



# ANNUAL REPORT 2021

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# ANNUAL REPORT 2021

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# Foreword

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**What a difference a year makes. In 2021, we wondered if we would ever get out of the Covid-19 crisis. Today, we wonder how war could strike the European continent in such a brutal way. I am conscious of the human tragedy affecting the lives of many across Europe, and it is against this backdrop I present the SRB's Annual Report for 2021.**

The work of the SRB, in promoting financial stability in Europe without using public money, continued at pace during 2021. So far, banks seem to have weathered the pandemic reasonably well although the SRB will continue its close monitoring in cooperation with the Single Supervisory Mechanism. The impact of the current geopolitical tension and the war in Ukraine will have on financial institutions cannot be fully assessed yet. While first round effects seem to be manageable, the broader implications on the economy at large and thus also the banking industry have only started to unfold. An illustration of this is the case of Sberbank, where the SRB had to take decisions in

what was becoming a classic 'run' on a bank. The resolution framework was tested and it worked, even if there is always room for improvement.

In 2021, the Single Resolution Fund grew to EUR 52 billion and it will substantially increase once more in 2022 due to the significant increase in covered deposits. The common backstop was agreed in principle by Banking Union countries in late 2020 and will, hopefully, come into force during the course of 2022. This will provide additional assurance to markets that the SRB can handle even a sizable resolution case.

2021 also saw the SRB implement the BRRD2 and we published a number of policies and guidance documents, designed to provide transparency to the industry and finesse existing resolution plans. The Resolution Planning Cycle 2021 was monitored closely, to make sure that plans are operational if required, and the SRB organised and contributed to various dry runs to test resolution readiness.

Work on resolvability assessments and the development of a heat map continued in 2021 and we hope to publish the first annual heat map later in 2022. This heat map will show aggregated information about SRB banks, so it will be easy to spot the areas posing most challenges for banks overall. In addition, it should provide an incentive for banks to enhance their resolvability and perhaps start reporting on their self-assessment - a common practice in other jurisdictions.

In 2021, the SRB also significantly improved information, communications and technology (ICT) tools to streamline processes and, not least, to increase cybersecurity, given our sensitive mandate. Having access to the latest up to date information with regard to a bank's activities is vital in the time of a crisis case and in a finance world increasingly reliant on digital infrastructure, it is important to protect these channels of communication insofar as possible.

Looking to the wider context, Banking Union is still lacking its third pillar - a common deposit insurance scheme for Europe. Banking regulation has come a long way since the financial crisis of 2007/08 and the subsequent sovereign debt crisis. This ensured, not least, that during the pandemic banks could play a vital role in supporting the economy. Looking at the current challenges posed by the war in Ukraine and its yet unfolding impact on the broader economy I would urge EU lawmakers to get on with the job of finalising the Banking Union. The SRB stands ready to assist in any way it can. So far, in our resolution cases, we have proven that the framework is fit for purpose. I am hopeful that the crisis management and deposit insurance framework review and the review of the Commission's 2013 Banking Communication will provide improvements to the framework. The SRB continues to call for the targeted harmonisation of administrative liquidation procedures for banks in parallel

with the progressive mutualisation of DGS funds and centralisation of governance, to enable a consistent and smooth exit of failing banks from the market.

The SRB continues to work closely with the European Commission, the Council of the EU and the European Parliament towards progressing all these issues, but the SRB will also continue its dialogue with jurisdictions outside the Banking Union - both in Europe and internationally. The goal of promoting financial stability is a global one. To this end, the SRB will continue conducting dry runs and technical exchanges with authorities from within the European Union and other countries, including the United States and the United Kingdom. The fostering relationships of trust and confidence with our partners play a significant part in successfully dealing with bank resolution, as shown in the Sberbank case.

In 2022, we will continue our 'resolution journey' to ensure full resolvability of the banks under our remit by the end of 2023. In this context, we will prioritise the operationalisation of the so-called 'Single Point of Entry strategy', to make sure that capital can be down-streamed and losses up-streamed cross-border. Work on separability of assets and liabilities and Management Information Systems to operationalise any 'transfer strategies'.

Finally, I would like to take this opportunity to thank all SRB staff and Board Members and our partners at national, European and international level for their ongoing hard work, dedication and excellent cooperation. We can all be proud of work done since the great financial crash to ensure financial stability, but now we have to shore-up Europe's financial stability framework, so that the taxpayer does not have to bail-out private banks, and European depositors can rest assured their savings are protected with the might of an EU-wide deposit protection scheme.



# Abbreviations

<b>BRRD</b>	Bank Recovery and Resolution Directive	<b>FSB</b>	Financial Stability Board
<b>BSBC</b>	Basel Committee on Banking Supervision	<b>G-SIB</b>	Global Systemically Important Bank
<b>CBL</b>	Clearstream Bank Luxembourg	<b>G-SII</b>	Global Systemically Important Institution
<b>CBR</b>	Combined buffer requirements	<b>HR</b>	Human Resources
<b>CCP</b>	Central Counterparty	<b>IADI</b>	International Association of Deposit Insurers
<b>CRD</b>	Capital Requirements Directive	<b>ICSD</b>	International Central Securities Depositories
<b>CRR</b>	Capital Requirements Regulation	<b>IGA</b>	Intergovernmental Agreement
<b>CMDI</b>	Crisis management and deposit insurance	<b>IOSCO</b>	International Organization of Securities Commissions
<b>CMG</b>	Crisis Management Group	<b>ITS</b>	Implementing Technical Standard
<b>CoAg</b>	Cooperation Agreement	<b>ICT</b>	Information and Communications Technology
<b>Commission</b>	European Commission	<b>IRT</b>	Internal Resolution Team
<b>Council</b>	Council of the European Union	<b>LFA</b>	Loan Facility Agreement
<b>COSO</b>	Committee of Sponsoring Organizations of the Treadway Commission	<b>LSI</b>	Less Significant Institution
<b>CPMI</b>	Committee on Payments and Market Infrastructures	<b>MIS</b>	Management Information System
<b>DCG</b>	Data Certification Gateway	<b>MREL</b>	Minimum Requirements for own funds and Eligible Liabilities
<b>DGS</b>	Deposit Guarantee Scheme	<b>NCA</b>	National Competent Authority
<b>DGSD</b>	Deposit Guarantee Schemes Directive	<b>NRA</b>	National Resolution Authority
<b>DORA</b>	Digital Operational Resilience Act	<b>NCWO</b>	No creditor worse off
<b>DWH</b>	Data Warehouse	<b>Parliament</b>	European Parliament
<b>EB</b>	Euroclear Bank	<b>PIA</b>	Public Interest Assessment
<b>EBA</b>	European Banking Authority	<b>RDF</b>	Reference Data Factory
<b>ECA</b>	European Court of Auditors	<b>R4C</b>	Ready for Crisis
<b>ECB</b>	European Central Bank	<b>RPC</b>	Resolution Planning Cycle
<b>ECON Committee</b>	European Parliament Committee on Economic and Monetary Affairs	<b>RTS</b>	Regulatory Technical Standard
<b>EDIS</b>	European Deposit Insurance Scheme	<b>SFD</b>	Settlement Finality Directive
<b>EfB</b>	Expectations for Banks	<b>SRB</b>	Single Resolution Board
<b>EIOPA</b>	European Insurance and Occupational Pensions Authority	<b>SRF</b>	Single Resolution Fund
<b>ESM</b>	European Stability Mechanism	<b>SRM</b>	Single Resolution Mechanism
<b>ESMA</b>	European Securities and Market Authority	<b>SRMR</b>	Single Resolution Mechanism Regulation
<b>ESRB</b>	European Systemic Risk Board	<b>SSM</b>	Single Supervisory Mechanism
<b>EU</b>	European Union	<b>TLAC</b>	Total Loss-Absorbing Capacity
<b>FMI</b>	Financial Market Infrastructure	<b>TLOF</b>	Total Liabilities and Own Funds
		<b>TREA</b>	Total Risk Exposure Amount

# Executive summary

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During 2021, the uncertainty caused by the second year of the Covid-19 pandemic was still having effects on the financial sector. Measures introduced in 2020 to help the industry cope with the crisis proved to be effective and market conditions led to the increase of covered deposits and allowed banks to build up their stock of eligible resources to meet their minimum requirements for own funds and eligible liabilities (MREL). Nonetheless, throughout 2021, the Single Resolution Board (SRB) monitored significant and less significant institutions (LSIs) closely.

Throughout the year, the SRB made steady progress towards the achievement of results under its five priority areas of work (shown in bold below).

In terms of **strengthening the resolvability of SRB banks and LSIs**, the SRB completed the first 12-month Resolution Planning Cycle (RPC) and started a second one, which will be completed in Q1 2022, covering all banks under the SRB remit. The SRB reinforced its activities in two areas that are essential for strengthening banks resolvability, namely MREL building-up and resolvability assessments. During 2021, the SRB regularly published the MREL dashboard, which demonstrates progress against MREL targets. The SRB approved its policy on resolvability assessments in Q2 2021, and applied it to all banks under the SRB remit for which the strategy is resolution in the RPC 2021. In parallel, the SRB performed internal quality assurance of bank resolution plans, taking account of the new policies that entered in force in the RPC 2021, and it assessed all the plans for the cycle, thus guaranteeing that these were ready to be used in the event of a crisis. Complementing the above, the SRB, in collaboration with NRAs, also completed 13 missions to banks (known as deep dives) covering various topics.

In 2021, the number of LSIs covered by resolution plans reached 93% of the total, and the SRB LSI oversight function improved significantly in terms of data capability and management. This made it possible to carry out regular monitoring of LSIs throughout the year.

The SRB also made sound progress towards the achievement of its second priority, **fostering a robust resolution framework**. During 2021, the SRB published, as planned, the relevant policies for the RPC 2021, these being guidance on all the following topics: liquidity in resolution, updates in MREL, public interest assessment (PIA), separability, and management information systems (MIS) for valuation. In parallel, the SRB also published guidance in other areas to complete the resolution framework, such as operational continuity in resolution and solvent wind-down of trading activities. Throughout 2021, the SRB was active in disseminating these policies and guidance, organising events with the industry, academia and various international institutions and authorities in the resolution field.

Through 2021, the SRB engaged closely with the European Parliament (Parliament), the Council of the European Union (Council), the European Commission (Commission), the European Central Bank (ECB) and the European Banking Authority (EBA) to contribute to progress of relevant regulatory and policy themes. These were: the common backstop, the legislative proposal on the revision of the Crisis management and deposit insurance (CMDI) framework, the Central Counterparties (CCP) Recovery and Resolution Framework, the Digital Operational Resilience Act (DORA), and others. During the year, the SRB also provided considerable contributions to the work of the EBA and the European Systemic Risk Board (ESRB), and started cooperation with European Insurance and Occupational Pensions Authority (EIOPA).

In terms of cooperation and international relations, the SRB signed the tenth bilateral cooperation arrangement, covering most jurisdictions where Banking Union entities' are present and finalised accession to institution-specific cooperation arrangements for Crisis Management Groups (CMGs). The SRB continued its collaboration with jurisdictions outside the European Union (EU), in particular with the United States and the United Kingdom, reached out to other countries to establish technical-level exchanges, and made important contributions to the various workstreams of the Financial Stability Board (FSB).

During 2021, the SRB achieved results in terms of **preparing and carrying out crisis management**. There were no resolution cases in 2021, but the SRB geared up on preparedness processes with an update of the Crisis Management Handbook to include resolution tools other than bail-in, and by strengthening the information communication and technology (ICT) tool, Ready for Crisis (R4C), that supports crisis management. The SRB also carried out one full dry-run exercise, a technical one, and participated in dry runs from other actors.

In addition, the SRB reached some milestones in terms of **operationalisation of the Single Resolution Fund (SRF)**, namely completing the internal work in preparation for the entry in force of the common backstop in 2022. In parallel, the SRB collected contributions for the SRF, increasing the level of the SRF to around EUR 52 billion. Thanks to the level of mutualisation, an average of EUR 44.6 billion are available for resolution cases in any Member State. The SRB also managed the investments of the SRF throughout the year.

The final priority area for the SRB is the consolidation of **SRB as an organisation**<sup>1</sup>, which continued despite the impact of Covid-19 in 2021. Changes in operational activities affected the implementation of the budget, and the year was particularly challenging for management of human resources (HR), with high turnover rate, as well as the implementation of special measures related to Covid-19. Nonetheless, various learning and development initiatives were successfully implemented and the SRB developed a HR strategy, which will be implemented in the coming years. The reporting year also saw the endorsement of an updated ICT strategy, which aims to create efficiencies in internal processes. In terms of internal controls, various governance and internal control functions were strengthened, as planned.

<sup>1</sup> The first four areas of priority are reported in Part I of this document, whereas the fifth priority is reported in Part II.

The SRB legal service represented the organisation in over 279 litigation cases, as well as in the Appeal Panel.

Throughout the year, the SRB communicated proactively, launching a new visual identity, and reaching a wide range of audiences, and increasing its presence in social media. This facilitated the dissemination of policies, guidance and stances on various resolution-related topics. The events programme saw four large conferences organised, including an Annual Conference that attracted close to 4 500 participants. SRB principals also spoke at close to 100 events.



## Achievements in 2021

## 1.1. The year at a glance

2021 was the second year of the Covid-19 pandemic, which generated uncertainty throughout the year, including in the financial sector. While the risk of increasing non-performing loans demanded close monitoring of significant and LSIs, the measures introduced in 2020 to grant flexibility and help the industry cope with the pandemic, demonstrated their effectiveness also in 2021. Despite the uncertainty, covered deposits increased substantially in 2021 and the low cost of debt allowed banks to increase their stock of eligible resources to meet their MREL.

Many areas of work progressed steadily throughout the year, adapting to the 'new normality'. In this context, the SRB focused on achieving its mandate, increasing the resolvability of banks and completing the resolution framework, and applying the regulatory reforms. The SRB remained vigilant on the progress of banks towards resolvability in order to keep on target with the phase-in dates of the SRB Expectations for Banks (EfB)<sup>2</sup>, but ready to negotiate alternative dates should the exceptional circumstances required it. Notwithstanding the still complex context of 2021, the SRB achieved some key milestones during the year, making progress towards its objectives. The year started with the publication of key policies for the RPC 2021, adapted to the Banking Package. The RPC 2021

was implemented to make sure that plans are operational if required, and the SRB organised and contributed to various dry runs to test resolution readiness. In parallel, the SRB published several policies and guidance documents to complete the resolution framework, enhanced its data-driven analytical tools for resolution planning, made progress on enhanced quality control of resolution plans, and contributed to the debates on home/host issues, and the circumstances of middle-sized banks in resolution. Throughout 2021, SRB made additional efforts to develop and improve ICT tools to streamline processes and increase cybersecurity, given its sensitive mandate. During the year, the SRB also prepared the implementation of the common backstop, which will hopefully double available funds for resolution cases from 2022 onwards.

Interinstitutional and international meetings resumed with more regularity in 2021, enhancing relations and allowing the SRB to make key contributions to ongoing regulatory matters of crucial importance for its mandate, as well as to international standards in resolution. The debate around some strategic regulatory matters affecting the SRB's mandate restarted in 2021, and the momentum is expected to continue in 2022.

The following sections spell out the details of these achievements.

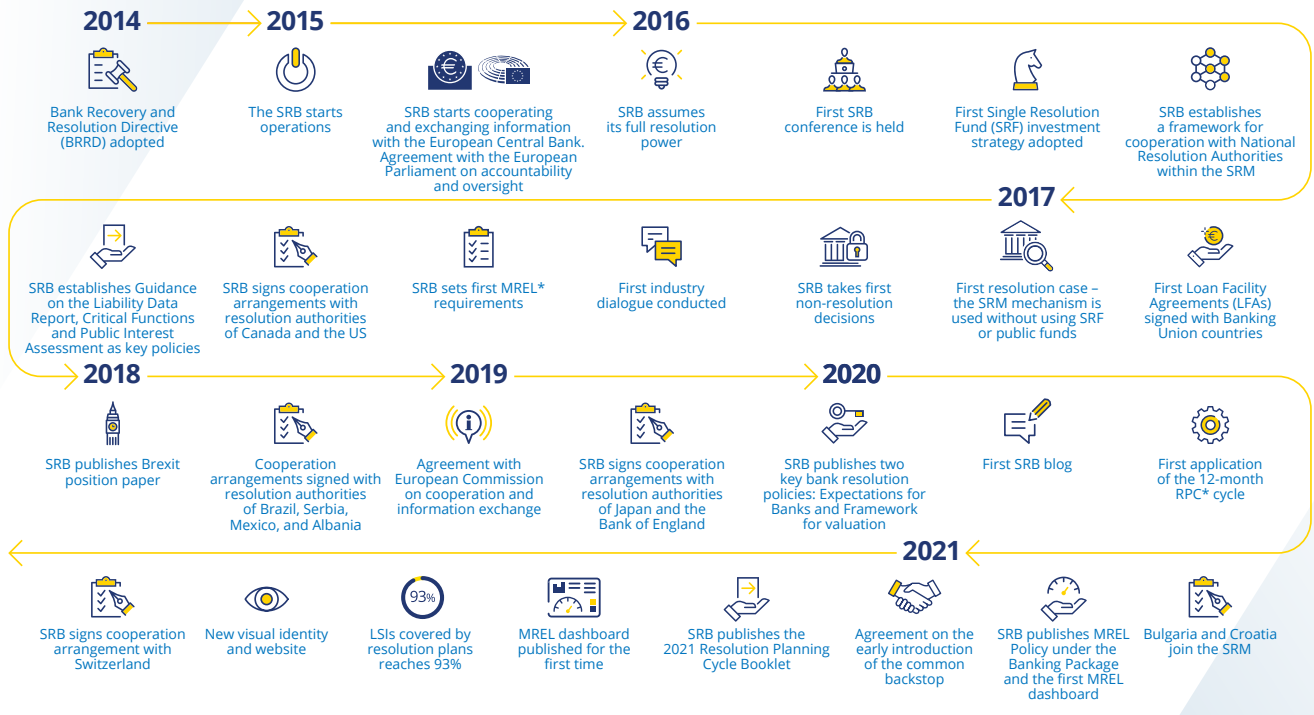
<sup>2</sup> Full document available here: <https://www.srb.europa.eu/en/content/expectations-banks>



Figure 1: SRB milestones

# SRB milestones

The **Single Resolution Board (SRB)** is the central resolution authority for the Banking Union, which at present includes the Eurozone member states plus Bulgaria and Croatia. Together with the National Resolution Authorities, it forms the Single Resolution Mechanism (SRM). Its mission is to ensure an orderly resolution of failing banks, protecting the taxpayer from state bail-outs and promoting financial stability.



