SRB and the banking sector began already in 2019 and will continue over the next three years. Moreover, the Political guidelines for the 2019-2024 Commission include “measures for a robust bank resolution and insolvency framework”. Upcoming legislative proposals in this field would touch the core of the SRB’s activities.

In the coming years, the European banking sector, as well as the economy at large, will continue to deal with the fallout from the Covid-19 crisis. The contingency of the pandemic has so far led to a number of extraordinary changes to the prudential framework, as well as to State aid, to facilitate bank lending and mitigate the impact of the pandemic. While this crisis originated outside the financial sector, banks are also impacted and policy-makers will want to draw lessons also for banking regulation. In this context, the urgent need to complete the Banking Union should remain as a high priority on the agenda.

Furthermore, in 2020 the SRB welcomed two new Member States - Bulgaria and Croatia - into the SRM. In the 2021-2023 period, the SRB will work for the first time with an enlarged SRM and will continue to provide technical feedback to other Member States that may be considering whether to join the Banking Union.

By the end of 2023, the transitional period for the building up and progressive mutualisation of the national compartments of the Single Resolution Fund (SRF) will have elapsed. The SRB will thereafter be able to rely on a fully mutualised Fund worth 1% of covered deposits. This is expected to be matched by the parallel establishment of the common backstop to the SRF by the end of the transition period<sup>(4)</sup>.

The third pillar of the Banking Union, a common deposit guarantee system, remains to be developed by policy-makers. Moreover, another gap to be addressed is the provision of liquidity in resolution, with the aim of aligning the Banking Union with the toolkit of its international peers.

The next three years will also see the entry into force of a new EU regulatory framework for the recovery and resolution of CCPs: this will bear implications for the SRB, particularly in terms of participation in CCP resolution colleges as the resolution authority of CCPs’ most significant clearing members.

Less direct, yet noteworthy effects are expected also from other regulations, such as the EU implementation of Basel III reforms<sup>(5)</sup>, which could impact the risk weighting of assets of banks, that is a key parameter for the SRB work, for instance on MREL.

<sup>(4)</sup> The terms of reference of the common backstop, as agreed in December 2018, foresee that the common backstop will be introduced earlier, provided that sufficient progress has been made in risk reduction, to be assessed in 2020: [https://www.consilium.europa.eu/media/37268/tor-backstop\\_041218\\_final\\_clean.pdf](https://www.consilium.europa.eu/media/37268/tor-backstop_041218_final_clean.pdf)

<sup>(5)</sup> Following a decision by the Basel Committee on Banking Supervision, on 28 April the Commission proposed to defer the date of application of the leverage ratio by one year to 1 January 2023.

From the broader perspective of strategic business decisions of banks, the impact of Brexit on the day-to-day resolution planning (e.g. following the transfer of some financial operations to the Banking Union) will crystallise within the next three years.

Finally, two other key streams, both in terms of market and policy developments, i.e. the digitalisation of financial services and banks (with its risks and opportunities), and the focus on sustainability and “green finance”, can also be expected to gradually change the environment within which the SRB works for the next three years.

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## 2. MULTI-ANNUAL PROGRAMME 2021–2023

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The priorities for 2021 and 2023 are organised along the five strategic area of operation of the SRB, which are:

- 1) Achieving resolvability of SRB banks and LSIs
- 2) Fostering a robust resolution framework
- 3) Preparing and carrying out effective crisis management
- 4) Operationalising the SRF
- 5) The SRB as an organisation

### 2.1. Achieving resolvability of SRB banks and LSIs

The SRB, in close cooperation with the NRAs, sets the following priority areas for 2021-2023 within the strategic objective of resolvability of SRB banks and LSIs:

- I. **Implement SRB Expectation for Banks (EfB)** for significant institutions and cross-border LSIs (“SRB banks”), as core reference on the actions that the SRB expects banks under its remit to take in order to demonstrate resolvability;
- II. Further **operationalise resolution plans**, together with banks, to ensure they are actionable at short notice and support effective resolution action;
- III. Conduct **resolvability assessments** which feed into an SRB “Heatmap”, reflecting banks progress in removing impediments to resolvability according to harmonised horizontal criteria, derived from the EfB; where banks do not deliver on the planned actions to make themselves resolvable, the SRB will take action;
- IV. Designing and performing **on-site inspections**, to test banks’ capabilities in respect of the operationalisation of resolution plans and dedicated areas of the EfB;
- V. Further **enhance oversight function of less significant institutions (LSI)** that are under NRA remit, to ensure their resolvability across the Banking Union.

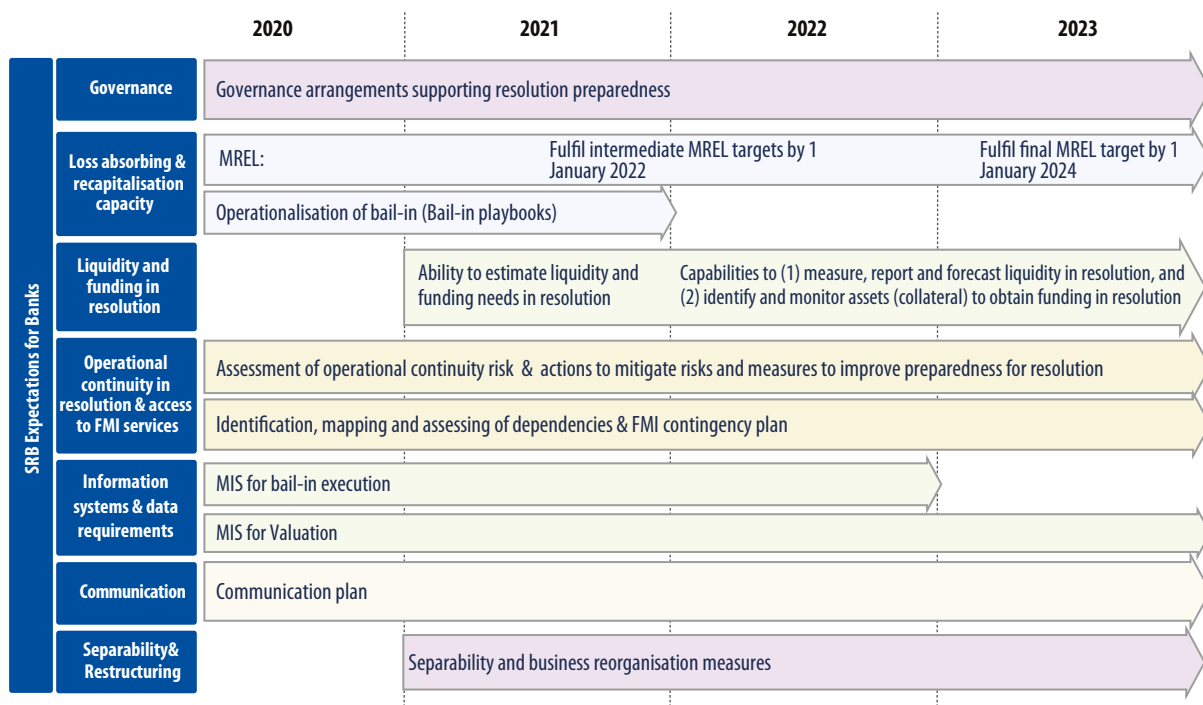
#### 2.1.1. Implement SRB Expectations for Banks

The SRB’s overarching priority for the next three years in the strategic area of resolvability is that SRB banks should demonstrate effective preparation for resolution action and operational readiness for the implementation of the relevant resolution tools in line with the resolution plans.

At the core of these preparations are the SRB Expectations for Banks (EfB)<sup>(6)</sup>, published in April 2020. The EfB form the primary reference document for banks to build the capabilities necessary to prove they are resolvable.

The EfB are subject to a gradual phase-in. The figure below displays the periods over which banks are expected to build up their capabilities in respect to specific dimensions of the EfB, with 2023 as the latest deadline.

**Figure 3:** EfB phase in over 2020-2023



To achieve these expectations, the SRB will continue issuing yearly priority letters to the banks, defining horizontal as well as bank-specific priorities.

In addition, the SRB requires banks to submit long-term resolvability work programmes, that cover 2021 and the following years, in order to plan for the development of capabilities in all dimensions of the EfB by end-2023. These programmes should be fully developed and budgeted for, and have the involvement of banks' Senior Management. As part of the resolution planning process, Internal Resolution Teams (IRTs), formed by SRB and NRAs resolution experts, will assess the banks' work programmes at the beginning of 2021 and, if relevant, request banks to adjust them. Once finalised, IRTs will continue monitoring and steering the implementation of the bank-specific resolvability work programme (also supported by the banks' resolvability self-assessment reports).

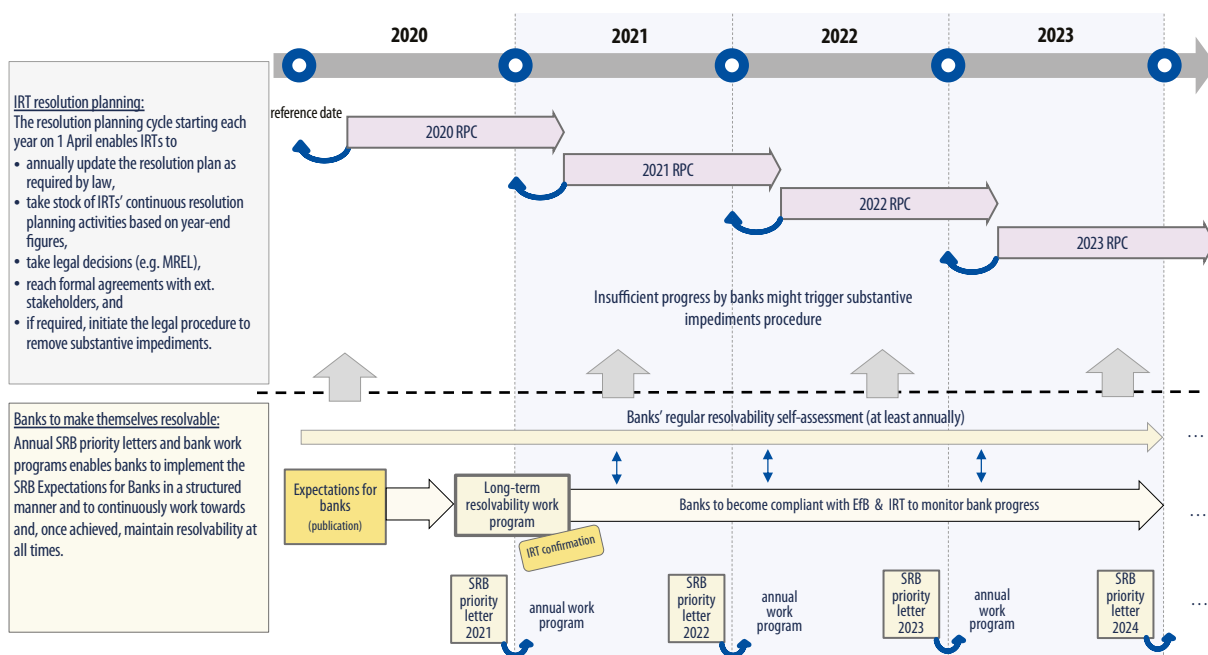
The SRB will be publishing operational guidance on the arrangements banks should work on year by year, as it did for the three working priorities identified in 2020 (bail-in execution, operational continuity and financial market infrastructure access). This is aimed at increasing transparency and to ensure that banks are able to steadily progress on their operational preparedness in each of the key areas of the EfB (cf. Section 2.2.1).

<sup>(6)</sup> <https://srb.europa.eu/en/node/962>

IRT will leverage on these milestones for each bank for the annual update of the resolution plan and the annual resolvability assessment. If banks' progress is not considered sufficient to implement the resolvability work programme and achieve resolvability in the timeframe defined by the Efb, the SRB will consider applying the procedure to remove substantive impediments to resolution.

The figure below provides an overview of the program until 2023 in the strategic area of resolvability of SIs, and the interaction between the Efb, IRT monitoring and steering through the various milestones, resolution planning and resolvability assessment.

**Figure 4:** Interaction between RPCs, Efb implementation, etc. during MAP period



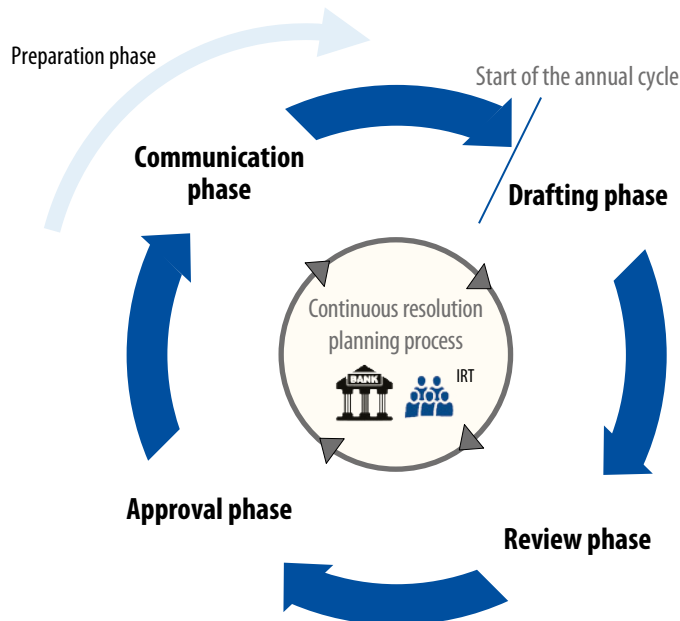
### 2.1.2. Operationalise resolution plans for SRB banks

In its first MAP for 2018-2020, the SRB put the focus on the development of resolution plans for all SRB banks, including the definition of bank-specific resolution strategies and binding MREL targets. In this second MAP, the SRB will focus, via its 12-months resolution planning cycle, on the operationalisation of the resolution strategies to ensure that resolution plans are fully actionable.

#### THE 12-MONTHS RESOLUTION PLANNING CYCLE

Resolution planning is a continuous process involving regular and frequent interactions with banks. Having said this, the SRB bases operationally its resolution planning activities on a 12-months resolution planning cycle (RPC). The priorities of MAP for 2021-2023 in the strategic area of resolvability are implemented through this RPC and the annual cycle enables the phase-in of the Efb year by year (as described in the Section 2.1.1).

The figure below displays the main phases of the annual RPC.

**Figure 5:** Annual RPC phases

The SRB streamlined the RPC as a 12-months steady-state cycle in 2020. The cycle includes drafting, review and approval phases. With banks being responsible for becoming resolvable, the resolution cycles allow for a yearly progress and “stock-taking”, including the revision of MREL targets. Where progress on resolvability is considered insufficient, this will trigger the opening of procedures for removal of impediments to resolvability.

The 12-month RPC equally improves the efficiency of resolution planning for IRTs and banks. It increased the standardisation of procedures and tools, enhanced internal quality control, data collection exercise supported by automated controls, data warehouse and standard reports, reviewed internal questions and answers process, etc.. This second MAP will provide the ground to test (and enhance where necessary) such improved efficiency.

To support the consistent planning and efficient implementation of the 12-month RPC, the SRB established the Resolution Planning Office (RPO) in summer 2020 (cf. Section 2.5.2).

### OPERATIONALISING THE RESOLUTION STRATEGIES

In 2021-2023, IRTs will concentrate on operationalising the resolution strategies that are at the core of the resolution plans. This entails work on the banks operational readiness to conduct the processes that are necessary to facilitate the application of resolution tools at short notice. In other words, it is expected that resolution readiness becomes, in all respects, part of banks’ DNA.

The preferred resolution strategy of the majority of SRB banks envisages the use of the bail-in tool, alone or in combination with other resolution tools. Therefore, IRTs will continue working with banks towards ensuring bail-in playbooks developed by banks are operational. IRTs will also test banks’ capacity to implement the different actions described in playbooks, e.g. through dry-runs (cf. Section 2.3.1).

For banks with transfer strategies as preferred resolution strategy, IRTs will focus on the further development of the necessary preconditions to enable the implementation of transfer tools.

Other key priorities, supporting the operationalisation of the resolution strategy are:

- ▶ **FMI contingency plans:** IRTs will work on FMI contingency plans developed by banks, focusing on the capacity to maintain access to critical and essential FMI services in resolution.
- ▶ **Liquidity in resolution:** IRTs will further work with banks on the sound estimation of funding needs in a resolution context. IRTs will also assess banks' collateral management governance in case of crisis and its suitability for resolution, banks' capabilities to mobilise collateral located in the different entities of the resolution group to provide liquidity (at the point-of-entry level) by addressing legal regulatory and operational challenges and banks' management information systems (MIS) for collateral in resolution. As with other areas, this will also be supported by SRB policy work (cf. Section 2.2.1).
- ▶ **Management Information Systems and valuation:** remain a key issue as the resolvability of banks and the applicability of SRB resolution tools at all times necessitates up-to-date, reliable data available instantly. This applies in particular to valuation and bail-in. In this respect, the SRB published guidance on bail-in data in August 2020 and draft guidance on data set for valuation<sup>(7)</sup>: the SRB expects banks to establish the required infrastructure before end-2022.
- ▶ **Separability:** Banks themselves are responsible for adjusting their data systems and bank-internal processes to ensure that SRB resolution strategies are feasible and credible at all times, which also includes banks' capability to separate business activities to facilitate the application of resolutions tools and their different combinations. The SRB will pay special attention to the latter in the period 2021 to 2023.

### 2.1.3. Resolvability assessment and removal of impediments

The SRB will conduct yearly resolvability assessments in accordance with the Efb and the applicable MREL policy. The resolvability assessment exercise will feed into a newly created "heat-map", which classifies banks in accordance with progress made on each resolvability condition, and the relative impact this progress has on the feasibility of the preferred resolution strategy.

The heat-map will allow benchmarking of banks according to common horizontal criteria, fostering a level playing field across the Banking Union. In order to enhance public confidence, the SRB will consider various means of communication of how successfully banks progress on removing barriers to resolvability over time, drawing from international best practice in this area.

The quality of banks' resolvability progress reports and their adherence to work program priorities play a prominent role in support of this exercise. The SRB will make use of the substantive impediment procedure if necessary.

### 2.1.4. On-site inspections (OSI)

The SRB will gradually develop and implement the process of on-site inspections (OSI) between 2021 and 2023, and will launch targeted on-site visits jointly with the NRAs. For the 2021 RPC, the SRB will develop pilot visit projects to be carried out by selected IRTs in order to acquire

(7) <https://srb.europa.eu/en/content/public-consultation-srbs-data-set-valuation>

knowledge and assess the identified topics in situ, and gain experience to eventually perform a fully-fledged OSI where deemed necessary.