## 1.2. Progress on the SRB programmatic priorities

The SRB is the central resolution authority within the Banking Union. Together with the national resolution authorities (NRAs) of participating Member States, it forms the Single Resolution Mechanism (SRM). The SRB works closely with the NRAs, the Commission, the ECB, the EBA and national competent authorities (NCAs). 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 participating Member States and beyond.

The SRB was established by the Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (SRMF)<sup>3</sup>. The organisation began operating as an independent European Union agency on 1 January 2015 and assumed its full legal mandate for resolution planning and adopting all decisions relating to resolution on 1 January 2016. The SRMF set up a substantive and robust accountability framework for the SRB's activities vis-à-vis the Parliament, the Council and the Commission.

The mandate of the SRB is proactive: rather than waiting for resolution situations to emerge, the SRB focuses on resolution planning and enhancing resolvability. Should a bank within the SRB's remit be failing or likely to fail and fulfil the criteria for resolution,

the SRB will carry out the resolution through what is known as a 'resolution scheme'. The SRB is also in charge of the industry-funded SRF, established to provide ancillary financing to ensure the effective application of resolution schemes under strict conditions. In addition, the SRB oversees the consistent functioning of the SRM as a whole.




















The SRB endeavours to be a trusted and respected resolution authority with a strong resolution capacity in the SRM, and to act swiftly and in an appropriate, consistent and proportionate manner in establishing and enforcing an effective resolution regime for banks in the SRM jurisdictions, thus avoiding future bailouts. The SRB aims to be a centre of expertise in bank resolution in the Banking Union and beyond.

The SRB strives to be transparent and is held accountable by the representatives of European citizens in the Parliament through regular public hearings and *ad hoc* exchanges of views with the Chair at meetings of the Parliament Committee on Economic and Monetary Affairs (ECON Committee). The Council may, at its request, also hear the Chair. During 2021, the SRB Chair appeared at three hearings of the ECON Committee, to exchange views with Members of the European Parliament on the progress on SRMF implementation and present the highlights of the annual report 2020, to present the annual work plan 2022, as well as the SRB's priorities in various ongoing regulatory matters.

<sup>3</sup> Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014R0806>

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014R0806>

**Table 1:** Progress towards the achievement of programmatic priorities

Strategic area of operation	Main activities contributing into areas of operation				
<b>Strengthening the resolvability of SRB banks and less significant institutions</b>	 Resolution Planning Cycle and progress on implementation of EfB		 Resolvability assessment and heat map	 Less significant institutions resolution planning	
	 Minimum Requirements for own funds and Eligible Liabilities		 Deep dives and on-site inspections		
	<p><b>Assessment:</b> The SRB carried out most of its planned activities for 2021, including the update of the resolution plans, which are progressively implementing the EfB until end 2023. The SRB considerably developed its MREL monitoring capabilities during 2021. This work will continue in 2022 along with the adaption of requirements to the progress of various ongoing regulatory matters. In terms of resolvability assessments, the SRB assessed all resolution plans in 2021. Nonetheless, the methodology for resolvability assessments and the related heat map were reviewed during the year and will be finalised in 2022. LSI resolvability saw steady progress during 2021, achieving its annual objective, and is expected to continue progressing in 2022 at a steady rate towards total coverage of LSIs. Work on deep dives and on-site inspections, severely impaired by the social distancing and travel constraints created by the Covid-19 pandemic, started to catch up in 2021 and will progress further in 2022 and beyond.</p>				
<b>Fostering a robust resolution framework</b>	 Development and dissemination of SRB policies	 Quality assurance of resolution plans	 Contributions to external policy and regulatory activity	 Cooperation and international relations	
	<p><b>Assessment:</b> The SRB continued to prepare and publish resolution policies in line with the EfB and completed the policies planned for 2021, progressing towards a full policy framework by the end of the transition period. Quality checks on the resolution plans drafted in 2021 were carried out as planned, in pace with the incremental application of policies in the resolution plans, following the EfB. As an iterative process depending on the completion of the policy framework, the quality assurance of resolution plans should achieve steadystate by the end of 2023. The SRB provided numerous contributions to regulatory matters as they progressed throughout the year. In 2021, the SRB also notably increased its external outreach.</p>				
<b>Preparing and carrying out crisis management</b>	 Crisis preparedness	 Crisis response			
<p><b>Assessment:</b> The SRB carried out most of the planned work in terms of crisis preparedness, continuously implementing lessons learned from dry-runs and crisis cases. Some areas will be further developed in 2022, such as work on resolution tools other than bail-in. Although no significant institutions were resolved in 2021, the SRB supported various LSI crisis cases, fulfilling its mandate in the SRM.</p>					
<b>Operationalising the Single Resolution Fund</b>	 Contributions	 Investment	 Funding		
<p><b>Assessment:</b> Almost all activities were carried out as planned in 2021. The SRF is steadily progressing towards the end of the transition period. In terms of funding, the SRB completed all the necessary steps for the operationalisation of the common backstop, which is expected to be launched in 2022. Work on liquidity in resolution will continue in 2022.</p>					
Legend <sup>4</sup>					
	Achieved	Partially achieved	Ongoing	Some progress needed	Substantial progress needed

<sup>4</sup> The areas of work are classified with the following criteria:

- **Achieved:** activities were carried out according to the work plan in 2021. Given SRB progress, external factors and other considerations, the Multi-annual Programme 2021-2023 and the transition period's objectives are already completed or expected to be completed ahead of time.
- **Partially achieved:** activities were carried out according to work plan in 2021, or suffered minor delays. Given SRB progress and future plans, external factors and other considerations, the achievement of the Multi-annual Programme 2021-2023 and the transition period's objectives are on track or expected without major delays.
- **Ongoing:** activities were carried out according to the plan in 2021, or suffered minor delays. Given SRB progress, future objectives and dependence on external factors/dependencies, substantial work is still planned in 2022 and 2023 to achieve the Multi-annual Programme 2021-2023 and the transition period's objectives.
- **Some progress needed:** activities were either not carried out according to work plan in 2021, or if completed, they might suffer from delays that have accumulated in previous years. Given SRB progress, future planned work and external factors, the SRB will need to pay special attention to this area to ensure achievement of the Multi-annual Programme 2021-2023 and the transition period's objectives.
- **Substantial progress needed:** activities were not carried out according to work plan in 2021, and cumulated delays or uncompleted deliverables from previous years, dependence on external or other factors will negatively affect the achievement of the Multi-annual Programme 2021-2023 and the transition period's objectives.

In accordance with Article 50 of SRMR, this document presents the SRB Annual Report 2021, describing the organisation's activities and performance during the year, which aim to achieve the SRB's mission, mandate and vision as expressed in the previous paragraphs.

As established in the SRB's Multi-annual Programme 2021-2023<sup>5</sup>, the organisation's priorities are<sup>6</sup>:

- ▶ strengthening the resolvability of SRB banks and LSIs
- ▶ fostering a robust resolution framework
- ▶ preparing and carrying out crisis management
- ▶ operationalising the SRF.

The table 1 in the previous page reflects overall achievements in 2021 taking into consideration two dimensions: first, compared to the 2021 annual deliverables set in the Multi-Annual Programme 2021-2023. These achievements are explained in further detail in the following subsections and reflected in Annex III, which includes key performance indicators for the year. The SRB achieved most of these indicators' targets, showing the generally positive performance of the organisation in 2021. Second, the progress is also assessed in the context of the overall expected progress until 2023, the end of the transition period and the timeline for the implementation of the Expectations for Banks (EfB), which is also affected by external factors and stakeholders.

<sup>5</sup> Full document available here: <https://www.srb.europa.eu/system/files/media/document/2020-11-30%20SRB%20Multi-Annual%20Work%20Programme%202021-2023.pdf>

<sup>6</sup> The Multi-annual Programme 2021-2023 establishes the consolidation of the SRB as an organisation as its fifth priority. Part II of this report contains progress in this priority.

# 1.3. Strengthening the resolvability of SRB banks and less significant institutions

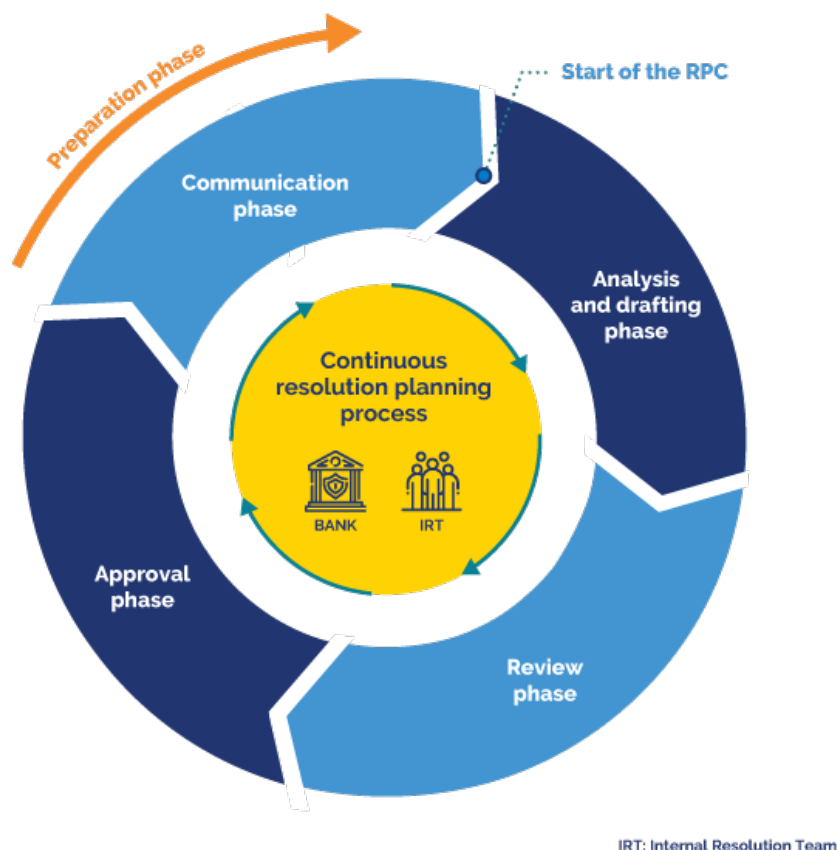
In order to achieve resolvability of SRB banks and LSIs, the SRB annually updates the resolution plans, carrying out the RPC; issues the relevant decisions and monitors building up of MREL; assesses the resolvability of institutions, and oversees the LSIs, all in close collaboration with NRAs.

## 1.3.1 RESOLUTION PLANNING CYCLE

The resolution plans are updated at least annually<sup>7</sup> based on the

same reference date and taking into account changes in the market and in banks themselves. This aims to ensure crisis preparedness and improve bank resolvability. In 2020, the SRB successfully aligned the annual update of resolution plans in a single 12-month RPC, running from April to March. Consequently, during the reporting year, the SRB completed the RPC 2020, implemented the RPC 2021 and prepared for the RPC 2022.

Figure 2: The Resolution Planning Cycle



<sup>7</sup> In accordance with Article 8(12) SRMR.

**Table 2:** Overview of resolution plan figures for Resolution Planning Cycles 2020 and 2021

Member State	Number of resolution plans expected to be adopted during RPC 2020 <sup>8</sup>	Number of resolution plans adopted for the 2020 planning cycle <sup>9</sup>	Number of SRB banks at 1 January 2021	Number of SRB banks at 31 December 2021	Number of resolution plans expected to be adopted during RPC 2021 <sup>10</sup>	Adjusted number of resolution plans expected to be adopted during RPC 2021 <sup>11</sup>	Number of resolution plans of RPC 2021 already adopted as of 31 December 2021 <sup>12</sup>	MREL decision expected during 2021 cycle
Belgium	6	6	8	7	7	6 <sup>13</sup>	1	12
Bulgaria	0	0	1	1	0	0	0	4
Germany	22	21	21	21	21	21	11	37
Estonia	1	1	3	3	1	1	1	1
Ireland	7	4	6	6	6	6	2	15
Greece	4	4	4	4	4	4	3	4
Spain	12	12	13	11	13	11 <sup>14</sup>	7	15
France	11	11	12	13	10	11 <sup>15</sup>	5	22
Croatia	0	0	0	0	0	0	0	7
Italy	13	12	12	12	12	12	7	41
Cyprus	3	3	3	3	3	3	3	5
Latvia	1	1	3	3	1	1	1	1
Lithuania	1	1	3	3	1	1	0	1
Luxembourg	5	4	5	5	5	4 <sup>16</sup>	3	12
Malta	2	2	3	3	2	2	1	2
Netherlands	7	6	6	7	5	5	1	12
Austria	8	8	8	8	8	8	4	23
Portugal	4	4	4	4	4	3 <sup>17</sup>	0	9
Slovenia	3	2	2	3	2	3	3	6
Slovakia	2	0	0	0	2	0 <sup>18</sup>	0	5
Finland	3	3	3	3	2	2	1	3
<b>Total</b>	<b>115</b>	<b>105</b>	<b>120</b>	<b>120</b>	<b>109</b>	<b>104</b>	<b>54</b>	<b>237</b>

<sup>8</sup> Resolution plans expected as per work plan 2020, which computed expected plans with as of mid-2019.

<sup>9</sup> Resolution plans actually adopted in the RPC 2020. See table 3 for details per batch.

<sup>10</sup> Resolution plans expected as per work plan 2021, which computed expected plans with as of mid-2020.

<sup>11</sup> Resolution plans expected as per 31 December 2021. See table 4 for details per batch.

<sup>12</sup> Resolution plans adopted by SRB before 31 December. See table 4 for more details per batch.

<sup>13</sup> No resolution plan expected for one bank considered host case

<sup>14</sup> No resolution plan expected for two banks as the result of mergers

<sup>15</sup> One additional plan expected to structural change of one bank in another Member State

<sup>16</sup> No resolution plan expected for one due to structural change of one bank in another Member State

<sup>17</sup> No resolution plan expected for one bank moving to simplified obligations.

<sup>18</sup> No resolution plan expected for two banks included in the parent entity resolution plan.



### Completion of Resolution Planning Cycle 2020 (April 2020-March 2021)

The SRB completed the first 12-month RPC in 2021. This 12-month cycle led to optimised decision-making and alignment with the processes of SRB stakeholders. It also supported the implementation of the Banking Package, which involved, amongst other things, the SRB setting binding intermediate and final external and internal MREL targets. The RPC 2020 also fully incorporated the gradual phase-in of the EfB. The success of the implementation of this compressed cycle relied on smooth cooperation with the NRAs, the Single Supervisory

Mechanism (SSM), close coordination between banks and internal resolution teams (IRTs), and the systematic implementation of lessons learned in previous cycles.

The RPC 2020 was completed in November 2021, with 105 resolution plans approved by the SRB. By the end of April, 82% of the plans had been adopted and this figure was over 90% by the end of May. The approval of some plans took place later than expected due to the late transposition of Bank Recovery and Resolution Directive 2 (BRRD2)<sup>19</sup> at national level in certain jurisdictions.

**Table 3: Implementation of Resolution Planning Cycle 2020**

Batch	Total expected resolution plans	Approved in 2020 and Q1 2021		Approved after Q1 2021	
Batch 1	31	31	100%	-	
Batch 2	30	29	97%	1	
Batch 3	44	26	58%	18	42%
<b>Total</b>	<b>105</b>	<b>86</b>	<b>82%</b>	<b>19</b>	<b>18%</b>

### Implementation of the Resolution Planning Cycle 2021 (April 2021 – March 2022)

The SRB launched the RPC 2021 in April 2021, once all banks under the SRB's remit had submitted their Liability Data Reports.

The common priorities for 2021 resolution plans, in line with the phase-in of the EfB, were:

- ▶ estimation of liquidity and funding needs in resolution,
- ▶ MIS capabilities for valuation data (including self-assessment report), and for bail-in execution,
- ▶ bail-in operationalisation: full bail-in playbooks ready by the end of 2021.

The SRB also communicated these common priorities, along with specific

bank priorities, via the priority letters sent to the banks in Q4 2020.

The SRB issued the guidance for the 2021 working priorities in March and April, updated the MREL policy, and complemented these with training courses and presentations to IRTs and banks. In addition, the SRB enhanced its guidance on certain topics to support IRTs responsible for drafting the resolution plans. This included the policies on resolvability assessments, PIA, solvent wind-down of trading books, and internal guidance on quality checks (see more details in section 1.4.1).

In addition to training sessions on specific topics, in April 2021, as in previous years, the SRB made available the RPC booklet, which summarises the main processes and

<sup>19</sup> Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC. Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019L0879>

relevant information of the cycle<sup>20</sup>. The SRB also presented the booklet in the 12th Industry dialogue (see section 1.4.1).

The RPC 2021 organised the 104 expected resolution plan updates in three batches. Staggering the preparation of plans makes it possible to maximise alignment with stakeholders' cycles, such as those of the ECB, the NRAs and the institutions themselves. This cycle design also embeds some essential steps in the RPC, such as training courses to ensure the correct application of the new policies and updated guidance documents, a thorough internal quality review, and efficient and effective preparation of SRB sessions and decisions. The SRB monitors the implementation of the RPC with an internal steering committee, which, in turn, keeps SRB management and decision-making bodies informed of progress.

In the RPC 2021, the IRTs successfully submitted all draft plans according

to their respective batch schedules, allowing for sufficient time for quality control, ECB consultations, and adequate preparation of decisions at the SRB Sessions. As of 31 December, 54 plans had been adopted and 33 summaries had been communicated to banks, according to schedule. The process for the rest of the plans except two was expected to be completed as per schedule in 2022.

In parallel with the preparation of resolution plans, IRTs also assess bank recovery plans provided by the ECB in line with Article 10(2) SRMR in order to identify any actions in the recovery plans that may affect the resolvability of the institutions. This assessment, which complements the ECB assessment of resolution plans, supports the coordinated action of supervisory and resolution authorities, and is thus key to ensure financial stability. In 2021, SRB updated its recovery plan guidance for IRTs and started the assessment of recovery plans in Q4, work that will continue in 2022.

**Table 4:** Implementation of the Resolution Planning Cycle 2021

Batch	Expected plans <sup>21</sup>	Draft plans submitted for ECB consultation	Resolution plans adopted before 31 December 2021	Resolution plans on track to be approved in 2022
Batch 1	20	20	19	5%
Batch 2	39	39	32	8%
Batch 3	45	45	3	93% <sup>23</sup>
<b>Total</b>	<b>104</b>	<b>104</b>	<b>54</b>	<b>50%</b>

### Preparation of Resolution Planning Cycle 2022 (April 2022 – March 2023)

The preparations for the upcoming cycle started in the second half of 2021, with the SRB sending the 2022 priority letters to all banks under the

SRB remit in September and October 2021. The three common priorities defined in line with the phase-in of the EfB are:

- liquidity and funding in resolution, specifically on banks capabilities

<sup>20</sup> Full document available here: <https://www.srb.europa.eu/en/content/resolution-planning-cycle-rpc-booklet>

<sup>21</sup> As of 31 December 2021. As of the date of finalisation of the report, two more resolution plans initially considered in batch 3 were no longer expected for RPC 2021 due to a merger and a crisis case. The plans had nonetheless been prepared and sent for ECB consultation.

<sup>22</sup> Calculated over the new total expected plans for batch 3, 42 plans.

<sup>23</sup> Ibid.

<sup>24</sup> New total of expected plans in 2022.

to identify and mobilise assets that can be used as collateral in and after resolution;

- ▶ separability and reorganisation plans, including the preparation of business reorganisation and separability analysis reports;
- ▶ information systems and MIS capabilities for bail-in and valuation data, which are expected to be completed by the end of 2022, following a simulation carried out during the year.

Besides these common priorities, the 2022 priority letters included institution specific-objectives in line with the EfB. In addition, the letters formally identified areas where further progress is needed to ensure that banks are fully resolvable by the end of 2023. The SRB announced there would be closer monitoring of the progress in these areas if required, (including a quarterly update through the usual communication channels) with a view to ensuring there are no material issues that might impede the feasibility of the resolution strategy of any institution (see section 1.3.3).

In September, the SRB published the overview of the resolution reporting requirements for 2022. In parallel, it continued working on the policy and operational deliverables for the upcoming cycle, as well as preparing a new training series on policies and resolution activities, with a mixed set of recorded and interactive online training sessions.

With the aim of continuously improving the RPC process, the SRB has developed ICT tools to facilitate data collection, quality checks and overall improve the efficiency of the internal and external steps of the process, some of which were already in place for the RPC 2021 (see section 2.3.2).

### 1.3.2 MINIMUM REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES

The SRB monitors banks' compliance with their current external and internal MREL targets under BRRD<sup>25</sup>, binding from 1 January 2022, and the compliance of Global Systemically Important Institutions (G-SIIs) and material subsidiaries of non-EU G-SIIs with Total Loss-Absorbing Capacity (TLAC) and internal TLAC requirements. The SRB publishes the aggregated quarterly results on MREL dynamics in a MREL dashboard, available on the SRB's external website. During the reporting year, the SRB published four quarterly updates of the MREL dashboard, covering Q3<sup>26</sup> and Q4<sup>27</sup> of 2020 and Q1<sup>28</sup> and Q2<sup>29</sup> of 2021.

The external final 2024 MREL target including the combined buffer requirement (CBR) stood at 26.06% total risk exposure amount (TREA) on average and at 17.61% TREA for the subordination component including the CBR.

<sup>25</sup> Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council Text with EEA relevance. Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0059>

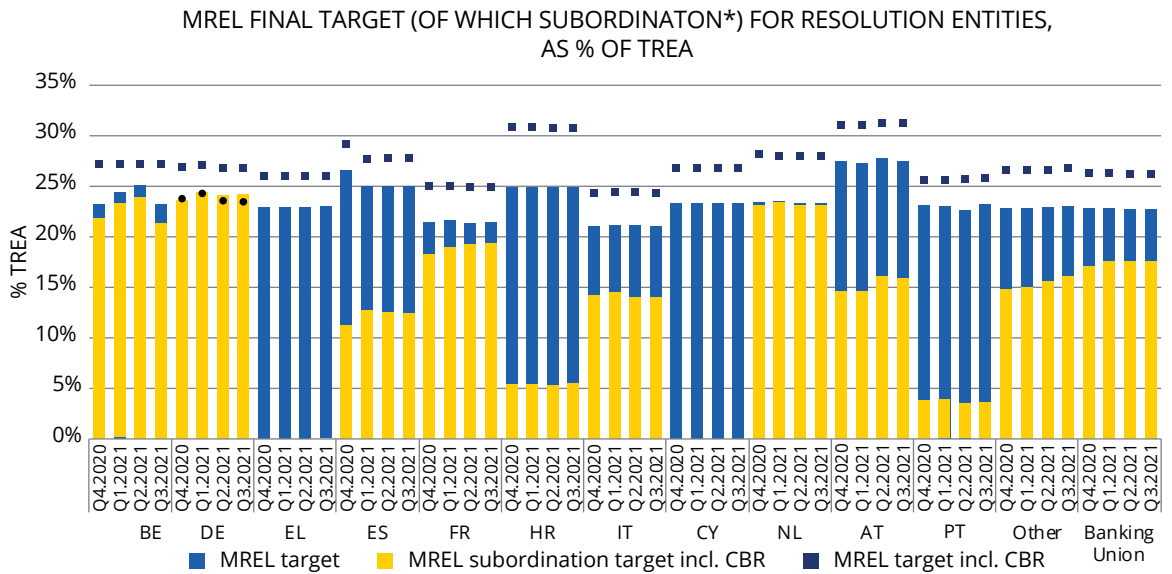
<sup>26</sup> Full document available here: [https://srb.europa.eu/sites/srbsite/files/20210208\\_srb\\_mrel\\_dashboard\\_q3-2020.pdf](https://srb.europa.eu/sites/srbsite/files/20210208_srb_mrel_dashboard_q3-2020.pdf)

<sup>27</sup> Full document available here: [https://www.srb.europa.eu/system/files/media/document/srb\\_mrel\\_dashboard\\_q4-2020.pdf](https://www.srb.europa.eu/system/files/media/document/srb_mrel_dashboard_q4-2020.pdf)

<sup>28</sup> Full document available here: [https://www.srb.europa.eu/system/files/media/document/2021-07-26%20SRB%20MREL%20dashboard%20Q1%202021\\_0.pdf](https://www.srb.europa.eu/system/files/media/document/2021-07-26%20SRB%20MREL%20dashboard%20Q1%202021_0.pdf)

<sup>29</sup> Full document available here: [https://www.srb.europa.eu/system/files/media/document/2021-12-02\\_SRB-MREL-Dashboard-Q2.pdf](https://www.srb.europa.eu/system/files/media/document/2021-12-02_SRB-MREL-Dashboard-Q2.pdf)

Figure 3: MREL final targets for resolution entities<sup>30</sup>



\* The specific level of subordination targets varies across countries and is driven by a variety of factors, ranging, among others, from: (i) the risk density, (ii) the share of Pillar 1 banks and (iii) NCWO risk and adjustments. As a result, some banks - such as those in CY and GR - are not subject to subordination requirements

• MREL target is lower than the MREL subordination target including the CBR (i.e. for DE)

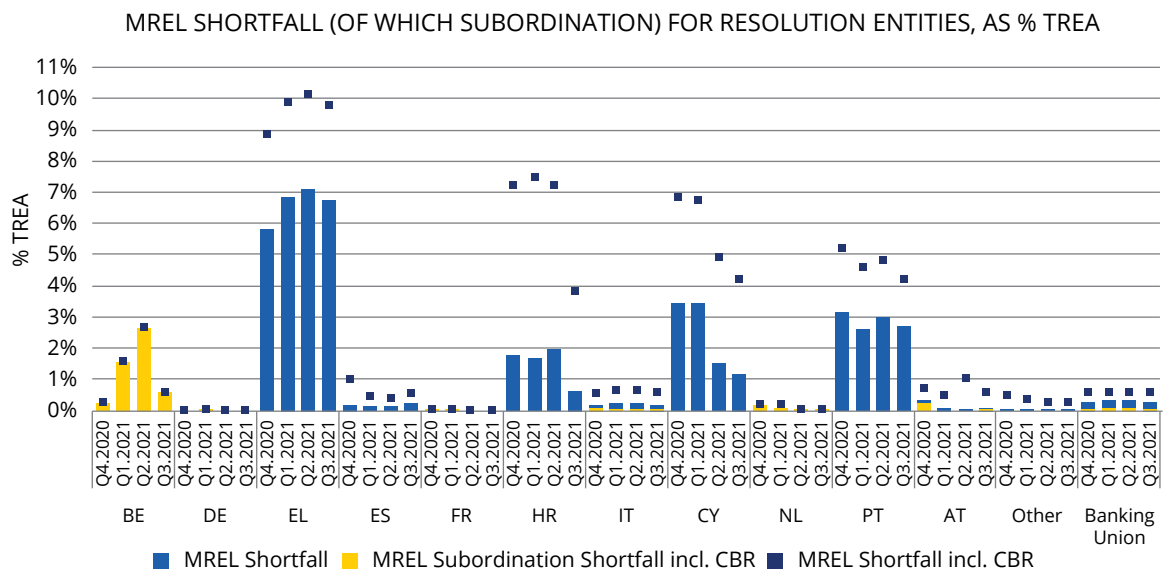
**Other:** BG, EE, FI, IE, LV, LT, LU, MT, SI, SK

**Source:** SRB MREL Dashboard Q3 2021

The corresponding MREL shortfall reached 0.48% TREA (or EUR 34.6 billion). Focusing on the 2022 intermediate target, almost all banks were expected to respect the binding

intermediate target. During Q3 2021, banks under the SRB remit issued EUR 42.9 billion of MREL eligible instruments, and issuers opted mainly for senior bonds (35.1% of total issuance).

Figure 4: MREL shortfalls against final targets for resolution entities



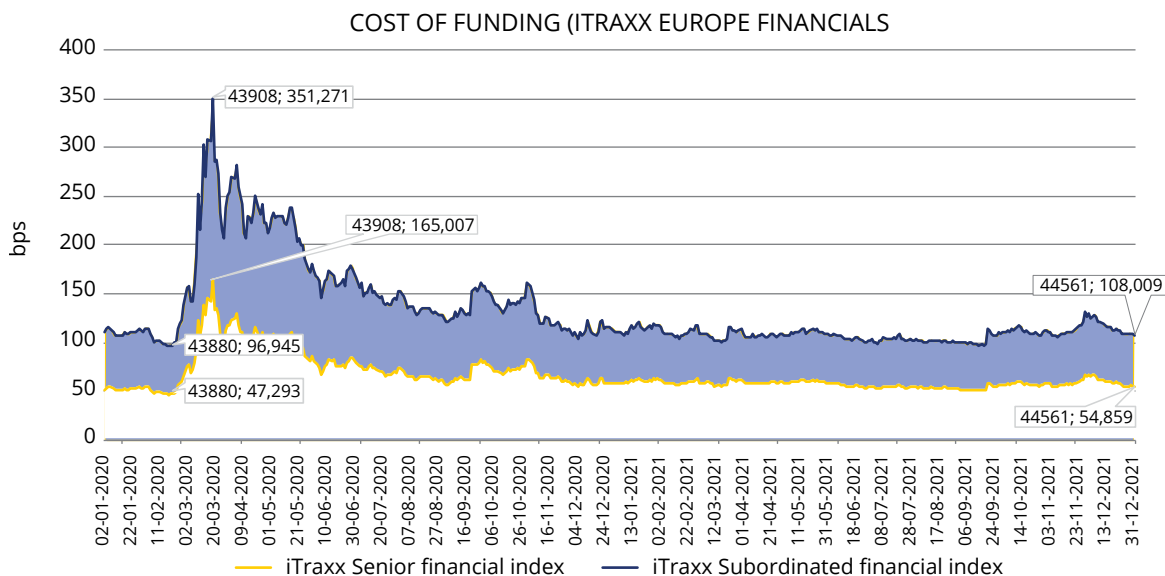
**Source:** SRB MREL Dashboard Q3 2021

<sup>30</sup> The specific level of subordination targets varies across countries and is driven by a variety of factors, ranging, among others, from: (i) the risk density, (ii) the share of Pillar 1 banks and (iii) No Creditor Worse Off risk and adjustments. As a result, some banks - such as those in CY and GR - are not subject to subordination requirements

Funding costs marginally deteriorated, staying slightly above their pre-pandemic levels over the Q 2021 (the subordinated and senior debt indexes were at 1.1 and 1.2 times

their pre-Covid-19 levels, respectively) and spreads between senior and subordinated instruments were tight, despite the volatility seen in the funding markets.

**Figure 5 Cost of funding (iTraxx Europe financials)**



**Source:** Bloomberg Finance L.P.

The SRB issued various policies and guidance documents during the year, including the MREL policy update for the RPC 2021 (see more details in section 1.4.1). In addition, the SRB published an update to its provisional policy to prior permissions for eligible liabilities, in line with the draft regulatory technical standards (RTS) expected to be adopted in 2022. The draft RTS include some material changes on the conditions for authorisation compared to the SRB provisional policy, in particular regarding the authorised envelope for redemptions (the pre-determined amount) and the need to deduct it upfront from banks' MREL resources. This update is intended to clarify the permissions regime applicable as of 1 January 2022, allowing the

industry to familiarise itself with the procedure, limiting the need for some banks to submit multiple applications, and facilitating a smooth transition to the new framework.

Throughout the year, the SRB also introduced changes in the processes and frequency of banks' MREL reporting to enhance the quality of data available and respond to the sequential approach to Resolution Reporting, in which the SRB will centralise reports from Banking Union NRAs before reporting to the EBA.

In March, the SRB published a communication on its approach to liabilities governed by UK law without a contractual bail-in recognition clause as being eligible for

MREL<sup>31</sup>. The approach should ensure a smooth transition, avoiding any disproportionate effects on the banks, while still serving the overarching goal of achieving the resolvability of banks. The volume of the instruments concerned is expected to gradually decrease over time as they mature. The SRB will continue to monitor the resolvability of banks whose liabilities include such instruments and may review the approach expressed in the communication if changing circumstances affect the resolvability of those banks.