As experience is gained, the OSI planning and coordination by the SRB will be based on several drivers, such as the inspected legal entities' business complexity and dimension, findings of the IRTs resolvability assessment, SRB priorities letters to banks and the implementation of the EfB. The investigations in situ will obtain granular insights, mitigate the risk of biased assessment, and potentially support the identification of impediments to resolvability.

In developing and implementing the OSI process between 2021-2023, the SRB will adopt a step-by-step process, learning by doing and leveraging, where useful, on the experience and contribution from other relevant European and national authorities.

### 2.1.5. Oversight of less significant institutions (LSIs)

The SRMR provides a clear division of tasks between the SRB and NRAs with regard to the type of entities under its scope. While the SRB is ultimately responsible for drawing up plans and adopting all resolution-related decisions for significant institutions and cross-border groups (both referred to as "SRB banks"), NRAs are in charge of the same tasks for Less Significant Institutions (LSIs) in the Banking Union.

With regard to LSIs, the SRB maintains an oversight function to ensure the consistent application of resolution standards within the Banking Union. Therefore, NRAs shall submit to the SRB any draft resolution measure they intend to adopt for the LSIs under their direct remit, on which the SRB may express its views.

As per the latest update provided by the NRAs<sup>(9)</sup>, the number of LSIs under their direct remit as of 2021 will be 2,193. The resolution planning coverage conducted by NRAs has been consistently increasing in the past years, namely, from 17.6% in 2017, to 51.7% in 2018. In the last resolution planning cycle there was a further increase in the coverage reaching 85.3% in 2019 and is expected to reach 100% within the period of 2021-2023.

For the majority of LSIs under the NRAs' direct remit, the SRB has already received the first iteration of the draft resolution plans; hence, further coverage and deeper analyses can be expected in the context of the 2021-2023 RPCs. Therefore, the SRB will further enhance the assessment process of draft LSI resolution plans. In particular, the SRB Unit in charge of the LSI Oversight will intensify bilateral engagements with NRAs in the course of 2021-2023 to discuss the key aspects of the LSI resolution plans prior to their formal notification, as well as to perform horizontal reviews. To this purpose, the SRB will continue organising bi-annual LSI workshops to convey at working level to all NRAs best practices emerging from the assessment of LSI draft resolution measures.

Within the framework of the LSI oversight function, a procedure of Early Warning of potentially critical situations has been agreed upon between the SRB and the NRAs, as laid down in the Cooperation Framework.<sup>(9)</sup> This procedure contributes to the SRB's LSI risk management and strengthens crisis preparedness. In particular, it allows the SRB to timely prepare when the first signs of financial deterioration of an LSI emerge and provide prompt feedback to the relevant

<sup>(9)</sup> Based on the values reported by NRAs in April 2020 on the forecasted number of LSI draft resolution plans to be notified in the 2021 Resolution Planning Cycle.

<sup>(9)</sup> The Decision of the Framework for Cooperation *between* the SRB and the NRAs (SRB/PS/2018/15) is published on the SRB's website: [https://srb.europa.eu/sites/srbsite/files/decision\\_of\\_the\\_srb\\_on\\_cofra.pdf](https://srb.europa.eu/sites/srbsite/files/decision_of_the_srb_on_cofra.pdf)



NRA at the moment of crisis when the SRB will have to assess the draft resolution measure to be adopted by the NRA.

The LSI oversight function will also be supported by the use of the most important LSI supervisory data to which the SRB will have access starting with end-2020 reference date. These data will be used in conjunction with LSI resolution data to which the SRB has also had access during 2020.

In the period 2021-2023, the LSI oversight function will also be enhanced by the implementation by NRAs of the LSI Guidelines<sup>(10)</sup> for resolution planning approved in August 2020. The Guidelines are to be applied on a comply or explain basis, taking into account the principle of proportionality and making reference to the guidance developed for SRB banks, where relevant and where there is no reason to deviate (on grounds of specificity of the LSIs' situation). The SRB and NRAs will continue cooperation on further advancing the Guidelines to support NRAs when performing tasks for LSIs under their direct remit to ensure a proportionate but also consistent application of high resolution planning standards across LSIs, cross-border groups and SIs.

## 2.2. Fostering a robust resolution framework

As priorities for 2021-2023 in the strategic area of fostering the framework, the SRB will apply the necessary revisions to its policies, for instance in accordance with the legislative timeline on MREL, and to provide IRTs and banks with the necessary guidance to implement the Expectations for Banks and to operationalise the resolution tools (as per Chapter 2.1). This chapter sets out some of the key policy areas. During resolution planning the SRB performs quality assurance in two phases, to ensure consistent application of SRB policies across SRB banks.

As regards the SRB work towards external policy-making, key priorities for the SRB in 2021-2023 will be, at EU level, to engage in the review of the EU bank crisis management framework and to support the completion of the Banking Union in its various components relevant to resolution. As regards international relations, the key priority is to cooperate with third country authorities (at the FSB and other multilateral fora, or on a bilateral basis) to implement or enhance global standards as well as to facilitate cross-border cooperation on resolution topics.

### 2.2.1. Development of SRB policies

The planned areas of work for SRB policies in 2021-2023 are reported in the table below (cf. table 1). The following paragraph provides greater detail on three specific areas of policy: (i) MREL, (ii) Public Interest Assessment (PIA), (iii) Liquidity and financial continuity.

As in the previous years the SRB will develop and review these policies in close cooperation with NRAs, through the so-called Resolution Committee (CoRes) and relevant expert networks. The identified priorities benefit also from the guidance provided by the standard setting authorities, such as the EBA and the FSB.

In particular, between end-2020 and 2021 the EBA will deliver a number of Regulatory and Implementing Technical Standards in execution of the provisions of the Banking Package<sup>(11)</sup>. In

<sup>(10)</sup> Pursuant to Article 5 (a) of the Cooperation Framework.

<sup>(11)</sup> The SRB actively participated to the development of such standards through the working groups (and currently holds chairmanship of the EBA Resolution Committee).

addition, the FSB recommendations and guidance in the field of resolution (cf. par. 2.2.4) will be implemented by the SRB.

In order to foster transparency and to benefit from the contributions from external stakeholders, the SRB will consult on the policies prior to their publication. Internally, the SRB will continue to conduct guidance and trainings for SRB and NRA staff on policy topics (as well as other topics), to ensure the expertise is continuously increased, updated and evenly spread.

**Table 1:** Planned areas of work for SRB policies in 2021-2023

	2021	2022	2023
SRB MREL Policy	x	x	x
<i>MREL: Implementation/application/contribution to EBA Regulatory Technical Standards (RTSs) on eligible liabilities, on permission to reduce eligible liabilities instruments, EBA Implementing Technical Standards (ITS) on MREL/ TLAC reporting and disclosure, on reporting of MREL decisions to the EBA, relevant EBA reports on MREL.</i>	x		
<i>MREL: EBA RTSs on the MREL setting in relation to Pillar 2 Requirement (P2R) and CBR for groups not subject to P2R under CRDIV; and on internal MREL and implementation of the resolution strategy</i>	x		
<i>MREL: EBA RTS 3.0 on ITS on reporting (BRRD2)</i>	x	x	x
<i>Reporting: EBA RTS 2.10 and ITS on resolution templates</i>	x	x	x
Resolution scenarios to be considered for resolution planning	x		
Public interest assessment policy <i>and any EBA work in this area</i>	x	x	
Liquidity and funding in resolution (focus on capabilities to measure, report and forecast their liquidity position in resolution)	x	x	
Liquidity and funding in resolution – focus on capabilities to identify and monitor assets that can be used as collateral to obtain funding in resolution	x	x	
Solvent wind-down	x	x	
Methodology for resolvability assessment, including separability analysis and restructuring, resolution tools specifics <i>and relevant EBA work in this area</i>	x	x	
Bail-in: use of ancillary powers (Art. 64 BRRD) and use of moratorium powers	x		
<i>Bail-in: EBA RTSs on Art. 55 and on contractual terms for resolution stay powers</i>	x	x	
<i>FMLs: FSB templates of information that banks and RAs need from FMLs for resolution planning and execution*;</i> <i>FSB paper on approaches to promote information exchange and communication protocols between FMLs, RAs and banks*</i>	x	x	

\* Also for consideration under the operational guidance referenced in section 2.1.1.

## MREL

The SRB started implementing new provisions under SRMR, BRRD and CRR in respect of MREL targets already in 2019, with the development of the 2020 MREL policy<sup>(12)</sup>, covering mainly:

- ▶ The calibration of external and internal MREL requirements;
- ▶ A refined methodology for subordination requirements and the treatment for no creditor worse off (NCWO) risk;
- ▶ The calibration of MREL requirements in case of multiple point of entry (MPE) and transfer strategies;
- ▶ The specific treatment of cooperatives;
- ▶ Waivers from internal MREL requirements;

<sup>(12)</sup> [https://srb.europa.eu/sites/srbsite/files/srb\\_mrel\\_policy\\_2020.pdf](https://srb.europa.eu/sites/srbsite/files/srb_mrel_policy_2020.pdf)

- ▶ MREL eligibility of instruments, including instruments issued under laws of third countries;
- ▶ Implementation of revised timelines for transition periods.

From 2021 to 2023, the MREL Policy will be refined in accordance with the timeline of legislative provisions of SRMR and BRRD becoming applicable, including the implementation of EBA RTS. In particular, the work will continue on:

- ▶ completing the internal MREL framework, including loss transfer mechanisms for banking groups;
- ▶ developing approaches to minimum distributable amounts (MDA) restrictions and other responses to MREL breaches in cooperation with the supervisor;
- ▶ refining the monitoring framework including its interplay with new banks' disclosures of MREL targets and resources;
- ▶ deepening the policy on new aspects of the eligibility framework for internal and external MREL; and
- ▶ developing policy implications of the requirement to establish an Intermediate Parent Undertaking (IPU) in the EU.

The SRB will also consider possible refinements to its NCWO model, its approach to MREL for transfer strategies, and procedural aspects to assess the eligibility of third country issuances and other eligibility criteria.

## PUBLIC INTEREST ASSESSMENT AND FINANCIAL STABILITY ANALYSIS

The Public Interest Assessment (PIA) is a key step of the resolution framework as it determines whether resolution is in the public interest as compared to liquidating the institution under normal insolvency proceedings. The PIA covers the assessment of five resolution objectives, all of which with an equal weight. The PIA is a task supporting annual resolution planning but also crisis management decisions and actions (once a bank is declared failing or likely to fail).

During 2021-2023, the SRB will extend its PIA methodology by operationalising the SRB policy<sup>(13)</sup>, strengthening its data- and model-driven analysis, in particular analysis of the impact on financial stability with respect to the criticality of banks' functions and in case of use of the DGS.

Besides the PIA, financial stability analysis guides the SRB work also in other areas, including the selection of the preferred resolution strategy and resolution tools, or the assessment of feasibility and credibility under different scenarios, including system-wide events.

Between 2021-2023, the SRB will improve its financial stability analysis. This will be done by:

- ▶ enhancing management information systems (MIS);
- ▶ improving data quality the reporting by banks to the SRB (such as Liability Data Report (LDR) and reports on FMI, critical functions (CF)<sup>(14)</sup>);

<sup>(13)</sup> <https://srb.europa.eu/en/node/799>

<sup>(14)</sup> [https://srb.europa.eu/en/content/2020-resolution-reporting#:~:text=The%20SRB%20is%20responsible%20for,European%20Banking%20Authority%20\(EBA\).&text=As%20was%20the%20case%20in,in%20collaboration%20with%20the%20SRB.](https://srb.europa.eu/en/content/2020-resolution-reporting#:~:text=The%20SRB%20is%20responsible%20for,European%20Banking%20Authority%20(EBA).&text=As%20was%20the%20case%20in,in%20collaboration%20with%20the%20SRB.)

- ▶ increasing data-sharing with national authorities and other EU institutions (such as the ECB and the European Supervisory Authorities (ESAs)), for example as concerns LSI supervisory data and access to relevant parts of databases, such as AnaCredit and SHS/CSDB<sup>(15)</sup>.

## FUNDING AND LIQUIDITY IN RESOLUTION

A priority policy area for 2021-2023 is financial continuity, which consists of policies on liquidity and funding in resolution and solvent wind-down (SWD) of trading books. The SRB intends to finalise the development and implementation of a comprehensive framework for financial continuity in resolution between 2021-2023.

Regarding liquidity, in line with the EFB and international policy standards, the SRB requires banks to have established processes and developed capabilities to:

- (i) estimate the liquidity and funding needs for the implementation of the resolution strategy;
- (ii) measure and report the liquidity position in resolution;
- (iii) identify and mobilise available collateral that can be used to obtain funding during and after resolution;
- (iv) explore the path back to an investment-grade rating post resolution as quickly as possible.

Regarding solvent wind-down, the SRB will work closely with SRB banks with material trading books on the further development of resolution planning capabilities for the solvent wind-down of their portfolios.

### 2.2.2. Quality Assurance of resolution plans and benchmarking

Over the next three years, the SRB will continue to enhance systematic quality review of resolution plans. This will be conducted in line with the SRB mandate and past practices. The SRB examines draft resolution plans in two phases, during their drafting phase and in the course of their consultation (with ECB), with the overall aim of fostering harmonised practices for SRB banks and allow systematic benchmarking of the quality of the plans against policy guidance and its developments.

### 2.2.3. Monitoring of and contributing to external policy and regulatory activity

The SRB operates in an evolving legislative and regulatory environment, which requires close monitoring and engagement with the European Commission, Parliament, Council, ECB and EBA on relevant regulatory and policy themes.

Between 2021-2023, the SRB expects work on the completion of the Banking Union to advance, focusing in particular on: (i) establishing the common backstop to the SRF (and its potential early introduction); (ii) addressing the issue of liquidity in resolution; (iii) revising the DGS Directive and progress towards a common deposit guarantee system; and (iv) adopting 'measures for a robust

<sup>(15)</sup> Centralised Securities and Securities Holding statistics databases, respectively, providing information about who is issuing and who holds securities.

bank resolution and insolvency framework', as laid out in the Political guidelines for the 2019-2024 Commission by President von der Leyen.

In this context, the SRB will continue to develop its lessons learnt from the application of the resolution framework and its policy-stances on relevant new policy and legislative initiatives. SRB representatives will convey these in various fora. The SRB Chair will continue to participate, upon invitation, in regular hearings before the European Parliament's Economic and Monetary Affairs Committee (ECON) and in meetings of the Economic and Financial Affairs Council (ECOFIN) and Eurogroup. SRB representatives will participate in relevant meetings of Council and Commission formations<sup>(16)</sup>.

As of 2020, with the implementation of the ESAs review, the SRB status at the European Systemic Risk Board (ESRB) changed from observer to a non-voting member. The increased focus of the ESRB on resolution-related topics as well as its coordination role with respect to financial stability implications (e.g. of COVID-19) will require additional attention by the SRB to the ESRB activities during 2021-2023. The main objective will be to strengthen the SRB's contribution to the ESRB and to support the ESRB's policy and analytical work on financial stability issues in resolution as well as on the interactions between macro-prudential and resolution policies.

#### 2.2.4. Cooperation and international relations

International cooperation is a key aspect of the SRB's work to ensure the resolvability of SRB banks, particularly those with cross-border activities. The SRB pursues this by actively negotiating agreements with other authorities, contributing (and coordinating for the Banking Union, where possible and relevant) to the work of relevant international standard setting bodies such as the FSB. The SRB also takes part in EU financial dialogues with third countries, which promote regulatory understanding, exchange of best practices and coordination among authorities to address the challenges of cross-border resolution.

A key objective for 2021-2023 is reaching an agreement on multilateral Memoranda of Understanding (MoUs) between the SRB, the ECB and the resolution and competent authorities of each of the relevant EU member states not currently part of the Banking Union.

Beyond the EU, the SRB will negotiate bilateral (and multilateral, if necessary) cooperation arrangements with relevant authorities for the activity of Crisis Management Groups, and to assess the professional secrecy and confidentiality requirements applied to non-EU authorities in order to determine whether they are equivalent to those set by EU law.

When it comes to the FSB's work on international standards, the SRB contributes by providing detailed written and oral input and by participating in regular conference calls and meetings<sup>(17)</sup>. In the next years, the FSB's work on resolution will focus on, inter alia: (i) monitoring and addressing challenges in the implementation of the TLAC standard; (ii) finalising and implementing guidance on CCP financial resources and treatment of equity in resolution; (iii) and the yearly resolvability assessment process (RAP). Beyond the FSB, the SRB will also contribute with its expertise to policy work of other international organisations, such as the World Bank and the IMF, particularly for the IMF's Financial Sector Assessment Programmes.

<sup>(16)</sup> Relevant groups include but are not limited to the so-called ad-hoc Working Party (AHWP), the Commission's Expert Group on Banking Payments and Insurance (EGBPI) the Council's Financial Services Committee (FSC), High Level Working Group (HLWG), Task Force for Coordinated Action (TFCA), Economic and Financial Committee (EFC) and Eurogroup Working Group (EWG).

<sup>(17)</sup> The SRB participates in the various Financial Stability Board (FSB) working groups relevant for resolution, such as the Resolution Steering Group (ReSG), the Cross-border Crisis Management Group for Financial Market Infrastructures (fmiCBCM) and the Cross-border Crisis Management Group for Banks (bankCBCM).

When it comes to international dialogues, bilateral dialogues with the UK are expected to be a key priority for the SRB following Brexit. Currently, the SRB, as part of the EU delegation, participates and actively contributes to a number of financial dialogues with third countries, including Canada (annual); China (annual); India (annual); Japan (annual); Switzerland (biennial); and United States (biannual). These regular meetings are expected to continue in the coming years.

The SRB also takes part in multilateral exchanges on more operational (rather than policy) issues with other resolution authorities, such as the Trilateral Principle Level Exercise (TPLE), which includes the authorities from the Banking Union, UK and US and focuses on enhancing operational preparedness for effective cross-border resolution.

## 2.3. Preparing and carrying out effective crisis management

With a view to further enhancing crisis management, in 2021-2023 the SRB, in close cooperation with the NRAs, will make additional steps to ensure readiness for crisis, by:

- (a) Enhancing readiness of the SRB for implementing resolution schemes based on resolution tools other than bail-in (RTOB), i.e. transfer strategies;
- (b) Updating procedures, documents and tools for crisis cases; extending and updating the National Handbooks, to operationalise the resolution scheme execution;
- (c) Developing stances and procedures on post-resolution topics;
- (d) Carrying-out dry run exercises; and mapping-out lessons-learnt from crisis cases and dry run exercises.

### 2.3.1. Crisis preparedness

Like resolution planning, building crisis preparedness is a gradual process. The SRB will enhance its crisis preparedness through its dedicated team in charge of coordinating crisis management at horizontal level, the Resolution Tactical Team (RTT), as well as the involvement of experts from other SRB units, including resolution units and the SRF.

In 2021-2023, the SRB will continue updating and improving the procedural framework, its crisis governance handbook, templates and tools to be used in crisis, in light of lessons learnt from previous cases, dry run exercises as well as internal policy developments. To support this, the SRB will also further develop its ICT platform to share secure and timely information in crisis cases. In this process, the RTT will ensure alignment with other data projects within the SRB (e.g. valuation, MIS).

When it comes to the execution of the resolution scheme, the SRB will continue to update and expand, jointly with NRAs, the National Handbooks aimed at facilitating the implementation of the resolution strategy and scheme at national level. Recent crisis cases emphasised the importance of having a clear picture on national NIPs: relevant information on NIPs will be part of the National Handbooks.

Moreover, the focus on the post-resolution phase will also be delivered by elaborating policy stances and operational procedures, e.g. impacts on business model, governance arrangements, special manager role, etc.

An important priority for 2021-2023 is the work on “Resolution Tools Other Than Bail-in” (RTOB), which is aimed to enhance the operational preparedness and readiness of the SRB for implementing resolution schemes based on transfer strategies. The initial objective of this work is to obtain the front-to-back competencies for executing the Sale of Business tool (both share and asset deals), starting from the initiation of the creation of a Virtual Data Room (VDR) to signing the purchase and assumption agreement. The work involves some preparatory steps and follow three streams:

- 1) Setting-up a VDR and organising investors’ due diligence process
- 2) Approaching investors and managing the marketing process
- 3) Creating the transaction documentation

The aforementioned SRB crisis preparedness enhancements (of procedures, documentation etc.) will be tested through dry run exercises 2021-2023. On the one hand, ‘fully fledged’ dry runs simulating the entire management process and decision making in resolution cases will test and improve cooperation on resolution-related topics with a broad range of objectives as well as decision-making procedures with NRAs and external stakeholders. On the other hand, ‘technical’ dry runs will investigate specific topics and/or processes in crisis. In 2021-2023, the SRB will aim at organising several fully-fledged and technical dry-runs. The SRB also encourages ‘bank-specific deep-dives’ dry-runs to assess specific topics (i.e. governance, communication, use of the resolution tools, etc.) as well as dry-runs organised by NRAs to enhance the preparedness for the potential implementation of resolution decisions and analyse national specificities.

### **2.3.2. Crisis cases**

The SRB will continue in 2021-2023 to perform its crisis management activities, based on need. In this context, the RTT provides targeted guidance and support to bank-specific crisis management teams (CMTs), involving SRB and NRAs staff, in order to promote consistent approaches and best practices. In addition, the SRB will closely monitor the implementation of resolution decisions.

As above-mentioned (Chapter 2.2), the SRB will, alongside the development of financial continuity policies (liquidity in particular), expand the existing financial stability tools to better assess liquidity aspects in crisis and in the PIA. The achievement of priorities of the crisis management activities will be supported also by the improvement of SRB MIS, including the increased automation and dissemination to the IRTs of the results of the horizontal critical function and financial stability analyses.

Finally, the initiative to align the data sources available, in particular to expand the data available to the SRB for the crisis-situations also for the resolution planning process (e.g. LSI supervisory data, AnaCredit data and CSDB/SHS data) will further benefit crisis management activities over 2021-2023.

## 2.4. Operationalising the Single Resolution Fund

The SRF was established by the SRMR and is owned by the SRB. The SRF ensures uniform practice in the financing of resolutions within the SRM and may be used in accordance with the principles governing resolution<sup>(18)</sup>. Three main areas related to SRF can be identified: (i) contributions, (ii) investments and (iii) funding.

In delivering on the operationalisation of the SRF in 2021-2023 in these three areas, as described in this Section, the SRB cooperates closely with NRAs, through the so-called Fund Committee.

### 2.4.1. Contributions

The SRF is financed from ex-ante contributions paid annually at individual (solo) level by all credit institutions and some investment firms authorised in the Member States participating in the SRM. The SRB is responsible for the calculation of the contributions by applying the related methodology<sup>(19)</sup>. The NRAs are responsible for the collection and transfer of contributions from the entities located in their respective territories to the SRF. According to the Intergovernmental Agreement (IGA) on the transfer and mutualisation of contributions to the SRF, contributions are allocated to different compartments corresponding to each participating Member State (national compartments) during the transitional period.

These compartments will progressively be merged and will cease to exist at the end of the transitional period, in 2023, by when the available financial means of the SRF shall reach at least 1% of the amount of covered deposits of all credit institutions authorised in the Banking Union. Where the available financial means are insufficient to cover the losses or costs incurred by the use of the SRF, additional ex-post contributions should be collected.

The multi-annual priorities 2021-2023 for the contributions team are:

- ▶ Monitoring the evolution of the covered deposits with regard to the annual target setting as well as with regard to the objective of reaching the overall target level at the end of the initial period for an equivalent of 1% of covered deposits of all credit institutions within the Banking Union;
- ▶ Evaluation of the current framework and possible suggestions for simplification;
- ▶ Further enhancement of the ICT environment to optimise the contributions raising process.

The SRB will also be carefully considering, in cooperation with the European Commission and relevant NRAs, the next steps following the decision by the General Court of September 2020<sup>(20)</sup>.

### 2.4.2. Investments

The investment team is responsible for managing the amounts held in the SRF and for managing the overall risk position of the SRF<sup>(21)</sup>. The following three main tasks can be identified: (i)

<sup>(18)</sup> In accordance with SRMR Section 3 (Article 76 onwards)

<sup>(19)</sup> as set out in the Commission Delegated Regulation (EU) 2015/63 and the Council Implementing Regulation (EU) 2015/81

<sup>(20)</sup> <https://srb.europa.eu/en/node/1052>

<sup>(21)</sup> The investments are regulated by Article 75 of the SRMR and the Commission Delegated Regulation on Investments (Delegated



management of the investments; (ii) management of risks/assets resulting from the use of the SRF in resolution; (iii) management of financial risks arising from the SRF.

The SRB manages the amounts held in the SRF in line with the SRMR and in line with established market standards for investors of the size of the SRB. Strategic tasks, such as the setting of the investment strategy, definition of the investment plan, risk management and accounting are performed in house by the SRB. The SRB has decided to outsource all other tasks related the investment management activities<sup>(22)</sup>.

Following a tender procedure, a public institution was awarded the contracts to provide the SRB with investment management services and custody services. The Board has decided to implement a multi-manager, single custodian model. This means that in the steady state stage more than one investment manager will be used.

Between 2021-2023, the priority of the investment team is to fully develop and implement the SRB's investment policy, including its risk management. More in details, this entails:

- ▶ on an annual basis, implementing the yearly investment plan in cooperation with selected outsourcing partner(s);
- ▶ further developing the SRB's investment policy to manage the growing size of the portfolio;
- ▶ further developing the asset management function, including opening of additional cash accounts with central banks, investigating new asset classes and instruments and adding a second investment manager;
- ▶ ensuring the amounts held in the SRF are available in case of resolution by further developing, operationalising and testing the liquidation plan of the SRF and exploring alternatives to selling securities;
- ▶ developing an architecture to manage exposures resulting from the use of the Fund;
- ▶ managing financial risks relating to the SRF on an ongoing basis and further developing the Risk Management Framework.

### 2.4.3. Funding

The operationalisation of the SRF includes the development of financial arrangements or borrowings that will enhance the SRF financial capabilities<sup>(23)</sup>, when the amounts available do not cover the expenses incurred by the use of the SRF in relation to resolution actions.

Contributing to the crisis preparedness work for the operationalisation of the SRF (cf. Section 2.3.1), the SRB developed and implemented an action plan tracking, listing and analysing all the necessary procedures. Dry runs were carried out in previous years to test these procedures among others, confirming that the SRF is ready to be used.

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Regulation (EU) 2016/451 (DR).

<sup>(22)</sup> in the limit set out by the principles described in Article 16 of the DR

<sup>(23)</sup> in accordance with the Articles 73 and 74 of the SRMR

This said, taking a three-year perspective, the SRB will continue working on the analysis of the optimal financing instruments to be used for capital and/or liquidity support, covering any possible combination of resolution tools.

In terms of additional financial means, the SRB aims to conclude the technical work to operationalise the agreements on the Common Backstop, and its potential early introduction before the end of the initial period (2023). One of the main aspect of implementation includes the completion of the repayment capacity methodology, jointly with the European Stability Mechanism (ESM), which will ensure the fiscal neutrality on any use of the Common Backstop. In addition, the SRB is currently supporting the discussions in the design and set-up of a framework with respect to liquidity provisioning.

## 2.5. The SRB as an organisation

The fifth strategic area focuses on the SRB as a lean and efficient organisation, outlining how the different horizontal and support-functions contribute to effective operations of the SRB and, ultimately, the achievement of the MAP-WP priorities.

### 2.5.1. The SRB Secretariat

Following the set-up of SRB Secretariat as a separate unit in 2020, the SRB Secretariat will mature as a horizontal function supporting all three formations of the Board<sup>(24)</sup>, for the SRB decision-making policies and the overall governance.

With respect to the SRB decision-making process, the SRB Secretariat will develop policies in light of the revisions of the Rules of Procedure and the related processes for the Executive and Plenary Session. It will support the Chair in the implementation of the Internal Rules of Procedure and act as the single contact point for all SRB stakeholders with respect to decision-making.

The SRB Secretariat comprises the Document Management Office and will, over 2021-2023, grow as the gateway to SRB decision-making and as the first point of contact under the applicable public access regime.

### 2.5.2. The Resolution Planning Office (RPO)

In 2020, the SRB established a Resolution Planning Office (RPO) that will provide resolution units with operational support concerning the planning and implementation of the RPC. The new functions will, amongst others, monitor the cycle and contribute to maintaining the required quality standards for resolution planning practices across the Banking Union.

The RPO will also contribute to the consistent application of SRB policies and serve as a single point of contact with respect to the management of the RPC.

<sup>(24)</sup> Executive Session, Extended Executive Session, Plenary Session

### 2.5.3. Information and communication technology

Data is a vital component of the SRB day-to-day work and decision-making. To reach a fully “Digital SRB” by 2023, the ICT strategy will be expanded to support the SRB in all its core business activities.

In 2019, the SRB undertook important steps to develop its digital system for crisis preparedness. The application R4Crisis supports the management of a resolution case for selected crisis management activities and builds a platform to standardise and optimise the processes. In 2020, this system was further enhanced to contribute to crisis preparedness, dry runs and to increase efficiency of involved stakeholders. In the following years, the target is to have a digital SRB system that supports decision-making and is fully integrated with other systems and platforms of the SRB, for instance used during resolution planning. Activities are ongoing to deliver on two operational objectives: i) improve data interoperability in order to facilitate data exchange and, ii) use structured data for supporting the decision-making workflow. The SRB has already started to make much of its data accessible via its “Data-warehouse”.

From 2021 onwards, the focus will be on: i) improving data quality, ii) enhancing data flows with remaining data collections, and iii) processing subsequent statistical reporting, which should support the PIA analysis.

The SRB has expanded its data infrastructure and analytical capabilities through the enhancement and integration of two additional structured data collections in 2020. The SRB is committed in the following years to continue data collections in XBRL, a common taxonomy with other ESAs, which should result in synergies for the reporting of banks. As a middle tier and back office function for the resolution units, the SRB has introduced a system Data Certification Gateway to optimise and improve the acceptance of received data collections in a digital way. The integration and automatic processing will be brought forward to optimise further the quality of data and reduce the processing time of data collections.

In 2021-2023, the use of structured data and its automation will increase in order to support the IRTs work on the calibration of MREL.

In the middle of all systems stands the “Reference Data Factory” of the SRB, which should be in the next years the one-stop-shop regarding banks’ core reference data.

As the number of notifications from NRAs concerning LSIs under their direct remit is significantly increasing over the years (as per section 2.1.1.4), the SRB will work in the next three-year period on a system to receive structured notifications and integrate those into the digital workspace of the SRB.

While delivering the above ICT systems leads to an increase in digital technology, ensuring that the SRB’s context is safe, mobile, and resilient is essential. Therefore, the SRB will be constantly monitoring its applications to be used in a mobile context with the aim of minimising ICT security risks (including to data in transit) and maximising the exchange of cyber-threat intelligence information between various stakeholders. The SRB will respect the highest security standards in the financial sector, by carrying out IT security risk assessments and implementing IT security specific “lines of defence”.

Further ICT priorities in the following years include (i) the building of a fully integrated system to support and store the decision-making by the SRB’s management and (ii) the digitalisation of the Fund management to diversify the outsourced activities and optimise their use.

#### 2.5.4. SRB Legal Service

The SRB Legal Service covers two main areas:

- i. it deals with litigation actions which involve the SRB, mainly consisting of proceedings brought before the Court of Justice of the EU and appeals filed with the Appeal Panel; and
- ii. it provides advice to other SRB functions in relation to legal matters, including advice on resolution planning, aspects related to the SRF, crisis cases, and internal administrative functions.

In the first area, the priority in the 2021-2023 period is to deepen in-house expertise and management of litigations proceedings. This will be achieved by the direct involvement of SRB lawyers in pending cases.

In the second area, the provision of legal advice at the various levels of the organisation will aim to ensure a centralised and consistent implementation of the legal framework. To provide a central forum for the exchange of views on legal matters related to the EU resolution framework, and following the earlier creation of an external Legal Network with representatives from other EU bodies and NRAs, the SRB established the Internal Legal Network. The Internal Legal Network, formed by legal experts representing the various units of the agency, is entrusted with tasks related to the dissemination of legal information, in order to allow the enhanced sharing of expertise and ensure the consistent implementation of the legal framework across the SRB.

#### 2.5.5. Compliance

Compliance is an organisational function directly reporting to the SRB Chair. It ensures, as a second line of defence that the SRB as an organisation and its staff members individually are adhering to internal and external requirements while safeguarding the SRB values of integrity, EU spirit, and excellence in resolution. This implies for all staff being compliant with all relevant regulatory requirements and the SRB's internal policies, rules, and procedures, including, among others, the SRB Code of Ethics and the SRB Code of Conduct. During the period 2021-2023, the Compliance function plans to:

- ▶ Conduct compliance risk management, including monitoring and reporting;
- ▶ Provide advanced guidance and advice in particular with a view to the implementation of the new Code of Ethics;
- ▶ Provide advanced staff training focused on staff awareness for Compliance standards as well as on specific compliance issues.

#### 2.5.6. Communications

Communications provides support to the SRB to help it achieve its goals. In the past two years, there has been a positive evolution in communication results and impact, thanks to deepened messaging, well-attended events, refreshed branding, updated media and social media plans and a new intranet and website. This lays the foundation for a more ambitious communication strategy in the 2021-2023 period, contributing to each of this multi-annual programme's priorities. The focus will be on:

- ▶ Increasing visibility and awareness of the SRB as the key reference point for bank resolution;
- ▶ Preparing for and managing effective crisis communications, putting in place and coordinating relevant processes with major stakeholders, including the European Commission, ECB and NRAs, and providing timely and accurate information to stakeholders and wider audiences;
- ▶ Partnering with NRAs and other actors to increase the transparency and understanding of the SRM among a more general public, together with the SRM Communications Forum group;
- ▶ Continuing to invest in internal communications in order to engage staff and contribute to organisational development.

### 2.5.7. Internal audit

The objective of Internal Audit is to provide the SRB with assurance and advice as to the effectiveness and efficiency of the risk management, control and governance processes. In 2021-2023, Internal Audit will continue to do this through assurance and consulting engagements in line with its yearly risk-based audit plan. The audit plan, while approved annually, is built with a view to ensure an audit coverage of all key areas of the SRB over a time-span of three years, taking into consideration the audits performed by the external auditors. As part of its planning cycle, Internal Audit will report on the implementation of the audit plan in its annual report to the Board.

In addition to conducting audits, Internal Audit will aim to:

- ▶ continue to develop its knowledge and expertise to ensure a high level of certification of its staff and knowledge of all SRB activities – supplemented where needed with external expertise; and
- ▶ assess its compliance with the standards of the Institute of Internal Auditors through an external assessment and annual self-assessments, and develop action plans where further improvement is needed.

### 2.5.8. Internal control

The Internal Control function helps the SRB to achieve its objectives and sustain both operational and financial performance, respecting rules and regulations. It supports sound decision-making and organisational development while taking into account risks to the achievement of objectives, and reducing them to acceptable levels through cost-effective controls.

The SRB Internal Control team maintains an Internal Control Framework (ICF) in order to monitor the effectiveness, efficiency and economy of the SRB's activities and its resources, safeguard its assets and information, prevent and detect irregularities and fraud, provide reliability of reporting and facilitate the risk management process for its operations and environment. Next year, the SRB Internal Control team will start the implementation of the adapted version of a new, principles-based ICF, which will be based on best international practices and, by analogy, on the ICF laid down by the Commission for its own services.

In addition, the SRB Internal Control team facilitates and coordinates the annual SRB-wide (corporate) risk management process by conducting the risk identification and assessment exercise, establishing and maintaining the Corporate Risk Register and the relevant action plans by centrally monitoring them and reporting their progress to the Board Members as the ultimate risk owners.

The team is also the single point of contact for the SRB external auditors: the European Court of Auditors (ECA) and the financial statutory auditor of the Agency. The team supports the Agency to fulfil all its obligations towards different audit engagements: financial, performance, contingent liabilities audit and surveys. The SRB Internal Control team also facilitates the Exceptions Reporting process within the SRB.

### 2.5.9. Appeal Panel Secretariat

The main objective for the Appeal Panel remains achieving efficiency in the decision-making process. Having dealt with its first cases starting from 2016, the SRB Appeal Panel faced a significant increase in the number of the appeals during the last years. To facilitate the work of the SRB Appeal Panel, the SRB will continue to provide adequate staff to the Appeal Panel Secretariat, which is organisationally separate from the SRB's other functions. The staff of the Appeal Panel Secretariat is bound by strict confidentiality and impartiality on all Appeal Panel related matters. The Secretariat supports the Appeal Panel in organising the in-person meetings as well as all conference calls and in following up on these. The Secretariat supports the Appeal Panel's Chair and manages the requests of individual Members of the Appeal Panel. Furthermore, the Secretariat provides support in the procedural actions of appeal cases and provides material input where necessary.