The SRB also published guidance for bank notifications in relation to Article 55(2) BRRD where banks determine it is legally or otherwise impracticable to include bail-in recognition clauses in liabilities issued under third country law, following the requirement of Article 55(1) BRRD. The SRB first published the guidance in June 2021 to give advance notice to banks, and then updated it in October following the entry into force of all the relevant legislation<sup>32</sup>. The policy spelt out that, once banks have duly ensured that their determinations are in line with the relevant conditions, they need to notify the competent resolution authority. The competent resolution authority then generally<sup>33</sup> has 3 months to assess the notification and deliver its final opinion on the bank's determination. Based on Article 55(7) BRRD and in order to help in simplifying the notification of

certain groups of liabilities, the SRB identified four preliminary categories of liabilities<sup>34</sup> for which the impracticability notification and assessment are streamlined. Since the regulatory framework entered into force in October 2021, banks under the guidance and in cooperation with their competent authorities regularly notified such cases. Liabilities that do not contain bail-in recognition clauses (for reasons of impracticability or otherwise) will not count towards MREL, though they remain bail-in-able and are closely monitored under the more general resolvability requirements.

### 1.3.3 RESOLVABILITY ASSESSMENTS

The SRB approved its policy on resolvability assessment in Q2 2021, and subsequently applied it to all banks under the SRB remit for which the strategy is resolution in the RPC 2021.

In accordance with this policy, IRTs assess the progress made by banks on resolvability conditions and the relative impact of these conditions on the feasibility of the banks' resolution strategy, using the SRB heat-map horizontal criteria<sup>35</sup>.

Based on the progress and impact assessments, IRTs then assess the existence and materiality of potential impediments and consider appropriate corrective action where needed. The 2022 priority letters, sent in

<sup>31</sup> The SRB will consider liabilities governed by UK law without a contractual bail-in recognition clause as eligible for MREL, if they: (i) otherwise satisfy applicable MREL criteria; and (ii) were issued on or before 15 November 2018, when the SRB published its resolvability expectations for banks in the context of Brexit and noted the potential consequences of Brexit for banks' existing stock of UK law governed MREL instruments. This exemption shall apply until 28 June 2025, to ensure alignment with the prudential grandfathering of the requirement to introduce contractual recognition clauses in own funds instruments provided for in Article 494b CRR. Any liability governed by UK law issued or materially amended after 15 November 2018 must include a contractual bail-in recognition clause to be eligible for MREL.

<sup>32</sup> European Banking Authority Regulatory and Implementing Technical standards were adopted by Delegate Regulation of the European Commission (2021/1751), published on 1 October 2021. Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1751>

<sup>33</sup> The initial 3-month period might be extended to 6 months in complex cases.

<sup>34</sup> More details in these four categories in the published guidance: <https://www.srb.europa.eu/system/files/media/document/2021-10-25%20SRB%20Article%2055%20guidance.pdf>

<sup>35</sup> See further details here: <https://www.srb.europa.eu/en/content/srbs-new-heat-map-approach-enhances-resolvability-assessment>



Q4 2021, indicated, in their institution-specific objectives, in which resolvability conditions the SRB expects to see evidence of corrective action, so that the impediment can be adequately reduced or removed within a short timeframe. Banks are expected to include such corrective actions in their annual or multi-annual work programmes for close monitoring by the SRB's IRTs in the next cycle.

In case material impediments are identified, the SRB may trigger the substantive impediments procedure, in light of how severely they affect the overall feasibility of the resolution strategy, the measures<sup>36</sup> available to the SRB to address them, as well

as the circumstances in which each measure may be applied in accordance with the EBA guidance<sup>37</sup>.

In contrast, when corrective actions are adequately demonstrated, banks show progress towards resolvability. This satisfactory progress towards resolvability in certain areas is a criterion that can be considered when calibrating MREL, and sets good practice for benchmarking, affecting the classification in the SRB heat map. The 2021 SRB heat map exercise will be used to communicate and start disclosure on banks' progress towards resolvability in light of the phasing-in period of the Efb and MREL policy.

**The SRB heat map** is a tool to monitor, benchmark and communicate on banks' progress towards full resolvability, and constitutes a milestone in the SRB resolution framework.

The heat map classifies the banks' resolvability by using **harmonised horizontal criteria** to classify each banks' progress towards resolvability, based on the Expectations for Banks (Efb) and the MREL policy; and a **principle of proportionality**, which takes into account the banks' business model characteristics and specific resolution strategies.

On the one hand, the heat map reflects the **individual assessment of resolvability** of the banks under SRB remit, while on the other, it allows for **benchmarking** across banks, peer groups and resolution strategies across the Banking Union, as well as comparison with resolution frameworks outside the EU.

Methodological work was completed in 2021 and the heat map is expected to be published in 2022.

### 1.3.4 DEEP DIVES AND ON-SITE INSPECTIONS

During 2021, the SRB completed a guide on deep dives on the following topics: MREL, operation continuity in resolution, liability data reporting, and SRF reporting, and it provided relevant training to SRB and NRA staff.

In Q4, IRTs performed 13 deep dives, covering ten banks under SRB remit.

Despite Covid-19-related restrictions, the teams managed to visit in person seven of the selected banks.

The deep dives started with a notification letter to the banks, inviting them to the exercise. After the acceptance from the banks, the IRTs asked banks to upload their documents to the ICT platform (the same as currently used for crisis cases and SRF data collection) within a period of 4 to 6 weeks.

<sup>36</sup> SRMR Article 10(11).

<sup>37</sup> EBA/GL/2014/11, full document available here: <https://www.eba.europa.eu/sites/default/documents/files/documents/10180/933988/d3fa2201-e21f-4f3a-8a67-6e7278fee473/EBA-GL-2014-11%20%28Guidelines%20on%20Impediments%20to%20Resolvability%29.pdf?retry=1>.

Following this, the IRTs analysed the information and scheduled meetings to review the banks' documentation during the on-site phase. This phase ended with an exit meeting, in which the IRTs briefly highlighted the main outcomes to the banks' management. The teams concluded their deep dives with a confidential report shared with the NRAs and the SRB. Lastly, the SRB submitted follow-up letters to the banks, to summarise the main findings and invite them to liaise with their IRTs in order to address these findings.

Collaboration between NRAs and SRB staff, plus good cooperation with the banks subject to the deep dives was key to the success of this exercise. It produced valuable outcomes in terms of further development of guidance for banks, additional ICT tool enhancements, and it made clear the support needed by NRAs. Based on the positive experience in 2021, the SRB will expand the deep dives in 2022, and will continue fine-tuning the SRB deep-dive guidance in order to enforce the EfB. The SRB should be ready to perform its full on-site inspections by mid-2023.

#### Deep dives versus On-site inspections

- ▶ **On-site inspections** are in-depth investigations to assess whether banks meet the conditions of the EfB that will ensure their resolvability in the event of failure.

→ Based on Article 36 SRMR

- ▶ **Deep dives** are an extension of the IRT resolution planning activity, usually taking place at the banks' premises. More generally, deep dives are considered a way of obtaining additional information for resolution planning purposes.

→ Based on Article 11 BRRD and Article 34 SRMR

### 1.3.5 LESS SIGNIFICANT INSTITUTIONS OVERSIGHT FUNCTION

As per the requirements of the SRMR, the SRB executes an oversight role for the LSIs under the NRAs' direct competence, including the assessment of draft LSI resolution measures<sup>38</sup> before their formal adoption by NRAs. The objective of this oversight function is to ensure consistency in resolution planning between the significant institutions and LSIs within the same Member State, and among LSIs across the Banking Union, taking into consideration proportionality and national specificities. The RPC for LSIs follows the same April-to-March

cycle as the RPC for significant institutions.

According to information received from the NRAs, 2 085 LSIs required resolution planning in the RPC 2021. After the RPC, 1 932 LSIs were covered by resolution plans. Of the 1 932 total, 675 LSI plans were assessed by the SRB in the RPC 2021 (either updates of the previously prepared plans or their first versions) and 1 257 LSI plans under simplified obligations that had been prepared in previous RPCs remained in force for the RPC 2021. Details can be found in the following table.

<sup>38</sup> Resolution measures include, among others, resolution plans, MREL decisions, eligibility for the application of simplified obligation as well as PIA decision in respect of LSI failing or likely to fail.

**Table 5:** Detailed overview of LSIs resolution planning in Resolution Planning Cycle 2021

Member State	Number of LSIs for which resolution plans are required, as of 31 December 2021	Plans prepared in the RPC 2021	Plans under simplified obligations adopted in previous RPCs and remaining in force for the RPC 2021	Total number of LSIs covered by resolution plans in the RPC 2021
	A	B	C	D=B+C
Belgium	14	2	11	13
Bulgaria	13	13	0	13
Germany	1 255	43	1 083	1 126
Estonia	6	6	0	6
Ireland	9	5	4	9
Greece	11	5	5	10
Spain	52	33	19	52
France	73	37	33	70
Croatia	14	4	10	14
Italy	119	47	65	112
Cyprus	5	5	0	5
Latvia	9	9	0	9
Lithuania	10	3	2	5
Luxembourg	49	40	8	48
Malta	14	12	2	14
Netherlands	22	14	2	16
Austria	368	368	0	368
Portugal	23	18	5	23
Slovenia	5	1	4	5
Slovakia	5	4	1	5
Finland	9	6	3	9
<b>TOTAL</b>	<b>2 085</b>	<b>675</b>	<b>1 257</b>	<b>1 932</b>

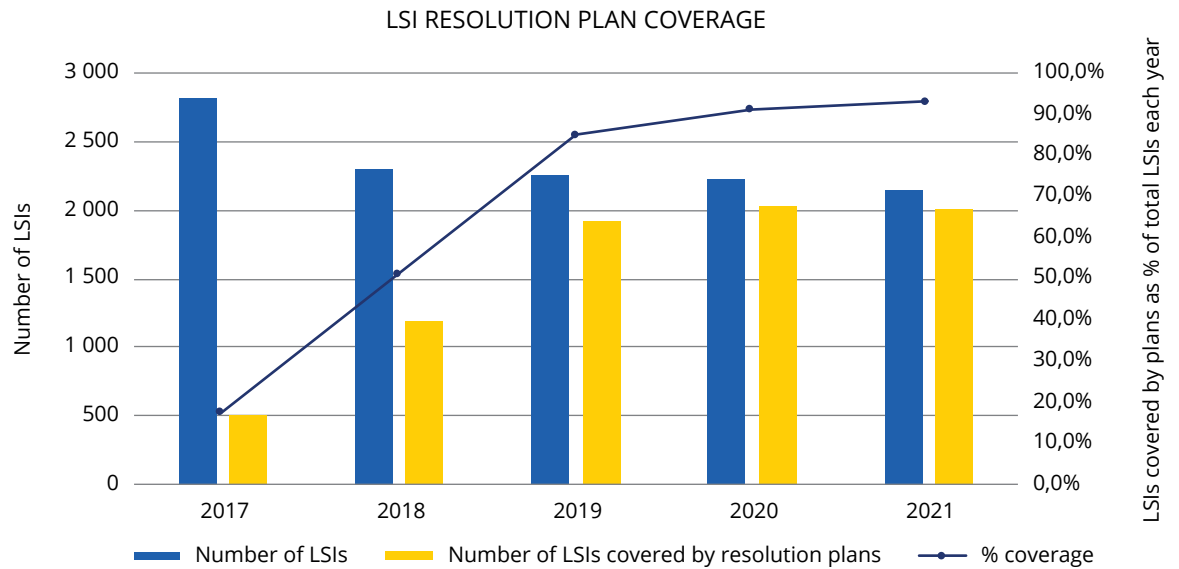
**Less significant institutions**

About 2 200, LSIs represent the great majority of banks in the Banking Union by number. The aggregated LSI total assets amount to over EUR 4.4 trillion (around 14% of the entire banking sector) in the whole Banking Union, or almost one third of the combined gross domestic product of the 21 Member States.

LSIs resolution plans' coverage has made significant progress in the last four years, and, as of RPC 2021, is at 92.7% of the total number of LSIs, marking steady progress over the years. A limited number of resolution plans could not be prepared during the current cycle due to various reasons: entry in force of new regulatory frameworks; mergers

and acquisitions affecting corporate structure of LSIs; or LSIs of recent creation for which necessary data to carry out supervision or resolution in their respect were not yet available. Of all the plans in the RPC 2021, around 3% (64 plans) include resolution as the preferred strategy, whereas the rest foresee liquidation under normal insolvency procedures.

Figure 6: Progress LSIs covered by resolution plans



Collaboration with NRAs remains key for the successful oversight of LSIs. During the reporting year, the SRB and NRAs maintained regular bilateral and multilateral contacts. In Q4, the SRB conducted structured mid-term bilateral meetings with all 21 NRAs to discuss the practical aspects of the ongoing resolution planning, as well as to provide feedback and advice ahead of the formal notification of the draft LSI resolution plans to the SRB. These bilateral meetings also served to discuss a wide range of issues pertaining to the LSI sector and LSI resolution planning. Additional bilateral meetings took place throughout the year to discuss specific issues. Furthermore, during the year the SRB and all NRAs staff regularly met at the LSI Task Force<sup>39</sup>, Resolution Committee and high-level

SRB-NRA meetings to discuss the overall progress, horizontal issues, and implementation of the SRB’s policies and exchanges of best practices among NRAs.

In 2021, the SRB LSI oversight function significantly improved in terms of data capabilities and data management, delivering additional analytical insights about the LSI sector and bringing solid evidence for decision-making. This enhanced data management had a particular positive impact on the LSI crisis management system, which aims to identify LSIs experiencing financial distress at an early stage. The SRB performed regular monitoring of LSIs, in close cooperation with NRAs and complementing with regular exchanges with the ECB and the SSM.

<sup>39</sup> Composed of representatives from all NRAs, the Commission, the ECB and the EBA.

## 1.4. Fostering a robust resolution framework

During 2021, the SRB endeavoured to promote a robust resolution framework within the Banking Union by developing relevant policies for resolution, contributing to the policy debate to upgrade the resolution framework for SRB banks and LSIs, and adopting and publishing guidance to operationalise the legislation. As leading resolution authority for the financial sector in the Banking Union, the SRB closely collaborated with, amongst others, the ECB, EBA and the ESRB. The SRB also cooperated with international partners and third countries to ensure that resolution standards also support the SRB's mandate.

### 1.4.1 DEVELOPMENT AND DISSEMINATION OF SRB POLICIES

#### Development of resolution policies

During 2021, the SRB updated and published all **policies related to the priorities for the RPC 2021** and progressed on some of the policies relevant for the RPC 2022.

#### Liquidity and funding in resolution

► In April, in time for application in RPC 2021, the SRB published new guidance on liquidity and funding in resolution, focusing on the estimation of liquidity needs and aiming to support banks' preparedness for resolution, taking into account the potential liquidity stress a bank may suffer before, during and after resolution. The SRB continued working on additional guidance elements on banks' ability to measure, report and forecast their liquidity position during resolution, and their ability to identify and mobilise assets that could be used to obtain liquidity in resolution. The SRB expects to publish

this further guidance in 2022, following the gradual phase-in of the EfB, as banks are expected to be fully compliant in the area of liquidity and funding in resolution by the end of 2023.

#### Minimum Requirements for own funds and Eligible Liabilities

► Also in April, the SRB updated the MREL policy for the RPC 2021, introducing new elements and refinements based on the changes required by the Banking Package. In addition, the SRB published an update to its provisional policy to prior permissions for eligible liabilities, aligning with the draft RTS that are expected to be adopted in 2022 (for more details, see section 1.3.2).

#### Public interest assessment

► In May, the SRB published a revised approach to the PIA policy in resolution planning, which was intended to complement the current policies on how to perform the PIA and assess the credibility and feasibility of the preferred resolution strategy during resolution planning. This addendum to the policy improved the PIA approach by taking into account that a bank's failure might take place during a period of broader financial instability or a system-wide event, in which case, the choice of the best resolution strategy is even more crucial to protect European taxpayers and financial stability.

► The improved policy was accompanied by a comprehensive toolkit including reinforced dashboards, fostering a harmonised analytical approach to the PIA with the use of all data available to the SRB. Furthermore, additional quality

control of data and dedicated training sessions for the inclusion of system-wide events in the PIA and on the PIA analytical toolkit were provided to SRB and NRA staff. The RPC 2020 already made use of the enhanced PIA dashboards, which became a regular toolkit in the RPC 2021. The SRB will continue improving the toolkit in 2022.

- ▶ In preparation for the RPC 2022, the SRB worked on the introduction of another policy enhancement to the PIA in relation to DGSs. The objective of this enhancement is to bring further clarity, consistency, and operational and analytical support to the PIA considering the DGSs when assessing the impact of a bank failure to financial stability and depositor's protection. The work is expected to be finalised in 2022.
- ▶ Additionally, in preparation of the RPC 2023, the SRB took initial steps to strengthen the PIA assessment of critical functions at regional level and the criticality of the deposit and payment functions to non-monetary financial institutions. The main objective was to improve the analysis of some specific elements needed to evaluate criticality as foreseen in Commission Delegated Regulation (EU) 2016/778<sup>40</sup>, in particular when it comes to assessing the impact and substitutability of functions of an institution that is failing or likely to fail. The SRB expects to complete these improvements in 2022.

### Separability

- ▶ Also in preparation of the RPC 2022, the SRB published in October the 'Operational guidance on separability for partial transfer tools', which provided the banks with more detail on how to deliver the relevant information and analysis via the separability analysis report and the transfer playbook. Both documents will be part of the resolution plans for the banks with transfer resolution strategies, according to the EfB. The SRB provided training to the IRTs and external partners on the details of the policy and guidance, internal and external projects and existing experience on separability analysis.