In the same manner, for the coming years, the Appeal Panel will continue to decide on cases received and that fall under its remit, e.g. appeals that could potentially contest an MREL decision or addressing or removing substantive impediments to resolution or relating to potential requests for waiving the obligation of raising extraordinary ex-post contributions.

### 2.5.10. Data Protection Office

The next three years will focus on consolidating the achievements of previous years and assessing the progress made on data protection at the SRB. This will include:

- ▶ reviewing and refining the SRB's contractual frameworks with a view to data protection clauses, in particular with regard to new safeguards required for international transfers of personal data to third-countries<sup>(25)</sup>;
- ▶ cooperation between the Data Protection Office (DPO) and the SRB's experts on new developments in the sphere of digital communication practices as well as on ICT security;
- ▶ to further train SRB staff concerning their rights and obligations regarding personal data protection to the best possible standard, including the prevention of any data breaches;
- ▶ to focusing on the principles of "data protection by design and default" which the recent data protection legislation defined.

<sup>(25)</sup> With reference is made to Chapter V of Regulation (EU) 2018/1725

## 2.5.11. Administrative tasks

### HUMAN RESOURCES

The objective of the HR function is to enable the organisation to achieve its short-, medium- and long-term goals, through the selection and recruitment of people with appropriate sets of skills and competences for the various SRB tasks, the proper administration of resources, and the development and continued engagement of staff members. This is done in line with the Commission staff regulation, including its principles in terms of diversity and inclusion, as important factors to support the achievement of the SRB multi-annual programme.

2020 and 2021 can be considered to be years of stabilisation in term of staff growth. Consequently, the priorities of the HR function for 2021-2023 are expected to gradually shift from recruitment towards staff retention and development. The main focus of the HR function will be competency development (via different learning initiatives, job shadowing, staff exchanges etc.), performance management and career opportunities.

Overall priority areas will be:

- ▶ Career development: taking care of career and performance management (appraisal and promotion), learning and development strategy, internal mobility, staff engagement, coaching, etc.
- ▶ Selection and recruitment: recruiting temporary agents (TAs) and seconded national experts (SNEs), but also trainees, interims, including the induction of newcomers.
- ▶ Individual rights: taking care of payroll, leave and time management and support to staff on questions concerning their rights and entitlements.

With the stabilisation of the SRB workforce, the workload on “individual rights” will increase in 2021-2023, as it is proportionate to the number of staff. Learning and development needs will also grow, as will those concerning performance management. Needs in relation to internal mobility, coaching and increasing levels of staff engagement will grow, requiring a substantial increase in career development initiatives. Finally, an estimated turnover of 10% will continue to require around 35 to 40 recruitments per year.

### FINANCE & PROCUREMENT

The finance and procurement function of the SRB aims to safeguard the financial interests of the SRB. The team will therefore keep focusing to ensure an efficient planning and implementation of the budget. The main priorities of the finance and procurement team will be to:

- ▶ Focus on prudent management of income, tight and transparent monitoring of expenditures, and strict adherence to the SRB Financial Regulation<sup>(26)</sup>;
- ▶ Strengthen the efficiency and effectiveness of budget implementation by increasing the automation/streamlining of work processes, moving to e-administration (e-invoicing, e-procurement, e-signature of contract);

<sup>(26)</sup> Decision of the Plenary Session of the Single Resolution Board of 17/01/2020 on adopting the Financial Regulation of the Single Resolution Board- [https://srb.europa.eu/sites/srbsite/files/srb\\_financial\\_regulation.docx\\_pdf](https://srb.europa.eu/sites/srbsite/files/srb_financial_regulation.docx_pdf).

- ▶ Optimise the finance and procurement reports by using the standard reports used across the EU institutions and agencies;
- ▶ Training to SRB staff will continue to be provided in order to ensure highest quality in finance, procurement and contract management.

After a successful implementation of the final system on administrative contributions, the SRB aims at improving the collection of those contributions in the coming years. The key challenges will be the automation of the process as well as the implementation of possible changes to the system<sup>(27)</sup>.

## 2.6. Human and financial resource outlook 2021–2023

This section provides an overview (cf. Table 2 below) of the SRB outlook for human resources over the next three years. The figures presented are preliminary estimates subject to further assessment and endorsement by the Plenary Session in 2021, 2022 and 2023 respectively. Annex I gives an overview of the organisational structure. More detailed information regarding the SRB's financial resource programming are in Annexes II and III. Annexes IV and V provide more information of quantitative and qualitative nature on SRB human resources. No stand-alone strategy for efficiency gains and synergies<sup>(28)</sup> is annexed, as it would not be based on steady state staffing (to be reached in 2021, cf. below).

**Table 2:** overview of SRB staffing between 2018 and 2023

Staff Population	Actually filled as of 31/12/18	Authorised under EU budget 2019	Actually filled as of 31/12/19	Budget 2020	Envisaged 2021	Envisaged 2022	Envisaged 2023
<b>TAs</b>	315	400	350	400	450	450	450
<b>SNEs</b>	19	35	22	35	35	35	35
<b>Total</b>	334	435	372	435	485	485	485

<sup>(27)</sup> Following amendments to the ECB Regulation on supervisory fees (Regulation (EU) No 1163/2014).

<sup>(28)</sup> This said, this multiannual programme and 2021 work programme describe in different sections deliverables leading to efficiency gains, such as the steady-state RPC, planned ITC improvements, RPO and other organisational changes. Furthermore, the nature of the SRB work, being integrated with NRAs, also involves constant checks of synergies.



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## 3. 2021 WORK PROGRAMME

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This third chapter, after the general policy context and the Multi-annual programme (MAP), presents the SRB's 2021 Work Programme<sup>(29)</sup>. The 2021 work programme constitutes the first implementation of the MAP. Priorities for 2021 are organised along the five strategic areas of operation of the SRB:

- 1) Achieving resolvability of SRB banks and LSIs;
- 2) fostering a robust resolution framework;
- 3) preparing and carrying out effective crisis management;
- 4) operationalising the SRF;
- 5) the SRB as an organisation.

### 3.1. Achieving resolvability of SRB banks and LSIs

In 2021, the SRB will implement the priorities in the strategic area of resolvability of SRB banks and LSI, along the same priority streams of the MAP; they concern:

1. The implementation of the SRB Expectation for banks (Efb) for 2021, through common and bank-specific priorities, as part of the Resolution Planning Cycle (RPC);
2. The operationalisation of resolution plans, when updating plans and MREL as part of the 2021 RPC, supported by the work on the Efb and resolvability assessment;
3. The conduct of resolvability assessments, feeding into a newly created SRB "Heatmap", and react where no sufficient progress is made;
4. The elaboration of a methodology on deep-dives and on-site inspections (OSIs);
5. The enhancement of the oversight function of less significant institutions (LSI).

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<sup>(29)</sup> In accordance with Article 50(1)(a) of the SRMR

### 3.1.1. Implementation of SRB Expectations for banks

As regards the implementation of the EfB (cf. Section 2.1.1), the SRB set the following common priorities for 2021 across SRB banks:

- i. Liquidity in resolution
- ii. MIS capabilities for valuation data
- iii. Bail-in implementation (bail-in playbooks and data availability)

In addition, IRTs will define 2021 common and bank-specific priorities, geared for banks to meet all the phased-in EfB by 2023. Priorities for the 2021 resolution planning cycle are communicated to the banks in Q4 2020 through the yearly priority letters.

Due to the COVID-19 crisis, in some cases IRTs postponed bank-specific priorities of 2020: such deliverables will be reconsidered for the 2021 RPC and the SRB may include them in the 2021 priority letters.

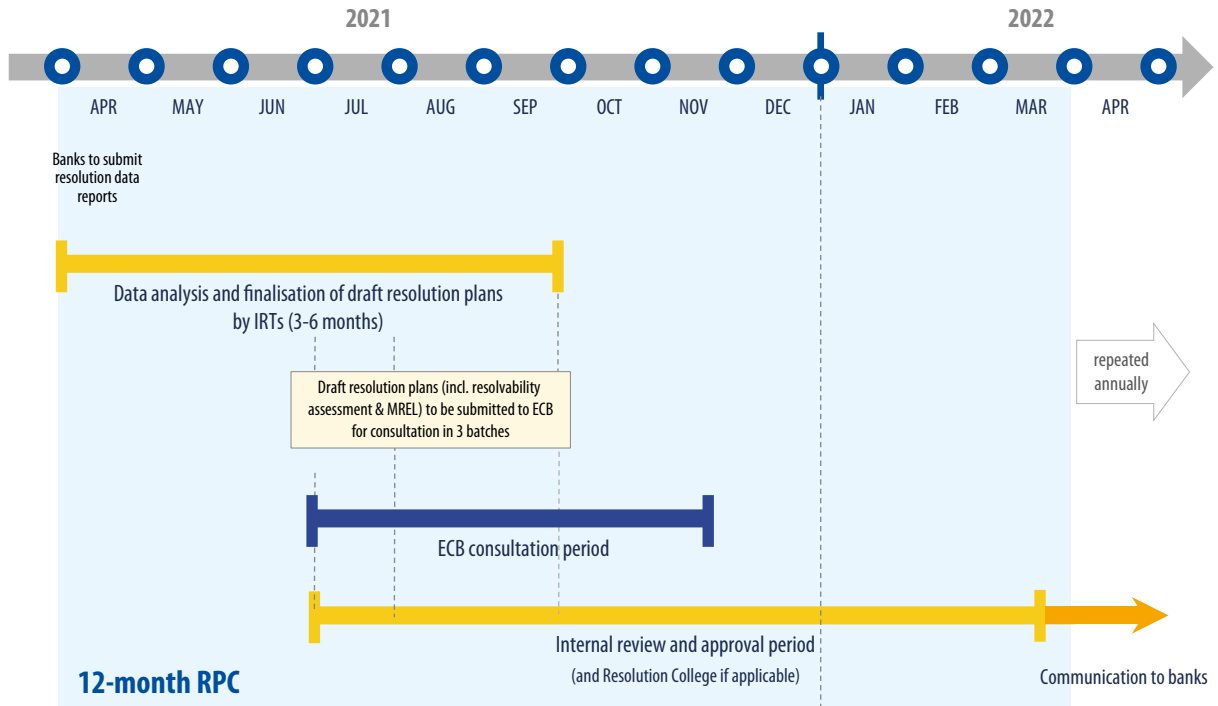
The SRB will provide additional operational guidance on topics among the common and specific priorities (cf. Section 3.2.1), with the aim to further steer banks in the implementation of such priorities and the EfB. The SRB will also monitor the build-up of the MREL by SRB banks and provide IRTs with quarterly reports on this key aspect of resolvability.

From an organisational perspective, in 2021 the SRB will further expand the use of automated tables and dashboards in the resolution plans. This data automation based on the SRB's Data Warehouse will ease the work of IRTs. It will also increase quality and consistency across SRB resolution plans. Compared to 2020 RPC, it is planned to enhance automated horizontal reports and thereby support IRTs bank-specific analysis to a greater extent.

### 3.1.2. Operationalisation of resolution plans for SRB banks

In 2021, the SRB will for the second time apply its revised 12-months RPC that aligns all SRB banks on the same timeline (cf. Figure 6 below). The SRB and NRAs, through IRTs, will update the resolution plans using data with reference date 31 December 2020. This cycle is the main vehicle for enacting in 2021 the SRB's strategic priorities on resolvability for SRB banks, and in particular the operationalisation of the resolution plans (cf. Section 2.1). The operationalisation of the resolution plans and resolution strategies will be delivered through the implementation of the EfB, the setting of priorities (cf. Section 3.1.1 above) and the resolvability assessment (cf. Section 3.1.3 below). Table 1 at the end of this section provides an overview of the number of SRB banks for which the SRB expects to adopt resolution plans and MREL decisions as part of the 2021 RPC.

**Figure 6:** timeline of 2021 RPC for SRB banks



Hereafter is an estimated overview of the number of SRB banks, as well as the resolution plans and MREL decisions expected to be adopted by the SRB in the 2021 RPC.

**Table 3:** Overview of quantitative objectives planned for the 2021 cycle

MS	Number of banking groups expected for 2021 cycle[1]		Resolution plans expected to be adopted during 2021 cycle		MREL decisions expected to be adopted during 2021 cycle	
	Total	of which: with RC [2]	Total	Of which: SO [3]	Total [4]	Of which: Internal [5]
AT	8	3	8	0	25	17
BE	7	1	7	0	12	6
BG	0	0	0	0	4	3
CY	3	0	3	0	5	2
DE	21	3	21	0	37	14
EE	1	0	1	0	1	0
ES	13	2	13	1	19	5
FI	3	1	2	0	3	1
FR	11	3	10	2	22	11
GR	4	1	4	0	4	0
HR	0	0	0	0	7	4
IE	6	1	6	0	15	13
IT	12	2	12	0	31	16
LT	1	0	1	0	1	0
LU	5	0	5	0	12	7
LV	1	0	1	0	1	0
MT	2	0	2	0	2	0
NL	7	1	5	0	10	5
PT	5	2	4	0	10	5
SI	2	0	2	0	6	4
SK	2	2	2	0	5	3
<b>Total</b>	<b>114</b>	<b>19 [6]</b>	<b>109</b>	<b>3</b>	<b>232</b>	<b>115</b>

Host cases [7]	Number of host cases	Resolution plans expected to be adopted during the 2021 cycle	MREL decisions expected to be adopted during the 2021 cycle
Belgium, Hungary, Sweden, United Kingdom	5	4	9

[1] Without prejudice of any change in the composition of the banking union banking sector affecting the number of groups within the SRB's remit from the date of publication of this document. With respect to banking groups for which the resolution strategy follows multiple points of entry (MPE) (i.e. application of resolution measures at the level of several resolution entities located in Member States), resolution groups located in different participating Member States are counted separately within a banking group.

[2] Including European resolution colleges.

[3] This figure is provisional, as the number of simplified obligations is subject to case-by-case approval by the SRB executive session.

[4] Including decisions for the sub-consolidated level for MPE strategies.

[5] Figures by country represent all subsidiaries of banking groups located in that country. The number of internal MREL decisions is based on the situation as per July 2020 and it might be subject to changes.

[6] 4 banking groups are part of other groups whose ultimate parent is headquartered in the BU and for which a resolution college is established. As such, they do not comprise separate resolution colleges.

[7] Host cases are in principle banking groups whose parent is headquartered in the European Union but is not under direct responsibility of the SRB.

### 3.1.3. Resolvability Assessment and removal of impediments

The SRB yearly resolvability assessment will benefit in 2021 from harmonised horizontal criteria aligned with the Efb and applicable MREL policy.

In 2021, the resolvability assessment exercise will feed into a newly created “heat-map”, which classifies banks in accordance with progress made on each resolvability condition, and the relative impact this progress has on the feasibility of the preferred resolution strategy. The quality of banks’ resolvability progress reports and their adherence to work program priorities<sup>(30)</sup> will play a prominent role in support of this exercise.

IRTs will review the banks’ resolvability work programmes (delivered by 31st January 2021) and their resolvability self-assessment report, which are endorsed by the bank’s management body and outline measures proposed by banks to enhance resolvability, the timeline for their implementation, the key milestones and remaining gaps as well as the progress documented in the report. 2021 will be the third year such information is transmitted: therefore, further progress is expected from the industry, and the SRB will react in cases where there is no sufficient progress.

Another stream for improving banks’ resolvability will be to carry out dry runs, for an increasing number of SRB banks. Banks will receive guidance from IRTs on the areas to be tested, such as related to the provision of bail-in data (cf. more information in Section 2.1.2).

### 3.1.4. On-site inspections (OSI)

In 2021, the SRB will develop a stepwise approach to be prepared for on-site inspections. It will develop the methodology for OSI and launch pilot visit projects, carried out by IRTs within the activity of resolution planning, to gain experience on direct access to banks. This will pave the way for further on-site visits at banks deemed of interest by the SRB to enhance resolvability and to improve Resolution Plans. Overtime, the SRB will be prepared for carrying out fully-fledged on-site inspections. This stepwise approach, that will include NRAs, will contribute to spread the culture across the SRM on on-site visits, as well as and fully fledged OSI. By the end of 2021, the SRB will take stock of the first results of on-site visits in order to start a horizontal planning and coordination, as well as quality assurance of the OSI activity.

### 3.1.5. Oversight of less significant institutions (LSIs)

In 2020, the SRB, together with the NRAs, developed a first set of guidelines to support NRAs when performing tasks for LSIs under their direct remit. The objective for 2021 is to expand the scope of resolution-related topics included therein. Any revisions of the first version of the guidelines developed in 2020 will take into consideration the policies for the SRB banks as a reference to ensure the appropriate level of consistent application of high-resolution standards across LSIs, cross-border groups and SIs.

The SRB oversight function for LSIs aims to ensure the consistent application of resolution actions in the SRM, and it entails the assessment of the notifications by NRAs regarding their draft resolution measures for LSIs. The coverage of LSI in terms of resolution planning is consistently growing.

<sup>(30)</sup> As referred in the Expectations for Banks document, e.g. paragraph 4.2: [https://srb.europa.eu/sites/srbsite/files/efb\\_main\\_doc\\_final\\_web\\_0.pdf](https://srb.europa.eu/sites/srbsite/files/efb_main_doc_final_web_0.pdf)

In the 2021 RPC, according to the data provided by NRAs, the coverage of LSIs' resolution planning will reach 92% of all LSIs for which resolution planning is required (cf. Table 4 below). Besides the quantitative increase, the LSI resolution plans to be submitted by NRAs in 2021 are expected to be expanded for the majority of the LSIs, identifying credible and feasible resolution strategies, in order to strengthen LSIs resolvability across the SRM.

**Table 4:** Detailed overview of LSI resolution planning in the 2021 resolution planning cycle

Member State	Number of LSIs for which resolution planning is required	Number of draft resolution plans to be notified to the SRB in 2021 RPC	Number of draft resolution plans under simplified obligations	Number of LSIs covered by resolution planning	Percentage of LSIs covered by resolution planning
	A	B	C	D (B+C)	E (D/A)
Austria	413	413	0	413	100%
Belgium	15	3	12	15	100%
Cyprus	5	5	0	5	100%
Estonia	6	6	0	6	100%
Finland	8	5	0	5	63%
France	72	38	34	72	100%
Germany	1336	25	1153	1178	88%
Greece	11	4	7	11	100%
Ireland	10	5	5	10	100%
Italy	128	53	75	128	100%
Latvia	10	9	1	10	100%
Lithuania	8	6	0	6	75%
Luxembourg	44	39	2	41	93%
Malta	15	13	2	15	100%
Netherlands	23	17	6	23	100%
Portugal	23	20	3	23	100%
Slovenia	5	1	4	5	100%
Slovakia	6	5	1	6	100%
Spain	55	35	20	55	100%
<b>Total</b>	<b>2193</b>	<b>702</b>	<b>1325</b>	<b>2027</b>	<b>92%</b>

[1] as under simplified obligations, these are plans prepared in the previous RPC that remain valid for 2021 RPC

In the 2021 RPC, NRAs expect to notify to the SRB 702 draft resolution plans. When added to the number of draft resolution plans under simplified obligations prepared in the previous RPC that remain valid for 2021 RPC, the number of LSIs covered by resolution planning will reach 2027 or 92% of the total number of LSIs for which resolution planning is required.

Taking into account the above, a key priority for the SRB in 2021 will be to enhance the consistent application of high-resolution standards among LSIs resolution plans received from the NRAs, with the ultimate goal to ensure their high quality and therefore LSIs' resolvability. To this purpose and to process efficiently a large number of notifications, the SRB will closely cooperate with the NRAs, on a bilateral and/or multilateral basis (LSI workshops). Such bilateral/multilateral engagements involve ex-ante discussion of the NRAs' policy stances to be included in the draft resolution plans and other resolution planning approaches, with the aim of ensuring alignment with the SRB LSI Guidelines, and thereby coherence across NRAs' approaches, while remaining proportional.

As additional priorities for the 2021 RPC of LSIs, the SRB will focus on, *inter alia*, MREL under the new legislative framework, operationalisation of resolution tools, impediments to resolvability and access to FMs.

Finally, the SRB will continue engaging with the NRAs in order to keep up-to-date the LSI procedure for early warning, by holding regular bilateral contacts with all 21 NRAs and ad-hoc discussions concerning LSIs in potentially critical situations, focusing on those LSIs that in case of criticality might be subject to a resolution draft decision by the relevant NRA.

## 3.2. Fostering a robust Resolution framework

### 3.2.1. Development of SRB policies

In 2021, the SRB will implement the MAP priorities by applying, in close cooperation with NRAs through the so-called Resolution Committee (CoRes) and relevant expert networks, the necessary revisions to SRB policies, in accordance with the legislative timeline on MREL, and to provide IRTs and banks with the necessary guidance to implement the EFB and operationalise the resolution tools. In line with its general approach to foster transparency and benefit from external feedbacks, in 2021 the SRB will consult on material policies prior to their publication. The SRB integrates planned guidance from standard setting bodies at international and European level (FSB and EBA) in its policy work program for 2021. In particular, the SRB will provide, where needed, policy implementation guidance concerning the RTS and ITS the EBA will deliver in 2021 in execution of the provisions of the Banking Package. The SRB will also implement the guidance and recommendations provided by the FSB Resolution Steering Group (see par. 3.2.4).

#### MREL

In 2020, the SRB published its MREL policy implementing the applicable SRMR2, BRRD2 and CRR2 rules<sup>(8)</sup>. In 2021, MREL policy updates will focus on:

- ▶ developing approaches to minimum distributable amounts (MDA) restrictions and other responses to MREL breaches in cooperation with the supervisor;
- ▶ deepening of policy on new aspects of the eligibility framework and the banks' sign-off letter on eligibility;
- ▶ developing on the requirement to establish an IPU in the EU;
- ▶ refining the NCWO model.

#### EFB - GUIDANCE ON 2021 WORKING PRIORITIES

To ensure banks are able to steadily progress on the implementation of the SRB Expectations for Banks, the SRB will provide guidance on selected working priorities for 2021:

- ▶ MIS capabilities for valuation;
- ▶ MIS capabilities for bail-in execution;
- ▶ Estimation of liquidity and funding needs in resolution;

The SRB will also enhance its internal policies on selected topics to support IRTs in the drafting of resolution plans:

<sup>(8)</sup> [https://srb.europa.eu/sites/srbsite/files/srb\\_mrel\\_policy\\_2020.pdf](https://srb.europa.eu/sites/srbsite/files/srb_mrel_policy_2020.pdf)

- ▶ the resolution scenarios and system-wide events;
- ▶ public interest assessment;
- ▶ solvent wind-down of trading books.

## PIA AND FINANCIAL STABILITY ANALYSIS

The SRB priority in 2021 with respect to the PIA is to strengthen the analysis vis-à-vis the five resolution objectives that underpin the PIA approach<sup>(32)</sup>, and particularly the depth and consistency of the assessment related to the critical functions and financial stability. Besides the PIA, the SRB will also work to further operationalise the assessment of feasibility and credibility of the preferred resolution strategy against idiosyncratic or system-wide events, to ensure consistent application across SRB banks.

The SRB will work in 2021 to standardise existing financial stability analysis tools as well as to develop new tools, namely a quantitative approach for the analysis of the impact on the real economy and improved indirect contagion risk analysis based on financial markets data to complement the existing toolbox. The SRB will also investigate the assessment of contagion towards non-bank entities, in particular towards insurance and pension fund sectors. The SRB is also enhancing its framework for the economic and financial analysis of system-wide events and their potential implications for the banking sector in general and for SRB banks in particular including economic impact of Covid-19.

The SRB will support the harmonisation effort across resolution plans with the development of standard reports (dashboards) for resolution planning purposes and quality assurance of resolution plans (cf. 3.2.2 below) with respect to the PIA and financial stability analysis.

### 3.2.2. Quality Assurance of resolution plans and benchmarking

In line with its mandate, the SRB will continue to conduct systematic quality review of resolution plans based on its enhanced methodology developed in 2020. This methodology examines the plans in two phases, during their drafting phase and in the course of their consultation phase with the ECB, to foster harmonised practices for banks under SRB remit and allow systematic benchmarking of plans against policy developments. Within the 2021 RPC, quality assurance controls will vet all resolution plans for SRB banks (excluding “host cases”), with the goal to gradually build a heatmap.

### 3.2.3. Monitoring of and contributing to external policy and regulatory activity

In 2021, the SRB will engage closely with the European Parliament, the Council, the European Commission, the ECB and the EBA on relevant regulatory and policy themes. Priority topics for 2021 in terms of external policy and regulatory activity include:

- ▶ the operationalisation of the common backstop agreement to the SRF;
- ▶ a new legislative proposals on ‘measures for a robust bank resolution and insolvency framework’, as laid out in the Political guidelines for the 2019-2024 Commission by President von der Leyen (possibly reviewing DGSD, SRMR, BRRD etc.);

<sup>(32)</sup> <https://srb.europa.eu/en/node/799>



- ▶ SRB preparations to implement the CCP Recovery and Resolution framework, which will require the SRB's participation in CCP resolution colleges as the resolution authority of CCPs' most significant clearing members;
- ▶ discussion on a legislative proposal on cyber-security for financial firms.

In this context, the SRB will provide its technical expertise to legislators, inter alia contributing to different meetings, upon invitation, of Council and European Parliament configurations.

### 3.2.4. Cooperation and international relations

In 2021, implications of the Covid-19 crisis will have unfolded. In this sense, international cooperation will remain an ever more essential aspect of the SRB's work towards financial stability and resolvability, particularly for banks with cross-border activities.

In this context, a key priority for 2021 for the SRB is the negotiation of Memoranda of Understanding (MoUs) with non-Banking Union authorities in the EU. Beyond the EU, the SRB will engage in negotiations of the relevant bilateral (and multilateral, if necessary) cooperation arrangements with third country authorities to support the work of Crisis Management Groups (for G-SIBs). To do so, the SRB will assess whether the professional secrecy and confidentiality requirements applied to non-EU authorities are equivalent to those set by EU law.

More generally, interactions with some third countries are expected to increase, for instance with the UK (post-Brexit) and US, as key financial centres. This would be done through the TPLE, bilateral interactions, as well as Dialogues led by the Commission.

Multilateral coordination on international standards, as well as CMG issues will remain a key priority. The FSB's work on resolution in 2021 is expected to focus on: monitoring and addressing challenges in the implementation of the TLAC standard; finalising and implementing guidance on CCP financial resources and treatment of equity in resolution; following up to the implementation of FSB guidance on bail-in execution; the Resolvability Assessment Process.

At operational level, the SRB, in coordination with the EBA, will continue the negotiation of cooperation instruments with the objective of expanding the SRB's outreach with third-country authorities as well as authorities of EU non-Participating Member States, including both bilateral and bank-specific cooperation arrangements that support resolution planning.

Cooperation with the ESRB will also play an important role. As a non-voting member, the SRB participates to the General Board and Advisory Technical Committee, but also contributes at expert level to taskforces and working groups such as Covid-19, CCP, Non-bank financial intermediation, Cyber Risk and climate change related risk.

## 3.3. Preparing and carrying out effective crisis management

In 2021, the work will continue on refining procedures, tools, templates and specific ICT solutions to be used in crisis. In particular, the SRB will focus on operationalising resolution tools other than bail-in (transfer strategies) and updating its quantitative tools (e.g. bail-in tool calculator,

sale of business tool calculator, crisis dashboard). The SRB and NRAs will continue working on the National Handbooks and conduct their ordinary crisis management activities.

Following the outbreak of COVID-19, the EU, NRAs and supervisory authorities have taken extraordinary measures to ensure banks can continue to fulfil their role in funding the real economy. The SRB has adopted actions to support efforts to mitigate the economic impact of the pandemic. Priorities in this area will rely on the evolution of COVID-19.

### 3.3.1. Crisis preparedness

In 2021, the SRB will enhance its response in crisis preparedness through its dedicated team in charge of coordinating crisis management at horizontal level, i.e. the Resolution Tactical Team (RTT). The monitoring of failing banks has been strengthened by early-warning systems and closer cooperation with stakeholders.

In 2021, the SRB will focus on operationalising resolution tools other than bail-in (RTOB), and sale of business in particular. The work on RTOB (cf. workstreams described in section 2.3.1) will involve some preparatory steps, such as:

- (i) the testing the procurement procedure of a sell-side advisor;
- (ii) the definition of minimum content of VDR information for investor due diligence for the Sale of Business, Bridge Bank, and Asset Separation tools;
- (iii) the creation of a repository of standard documents for the marketing process and term sheets/templates for transaction documents.

These steps share the common objective of increasing the speed while reducing the potential operational and legal risks in case of an actual crisis case.

Moreover, the SRB will update quantitative tools to be used in crisis (e.g. bail-in tool calculator, sale of business tool calculator, crisis dashboard), as well as templates and specific ICT solutions.

In 2021, the SRB will streamline the procedures for resolution colleges and non-EU Authorities. The SRB will develop its crisis governance handbook, by detailing the procedures to be followed in crisis and incorporating lessons learnt from previous cases and dry run exercises.

The SRB and NRAs will continue working on the National Handbooks in order to facilitate the resolution strategy enforcement at national level, but also encompassing relevant information on NIPs will be part of the National Handbooks.

To test and enhance the current procedures, tools and cooperation during crisis, the SRB will carry out inter-institutional dry runs, involving also Banking Union (BU) and Non-BU NRAs, as appropriate. This will include both a 'fully-fledged' dry run to test cooperation and decision-making and a 'technical' dry run to test specific processes in crisis. In 2021, the 'fully-fledged' dry run would focus on testing cooperation with non-BU authorities, including decision-making within resolution colleges, while the 'technical' dry run would focus on testing the operationalisation of MoUs with third-country authorities.

### 3.3.2. Crisis cases

In 2021, the SRB will further increase efficiency and consistency in crisis management through the RTT, which provides targeted guidance and support to crisis management teams (CMTs). This will ensure that the current procedures and organisational arrangements are applied consistently across potential crisis cases, and the SRB staff skills are reinforced and updated. The SRB will map out the lessons learned from the previous crisis cases and incorporate them into the on-going crisis management procedures and templates. The SRB will carry on supporting internal and external audit processes vis-a-vis crisis cases.

## 3.4. Operationalising the Single Resolution Fund

The SRF was established by the SRMR and, where necessary, may be used to ensure the effective application of resolution tools. 2021 priorities will be divided into three broad areas (i) Contributions, (ii) Investments and (iii) Funding and Financing.

### 3.4.1. Contributions

Credit institutions and certain investment firms in the participating Member States are contributing to the SRF. The SRF is being gradually built up during a transitional period of eight years (2016 - 2023) and has to reach at least 1% of the amount of covered deposits of all credit institutions authorised in all Banking Union states.

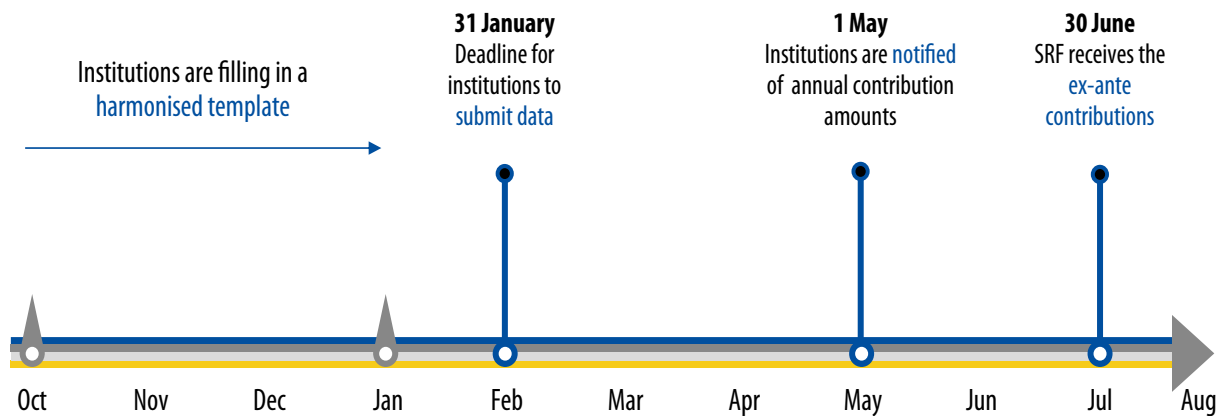
In 2021, the following priority tasks will be carried out by the contributions team:

- ▶ **Determining the annual target level for contributions to the SRF in 2021:** The SRB will determine the 2021 target level for the SRF analysing the evolution of the covered deposits data, taking into account the substantial growth in covered deposits observed in 2020 and the fact that 2023 is the last year of the initial period, but also with due account of the phase of the business cycle and the impact that pro-cyclical contributions may have on the financial position of contributing institutions.
- ▶ **Calculating the individual 2021 ex-ante contributions and notifying NRAs accordingly:** The SRB is responsible for the calculation of contributions, which is performed based on data that has been subject to a fully automated and thorough data verification phase. The excellent working relation with NRAs experienced so far throughout the transitional period will remain key going forward. The SRB strives to notify NRAs as soon as possible on the amounts of ex-ante contributions and will continue to support NRAs in their task of collecting contributions, among other by the further development of the documents used in the decision making and notification process (Master Decision text, Harmonised Annexes, statistics,...).
- ▶ **New Member States:** 2021 will be the first contribution cycle in the initial period where the SRF welcomes two new Member States, Bulgaria and Croatia. Their smooth on-boarding to the SRF and to the SRB annual processes as regards ex-ante contributions is a priority.
- ▶ **Litigations:** The SRB has observed a growing number of litigation cases as regards ex-ante contributions before the EU courts in recent years. The handling of these cases

by the SRB (Legal and Fund experts) together with external legal counsels will be an important stream of work also in 2021.

- ▶ **Performing the additional verification exercises on the data collected:** the SRB will perform Additional data verification exercises in order to verify and improve the quality of data reported by the institutions for the calculation of the contributions.

**Figure 7:** Ex-ante contributions cycle



### 3.4.2. Investments

The SRB is responsible for managing the amounts held in the SRF. During 2021, it is anticipated that the SRF will keep on growing due to collection of annual ex-ante contributions. The SRB has adopted an outsourcing model with more than one portfolio manager underpinned by a single custodian. A key SRB priority in 2021 will be the monitoring of the implementation of the 2021 investment plan by the external investment manager. In line with the growing portfolio, following the selection process launched in 2020, the second investment manager will be on board in 2021. Furthermore, the SRB will review the investment strategy, update the annual investment plan for the subsequent year and carry out further work on developing the risk and portfolio management tooling. Finally, efforts will focus on operationalising the liquidity of the SRF.

### 3.4.3. Funding

The priorities on SRF funding and financing operations in 2021 are the following:

- 1. Analysis of the optimal financing instruments in the context of the procedural framework to use the Fund:** The SRB will continue working on the analysis of the optimal financing instruments to be used for capital and/or liquidity support, covering any possible combination of resolution tools.
- 2. Completion of the repayment capacity methodology:** jointly with European Stability Mechanism, which will ensure the fiscal neutrality on any use of the Common Backstop.
- 3. Further technical work on the potential early introduction of the Common Backstop.**
- 4. The signature of loan facility agreements (LFAs):** the incorporation of two new Members States will require the signature of the bridge financing agreements.

## 3.5. The SRB as an organisation

This section outlines how the different horizontal and support functions of the SRB as an organisation contribute to the strategic objectives of the SRB and how they will implement the MAP priorities in 2021.

### 3.5.1. The SRB Secretariat

In 2021, the SRB Secretariat will focus on the completion of the revised processes related to the update of the Rules of Procedure of the Board in application as of 1 July 2020. The SRB Secretariat will finalise the functional separation from the SRB Legal Service, further streamlining internal processes and the internal governance framework.

In 2021, the SRB Secretariat will enhance its support function towards all SRB services, providing centralised advice on governance-related questions and advising the Chair and the Board on decision-making practices in line with the common practice at the EU level and in close cooperation with peer-organisations.

In the year 2021, the Document Management Function will focus on updating the existing practices of the handling of SRB documentation, ensuring a consistent and centralised approach, also in light of the ever-increasing transparency requirements.

### 3.5.2. The Resolution Planning Office (RPO)

In 2021, the SRB resolution planning activities will benefit from the establishment of a new function – the Resolution Planning Office (RPO) –, which became operational in summer 2020. The RPO will provide operational support concerning the planning and implementation of the RPC and coordinate the interaction of SRB functions for resolution planning purposes. It will monitor the RPC, gather and consolidate the views of resolution units on policy topics and contribute to promote consistent and high-quality resolution planning practices across SRB banks.

### 3.5.3. Information and communication technology

Within the MAP strategic objective for 2021-2023 of a “Digital SRB”, the ICT strategy and development programme for 2021 will be executed to support the SRB in its core business activities.