### Management Information Systems for valuation

- ▶ In December 2020, the SRB published the final standardised dataset to ensure that the minimum needed data is available to support a robust valuation for bank resolution<sup>41</sup>. Throughout 2021, the Internal Technical Network on MIS for valuation provided support to the IRTs in the implementation of these instructions.

The SRB also worked and produced **policies and guidance in other essential areas of the resolution framework:**

- ▶ In March 2021, the SRB issued a document describing the elements that banks should consider for the operationalisation of the bail-in in respect of international bearer debt securities issued by and safekept in the

<sup>40</sup> Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0778&from=EN>

<sup>41</sup> In particular, the SRB published three documents:

- The final SRB Valuation Data Set instructions document, developing the SRB Valuation Data Set and establishing clear expectations in relation to data needs.
- The final explanatory note aiming to provide guidance to the banks regarding their MIS capabilities to produce information that is as up to date and complete as possible and of adequate quality to carry out a fair, prudent and realistic valuation.
- A feedback statement to the consultation that addressed the main comments received on the consultation and it is published alongside the final SRB Data Set for valuation.

international central securities depositories (ICSDs), Euroclear Bank (EB) and Clearstream Banking Luxembourg (CBL). Banks were expected to reflect the content of this document in their bail-in playbooks as from 2021.

- ▶ In November 2021, the SRB published the updated operational guidance on Operational Continuity in Resolution, which provided clarifications to banks on how to implement the SRB's expectations related to financial resilience and staffing, in line with the phase-in of these topics under the Efb.
- ▶ In December 2021, the SRB published guidance on solvent wind-down of derivatives and trading books in resolution, in line with its Efb, following work at FSB level, surveys, a pilot and consultation with global systemically important banks (G-SIBs). It applies to all banks with material trading books and aims to improve the credibility and feasibility of

their resolution strategies. The application of the guidance and corresponding internal policy will start as of the RPC 2022.

As part of **contributions to the wider resolution framework**, during 2021, the SRB relaunched the work on cooperative banks with a view to promoting an increased level of consistency in treatment of cooperative banks in resolution planning phase and in crises, as well as addressing their specific problems. The Cooperatives Internal Technical Network<sup>42</sup> covered 13 cooperative banks and banking groups within the remit of the SRB, out of which two G-SIBs, representing approximately EUR 5 690 billion total assets. The network developed a cartography, which provides an overview of cooperative banking groups' commonalities and differences, their operational frameworks, main features, governance models, ownership instruments and internal arrangements established to secure mutual support.

<sup>42</sup> Internal Technical Networks are multidisciplinary forums formed by SRB experts of various units with expertise in the relevant subjects.



**Table 6: Progress against planned SRB policies in 2021-2023**

SRB policies planned for 2021-2023 <sup>43</sup>	2021	2022	2023
SRB MREL Policy (update)	✓	•	•
MREL: Implementation/application/contribution to EBA Regulatory Technical Standards on eligible liabilities, on permission to reduce eligible liabilities instruments, EBA Implementing Technical Standards on MREL / TLAC reporting and disclosure, on reporting of MREL decisions to the EBA, relevant EBA reports on MREL.	✓		
MREL: EBA Regulatory Technical Standards on setting the MREL 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 <sup>44</sup>	✓		
MREL: EBA RTS 3.0 on ITS on reporting (BRRD2)	✓	•	•
Reporting: EBA RTS 2.10 and ITS on resolution templates	✓	•	•
Resolution scenarios to be considered for resolution planning	✓	•	
PIA policy <sup>45</sup>	✓	•	
Liquidity: Operational guidance on assessing funding needs in resolution <sup>46</sup>	✓	•	
Liquidity: Operational guidance identification and mobilisation of collateral during and after resolution <sup>47</sup>	✓	•	
Solvent wind-down	✓	•	
Methodology for resolvability assessment, including separability analysis and restructuring, resolution tools specifics and relevant EBA work in this area	✓	•	
Bail-in: use of ancillary powers (Article 64 BRRD) and use of moratorium powers	✓		
Bail-in: EBA RTSs on Article 55 and on contractual terms for resolution stay powers	✓	•	
FMI: FSB templates of information that banks and resolution authorities need from FMIs for resolution planning and execution; FSB paper on approaches to promote information exchange and communication protocols between FMIs, resolution authorities and banks	✓	•	
Legend	• Planned	✓ Delivered as planned	✗ Not delivered as planned

### Dissemination of resolution policies

The SRB was proactive in the dissemination of policies and exchange of views with a variety of resolution stakeholders in 2021, and organised and participated in various events throughout the year (see more details in section 2.3.5).

In February, the SRB and the European Banking Institute organised the Second Conference on Bank Resolution. The topics covered by a number of academic speakers

included the harmonisation of EU bank liquidation laws, the post-Brexit world and the importance of international standard setting, home/host balance and cross-border resolution, non-performing loans, and a panel discussion on the lessons from Covid-19 for future white swan events.

Throughout 2021, the SRB maintained its commitment to important events such as the Industry Dialogues. The 11th Dialogue took place in December 2020 and the 12th took place in June

<sup>43</sup> As planned in the Multi-Annual Programme 2021-2023

<sup>44</sup> This policy item refers to the SRB work completed in 2020/21 on: i) the participation to the drafting team of the EBA RTS on daisy chains, which has been instead transformed by the European Commission into a legislative 'quick fix' proposal, and ii) the expansion of the scope of iMREL, in the 2021 MREL policy, covering intermediate entities in a daisy chain

<sup>45</sup> SRB also took part in the PIA related work in EBA, including a survey in PIA good practices.

<sup>46</sup> Reformulation of item compared to SRB Multi Annual Programme 2021-2023 for sake of precision.

<sup>47</sup> Reformulation of item compared to SRB Multi Annual Programme 2021-2023 for sake of precision. Policy item to be completed in Q1 2022.

2021. Both the 11th and 12th Dialogues were important for the successful implementation of the RPC 2021, and for sharing information and receiving feedback from the industry on the latest developments in resolution-related policies. Continuous cooperation with industry is key for improving the resolvability of the banking sector within the Banking Union.

In April and September, the SRB Chair participated in Eurofi's high-level virtual seminar and its bi-annual conference, taking part in panel discussions on potential improvements

to the existing resolution framework, such as the completion of the Banking Union and the enhancement of the PIA with system-wide scenarios. In addition, throughout the year, the SRB participated in different capacities in conferences and webinars organised by the International Association of Deposit Insurers (IADI) and the Financial Stability Institute, joined the high-level Financial Crisis Forum, hosted jointly by Yale University and the Bank for International Settlements (for more details, see section 2.3.5).

### Industry Dialogues in figures

#### 11th Industry Dialogue (14.12.2020)

##### Over 100 external participants

Themes:

Preparations for the **Resolution Planning Cycle 2021**,  
Expected updates in the **MREL policy 2021**

Current state of play of the **Single Resolution Fund**, including information on the General Court judgment regarding *ex ante* contributions

Presentations available [here](#).

#### 12th Industry Dialogue (14.6.2021)

##### Over 80 external participants

Themes:

Status of the **RPC 2021 and RPC booklet**,  
**update** on the **MREL policy 2021**

Current state of play of the **Single Resolution Fund**, including information on the General Court judgment regarding *ex ante* contributions

Presentations available [here](#)

### 1.4.2 QUALITY ASSURANCE OF RESOLUTION PLANNING AND BENCHMARKING

A fundamental step of the annual update of resolution plans is the internal quality assurance, which aims to ensure the quality and consistency of resolution plans drafted by the various IRTs, and that the plans drafted by the IRTs are in line with the agreed policies. Being parallel to the phased in introduction of the

EfB, new aspects of policies quality assurance introduces new aspects to ensure in each subsequent RPC. This way, the process also allows gaining insights as to the need to develop new or improve existing policies and guidance for future RPCs.

During 2021, the SRB performed quality reviews of 110<sup>48</sup> draft resolution plans over a period of 8 months, within the RPC. In 2021, two new SRB

<sup>48</sup> Total number of plans assessed might differ from number of resolution plans adopted by the SRB due to some entities having Multiple Point of Entry, where there are several draft plans to assess for each group, but are adopted as one.

policies entered into force, enhancing and affecting the resolution planning and quality assurance function. First, the resolvability assessment methodology required IRTs to assess the progress made by their banks on the phased-in EfB (see section 1.3.3). Second, the system-wide event in the PIA policy required IRTs to take into account system-wide events when assessing both the credibility and feasibility of liquidation under normal insolvency proceedings and of the preferred resolution strategy when conducting the PIA. The application of this policy, coupled with the mandatory application of the data-driven PIA dashboards, led to changes in the PIA outcome for some banks reducing the number of SRB banks subject to normal insolvency proceedings. Other critical aspects also included in the quality assurance were the analysis of critical functions and the identification of needs of liquidity in resolution.

The quality assurance process within the RPC 2021 was closely interlinked with work on resolvability assessments, with an aim of also assessing the progress achieved by banks in implementing the EfB and to ensure benchmarking of these results on a horizontal basis (for more details see section 1.3.3).

#### **1.4.3 MONITORING OF AND CONTRIBUTIONS TO EXTERNAL POLICY AND REGULATORY ACTIVITY**

Through 2021, the SRB engaged closely with the Parliament, the Council, the Commission, the ECB and the EBA to contribute to the progress of relevant regulatory and policy themes. As foreseen in its annual work plan, the SRB provided its technical expertise on the operationalisation of the common backstop; a legislative proposal on 'measures for a robust bank resolution and insolvency framework';

the preparations to implement the Central Counterparties (CCP) Recovery and Resolution framework; and the contributions to a legislative on cyber-security for financial firms.

Furthermore, during the year, the SRB engaged with European institutions on other regulatory matters, maintained regular coordination with the SSM, as well as the Commission and the Parliament, and regularly participated, upon invitation, in the various Council committees: the Eurogroup, the Economic and Financial Committee, and the Financial Services Committee. The SRB also reached out to organise meetings with assistants to Members of the European Parliament to update them on Banking Union topics. The SRB also collaborated closely with the ECB, EBA and the ESRB.

#### **Common backstop**

As the Eurogroup had agreed on the early introduction of the common backstop in November 2020, most of the SRB's work in this area during 2021 was aimed at operationalisation by early 2022 (for more technical details, see section 1.6.3). The SRB proactively participated in the Task Force on Coordinated Action, a technical expert level group of the Eurogroup Working Group, in order to proceed with amendments to the backstop documentation. During the year, meetings of the Task Force on Coordinated Action covered issues concerning liquidity in resolution, the termination of the bilateral loan facility agreements (LFAs) between the SRB and Member States, the European Stability Mechanism (ESM) early warning system, SRB's collateral policy, and discussions related to the use of guarantees. The Member States approved the package for the common backstop in October 2021, supporting its introduction in early 2022.

In response to the global financial crisis, the EU took decisive action to create a safer financial sector for the EU single market, enhancing the **Single Rulebook** for all financial actors, comprising stronger prudential requirements for banks, improved protection for depositors and rules to manage failing banks. The first two pillars of the Banking Union – the single supervisory mechanism (SSM) and the single resolution mechanism (SRM) – were created. The third pillar of the Banking Union, a European deposit insurance scheme, has not yet come into being.

The EU bank **crisis management** and deposit insurance framework lays out the rules for handling bank failures while protecting depositors. It consists of three EU legislative texts acting together with relevant national legislation: the Bank Recovery and Resolution Directive (BRRD – Directive 2014/59/EU), the Single Resolution Mechanism Regulation (SRMR – Regulation (EU) 806/2014), and the Deposit Guarantee Schemes Directive (DGSD – Directive 2014/49/EU), as well as other regulation which contains complementary provisions.

### Legislative proposal on the revision of the Crisis Management and Deposit Insurance framework

The SRB participated in the Commission consultation on the review of the bank crisis management and deposit insurance (CMDI) framework, meant to inform the preparation of a legislative proposal to review BRRD, SRMR and Deposit Guarantee Schemes Directive (DGSD)<sup>49</sup>. The SRB's submission<sup>50</sup> urged the completion of the Banking Union with the establishment of its third pillar, the European Deposit Insurance Scheme (EDIS) and identified possible enhancements to further strengthen the CMDI framework, in particular with regard to medium-sized banks<sup>51</sup>. In addition, throughout the reporting year, the SRB actively participated in the political and technical fora discussing the completion of the Banking Union and the preparation of a stepwise work plan for this completion. Contributions will continue in 2022 when the legislative proposal on the revision of the CMDI framework is expected to be adopted.

### Central Counterparties Recovery and Resolution framework

Following the publication of the CCP Recovery and Resolution Regulation in January 2021, the articles regarding recovery and resolution entered or will enter in force in February and August 2022 respectively. In 2021, the SRB moved towards assuming its role in this process in 2022. The SRB will then become a member of the European Securities and Market Authority (ESMA) CCP Resolution Committee and a voting member in CCP resolution colleges as the resolution authority of clearing members with the largest contributions to the CCP's default fund. The CCP NRAs will be directly responsible for resolution planning of CCPs.

The preparation measures included the establishment of a team to coordinate the CCP-related matters, the constitution of an internal CCP expert network, discussions about the necessary internal processes to support effective participation in CCP Resolution Colleges, and collaboration with ESMA on technical guidelines and rules. The SRB also undertook additional efforts on the negotiation of multilateral cooperation agreements as a participant in

<sup>49</sup> Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0049>

<sup>50</sup> Full document here: <https://www.srb.europa.eu/en/content/srb-responses-european-commission-targeted-consultation-review-crisis-management-and>

<sup>51</sup> Full document here: SRB blueprint for the crisis management and deposit insurance (CMDI) framework review <https://www.srb.europa.eu/en/content/srb-publishes-blueprint-crisis-management-and-deposit-insurance-cmdi-framework-review>

CCP CMGs, which are established for CCPs that are systemically important in more than one jurisdiction. Thus, in 2021, the SRB participated in eight CCP Crisis Management Groups, and continued its contributions to the work of the FSB in CCP matters (see last subsection in this section).

### Digital Operational Resilience Act

The Commission presented its Digital Finance package in September 2020, including a legislative proposal on digital operational resilience (DORA). The rationale behind the DORA proposal is the increasing use of ICT by the financial sector, which implies a higher risk of cyberattacks. During 2021, the SRB closely followed the progress of the proposal and contributed to ensure the consistency between DORA and the resolution framework in terms of processes, as well as requirements for banks, and to make sure that major ICT incidents are taken into account appropriately to ensure crisis readiness.

### Review of the EU banking rules and other topics

In October 2021, the Commission adopted a review of EU banking rules: the Capital Requirements Regulation (CRR<sup>52</sup>), the Capital Requirements Directive (CRD<sup>53</sup>) and a separate legislative proposal to amend the CRR in the area of resolution<sup>54</sup>. The review aims to strengthen resilience to economic shocks, contribute to a green transition and ensure sound management of EU banks, thus better protecting financial stability thanks to strengthened supervision. In particular, the CRR amendment proposal intends to adjust the resolution-related rules: incorporating

a dedicated treatment for the indirect subscription of instruments eligible for internal MREL; further aligning the treatment of G-SIII groups with a multiple entry point resolution strategy with the TLAC standard; and clarifying the eligibility of instruments issued in the context of internal TLAC. During 2021, the SRB closely monitored the progress of the file, as it will change the calculation and calibration of MREL for some entities.

In parallel, throughout the year, the SRB also monitored the regulatory changes related to competent authorities' discretion to exclude temporarily certain exposures to central banks from the calculation of an institution's total exposure measure. The measure, adopted by the ECB to facilitate the implementation of its monetary policy during the Covid-19 pandemic, could influence the calibration of the final MREL targets and banks compliance with the requirements at 1 January 2024<sup>55</sup>.

In May, the SRB contributed to the Commission consultation on the review of the Settlement Finality Directive (SFD), which designs systems used by participants to transfer financial instruments and payments.

### Collaboration with other European Union Institutions and Agencies

The SRB provided considerable contributions to the work of the EBA on resolution matters participating in different EBA committees. The Board of Supervisors is the main decision-making body of the EBA, where the SRB sits as observer. In addition, a representative of the SRB

<sup>52</sup> Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013R0575>

<sup>53</sup> Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013L0036>

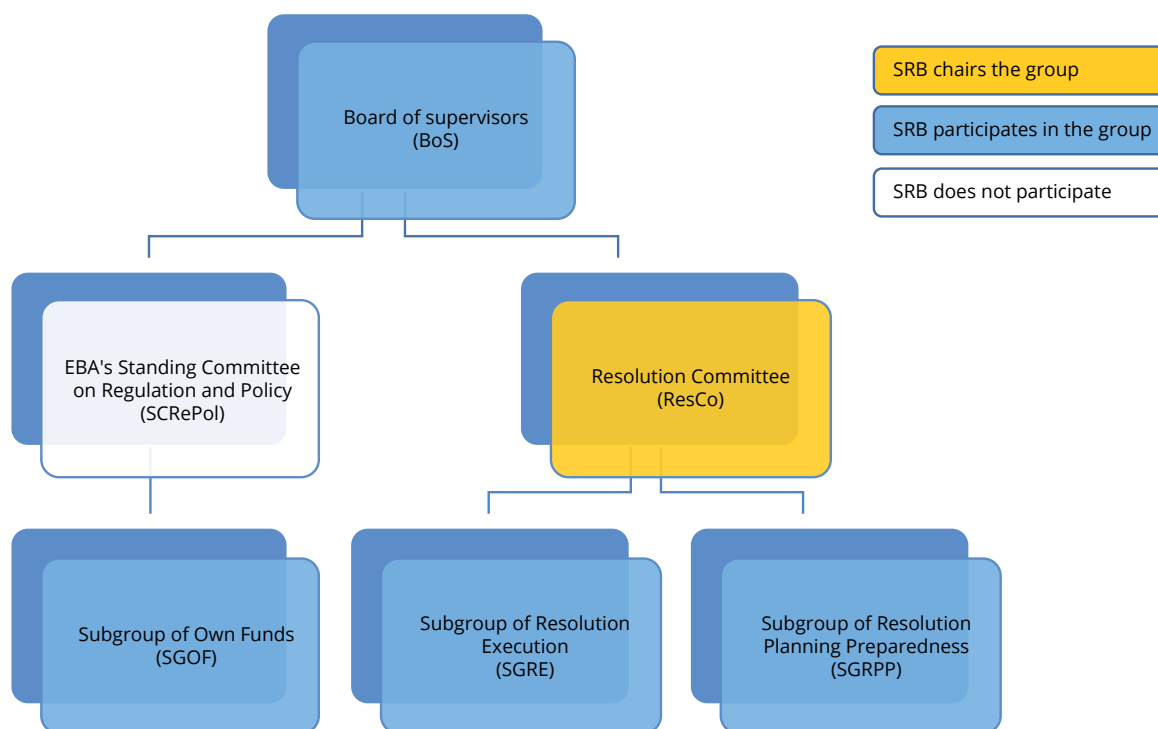
<sup>54</sup> Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021PC0663>, also known as the 'daisy chain proposal'.

<sup>55</sup> On 10 February 2022, the ECB confirmed that the relief measure would not be extended after the end of March 2022, and therefore final MREL targets will be re-calibrated in the 2022 resolution planning cycle. For more information see press release: <https://www.srb.europa.eu/en/content/update-srb-approach-crr-discretion-leverage-and-mrel-calibration>

chairs the Resolution Committee and participates as a member in this permanent committee dealing with decisions related to the tasks conferred on resolution authorities by the BRRD. At technical level, the SRB is also an active member of two EBA subgroups, which cover the area of resolution execution (Subgroup on Resolution Execution) and resolution planning (Subgroup on Resolution Planning Preparedness). Thus, among other topics, throughout 2021, the SRB contributed to the work on the

quantitative MREL monitoring, the update of the implementing technical standard (ITS) on resolution reporting as well as the EBA resolvability guidelines for institutions and resolution authorities on improving banks' resolvability. Moreover, the SRB also played an important role in other projects related to the resolution convergence framework and resolution college monitoring. The SRB will also join the Subgroup of Own Funds as second reviewer of MREL/TLAC issuances in the euro area in 2022.

**Figure 7:** European Banking Authority Board and committees, and SRB involvement



Throughout 2021, the SRB also closely collaborated with the ESRB's main configurations, such as the General Board, the Advisory Technical Committees and the related analytical working groups. This collaboration advanced on several lines of work, including the participation in several written procedures dealing with the SRB related topics. These workstreams included, for instance, the macro prudential discussion on the use of EU crisis management framework for banks in a systemic crisis, the discussion on the overlaps

between microprudential minimum requirements, including the MREL, and macroprudential buffers, the review of the central clearing framework in the EU and the review on macroprudential policy in relation with the resolution framework.

In the course of 2021, the SRB also began working with the European Insurance and Occupational Pensions Authority (EIOPA) with the aim of enhancing its PIA toolkit with a contagion analysis towards the insurance sector. The first results of

the cooperation were summarised in one of the special themes in the EIOPA Financial Stability Report of December 2021<sup>56</sup>.

The ECB and the SRB are working closely to enhance the SRB's access to all data necessary to fulfil its resolution mandate. The ECB, in the framework of the ECB-SRB Memorandum of understanding<sup>57</sup>, already regularly shared with the SRB the supervisory data for significant institutions and cross-border LSIs, for resolution planning and financial stability analysis. In 2021, this data exchange was also expanded to cover all LSIs, which data were received by the SRB, thus enhancing the resolvability of all banks in the Banking Union. During 2021, the SRB and the ECB negotiated a complementary agreement to formalise the sharing of data that the ECB collects for monetary policy purposes and that are relevant for the SRB decision-making process<sup>58</sup>. These data, which are crucial to enhance the financial stability analyses carried out by the SRB, are currently shared in the context of crises, and it is expected that the conclusion of this agreement will lead to regular data sharing before crises. The SRB also coordinated closely with the ECB, the EBA and the Commission on Integrated Reporting Initiatives contributing to the centralisation of bank reporting attributes (see sections 1.3.1 and 2.3.2), as a first step for reducing the reporting burden to banks and improving access to prudential, statistical and resolution data among supervisors.

#### 1.4.4 COOPERATION AND INTERNATIONAL RELATIONS

International cooperation has become even more essential for the achievement of the SRB goals, and during 2021, was shaped by the remote work and new ways of working.

##### Cooperation arrangements

The SRB managed to finalise several negotiations during 2021, thus increasing the number of jurisdictions and SRB banks covered. On 1 January, the bilateral cooperation arrangement between the SRB and the Bank of England, signed in 2020, came into force. In October, the SRB concluded a bilateral cooperation arrangement with the Swiss Financial Market Supervisory Authority, with the goal of facilitating the resolution of banks present across the respective jurisdictions, while maintaining financial stability in the European Union and Switzerland. With the signature of this arrangement, the current number of cooperation arrangements is ten<sup>59</sup>, covering most jurisdictions in which the Banking Union's entities are present.

In addition, the SRB finalised the accession to the institution-specific Cooperation Agreements (COAGs) for the CMGs in respect of the United States G-SIBs. The SRB is now a signatory of most of the cooperation agreements for the CMGs in which it participates as a home or host authority. During the year, the SRB also amended the bank specific cooperation agreements of several banks to include the Bank of England and the Prudential Regulation Authority.

<sup>56</sup> Full document available here: [https://www.eiopa.europa.eu/media/news/eiopa-highlights-key-risks-insurance-and-pension-sectors\\_en](https://www.eiopa.europa.eu/media/news/eiopa-highlights-key-risks-insurance-and-pension-sectors_en)

<sup>57</sup> Full document available here: [https://www.srb.europa.eu/system/files/media/document/mou\\_with\\_the\\_single\\_resolution\\_board\\_on\\_cooperation\\_and\\_information\\_exchange\\_2018\\_.pdf](https://www.srb.europa.eu/system/files/media/document/mou_with_the_single_resolution_board_on_cooperation_and_information_exchange_2018_.pdf)

<sup>58</sup> Namely the Security Holdings Statistics, Centralised Securities Database and AnaCredit data

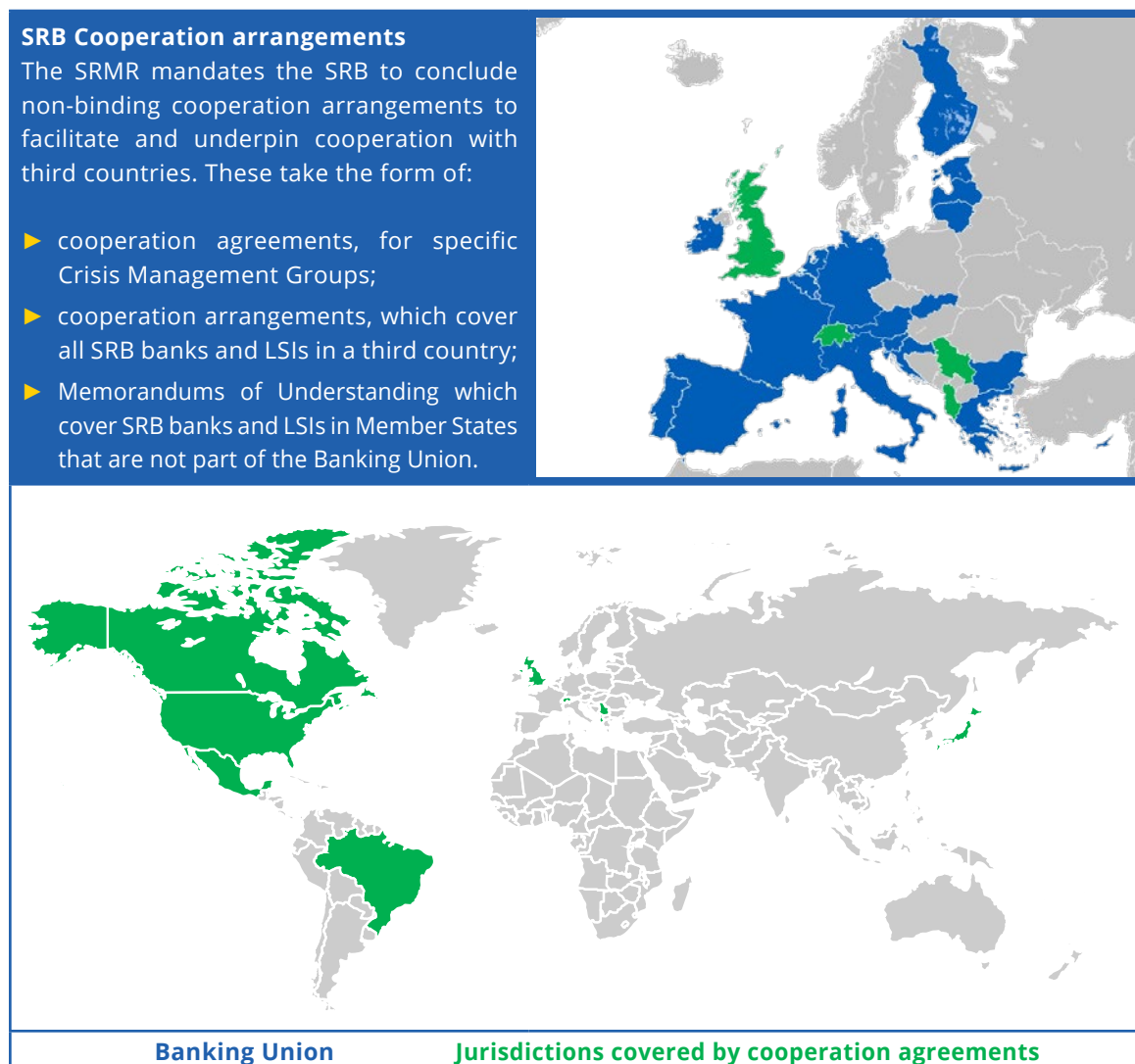
<sup>59</sup> Current agreements signed by the SRB: Bank of Albania, Bank of England, Bank of Japan, Canada Deposit Insurance Corporation, Central Bank of Brazil, Federal Deposit Insurance Corporation, Japan's Financial Services Agency, Mexico's Institute for the Protection of Bank Savings (IPAB), National Bank of Serbia, Swiss Financial Market Supervisory Authority



The SRB also continues technical exchanges with Member States outside the Banking Union, such as Denmark, whose financial supervisory

authority participated in a bilateral meeting to discuss financial stability tools supporting the PIA in February 2021.

**Figure 8:** Banking Union and other jurisdictions covered by cooperation arrangements



**International cooperation**

During the reporting year, the SRB strived to strengthen its cooperation with third countries, covering a wider range of collaboration topics. This cooperation aims to promote the establishment of international standards and practices in resolution; bring lessons learned from other jurisdictions to the European resolution framework, when relevant; as well as provide technical advice to NRAs of third countries where Banking Union institutions have presence, and beyond.

The SRB maintains proactive cooperation and frequent communications with both the US Federal Deposit Insurance Corporation and the Bank of England (see previous subsection). The latter has been particularly important after Brexit, which has required adaptations to some areas of resolution policy and other topics relevant to the SRB, such as MREL governed by UK law, bail-in recognition and legislative developments. The SRB also organised technical exchanges with Bank of England on their Resolvability Assessment

Framework, published in 2021, much of which is in line with the SRB work in this area. In March, the SRB participated in the US-EU Joint Regulatory Forum to underline resolution-related cooperation.

Furthermore, the SRB cooperates with United Kingdom and United States via the Trilateral Principals Level Exercise. A ten-day simulation of the resolution of a G-SIB took place in November 2020. In April 2021, the SRB participated in a discussion of the lessons learned from this simulation, in order to identify remaining challenges to design a new work programme<sup>60</sup>.

In 2021 the SRB also resumed a more active outreach approach for cooperation with other jurisdictions, reaching out to Hong Kong, Australia, Brazil and Canada on resolution topics, and to Switzerland, with whom, in parallel with the signature of an agreement, SRB exchanged information about the progress of various regulatory matters. In February 2021, the SRB organised the second EU-Japan Resolution Workshop, in order to deepen collaboration between the two jurisdictions, in particular in relation with G-SIBs, to enhance mutual understanding of resolution frameworks, and to exchange information on regulatory developments and ongoing policy processes in both jurisdictions.

The SRB also organised technical meetings and workshops with various jurisdictions, which are interested in designing or strengthening their resolution frameworks, and for which the SRB can provide technical advice, lessons learned and information

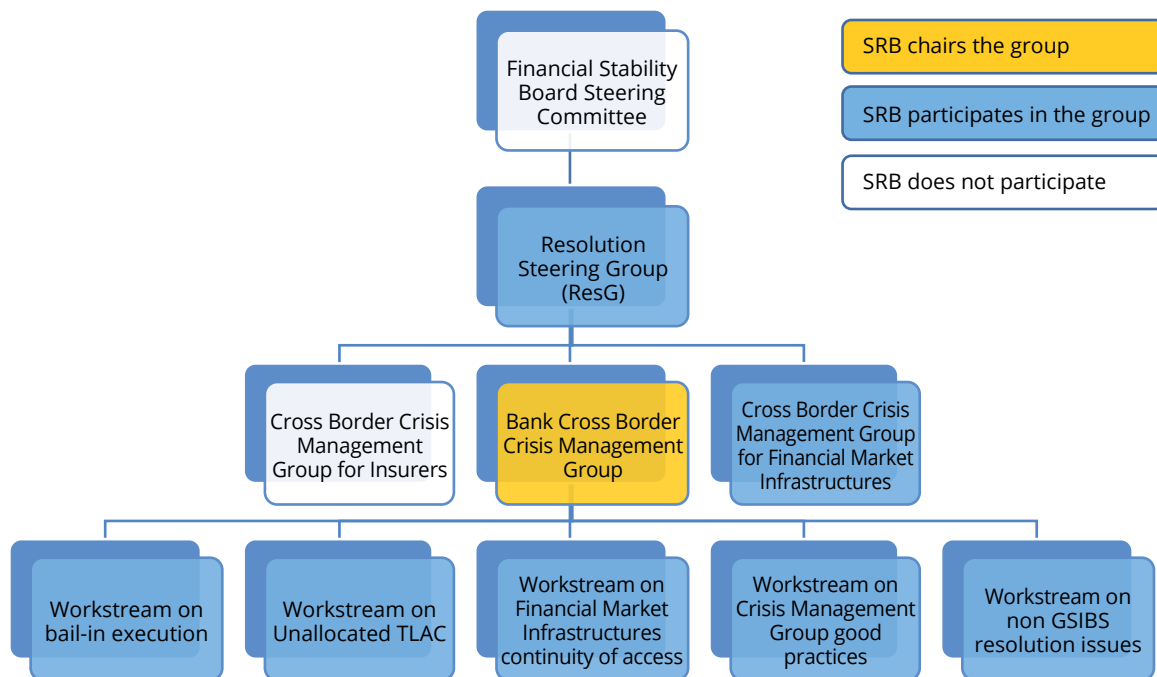
about the European resolution framework. Such engagements took place with South Korea and Malaysia, on specific topics such as resolution planning, ICT and data management. In May, the SRB participated in Virtual Training Program on Building the Foundations of Modern Financial Regulation in Indonesia. Similar technical exchanges took place with the Mexico NRA, with whom a series of workshops were planned in 2022 in order to exchange information about the resolution frameworks in the Banking Union and Mexico. The SRB has also participated in regional discussions regarding resolution and other financial matters via the World Bank covering South-East Europe, and having signed agreements with Albania and Serbia NRAs, the SRB will increase the outreach to all the countries in the region in 2022.

#### **Financial Stability Board**

During 2021, the SRB contributed proactively to the work of the FSB with the aim of establishing sound international standards for resolution framework. Throughout 2021, the SRB participated in all four Resolution Steering Group meetings, contributing to discussions around progress made in different jurisdictions on resolution regulation, endorsing technical papers issued from the different groups and workstreams and identifying new priorities for FSB work. Under the overall direction of the Resolution Steering Group, the SRB (represented by SRB Executive Board Member Boštjan Jazbec) has chaired the Bank Cross-Border Crisis Management Group since 2018, and is a member of the Cross-Border Crisis Management Group for Financial Market Infrastructures (FMIs).