In 2021, the system for responding to crisis will be enhanced to contribute to the preparedness, dry runs and response to crises and, to increase the level of efficiency of involved stakeholders. Decision taking will become an integrated process in the system and the enrolment of Reference Data from the core reference system should optimise the operations of a crisis case.

In 2021, the focus will be on i) improving data quality, ii) enhancing data flows with remaining market data and iii) processing subsequent statistical reporting, which inter alia supports the PIA analysis.

The SRB expanded its data infrastructure and analytical capabilities through the data collections of two additional data flows in 2020. The SRB in 2021 will continue data collections in XBRL, according to the endorsed taxonomy of EBA, and integrate the related Data Points Models (DPMs).

As a middle tier and back office function for the resolution units, the SRB has introduced a system Data Certification Gateway to optimise and improve the acceptance of received data collections in a digital way. The SRB will apply such integration and automatic processing to additional data collections in order to optimise the quality of data and reduce the processing time of data collections.

In the middle of all systems stands the Reference Data Factory of the SRB, which should be in the next year extended with all necessary attributes to be single source of information regarding financial institutions and core reference data for SI's and LSI's.

The number of notifications from LSI's is significantly increasing over the years. The SRB will develop a system to receive structured notifications and integrate those into the digital workspace of the SRB.

Further ICT priorities for 2021 and the following years include (i) the building of a fully integrated system to facilitate the decision-making by SRB's executive management, (ii) the digitalisation of the fund management to diversify the outsourced activities and optimise their use and (iii) a system to handle litigations in cooperation with the EC.

The ICT priorities and work programme for 2021 are developed and implemented with the guidance of the ICT steering Committee, which comprises of SRB, NRAs, ECB and EC ICT experts.

#### **3.5.4. SRB Legal Service**

In light of the increasing number of litigation proceedings (in which the SRB is involved due to the nature of its mission), in 2021 the litigation team aims to continue increasing the involvement of its lawyers in the cases brought against the SRB, in particular as regards the representation of the agency before the Court.

As regards internal legal advice, the SRB will continue to provide centralised guidance to all units of the SRB, in order to ensure a consistent application of the resolution framework across the agency. Its tasks encompass the development of SRB policies, templates, internal databases and tools to disseminate legal expertise across the house. Its goal is to assist resolution units with regard to the interpretation of complex legal issues concerning resolution cases and issues of horizontal nature arising in resolution planning activities.

Furthermore, the SRB's Legal Service strengthened the cooperation among SRB lawyers and lawyers of other EU bodies and Member States' authorities by creating *ad hoc* fora for the scrutiny of resolution matters. It established an external Legal Network with NRAs and an Internal Legal Network for SRB legal experts. Going forward, the Legal Service aims to increase the consistency of the action of the agency as regards the interpretation of the regulatory framework. This goal will be achieved in 2021 by ensuring the enhanced dissemination of legal expertise between the SRB's Legal Service and SRB's units via dedicated internal tools, ultimately fostering the uniform implementation of the legal framework.

### 3.5.5. Compliance

In 2021, the compliance team will continue to enhance the compliance framework and to promote the culture of integrity and ethical conduct within the organisation, with a special focus on the implementation of the SRB Antifraud Strategy, and the correct and timely management of conflicts of interest.

The Compliance team will implement its Compliance Plan in the areas of (i) compliance, governance, support and reporting, (ii) policies, standards and tools (deployment, compliance reviews) and (iii) awareness and training. In all these areas, the Compliance function will focus on its analytical, advisory and monitoring role towards all staff members on the day-to-day management of compliance risk as well as maintain a proactive dialogue with and support to all business areas on relevant internal and external standards.

### 3.5.6. Communications

The team will develop, implement and evaluate the 2021 communications work programme, which contains five work packages of specific and measurable actions and tactics. This covers messaging and strategy; outreach, including events and media relations; digital; organisational capacity, including internal communications and crisis preparedness; and monitoring and evaluation. The development of the SRM Communications Forum group, which brings together all relevant communication actors, will be a key priority.

The team will also develop specific campaigns and communication tools on priority topics, in line with the MAP and the need to more clearly explain the work of the SRM to a more general audience. The specific topics will be agreed with the SRM Communications Forum in November 2020.

Other main priorities include the organisation of the SRB annual conference, an academic event, and the continuous improvement of the intranet and public website. The team will further develop media relations activities, including additional training activities in Banking Union member states. Following the launch of a new website in early 2021, the team will continue to promote the work of the SRB through blogs, podcasts and social media activity.

### 3.5.7. Internal Audit

In line with the annual audit cycle, Internal Audit will:

- ▶ in January 2021, present its annual audit plan for the approval of the Board, including the planned audits and consulting engagements as well as the key performance indicators for the internal audit function;
- ▶ in January 2021, report to the Board on audit findings and on its performance in relation to the 2020 audit plan;
- ▶ throughout 2021, conduct audit engagements and follow up on recommendations from previous audits in accordance with the 2021 audit plan;
- ▶ in the second half of 2021, conduct its annual risk assessment and planning exercise in view of the 2022 audit plan.

In addition, in 2021 Internal Audit will request an external assessment of its compliance with the standards of the Institute of Internal Auditors for the first time after the establishment of the function, in order to meet the requirement of the standards for such an assessment every five years. Following the external assessment, Internal Audit will draft an action plan to improve its alignment with the standards, where needed, and its overall functioning.

### **3.5.8. Internal Control**

In 2021, the SRB Internal Control team will start the implementation of the adapted version of the new principles-based Internal Control Framework (ICF), which will be based on best international practices and, by analogy, on the ICF laid down by the Commission for its own services.

### **3.5.9. Appeal Panel Secretariat**

The renewal of the mandates of the five members of the Appeal Panel, serving on the Panel since its inception in 2016, is upcoming for 2021.

The resolution of Banco Popular in June 2017 triggered a multitude of appeals for access to documents that the Panel is still dealing with in continuous waves to this date, and will continue in 2021.

The Appeal Panel is a member of the Inter-Agency Appeal Proceedings Network (IAAPN) and is actively involved in the Working Groups of the network with the aim to improve the quality management decision-making processes in appeal procedures.

### **3.5.10. Data Protection Office**

The year 2021 will be key for further strengthening the data protection culture within all operational areas of the SRB. In addition, priorities for 2021 are:

- ▶ The continued special coaching on increased responsibilities and accountability tailored to the needs of specific operational functions in order to strengthen the controllers "accountability on the ground" and prevent, identify and appropriately mitigate possible breaches of personal data.
- ▶ Transfers of personal data to third countries and International Organisations: The Data Protection Office (DPO) plans to provide counsel as regards the interpretation and implementation of these transfer provisions vis-à-vis third-country counterparts and international organisations, as well as on appropriate safeguards in case of international data transfers.

### **3.5.11. Administrative tasks**

#### **HUMAN RESOURCES PRIORITIES**

The HR function aims to ensure that the staffing of the SRB is in line with its requirements, that staff members are engaged and satisfied with the working conditions and career development possibilities at the SRB. Moreover, it ensures HR processes are effective, efficient and fully compliant with the Staff Regulations, HR Implementing Rules and other relevant rules.



In 2021, the HR team will continue to focus on attracting, retaining and developing talented staff. The detailed working priorities for 2021 can be summarised in terms of the three areas of operation. These are selection and recruitment, individual rights and career development.

**(i) Selection and recruitment:**

- ▶ Successful and timely management of the selections and on boarding of statutory staff, trainees and interims.
- ▶ Further development and improvement of recruitment practices, employer branding and purchasing of an e-recruitment tool.

**(ii) Individual rights:**

- ▶ Execution of the payroll, time and absence management, financial entitlements and allowances.
- ▶ Support to staff on questions concerning their rights, entitlements and obligations.

**(iii) Career development:**

- ▶ Carrying out performance management (appraisal and promotion)
- ▶ Implementation of the competency framework
- ▶ Internal mobility, staff engagement actions, career coaching, and other career development activities (job shadowing, staff exchanges, staff secondments, etc.)
- ▶ Further develop e-learning opportunities both for core business and support services.

## **FINANCE AND PROCUREMENT**

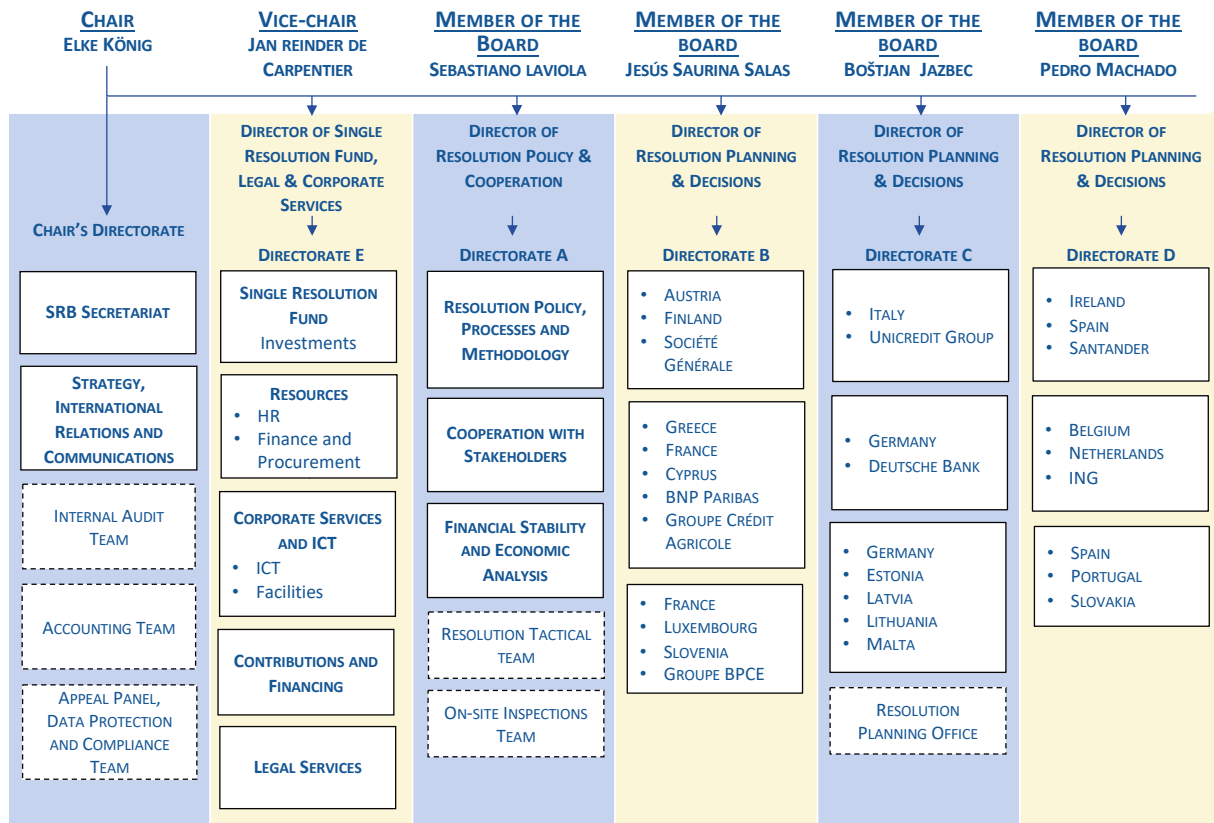
In 2021, the SRB will continue to ensure the efficient planning and implementation of the budget in conformity with its financial regulation. The function of finance and procurement will mainly focus on further automating and developing its processes, procedures and reporting. The team will continue to move towards paperless procurement with the implementation of new e-procurement modules developed by the Commission. As usual, an important task will be the preparation of the SRB's budget and procurement plan for the following year.

In the year 2021, the SRB will concentrate on the following projects with regard to administrative contributions:

- ▶ Automation of the process and development of efficient IT systems that will support the collection of contributions;
- ▶ Implementation of adjustments to the system, where necessary, following changes to the ECB Regulation on supervisory fees (Regulation (EU) No 1163/2014).

# ANNEXES

## Annex 1: SRB organisational chart



Source: [https://srb.europa.eu/sites/srbsite/files/20201026\\_external\\_organisation\\_chart.pdf](https://srb.europa.eu/sites/srbsite/files/20201026_external_organisation_chart.pdf)

## Annex 2: Resource allocation per activity

YEAR	Resources	SRB strategic area of operation					Total	
		1 Resolvability	2 Resolution framework	2 Crisis management	4 The SRF	5 The SRB organisation		
OUTLOOK RESOURCES								
2021	Budget	Title 1	22,207,289	5,425,644	5,678,000	3,154,444	20,314,622	56,780,000
		Title 2	6,512,000	1,591,000	1,665,000	925,000	5,957,000	16,650,000
		Title 3	17,822,933	4,354,467	4,557,000	2,531,667	16,303,933	45,570,000
		Chapter 31	6,070,044	1,483,022	1,552,000	862,222	5,552,711	15,520,000
		Chapter 32	11,752,889	2,871,444	3,005,000	1,669,444	10,751,222	30,050,000
		<b>Total</b>	<b>46,542,222</b>	<b>11,371,111</b>	<b>11,900,000</b>	<b>6,611,111</b>	<b>42,575,556</b>	<b>119,000,000</b>
SRB staff	Number	176	43	45	25	161	450	

YEAR	Resources	SRB strategic area of operation					Total	
		1 Resolvability	2 Resolution framework	2 Crisis management	4 The SRF	5 The SRB organisation		
OUTLOOK RESOURCES								
2022	Budget	Title 1	22,729,422	5,553,211	5,811,500	3,228,611	20,792,256	58,115,000
		Title 2	6,609,778	1,614,889	1,690,000	938,889	6,046,444	16,900,000
		Title 3	17,985,244	4,394,122	4,598,500	2,554,722	16,452,411	45,985,000
		Chapter 31	6,232,356	1,522,678	1,593,500	885,278	5,701,189	15,935,000
		Chapter 32	11,752,889	2,871,444	3,005,000	1,669,444	10,751,222	30,050,000
		<b>Total</b>	<b>47,324,444</b>	<b>11,562,222</b>	<b>12,100,000</b>	<b>6,722,222</b>	<b>43,291,111</b>	<b>121,000,000</b>
SRB staff	Number	176	43	45	25	161	450	

YEAR	Resources	SRB strategic area of operation					Total	
		1 Resolvability	2 Resolution framework	2 Crisis management	4 The SRF	5 The SRB organisation		
OUTLOOK RESOURCES								
2023	Budget	Title 1	23,187,022	5,665,011	5,928,500	3,293,611	21,210,856	59,285,000
		Title 2	6,776,000	1,655,500	1,732,500	962,500	6,198,500	17,325,000
		Title 3	18,143,644	4,432,822	4,639,000	2,577,222	16,597,311	46,390,000
		Chapter 31	6,390,756	1,561,378	1,634,000	907,778	5,846,089	16,340,000
		Chapter 32	11,752,889	2,871,444	3,005,000	1,669,444	10,751,222	30,050,000
		<b>Total</b>	<b>48,106,667</b>	<b>11,753,333</b>	<b>12,300,000</b>	<b>6,833,333</b>	<b>44,006,667</b>	<b>123,000,000</b>
SRB staff	Number	176	43	45	25	161	450	

## Annex 3: Financial resources (2021-2023)

Table 1: Revenue

## GENERAL REVENUES

REVENUES	2020	2021
	Revenues estimated by the agency	Budget Forecast
EU Contribution	0	0
Other revenues (PART 1)	117,800,000	119,000,000
Other revenues (PART 2)	8,015,423,680	9,574,339,325
<b>Total revenues</b>	<b>8,133,223,680</b>	<b>9,693,339,325</b>

REVENUES	Executed 2019	2020	2021		VAR 2021/2020 (Budget forecast)	Envisaged in 2022	Envisaged in 2023
		Revenues estimated by the agency	Agency request	Budget forecast			
1 REVENUE FROM FEES AND CHARGES (including balancing reserve from previous years surplus)- INCOME PART I	88,508,656	117,800,000	119,000,000	119,000,000	1.02%	121,000,000	123,000,000
RESERVE FROM ACCUMULATED SURPLUS	30,371,898	59,359,169					
2 EU CONTRIBUTION							
- Of which Operational (Title 3)							
- Of which assigned revenues deriving from previous years' surpluses							
3 THIRD COUNTRIES CONTRIBUTION (incl. EFTA and candidate countries)							
- Of which EFTA							
- Of which candidate countries							
4 OTHER CONTRIBUTIONS - INCOME PART II SRF	7,182,065,814	8,015,423,680	9,574,339,325	9,574,339,325	19.45%	9,973,607,063	10,388,483,645
- Of which delegation agreement, ad hoc grants							
5 ADMINISTRATIVE OPERATIONS	4,509						
6 REVENUES FROM SERVICES RENDERED AGAINST PAYMENT							
7 CORRECTION OF BUDGETARY IMBALANCES							
<b>TOTAL REVENUES</b>	<b>7,300,950,877</b>	<b>8,192,582,849</b>	<b>9,693,339,325</b>	<b>9,693,339,325</b>	<b>18.32%</b>	<b>10,094,607,063</b>	<b>10,511,483,645</b>

Table 2: Expenditure

Expenditure	2020		2021	
	Commitment appropriations	Payment appropriations	Commitment appropriations	Payment appropriations
Title 1	50,029,500	50,029,500	56,780,000	56,780,000
Title 2	13,250,500	13,250,500	16,650,000	16,650,000
Title 3	54,520,000	54,520,000	51,840,000	45,570,000
<b>TOTAL EXPENDITURE PART I</b>	<b>117,800,000</b>	<b>117,800,000</b>	<b>125,270,000</b>	<b>119,000,000</b>
Title 4	8,015,423,680	8,015,423,680	9,574,339,325	9,574,339,325
<b>TOTAL EXPENDITURE PART II</b>	<b>8,015,423,680</b>	<b>8,015,423,680</b>	<b>9,574,339,325</b>	<b>9,574,339,325</b>