<sup>60</sup> The work programme was subsequently designed with three main work streams led by the resolution authorities: (i) Information sharing (led by Federal Deposit Insurance Corporation), (ii) TLAC (led by Bank of England), (iii) Funding (led by the SRB).

Figure 9: Financial Stability Board and SRB involvement



The **Bank Cross-Border Crisis Management Group** progressed in their objectives for 2021:

- ▶ The workstream on bail-in execution prepared a report on current practices<sup>61</sup>, published in December, in which the SRB contributed with the sections describing processes applied by central securities depositories, based on feedback received from relevant international central securities depositories, stock exchanges and market authorities.
- ▶ Under the workstream on unallocated TLAC, the SRB compiled Banking Union feedback on the application of the formulae for the calculation of the surplus/unallocated TLAC. These results, along with those of other authorities, will support further work in 2022, focusing on clarification of technical aspects of the calculations, and other aspects related

to form, location and/or impediments to deploy unallocated TLAC resources.

- ▶ The workstream on FMI continuity of access focused on the drafting of a framework for information collection from FMI intermediaries, published in August<sup>62</sup>, a revised questionnaire for FMI, and organised outreach sessions with industry. As its contribution to this workstream, the SRB published a brief overview of the resolution tools and their impact on a bank's ability to maintain continuity of access to FMI services in resolution.
- ▶ The workstream on CMG good practices wrapped its work with the publication of a report, in November<sup>63</sup>, in which the SRB played a major role as member of the drafting team.
- ▶ The bank Cross-Border Crisis Management Group created an additional workstream on

<sup>61</sup> Full document available here: <https://www.fsb.org/wp-content/uploads/P131221-2.pdf>

<sup>62</sup> Full document available here: <https://www.fsb.org/2021/08/continuity-of-access-to-fmi-services-fmi-intermediaries-for-firms-in-resolution-framework-for-information-from-fmi-intermediaries-to-support-resolution-planning/>

<sup>63</sup> Full document available here: <https://www.fsb.org/2021/11/good-practices-for-crisis-management-groups-cmgs-2/>

non-G-SIBs resolution, following its meeting in June, in order to tackle resolution issues for non-G-SIBs that are systemic in nature. The first product of the workstream will be an issues note on resolvability of non-G-SIBs grouped in four categories: financial cooperatives, public banks, financial conglomerates and other ownerships structures. The note will also be coordinated with the ongoing work from World Bank on state-owned banks, and from the IADI on cooperative banks.

The SRB also collaborated in the annual Resolvability Assessment Process 2021 to promote adequate and consistent reporting on the resolvability of the G-SIBs and the overall status of the resolution planning processes.

The **Cross-Border Crisis Management Group for FMIs** focused on CCP recovery and resolution, starting by establishing a joint understanding of the CCP recovery and resolution topics. For this, FSB, with the Committee on Payments and Market Infrastructures (CPMI), the International Organization of Securities Commissions (IOSCO) and the Basel Committee on Banking Supervision (BSBC) organised a series of five workshops on the potential impact on financial stability of CCP

recovery and resolution, which took place from December 2020 until June 2021. The SRB participated as speaker on the fourth workshop which was focused on systemic risks, impacts and mitigation actions. The group, including also participation of NRAs, also prepared a report on adequacy of financial resources for CCPs which will inform further work in this area in 2022.

### Cooperation with international organisations

Throughout 2021, the SRB also collaborated with other international organisations such as the World Bank regarding topics of mutual interest. The work in 2021 focused around providing information and training courses on the SRB work to World Bank countries, such as Indonesia and Albania, mainly on the topics of cross-border coordination, cooperation with third countries and valuation. The SRB also participated in a World Bank organised webinar about the role of regulation and supervision in the identification of non-performing loans, in particular in the context of the Covid-19 pandemic.

In addition, the SRB participated as observer in the IADI's Resolution Issues for Financial Cooperatives Technical Committee, providing input to the various discussions held during the year regarding resolution of financial cooperatives.

# 1.5. Preparing and carrying out crisis management

During 2021, the SRB continued developing procedures, tools, templates and specific ICT solutions for crises, as well as organising dry-run exercises and enhancing

internal and external crises management processes. The SRB did not take any resolution decisions during the year.

Figure 10: Main phases in the resolution process



## 1.5.1 CRISIS PREPAREDNESS

The SRB activities in crisis preparedness are coordinated by a horizontal structure, the Resolution Tactical Team, which works in cooperation with experts of all SRB resolution units, horizontal teams and NRAs. Additionally, an internal steering committee, monitors the progress of projects related to crisis readiness, ensures operational effectiveness in crisis, supports the gathering of good practices and lessons learned of dry runs and cases. With this coordination function, the SRB ensures that crisis preparedness is embedded in

resolution planning activities. During 2021, the SRB enhanced its preparedness as described below.

### Procedures, tools and templates

In April, the SRB completed the update of the Crisis Governance Handbook, the internal manual that summarises the SRB procedures in the event of a crisis, and shared it with NRAs. Along with the Handbook, the SRB maintains a set of document templates ready to be used in crises and which ensure that processes are followed in the most effective and efficient way, given that swift

action is crucial for the protection of taxpayers, financial stability and public resources. The SRB periodically updates the Handbook and all related materials to incorporate lessons learned from dry runs and policy or regulatory developments, as well as from previous crisis cases. During 2021, the update entailed the

enhancement of the bail-in tool as part of the resolution strategy, and reinforced all materials related to resolution tools other than bail-in, that is, sale of business, the bridge institution and the asset separation tools. The development of materials related to resolution tools other than bail-in will continue in 2022.

The **SRB Secrecy Protocol** Framework governs access to confidential information in case of potential resolution action. The Secrecy Protocol has to be signed by staff members before they can be involved in the management of a crisis case. It thus guarantees confidentiality when pursuing the SRB resolution objectives related to any crisis cases or related to general financial stability.

During the year, the SRB shortened the procedure to activate the Secrecy Protocol, which is a key element to safeguard confidentiality in crisis management. The SRB also finalised the Guidelines on Special Management, which aim at ensuring appropriate and effective standards for the selection process and appointment of special managers<sup>64</sup>.

Throughout 2021, the SRB carried out a gap analysis between the existing version of the SRB bail-in calculator and other similar tools used by NRAs, in order to identify the minimum bail-in data set needed for the execution of bail-in during periods of crisis. Having concluded this exercise, the SRB will continue work on an enhanced version of the calculator in 2022.

#### Ready for Crisis (R4C)

The SRB continued developing the ICT tool for crisis management, Ready for Crisis (R4C), the platform which supports the Crisis Management Teams (CMTs) during crises and enables cooperation with key stakeholders, in order to standardise and

streamline the resolution process. Version 1.2 of the platform was released in February 2021 and contained improved communication and monitoring features compared to previous versions. In parallel, the work on R4C version 2.0 had started in January 2021, to develop enhanced functionalities for document management, additional project management tools and integration with other SRB ICT applications. Work went as scheduled throughout the year and the release of the new version is planned for Q1 2022 (see more details in section 2.3.2). In 2021, the platform was also tested with NRAs, Commission, ECB and EBA during dry-run exercises.

#### National Handbooks

In 2021, the SRB continued to assist NRAs in the completion of their National Handbooks, which are NRAs' manuals of procedure for the implementation of SRB decisions at national level. More precisely, National Handbooks are 'living' documents owned and continuously updated by NRAs detailing the operational steps, national procedures,

<sup>64</sup> One of the general principles of resolution is that the management body and senior management of the institution under resolution are in principle removed or replaced. The resolution authority can exercise control of the institution either directly or indirectly. One of the ways in which the resolution authority can exert control indirectly is through the appointment of a special manager. Article 23(5) of SRMR2 provides that the NRA may appoint a special manager in accordance with Article 35 BRRD, when the SRB resolution scheme provides for such an appointment. For this purpose, according to Article 29(1) SRMR, NRAs are to take the necessary action to implement decisions referred to in the SRMR, in particular by taking the necessary measures in accordance with Article 35 BRRD.

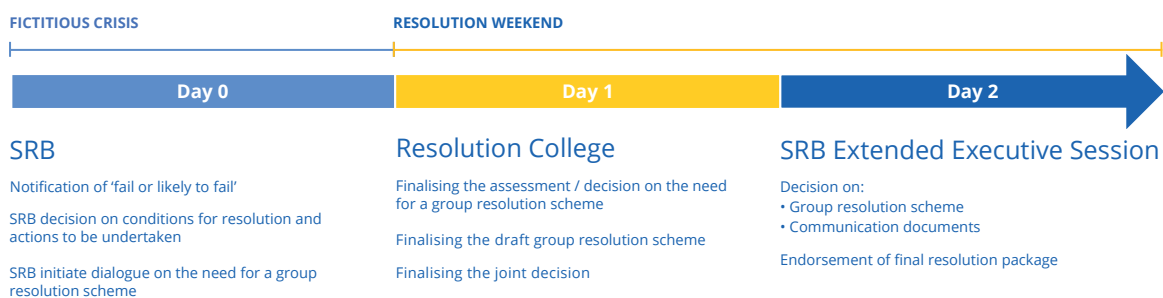
internal NRA processes, as well as documentation and tools to be used in crisis management. These Handbooks provide key information to the SRB for the purpose of resolution action, crisis preparedness and resolution planning.

In addition to the ‘fully-fledged’ National Handbooks, SRB staff coordinated with NRAs the development of the Operational Steps Documents on the implementation of resolution tools. The Operational Steps Documents detail the sequence of events in a typical resolution case, starting from the preparatory stage until the implementation of a resolution decision and post-resolution actions. NRAs continued the work for preparing Implementing Order Templates, which should be adapted to the different resolution tools, based on the templates for resolution schemes developed by the SRB, and for National Insolvency Proceedings.

In recent years, the SRB has developed guidance on templates to be filled in by all NRAs detailing the minimum content to be included in National Handbooks. In particular, in 2021 NRAs provided self-assessments on the state of play of the documentation related to the National Handbooks, which were then shared in a meeting with all NRAs, focusing on progress and updates to the project. During the meeting, the SRB presented a proposal to support NRAs in updating the National Handbook chapter on bail-in, sharing a detailed guidance and the new template on the bail-in resolution scheme, as amended following legislative changes.

During 2021, the SRB also assisted the two countries who joined the Banking Union in 2020 in developing their manuals, providing background materials and organising meetings to discuss the scope of work and timelines.

**Figure 11: Timeline of the Resolution College dry run**



**Dry runs**

In April, the SRB organised a coordinated dry-run exercise simulating a bank crisis with a Resolution College. The fictitious group held its parent in the Banking Union and had three subsidiaries in Member States that are not part of the Banking Union. The exercise intended to test the cooperation among authorities participating in a Resolution College, including the necessary steps and legal underpinning for the decision-making process taking a Single Point of Entry approach, as well as assessing the legal and

communication documentation. The SRB, national authorities, the ECB, the Commission, and the EBA participated in the exercise, which included two simulated decision-making sessions: a Resolution College meeting and an Extended Executive Session. The simulation also involved the creation of a fictitious scenario with real conditions for the deterioration of the simulated bank’s profile, along with the valuation at the time of the resolution and post-resolution.

The exercise was successful in testing existing crisis procedures and



institutional cooperation, including the Memorandum of Understanding with ECB and Commission, and in using the R4C platform. It helped in identifying topics that need policy, procedural, and operational improvements. The Resolution Tactical Team collected the main conclusions and feedback from participants in a lessons learned report. Among a series of takeaways, the exercise concluded that early coordination among authorities is key for situations in which 'fail or likely to fail' is declared at parent and subsidiary levels. This highlighted the extreme importance of interinstitutional cooperation in the framework of resolution to ensure the smooth transition through all the crisis phases, from the ECB early communication of the fail or likely to fail analysis to the SRB until the validation of the SRB resolution decision by the Commission. The exercise also drew attention to the need to describe further the Single Point of Entry strategies in resolution plans with a view of preparing group resolution schemes and the decision-making process by host authorities. These lessons led to improvements on the internal governance for crisis.

In June 2021, the SRB also participated in two simulation exercises organised by the Commission with two Banking Union NRAs, and in July, it organised the SRB-ESM 2021 dry run to test the operationalisation of the SRF recoupment capacity methodology and model.

The SRB also compiled its internal lessons learned from the Trilateral Principal Level Exercise that took place at the end of 2020 (see previous section), with a view to identifying areas of further improvement. In particular, the SRB identified a set of actions in relation to processes, templates, documentation, and policy elements on TLAC and liquidity in resolution, coordination amongst

stakeholders and possible future simulations.

During 2021, the SRB communicated to banks the continued need to test their data provision capabilities and envisage organisation of *ad hoc* exercises to be conducted during 2022.

### Response capacity

Throughout the year, the SRB organised training courses for the staff of the SRB and NRAs, ranging from induction sessions on crisis management to specialised training courses on R4C, detailed crisis response processes and sharing the lessons learned from the 2021 and previous exercises. The SRB also improved the staff access to crisis preparedness materials with the creation of a dedicated intranet space. In addition, the SRB keeps an internal database of staff who could join crisis teams on the basis of their skills.

### 1.5.2 CRISIS RESPONSE

Throughout 2021, and in close coordination with ESM, the SSM and NRAs, the SRB monitored the institutions under the SRB remit and the LSIs, and regularly produced internal reports and updates on banks in a critical situation (including active crisis cases).

There were no resolution cases of significant institutions during the year. Nonetheless, the crisis response activities included setting up Crisis Management Teams, signing Secrecy Protocols, using the R4C, and providing the necessary assistance on governance in crisis.

In terms of LSIs, there were a number of crisis cases during the reporting period. The SRB and the relevant NRAs cooperated closely to ensure their effective handling in line with the applicable legal framework.

## 1.6. Operationalising the Single Resolution Fund

Credit institutions and certain investment firms in the 21 participating Member States of the Banking Union contribute to the SRF. The SRF will be gradually built up during a transition period of 8 years (2016–2023) and must reach at least 1% of the amount of covered deposits of all credit institutions authorised in all of the participating Member States at the end of the transition period. During 2021, the SRB continued raising contributions to the SRF, progressing as planned, managed the investments and focused on the preparatory work for the early introduction of the common backstop.

### 1.6.1 CONTRIBUTIONS

According to data received from DGSs: the growth rate of covered deposits in 2020 (on a quarterly average basis) was estimated around 7%. Based on this growth, the SRF is expected to end up above EUR 75 billion by the end of the transition period, i.e. in 2024.

#### Calculation and collection of contributions

From November 2020 to end January 2021, the SRB collected data from institutions so that it could calculate the 2021 *ex ante* contributions. Once the data received had been verified, the SRB proceeded with preliminary calculations and, for the first time, introduced a specific consultation phase with institutions. For this purpose, the SRB designed a specific approach for data sharing with institutions in order to safeguard the confidentiality of institution-specific data while maximising transparency

about the calculation process. In-scope institutions had the opportunity to review the SRB's preliminary calculations before the adoption of the final decision, could comment on aspects they considered pertinent to the calculation exercise, and received written replies from the SRB. After the consultation, which ensured the transparency of the process, the SRB shared the results of the preliminary calculations for consultation purposes with the ECB, the NCAs and the NRAs. The SRB took into account more than 480 comments from institutions in the final decision documents which were approved by the SRB Executive Session in April. The SRB then provided calculations to the NRAs, which in turn notified the institutions in their jurisdictions.

Pursuant to Article 8(3) of Council Implementing Regulation (EU) 2015/81<sup>65</sup>, which limits the target for the irrevocable payment commitments to between 15% and 30% of the total amount of annual contributions raised, the share for 2021 was fixed at 15%, with cash as the collateral.

The total amount of compulsory levies raised by the SRB in 2021 was EUR 10.4 billion from 3 018 banks, increasing the SRF level to around EUR 52 billion.

According to the Intergovernmental Agreement (IGA) on the transfer and mutualisation of contributions to the SRF, contributions belong to different compartments corresponding to each participating Member State during the transition period, thereby

<sup>65</sup> Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32015R0081>

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32015R0081>

constituting the 'national compartments'. Over the course of the 8-year transition period, national contributions will merge to form a single, fully mutualised fund. With an amount of EUR 52 billion collected and given the level of mutualisation, the SRB would be able to call on an average of EUR 44.6 billion of mutualised funds for a potential resolution case in any Member State.

In the second half of 2021, the SRB continued the preparation of the 2022 contribution collection cycle, which started in September. The data collection from institutions started in November 2021 and will conclude in January 2022. NRAs provided the list of the 2 896 institutions in scope for 2022, and the SRB started preliminary work on the collection of covered deposits data from the deposit guarantee schemes. The data collection related to restatements of data of previous cycles ended on 31 December 2021, allowing the Board to recalculate these *ex ante* contributions in January 2022.

#### Data verification exercises

The SRF completed the 2020 data verification exercise in February 2021, started the 2021 data verification exercise in September, and participated in two SRB deep dives (see section 1.2.1).