## EXPENDITURE-COMMITMENT APPROPRIATIONS

EXPENDITURE	Commitment appropriations						
	Executed Budget 2019	Budget 2020	Draft Budget 2021		VAR 2021 / 2020	Envisaged in 2022	Envisaged in 2023
			Agency request	Budget forecast			
<b>Title 1</b>							
<b>Staff Expenditure</b>	<b>41,229,742</b>	<b>50,029,500</b>	<b>56,780,000</b>	<b>56,780,000</b>	<b>13.49%</b>	<b>58,115,000.00</b>	<b>59,285,000.00</b>
11 Salaries & allowances	37,394,309	45,082,500	51,746,000	51,746,000	14.78%	52,962,000	54,008,000
- of which establishment plan posts	37,394,309	45,082,500	51,746,000	51,746,000	14.78%	52,962,000	54,008,000
- of which external personnel	0	0	0	0	0.00%	0	0
12 Expenditure relating to Staff recruitment	819,247	1,414,000	1,150,000	1,150,000	-18.67%	1,175,000	1,200,000
13 Mission expenses	11,327	20,000	20,000	20,000	0.00%	20,000	20,000
14 Socio-medical infrastructure	864,977	1,151,000	1,675,000	1,675,000	45.53%	1,717,000	1,760,000
15 Training	488,425	683,000	625,500	625,500	-8.42%	640,000	656,000
16 External Services	1,650,458	1,678,000	1,562,500	1,562,500	-6.88%	1,600,000	1,640,000
17 Receptions and events	1,000	1,000	1,000	1,000	0.00%	1,000	1,000
<b>Title 2</b>							
<b>Infrastructure and operating expenditure</b>	<b>11,963,646</b>	<b>13,250,500</b>	<b>16,650,000</b>	<b>16,650,000</b>	<b>25.66%</b>	<b>16,900,000</b>	<b>17,325,000</b>
20 Rental of buildings and associated costs	5,284,159	5,317,000	7,648,500	7,648,500	43.85%	8,388,000	8,598,000
21 Information and communication technology	5,476,194	4,750,000	5,400,000	5,400,000	13.68%	5,015,000	5,150,000
22 Movable property and associated costs	575,197	1,224,000	1,383,500	1,383,500	13.03%	1,240,500	1,275,500
23 Current administrative expenditure	229,556	1,264,500	1,360,000	1,360,000	7.55%	1,366,500	1,396,500
24 Postage / Telecommunications	398,540	695,000	858,000	858,000	23.45%	890,000	905,000
<b>Title 3</b>							
<b>Operating expenditure</b>	<b>26,879,424</b>	<b>54,520,000</b>	<b>51,840,000</b>	<b>51,840,000</b>	<b>-4.92%</b>	<b>52,380,000</b>	<b>52,937,200</b>
Chapter 31 - SRB Operations	11,756,428	20,420,000	21,790,000	21,790,000	6.71%	22,330,000	22,887,200
3100 Governance	108,000	125,000	125,000	125,000	0%	127,000	130,000
3101 Support activities to the Fund	2,220,687	5,265,000	7,020,000	7,020,000	33.33%	7,195,500	7,374,999
3102 Resolution readiness	77,480	50,000	480,000	480,000	860%	492,000	504,300
3103 Resolution Framework	2,247	300,000	50,000	50,000	-83.33%	50,000	50,000
3111 Communications	1,755,958	3,300,000	2,550,000	2,550,000	-22.73%	2,613,750	2,678,000
3112 Missions	916,679	850,000	1,100,000	1,100,000	29.41%	1,125,000	1,155,000
3113 Software package and information systems	3,295,461	4,174,200	3,930,000	3,930,000	-5.85%	4,028,250	4,128,950
3114 Computing and telecommunications machinery equipment	0	1,630,800	1,130,000	1,130,000	-30.71%	1,158,250	1,187,200
3115 IT services: consulting software development and support	3,379,916	4,725,000	5,405,000	5,405,000	14.39%	5,540,250	5,678,750

EXPENDITURE	Commitment appropriations						
	Executed Budget 2019	Budget 2020	Draft Budget 2021		VAR 2021 / 2020	Envisaged in 2022	Envisaged in 2023
			Agency request	Budget forecast			
Chapter 32 - Contingencies	15,122,996	34,100,000	30,050,000	30,050,000	-11.88%	30,050,000	30,050,000
3200 Appeal panel	323,160	1,000,000	1,000,000	1,000,000	0%	1,000,000	1,000,000
3201 Communications during crisis	0	1,000,000	1,000,000	1,000,000	0%	1,000,000	1,000,000
3202 Contingency for the Fund	0	3,000,000	3,000,000	3,000,000	0%	3,000,000	3,000,000
3203 Legal and litigation	9,001,714	14,000,000	10,000,000	10,000,000	-28.57%	10,000,000	10,000,000
3204 Consultancy and advice	5,794,826	15,000,000	15,000,000	15,000,000	0%	15,000,000	15,000,000
3205 Crisis Contingency	3,296	100,000	50,000	50,000	-50%	50,000	50,000
<b>TOTAL EXPENDITURE PART I</b>	<b>80,072,812</b>	<b>117,800,000</b>	<b>125,270,000</b>	<b>125,270,000</b>	<b>6.34%</b>	<b>127,395,000</b>	<b>129,547,200</b>
<b>Title 4</b>	<b>83,797,625</b>	<b>8,015,423,680</b>	<b>9,574,339,325</b>	<b>9,574,339,325</b>	<b>19.45%</b>	<b>9,973,607,063</b>	<b>10,388,483,645</b>
<b>Single Resolution Fund</b>							
4000 Usage of the Fund within Resolution schemes	5	0	0	0	0%	0	0
4010 Investments	0	0	0	0	0%	0	0
4011 Investment returns	83,792,698	7,898,940,179	9,414,783,805	9,414,783,805	19.19%	9,807,820,868	10,216,223,407
4020 Interest paid on loans in accordance with SRM Article 72(1)	0	106,444,957	149,402,816	149,402,816	40.36%	155,633,191	162,107,134
4021 Interest paid on loans in accordance with SRM Articles 73 and 74	0	0	0	0	0%	0	0
4031 Bank and other financial charges	4,922	0	0	0	0%	0	0
4032 Commitment fees on bridge financing arrangements	0	6,300	5,700	5,700	-9.52%	6,000	6,100
4900 Negative budget result from the previous year	0	10,032,244	10,147,004	10,147,004	1.14%	10,147,004	10,147,004
4901 Refunds	0	0	0	0	0%	0	0
4902 Other operating expenditures	0	0	0	0	0%	0	0
<b>TOTAL EXPENDITURE PART II</b>	<b>83,797,625</b>	<b>8,015,423,680</b>	<b>9,574,339,325</b>	<b>9,574,339,325</b>	<b>19.45%</b>	<b>9,973,607,063</b>	<b>10,388,483,645</b>

## EXPENDITURE- PAYMENT APPROPRIATIONS

EXPENDITURE	Payment appropriations						
	Executed Budget 2019	Budget 2020	Draft Budget 2021		VAR 2021 / 2020	Envisaged in 2022	Envisaged in 2023
			Agency request	Budget forecast			
<b>Title 1</b>	<b>40,765,428</b>	<b>50,029,500</b>	<b>56,780,000</b>	<b>56,780,000</b>	<b>13.49%</b>	<b>58,115,000.00</b>	<b>59,285,000.00</b>
<b>Staff Expenditure</b>							
11 Salaries & allowances	37,394,309	45,082,500	51,746,000	51,746,000	14.78%	52,962,000	54,008,000
- of which establishment plan posts	37,394,309	45,082,500	51,746,000	51,746,000	14.78%	52,962,000	54,008,000
- of which external personnel	0	0	0	0	0.00%	0	0
12 Expenditure relating to Staff recruitment	774,830	1,414,000	1,150,000	1,150,000	-18.67%	1,175,000	1,200,000
13 Mission expenses	10,327	20,000	20,000	20,000	0.00%	20,000	20,000
14 Socio-medical infrastructure	685,305	1,151,000	1,675,000	1,675,000	45.53%	1,717,000	1,760,000
15 Training	435,377	683,000	625,500	625,500	-8.42%	640,000	656,000
16 External Services	1,465,120	1,678,000	1,562,500	1,562,500	-6.88%	1,600,000	1,640,000
17 Receptions and events	160	1,000	1,000	1,000	0.00%	1,000	1,000
<b>Title 2</b>	<b>8,586,235</b>	<b>13,250,500</b>	<b>16,650,000</b>	<b>16,650,000</b>	<b>25.66%</b>	<b>16,900,000</b>	<b>17,325,000</b>
<b>Infrastructure and operating expenditure</b>							
20 Rental of buildings and associated costs	4,724,470	5,317,000	7,648,500	7,648,500	43.85%	8,388,000	8,598,000
21 Information and communication technology	3,171,330	4,750,000	5,400,000	5,400,000	13.68%	5,015,000	5,150,000
22 Movable property and associated costs	423,413	1,224,000	1,383,500	1,383,500	13.03%	1,240,500	1,275,500
23 Current administrative expenditure	138,299	1,264,500	1,360,000	1,360,000	7.55%	1,366,500	1,396,500
24 Postage / Telecommunications	128,723	695,000	858,000	858,000	23.45%	890,000	905,000
<b>Title 3</b>	<b>10,608,633</b>	<b>54,520,000</b>	<b>45,570,000</b>	<b>45,570,000</b>	<b>-16.42%</b>	<b>45,985,000</b>	<b>46,390,000</b>
<b>Operating expenditure</b>							
Chapter 31 - SRB Operations	6,994,004	20,420,000	15,520,000	15,520,000	-24.00%	15,935,000	16,340,000
3100 Governance	93,178	125,000	125,000	125,000	0%	127,000	130,000
3101 Support activities to the Fund	1,631,642	5,265,000	4,819,000	4,819,000	-8.47%	4,940,000	5,075,000
3102 Resolution readiness	0	50,000	330,000	330,000	560%	370,000	400,000
3103 Resolution Framework	2,247	300,000	50,000	50,000	-83.33%	50,000	50,000
3111 Communications	1,203,105	3,300,000	1,770,500	1,770,500	-46.35%	1,815,000	1,860,000
3112 Missions	866,679	850,000	1,100,000	1,100,000	29.41%	1,125,000	1,155,000
3113 Software package and information systems	2,387,413	4,174,200	2,751,000	2,751,000	-34.10%	2,820,000	2,890,000
3114 Computing and telecommunications machinery equipment	0	1,630,800	791,000	791,000	-51.50%	810,000	830,000
3115 IT services: consulting software development and support	809,740	4,725,000	3,783,500	3,783,500	-19.93%	3,878,000	3,950,000

EXPENDITURE	Payment appropriations						
	Executed Budget 2019	Budget 2020	Draft Budget 2021		VAR 2021 / 2020	Envisaged in 2022	Envisaged in 2023
			Agency request	Budget forecast			
Chapter 32 - Contingencies	3,614,629	34,100,000	30,050,000	30,050,000	-11.88%	30,050,000	30,050,000
3200 Appeal panel	243,160	1,000,000	1,000,000	1,000,000	0%	1,000,000	1,000,000
3201 Communications during crisis	0	1,000,000	1,000,000	1,000,000	0%	1,000,000	1,000,000
3202 Contingency for the Fund	0	3,000,000	3,000,000	3,000,000	0%	3,000,000	3,000,000
3203 Legal and litigation	1,822,848	14,000,000	10,000,000	10,000,000	-28.57%	10,000,000	10,000,000
3204 Consultancy and advice	1,547,826	15,000,000	15,000,000	15,000,000	0%	15,000,000	15,000,000
3205 Crisis Contingency	795	100,000	50,000	50,000	-50%	50,000	50,000
<b>TOTAL EXPENDITURE PART I</b>	<b>59,960,296</b>	<b>117,800,000</b>	<b>119,000,000</b>	<b>119,000,000</b>	<b>1.02%</b>	<b>121,000,000</b>	<b>123,000,000</b>
<b>Title 4</b>	<b>69,005,057</b>	<b>8,015,423,680</b>	<b>9,574,339,325</b>	<b>9,574,339,325</b>	<b>19.45%</b>	<b>9,973,607,063</b>	<b>10,388,483,645</b>
<b>Single Resolution Fund</b>							
4000 Usage of the Fund within Resolution schemes	4	0	0	0	0%	0	0
4010 Investments	0	0	0	0	0%	0	0
4011 Investment returns	69,001,025	7,898,940,179	9,414,783,805	9,414,783,805	19.19%	9,807,820,868	10,216,223,407
4020 Interest paid on loans in accordance with SRM Article 72(1)	0	106,444,957	149,402,816	149,402,816	40.36%	155,633,191	162,107,134
4021 Interest paid on loans in accordance with SRM Articles 73 and 74	0	0	0	0	0%	0	0
4031 Bank and other financial charges	4,028	0	0	0	0%	0	0
4032 Commitment fees on bridge financing arrangements	0	6,300	5,700	5,700	-9.52%	6,000	6,100
4900 Negative budget result from the previous year	0	10,032,244	10,147,004	10,147,004	1.14%	10,147,004	10,147,004
4901 Refunds	0	0	0	0	0%	0	0
4902 Other operating expenditures	0	0	0	0	0%	0	0
<b>TOTAL EXPENDITURE PART II</b>	<b>69,005,057</b>	<b>8,015,423,680</b>	<b>9,574,339,325</b>	<b>9,574,339,325</b>	<b>19.45%</b>	<b>9,973,607,063</b>	<b>10,388,483,645</b>



**Table 3:** Budget outturn and cancellation of appropriations 2017-2019

Budget outturn	2017	2018	2019
Revenue actually received (+)	6,061,670,869	6,883,656,000	7,300,950,877
Payments made (-)	-92,259,579	-109,267,109	-128,965,353
Carry-over of appropriations (-)	-15,382,402,385	-22,091,637,406	-29,192,388,394
Cancellation of appropriations carried over (+)	1,190,310	13,658,279	4,457,148
Adjustment for carry over of assigned revenue appropriations from previous year (+)	9,442,175,148	15,354,013,932	22,075,308,623
Exchange rate differences (+/-)	-2,466	-5,797	-3,731
Adjustment for negative balance from previous year (-)			
<b>Total</b>	<b>30,371,897</b>	<b>50,417,899</b>	<b>59,359,169</b>

Descriptive information and justification on:		
Budget outturn 2019	EUR	59,359,169
Cancellation of commitment appropriations( PART I)	EUR	38,863,261
Cancellation of payment appropriations for the year and payment appropriations carried over (PART I)	EUR	63,432,924

## Annex 4: Human resources – quantitative

Staff Population	Actually filled as of 31/12/17	Authorised under EU budget 2018	Actually filled as of 31/12/18	Authorised under EU budget 2019	Actually filled as of 31/12/19	Budget 2020	Envisaged in 2021-2023
<b>TAs</b>							
ADs	200	278	249	315	283	325	370
ASTs	36	48	42	59	44	51	51
ASTs-SCs	19	24	24	26	23	24	29
<b>Total</b>	<b>255</b>	<b>350</b>	<b>315</b>	<b>400</b>	<b>350</b>	<b>400</b>	<b>450</b>

Category and Grade	Establishment Plan in EU budget 2019	Establishment Plan in voted EU budget 2020	Establishment Plan draft EU budget 2021	Envisaged Establishment Plan 2022	Envisaged Establishment Plan 2023
AD16	0	0	0	0	0
AD15	0	0	0	0	0
AD14	0	0	0	0	0
AD13	6	6	6	6	7
AD12	6	9	9	9	10
AD11	10	13	13	13	13
AD10	12	17	17	19	21
AD9	60	55	55	57	60
AD8	70	65	75	75	76
AD7	56	65	70	71	72
AD6	65	66	80	77	77
AD5	30	29	45	43	34
<b>Total AD</b>	<b>315</b>	<b>325</b>	<b>370</b>	<b>370</b>	<b>370</b>
AST11	0	0	0	0	0
AST10	0	0	0	0	0
AST9	0	0	0	0	0
AST8	0	0	0	0	0
AST7	4	0	0	0	0
AST6	7	1	2	3	3
AST5	10	7	7	8	9
AST4	16	24	28	27	26
AST3	14	14	10	9	9
AST2	6	3	4	4	4
AST1	2	2	0	0	0
<b>Total AST</b>	<b>59</b>	<b>51</b>	<b>51</b>	<b>51</b>	<b>51</b>
AST/SC6	0	0	0	0	0
AST/SC5	0	0	0	0	0
AST/SC4	2	0	0	0	0
AST/SC3	12	12	12	12	12
AST/SC2	7	9	9	9	10
AST/SC1	5	3	8	8	7
<b>Total AST/SC</b>	<b>26</b>	<b>24</b>	<b>29</b>	<b>29</b>	<b>29</b>
<b>Total</b>	<b>400</b>	<b>400</b>	<b>450</b>	<b>450</b>	<b>450</b>

## Annex 5: Human resources – qualitative

### STATUTORY STAFF

Statutory staff at the SRB consist entirely of TAs. There are no officials or contract agents at the SRB.

The selection and recruitment of statutory staff members are governed by the Staff Regulations of the EU, the Conditions of Employment of other Servants and related general implementing rules. Statutory staff fall into three categories: administrators (ADs), assistants (ASTs) and secretaries and clerks (AST-SCs). Responsibilities for administrators include managerial, conceptual and analytical, as well as linguistic, duties. Assistants perform, most notably, executive and technical duties, whereas the staff in the AST-SC category essentially perform clerical and secretarial duties.

At the SRB, TA posts, whatever the category, are filled through a selection procedure following the publication of a vacancy notice on the SRB website and on the EPSO website. The entry grades for the respective functions are AD5, AST1 and AST-SC1. Given the SRB's mandate and tasks, and the fact that it is competing with the private financial sector to attract the right level of resources, higher grades also have to be used in order to recruit staff with long-term experience.

The employment contracts of statutory staff members are for an initial duration of three years. They can be extended once and, if extended further, they are extended for a period of indefinite duration.

### NON-STATUTORY STAFF

Non-statutory staff are mainly national experts seconded from relevant authorities and from government departments within EU Member States (SNEs) or exceptionally from international or non-EU public authorities. The SRB makes use of SNEs for specialised positions requiring a high level of expertise. Secondments to the SRB are governed by the SRB SNE rules.

Secondments usually have an initial duration of two years and can be extended for a period of two years. The SRB has also engaged SNE for shorter periods of time.

### APPRAISAL OF PERFORMANCE AND RECLASSIFICATION

The SRB carries out the appraisal exercise on an annual basis in accordance with the general provisions of Article 43 and the first paragraph of Article 44 of the Staff Regulations. The modalities of the exercise are articulated in the SRB decision laying down general provisions for implementing the abovementioned articles.

The SRB's performance appraisal aims to support the organisation in achieving its objectives as defined in its mission statement and work programme through measuring and monitoring the individual performance of its staff members. The main actors in the process, the staff member and his or her manager, discuss the performance of the staff member during the appraisal period and agree on the objectives and the assessment criteria for meeting the objectives for the current year.

## RECLASSIFICATION

Since 2017, the SRB carries out its annual reclassification exercise in accordance with the implementing provisions on reclassification based on a model decision from the European Commission. As a guiding principle, the development of the SRB establishment plan and the annual reclassification exercise are carried out in accordance with the multiplication rate for guiding average career equivalence as defined in Article 6 and Annex IB of the Staff Regulations.

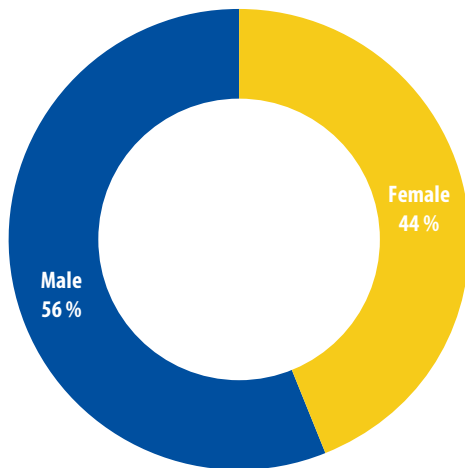
## MOBILITY POLICY

The SRB promotes and makes regular use of the internal mobility modalities defined in its policy on the matter as a tool for increasing motivation and broadening staff's knowledge and expertise.

## GENDER AND GEOGRAPHICAL BALANCE

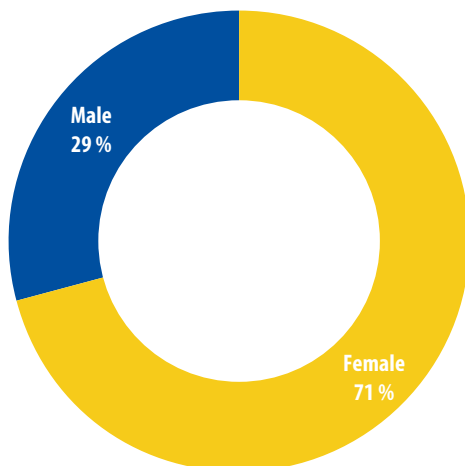
The gender balance shows a dominance of men, especially in the administrator category. The monitoring of the gender distribution carried out during the selection procedures confirms that the Board operates within a sector with a predominance of men.

**SRB STAF BY GENDER (TA &SNE)**

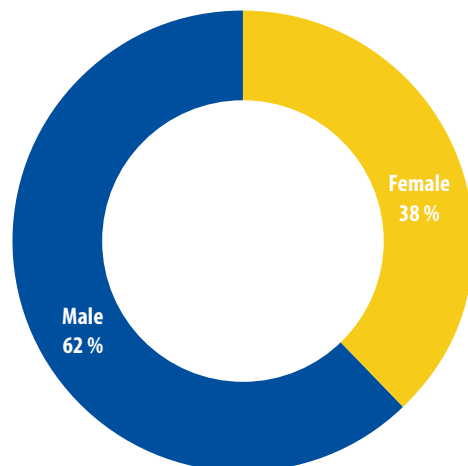


While men outnumber women in administrator functions, women outnumber men in assistant and secretarial positions.

**SRB AST STAFF BY GENDER (TAs & SNEs)**



**SRB ADs STAFF BY GENDER (TAs & SNEs)**



## GEOGRAPHICAL BALANCE

The SRB employs staff representing 27 nationalities of the EU. The SRB also has two non-EU seconded national experts from Brazil.

TAs & SNEs		
Nationality	Number of staff	Percentage
Austrian	4	1,1%
Belgian	41	10,9%
Brazilian	2	0,5%
Bulgarian	13	3,5%
Croatian	6	1,6%
Cyprus	3	0,8%
Czech Republic	3	0,8%
Danish	1	0,3%
Finnish	3	0,8%
French	38	10,1%
German	30	8,0%
Greek	35	9,3%
Hungarian	4	1,1%
Irish	7	1,9%
Italian	61	16,2%
Latvian	3	0,8%
Lithuanian	3	0,8%
Luxembourg	1	0,3%
Malta	3	0,8%
Netherlands	7	1,9%
Polish	18	4,8%
Portuguese	9	2,4%
Romanian	28	7,4%
Slovak	3	0,8%
Slovenia	4	1,1%
Spanish	39	10,4%
Swedish	2	0,5%
United Kingdom	5	1,3%
<b>Grand Total</b>	<b>376</b>	<b>100,0%</b>

## SCHOOLING

The city of Brussels hosts four European schools offering together education in every official language of the EU. The SRB signed an agreement with the European schools at the beginning of its existence in order to grant its staff the possibility of enrolling their children in the schools. In addition, staff members have access to the crèches and day care facilities of the European Commission. If staff members wish, they can also enrol their children in public or private Belgian schools (French- or Dutch-speaking).

## Annex 6: Environment management

The building of the SRB is a nearly zero-energy building (NZEB) which has a very high energy performance. The low amount of energy that this building requires comes mostly from renewable sources.

The [Energy Performance of Buildings Directive](#) (consolidated version) requires all new buildings to be nearly zero-energy by the end of 2020. The SRB's is compliant with the legislation and is one of the flagships in Brussels among all buildings within the scope of the evaluation of the EC. Energy consumption is continuously reviewed and the parameters of the building are adjusted to have a very low energy consumption.

The offices have received several certificates: the BREAM (Code for sustainable build environment) awarded by B4F with an excellent rating and the energy certificate, which is at B+ level from the region of Brussels.

## Annex 7: Building Policy

#	Building Name and type	Location	SURFACE AREA(in m <sup>2</sup> )			RENTAL CONTRACT					Building present value(€)	
			Office space	non-office	Total	RENT (€/year)	Duration of the contract	Type	Breakout clause	Conditions attached to the breakout clause		Host country (grant or support)
									Y/N	(if applicable)		
1	T-22	Brussels	9812	336	10148 m <sup>2</sup> + interior parking	€ 2.378.000 +annual indexation	15 years	USUFRUCT	see usufruct convention	see usufruct convention	Belgium	
<b>TOTAL</b>			<b>9812</b>	<b>336</b>	<b>10148</b>	<b>2.378.000</b>						

## Annex 8: Privileges and immunities

Agency privileges	
<i>Protocol of Privileges and Immunities (PPI) and Article 151(1)(aa) of Directive 2006/112/EC (the VAT Directive)</i>	VAT exemption for certain services
Privileges granted to staff	
<i>Protocol of privileges and immunities/diplomatic status</i>	Special ID card
<i>Notice D.D. 229.000 du Service Public Fédéral Finances du 01/06/2009 (FR)</i>	VAT exemption to purchase certain goods upon taking up duties



## Annex 9: Evaluations

Evaluations entail the assessment of the delivery of policies, projects and activities. At the SRB, evaluations assess the performance and achievements of activities based on set criteria and indicators, with the aim of establishing findings and making recommendations on improvements to current projects, and for future programming. Evaluations at the SRB are also aimed to add to the staff professional skills and experience. There are different forms of evaluations by the SRB or relevant to it.

### **EVALUATIONS IN THE CONTEXT OF THE RESOLUTION WORK AND STRATEGIC PLANNING**

SRB evaluations assess the activities and projects carried out under the first three strategic area of operation of the SRB, i.e. resolvability of SRB banks (and resolution planning in particular) and oversight of LSIs, resolution framework and crisis management. In addition, one type of evaluation that spans across the first two areas of operation is quality assurance (cf. Sections 2.2.2. and 3.2.2.). This is carried out to review resolution plans (as core deliverable of strategic area one), twice per resolution cycle (i.e. twice a year), with the aim of reviewing quality of the planning and consistence with the application of the resolution framework (strategic area two). As for crisis management, one evaluation incorporated in the function occurs after dry-runs are performed, when revising the SRB crisis preparedness tools, documentation etc., and potentially recommending improvements to it (as part of lessons-learnt). More generally, the annual report performs an evaluation across all different areas of operation, insofar as it assesses year by year ex-post, the actual outputs and deliverables against the SRB planned work-programme.

### **EVALUATIONS IN THE CONTEXT OF THE SRF BY THE PLENARY**

Concerning the use of the Fund and the resolution tools, the SRMR includes provisions on the evaluation of its use. This is a responsibility given to the Plenary Session. The Plenary, in doing so, is to provide guidance to the executive session, to be followed in resolution decisions. Guidance to the executive session should, in particular, focus on ensuring the non-discriminatory application of resolution tools, on avoiding the depletion of the Fund and on differentiating appropriately between no-risk or low-risk liquidity and other forms of support.

### **EVALUATIONS UNDER THE INTERNAL CONTROL FRAMEWORK**

Within the SRB Internal Control Framework (ICF), the Board performs periodic assessments on the effectiveness and efficiency of the SRB internal control systems. In addition, the Internal Control Office centrally monitors the risk management action plans (cf. Annex 11) on a quarterly basis (ex-post) and reports their implementation to the Board Members as the ultimate risk owners.

### **EVALUATIONS BY THE EUROPEAN COURT OF AUDITORS AND EXTERNAL AUDIT FIRM**

The European Court of Auditors (ECA) conducts a number of audit engagements on the SRB. The 'Annual Accounts' and the 'Contingent Liabilities'<sup>(33)</sup> audits are statutory audits which are performed on an annual basis. Besides, an external audit firm is also auditing the SRB's annual accounts.

<sup>(33)</sup> Report (pursuant to Article 92(4) Regulation (EU) 806/2014) on any contingent liabilities arising as a result of the performance by the Single Resolution Board, the Council or the Commission of their tasks under this Regulation for each financial year

In addition, the ECA has performed already two performance audits on the SRB operations while the SRB also participates in a number of cross-EU agencies' audits<sup>(34)</sup>, surveys<sup>(35)</sup> and financial landscape reviews<sup>(36)</sup>.

The SRB closely follows recommendations issued by its external auditors and works to address these in an effective, efficient and timely way. The Board, in its plenary session, is informed on the status of the recommendations.

### **EVALUATION BY THE EUROPEAN COMMISSION OF SRMR**

Evaluations are foreseen in the SRMR<sup>(37)</sup>. The Commission adopted a report on 30 April 2019 assessing the implementation of the BRRD and SRMR<sup>(38)</sup>. This concluded that, given BRRD and SRMR have been applied in a very limited number of cases, more time is needed for their assessment before any amendments are proposed.

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<sup>(34)</sup> ECA Special report 22/2020: Future of EU agencies – Potential for more flexibility and cooperation

<sup>(35)</sup> Topics: working languages, sustainability reporting, Brexit, external consultancy contracts, interims and IT consultants

<sup>(36)</sup> ECA Review 05/2020: How the EU took account of lessons learned from the 2008-2012 financial and sovereign debts crises

<sup>(37)</sup> SRMR Article 94 requires the Commission to report on the application of this Regulation, with a special emphasis on monitoring the potential impact on the smooth functioning of the internal market.

<sup>(38)</sup> [https://ec.europa.eu/info/sites/info/files/business\\_economy\\_euro/banking\\_and\\_finance/documents/190430-report-bank-recovery-resolution\\_en.pdf](https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/190430-report-bank-recovery-resolution_en.pdf)

## Annex 10: Internal control systems, risk management, anti-fraud

### INTERNAL CONTROL SYSTEMS

The SRB Internal Control Framework (ICF) is based on the framework used by the Commission for its own services and is used to assess, on a quarterly basis, the effectiveness of the internal control systems of the SRB. The ICF is designed to provide assurance on the achievement of five objectives set in the SRB Financial Regulation:

- (1) effectiveness, efficiency and economy of operations;
- (2) reliability of reporting;
- (3) safeguarding of assets and information;
- (4) prevention, detection, correction and follow-up of fraud and irregularities, and
- (5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

Although these Financial Regulation's objectives naturally focus on financial issues, the SRB ICF focus on the overall objectives of the SRB, and particular business objectives.

### RISK MANAGEMENT

In the context of the SRB Internal Control Framework<sup>(39)</sup>, the Internal Control Office carries out, with the support of a team of senior management from the different SRB areas of operations, an annual SRB-wide risk assessment to identify and evaluate the potential risks that may materialise at the SRB. The aim of this risk management process is to provide management with an overview of the aggregated risks and to allow management to focus on those with a potential material impact on its Work Programme and wider operations. Beyond this, SRB staff at all levels are asked to consider risks in terms of their work, assess them using a standardised scale and then consider appropriate and proportionate responses, escalating material risks to management when needed. The main outcome of this exercise is the corporate risk register, which includes the most significant risks for the organisation.

A respective number of action plans is subsequently drafted and centrally monitored. The regular monitoring of the implementation of action plans is needed for two purposes: (1) to ensure the actions are progressing according to plan; (2) to ensure that the planned actions remain relevant. Identified risks may evolve and new risks may emerge in which case action plans must be modified accordingly. The action plans are supervised by the risk owners and coordinated by the identified responsible functions. The Internal Control Office monitors centrally the risk register and reports on the progress in the action plans to the Board Members as the ultimate risk owners.

<sup>(39)</sup> ICS 6, Risk management, requirement 2 and 4.

## ANTI-FRAUD STRATEGY

The SRB's Anti-Fraud Strategy for implementation during the period 2019-2021 addresses the root causes of the fraud risks identified in the SRB's Fraud Risk Assessment, namely: different integrity standards amongst staff which might lead to unlawful personal gain or business advantage; lack of anti-corruption awareness by SRB Staff Members; and absence of or inadequate processes to prevent corruption and fraud.

The following measures were proposed:

- (1) adoption of a reviewed SRB Code of Ethics;
- (2) awareness raising for staff members concerning fraud risks and reporting channels, including on the reviewed SRB Code of Ethics, SRB Whistleblowing Policy, a refresh of the SRB policy on gifts, advantages & hospitality, a refresh of the SRB Red Flags note, and relevant training sessions;
- (3) quality testing of ICT security controls to prevent fraud and of rules applicable to access rights.

By early 2021, the SRB Compliance Team will begin work on the SRB's Compliance Risk Assessment, which will include an update to the current SRB Fraud Risk Assessment. This will form the basis for the new Anti-Fraud Strategy, to be adopted by the Board in Plenary session during the course of 2021.

## Annex 11: Indicative procurement plan 2021

Nr	SRB Strategic area of operations and activities	Subject	Contract type	Duration of contract (in years)	Estimative multi-annual value (EUR)	Estimative value for 2021 (EUR)	Indicative quarter for launching the procedure	Indicative quarter for signing CNT	Comments
1	Operationalising fully the SRF	Credit rating services	Service contract(s)	4 yrs	3,000,000	750,000	Q2 - Q4 2021	Q4 2021	Following an assessment of its needs, the SRB decided to postpone the tender concerning the SRB's rating to 2021.
2	Establishment of a lean and efficient organisation	Communications events, services & executive coaching	Service contract(s)/Purchase order(s)	1 yr	170,000	170,000	Q2 - Q4 2021		The SRB is investigating the possibility to cover these services under European Commission Framework Contracts. In case of non coverage, the SRB will launch low/middle value negotiated procedures
3	Establishment of a lean and efficient organisation	Journalist training in Banking Union Member states	Service contract(s)/Purchase order(s)	1 yr	100,000	100,000	Q2 - Q4 2021		
4	Establishment of a lean and efficient organisation	Provision of commercial data sources	Framework contract	4 yrs	400,000	100,000	Q2 - Q4 2021		The SRB is investigating the possibility to cover these services under existing Framework Contracts.
5	Establishment of a lean and efficient organisation	Legal Services	Service contract(s)	4 yrs	5,000,000	TBD	Q1 - Q4 2021		Legal expenses related to litigation that will be procured under separate negotiated procedures
6	Establishment of a lean and efficient organisation	Data collection portal and engine	Framework contract	4 yrs	10,000,000	1,500,000	Q1 2021	Q4 2021	The Framework Contract used for resolution reporting and contribution to the SRF (e-Regulatory for data collection portal, FAS for MREL engine and SRF contribution engine) expires in June 2022 and tender needs to be relaunched.
					<b>18,670,000</b>				

## Annex 12: Key performance indicators covering the 2021 cycle

Number	Key Performance Indicators covering the 2021 cycle	Target
<b>Achieving resolvability of SRB banks and LSIs</b>		
1	Adopt resolution plans and MREL targets for SRB banks at Extended Executive Session and timely steer Resolution Colleges towards Joint Decisions	RPC 2021
2	Deliver 2021 priority letters to all SRB banks and ensure follow-up to 2020 priority letters	By Q1 2021
3	Complete the "Heat-map" on resolvability for SRB banks (following review of banks' self-assessment)	RPC 2021
4	Prepare and carry out onsite visits	≥ 2 pilot visit projects
5	Assessment of draft resolution decisions submitted by NRAs concerning LSIs under their direct competence	100 %
<b>Fostering a robust resolution framework</b>		
6	Develop further MREL policy updates, on MDA's, eligibility framework, IPU's and NCWO model (as per section 3.2.1)	By Q1 2021
7	Provide guidance to banks on the estimation of liquidity and funding needs in resolution (as per section 3.2.1)	By Q1 2021
8	Conduct quality assurance for SRB banks' resolution plans (host cases are excluded)	100%
9	Represent the SRB and actively participate to all meetings of the European Parliament, Council, Commission and FSB sub-structures to which the SRB is invited or member	Participation of 100 %
10	Negotiate MoUs with the supervisory and resolution authorities of non-Banking Union Member States (and the ECB-SSM)	90%
11	Negotiate new cooperation agreements, and access existing ones, concerning GSIBs for which the SRB is host authority	100 %
12	Offering resolution-related training to SRB staff and/or NRA staff	>15 trainings
<b>Carrying out effective crisis management</b>		
13	Deliver on the preparatory steps and work streams of the Resolution Tools Other than Bail-In project (as per Section 2.3.1)	100%
14	Perform dry run exercises to test cooperation with non-Banking Union authorities within resolution colleges and MoUs with third country authorities, and integrate lessons learnt into SRB crisis handbook	2 exercises
<b>Operationalising the SRF</b>		
15	Calculate contributions for 2021, onboarding two new Member States into the SRB ex-ante contribution cycle	100 %
16	Implement the investment plan for 2021 and prepare the 2022 plan	100 %
17	Complete the repayment calculation methodology to ensure the principle of fiscal neutrality on the use of the backstop	100 %
<b>SRB as an organisation</b>		
18	Implement the ICT programme for 2021	100 %
19	Organisation can operate on a fully remote-basis	100 %
20	Implement 2021 communications work programme, including the launch of a new website and development of SRM Communication Forum	100 %
21	2021 establishment plan filled or covered by selection procedures	By Q3 2021
21	Establish and implement policy environment and operational guidance on SRB career development (including staff retention and staff mobility) in accordance with best practices of other EU agencies	By Q4 2021
21	Year-to-year improvement of the budget execution rate (in commitments appropriations and excluding Ch. 32 'SRB contingencies')	5%

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