#### European Court of Justice rulings

On 15 July 2021, the European Court of Justice delivered its judgment in joined cases C-584/20P and C-621/20 P, *Commission and SRB v Landesbank Baden-Württemberg*, by which the Court set aside the General Court's judgment of 23 September 2020. The most important outcome of the judgment was that the Court declared that the Commission Delegated Regulation (EU) 2015/63<sup>66</sup> is legally sound. The judgment also brought further clarity as to the standards of reasoning required for *ex ante*

contribution decisions, mainly at the level of transparency of the underlying data used for the calculation (which contains confidential data of individual institutions). After first assessments, and given the material changes already implemented in the 2021 contribution cycle, the SRB will only need to introduce minor modifications in the next contributions cycle in 2022.

Simultaneously, the SRB adopted a new decision on the 2017 *ex ante* contributions of Landesbank Baden-Württemberg, well within with the timeframe imposed by the European Court of Justice in its judgment in joined cases C-584/20P and C-621/20 P, *Commission and SRB v Landesbank Baden-Württemberg*. The SRB approved the preliminary calculations in October, and then submitted them to the institution in November for consultation. The SRB adopted the new decisions in December 2021.

## 1.6.2 INVESTMENTS

### Investment Plan

The SRB Plenary Session reviewed the annual investment report 2020 in March 2021, containing, among other elements, the SRF's composition and risk characteristics at year-end and the implementation path of the Strategic Asset Allocation as set out in the 2020 Investment Plan.

Throughout the reporting year, the SRB implemented the 2021 Investment Plan, which had been approved by the SRB in its Executive Session in December 2020, was based on the Investment Strategy 2020, and included the Strategic Asset Allocation for 2021. In June 2021, the SRB Executive Session endorsed an update to this Investment Plan, which slightly adapted the Strategic Asset Allocation before the receipt of the 2021 *ex ante* contributions.

<sup>66</sup> Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32015R0063>

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32015R0063>

The SRB Plenary Session adopted the 2021 review of the Investment Strategy in November and the Executive Session endorsed the subsequent 2022 Investment Plan in December, for implementation in the 2022.

#### Outsourced services

Throughout the year, the SRB concluded two outsourcing contracts for the investments of the SRF. The contract for a second public institution providing investment management services to the SRB was concluded and, after on boarding, this manager started investment operations in November. In April, the SRB also completed the procurement process of a new benchmark provider, to replace the contract expiring in 2021.

#### Data management

With the start-up phase of investments completed, the need to build a more robust infrastructure for storing data, reporting and analytical purposes became a key priority. To this end, the SRB embarked on a major project to build a database for all SRF investment-related data. The first release of this project went live in June 2021, and the third went live in October 2021, in time to integrate the data received from the new investment manager who began investments in November. In parallel, the SRB developed an investment reporting and analytics tools using the database, which went live in June 2021, producing interim investment reports (see more details in section 2.3.2). These improvements also addressed some of the ECA observations to annual report 2020 (for more details, see section 2.7.2)

#### 1.6.3 FUNDING

Similar to previous years, in July, the SRB sent the annual communication to Member States on the available

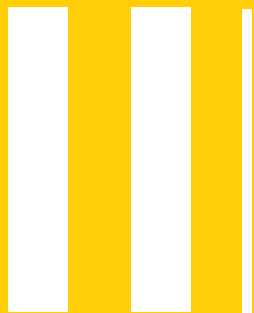
funding capacity under LFAs, along with supplementary information of the hypothetical available amount that could support the Lender's preparedness for possible disbursements under the LFA, and the management of budgetary resources. Funds collected year by year in national compartments of the SRF are progressively mutualised; in Q3 2021, 85% of the funds had already been mutualised.

After the Eurogroup agreement to advance the entry into force of the common backstop, the SRB, in coordination with its stakeholders, worked throughout 2021 to arrange for its implementation by early 2022 (see section 1.4.3). The main steps are set out below.

- ▶ The development and operationalisation of the Collateral Policy under the principles of flexibility to cover different circumstances in resolution, and proportionality, to collect as much collateral as possible. The policy includes the SRB eligibility matrix, the definition of valuation methodology per asset category, the development of a risk framework and the conditions for mobilisation of assets (further developed in National Playbooks). The Policy was presented to the ESM Board of Directors and to the SRB Executive Session in December 2021, where it was endorsed. Technical work will continue to complete the operationalisation of the policy in early 2022.
- ▶ The design of the Recoupment / Repayment Capacity Assessment, the methodology to assess the SRB capacity to ensure the full and timely repayment of the borrowed amounts under the ESM credit line while respecting the principle of fiscal neutrality.

- ▶ The organisation of two dry-run exercises before the entry in force of the common backstop in order to assess the process and its resilience in realistic conditions, which took place in June and November and brought valuable lessons learned to the ongoing work.
- ▶ The establishment of the Parallel Backstop Facility Agreement to cater for the non-euro area participating Member States.

The package of documents, which consisted of: the Backstop Facility Agreement between the SRB and ESM; the Parallel Backstop Facility Agreements between the SRB and non-euro area participating Member States; and the LFAs; was agreed by Member States in October 2021, and the SRB Executive Session in November.



# Management





## 2.1. Introduction

The SRB's Multi-annual Programme 2021-2023 describes the strengthening of the SRB as an organisation as the fifth priority area. This responds to the fact that SRB is a young organisation, which in 2021 lived its seventh year as independent agency, and is therefore completing its consolidation. The almost 2 years of the Covid-19 pandemic, have of course affected the speed at which some of the functions have developed. Nonetheless, 2021 was overall still a year of consolidation, in which some of the horizontal support functions made good progress,

particularly in terms of streamlining processes, pushed by the need to continue working remotely. The main constraints for the achievement of some horizontal objectives have been the difficulties in the recruitment of some specialised profiles, such as ICT profiles, and the unexpected high turnover of staff, both of these issues indirectly related to the impacts of Covid-19. The uncertainty caused by the pandemic and changing working conditions, as well as remote working arrangements, which have been in place since 2020, affected some of the ongoing work in various ways.

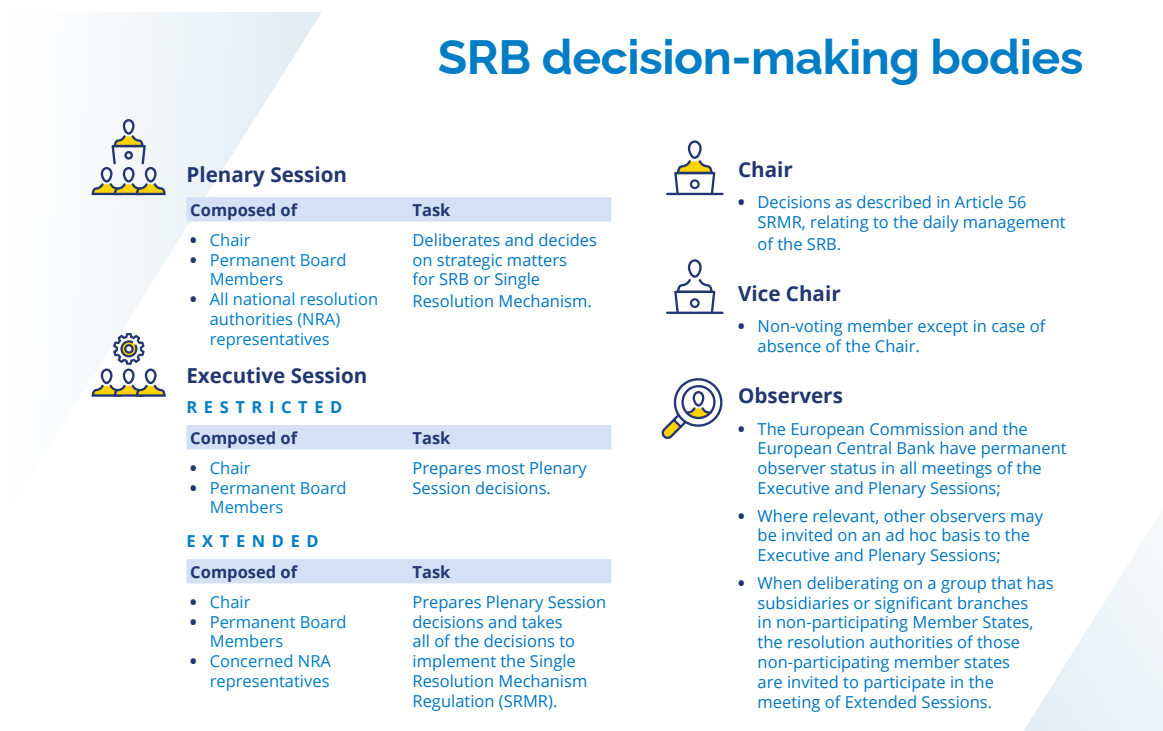


## 2.2. SRB decision-making

As per the SRMR, the SRB decisions are taken either by the SRB Chair or by the Board in its Executive or Plenary Sessions. In 2021, the SRB held five in-person meetings of the Board in its Plenary Session, 12 in-person meetings of the Board in its Restricted Executive Session and 19 in-person meetings of the Board in its Extended Executive Session.

Due to the Covid-19 pandemic, most of the in-person meetings were held also with remote participation. In addition, 16 written procedures were organised with the Plenary Session, 66 written procedures with the Restricted Executive Session and 268 written procedures with the Extended Executive Session, mainly relating to the RPCs 2020 and 2021.

Figure 12: SRB decision-making



## 2.3. Major developments

The following subsections present the major milestones achieved by the SRB horizontal functions in 2021.

### 2.3.1. SRB SECRETARIAT

The SRB Secretariat continued to strengthen the SRB governance and decision-making processes, in particular by drawing up internal guidance on its working practices. It clarified the process for adoption of Chair's decisions, and the review and submission of documentation to the Board in its various compositions. In January 2021, the SRB rolled out the automated FORA tool, used for written procedures of the Board in its Restricted Executive Session. Since July the SRB uses the tool for all written procedures for all compositions of the Board, and has greatly increased efficiency and transparency of the SRB's decision-making (see section 2.3.2).

The SRB Secretariat supported the RPC and the related decision-making process, including maintaining close contacts with the NRAs and other EU institutions and bodies involved in the SRB's decision-making. It developed internal procedural guidance for IRTs to operationalise the decision-making processes in relation to notifications of impracticability under Article 55(2) BRRD, applications for permission under Article 78a of Regulation (EU) No 575/2013 (CRR), the imposition of Maximum Distributable Amount related to MREL, restrictions to banks, and the process for removing or addressing substantive impediments.

At the occasion of an internal mobility exercise in March 2021, the Document Management Office introduced a number of improvements on the SRB document management, in particular the revision of the management of

access rights to internal and external document management tools for all staff. During 2021, the SRB also completed the full integration of a Qualified Electronic Signature and Qualified E-Seal into the ARES application. This constituted a further step towards paperless workflows and automated record-keeping and archiving. A network of Document Management Champions within all Directorates was established to facilitate the harmonisation of document management and archiving practices, and to ensure the proper archiving of historic files (in paper and electronically). The Data Management Office also organised training courses on general data management and confidentiality as well as on specific ICT tools.

In 2021 the Business Continuity Office was integrated into the SRB Secretariat, allowing it to benefit from synergies with the SRB Secretariat's other functions.

### 2.3.2. INFORMATION AND COMMUNICATION TECHNOLOGY

Throughout 2021, and as the second year in which most of the work was conducted remotely, ICT provided essential services for the running of the SRB, ensuring complete availability of ICT services. To achieve this, ICT enhanced its communication tools, organised regular training sessions with SRB users, and reinforced its ICT Service Desk. In particular, the SRB: deployed about 100 secure virtual workspaces for more than 1 000 external users; performed without any disruption a rotation exercise for Resolution Directorates; automated a number of ICT services; and implemented a new identity manager platform for two ICT services (FORA and R4C), while other services will be progressively integrated in it.

Due to the continuation of remote work, ICT strengthened the **Service desk**, with dedicated support for the Appeal Panel and Board Members and a coordinator role to ensure consistency. In 2021, ICT managed 4 650 tickets in 2021, with 96.27% of them in accordance with service level agreement thresholds. ICT also managed 577 change requests in 2021 with a satisfaction score of 4.4/5.

The SRB developed its ICT strategy for 2022-2024 along with its ICT sourcing framework. The strategy, presented to the SRB Plenary Session in November, identifies four sets of main drivers: ICT trends, SRB priorities from its Multi-annual Programme, ICT challenges identified by an internal steering committee, and internal enablers and barriers. Based on these drivers, the strategy defines six strategic goals implemented in sets of ICT programs that take into account ICT services, users, policies and environments and which have concrete timelines and key performance indicators.

Given increasing importance of cybersecurity, as well as the sensitive nature of the organisation's mandate, the SRB redoubled its efforts in this area during 2021, providing continuous protection of the ICT infrastructure, close and strict cooperation with EU institutions, awareness creation amongst staff and detailed threats and vulnerabilities management.

In addition to regular operations, the SRB continued working and undertook a number of projects to improve the efficiency of internal and external processes in 2021 which are explained in the following paragraphs:

#### **Data collections**

In 2021, SRB added three new data collections to its capabilities, collecting more than 30 gigabytes of resolution data, and more than 3 000 SRF files. The SRB systems are now connected to providers of market data and to the portfolio managers for the SRF (see section 1.6.2). The SRB has also established robust and secure data exchange capabilities

with EBA and ECB for resolution and supervisory data (see section 1.4.3).

#### **FORA**

FORA is the ICT application allowing the SRB Secretariat to manage the written procedures of the Board in its restricted and extended Executive and Plenary sessions. The application is available for the internal stakeholders (Chair, Vice-Chair, Board Members) as well for the external ones (NRA, ECB, Commission, EBA) and offers them the possibility to provide their feedback (vote or comment) directly in the system. FORA 1.0 was released in November 2020, to support Executive sessions. Throughout 2021, the SRB developed and released two more versions of the application, FORA 2.1 and FORA 3.0, which managed Plenary Sessions from July 2021 onwards, and supported written procedures since October 2021. Regular training courses were provided to all users throughout the year, also in the new functionalities of the application (see previous subsection)

#### **Ready for Crisis**

Ready for Crisis (R4C) is the platform developed by the SRB to exchange information during a crisis (see section 1.5.1). R4C 1.2 was released in February 2021, in parallel with the development of RC4 2.0, focusing on enhanced functionalities for working with documents and project management; improved reporting, secrecy protocol and notifications; and integration with RDF and FORA. The R4C application also benefited from lessons learned during the dry-run exercises. The development of the version 2.0 progressed as scheduled during 2021 and is expected to be released in Q1 2022. ICT provided

a number of training courses to SRB staff throughout the year.

#### Data Warehouse

The SRB Data Warehouse (DWH) contains trustworthy, accessible, and complete data that allow consistent resolution planning and enable a responsive and agile decision-making process. The new version of the DWH includes a dashboard for self-service reporting. Users will also be able to analyse historical data to perform additional analyses (e.g. based on time series) in early 2022 (see section 1.4.1)

#### Data Certification Gateway

The Data Certification Gateway (DCG) ensures that the quality of the data received by the banks is appropriate before the data owner promotes them to the DWH. The SRB performs four levels of controls. The first two levels of controls are in the scope of the data collection system. The third level of controls is in the scope of the DCG. The fourth level of controls is manual and it is outside the scope of the DCG. In 2021, the application version 2.6 was released, with major improvements related to the automation of reports and data quality checks (see section 1.3.1). ICT provided regular training for resolution teams and SRB staff. Work on further improvements will continue in 2022.

#### Reference Data Factory

The Reference Data Factory (RDF) is the single source of truth<sup>67</sup> for the SRB bank master data, in particular as regards the list of institutions, both for SRB users and applications. The initial scope of RDF was the provision of reference data for the Data Warehouse but it progressively acquired a central role for the whole SRB information ecosystem. In October 2021, there was a release of the platform, with a new interface and enhanced work flows, and new

releases are expected in 2022. The SRB ICT team trained more than 80 resolution staff during the year and has planned monthly training courses in the future (see section 1.3.1).

#### 2.3.3. FACILITIES

The reporting year was a challenging one given the changing conditions in remote working during the various waves of the Covid-19 pandemic, followed by the planned return to the office, which required intensive preparation but which then only partly materialised. In this context, in addition to ICT services, facilities management made efforts to provide regular services and ensure the safety of the staff working in the office with the implementation of Covid-19 prevention measures.

These activities were the result of close cooperation between the SRB and the Commission services, relying on various teams of external providers. The SRB implemented these tasks reducing to a minimum the risk of disturbance to its core activity, with an emphasis on the environment and striving to offer continuity and excellent service towards its staff. The SRB identified a list of actions for the continuous improvement in the provisioning and monitoring of facilities and security services.

In addition, the SRB undertook also some initiatives to improve its environmental footprint, such as creating new green parking spaces for electric vehicles with charging stations (which add to a total of four), and facilitating storage and charging of electric scooters and trottinettes, with the aim of promoting the use of green and public transport for staff. The SRB also installed water-saving fountains at its premises and participated in a Commission campaign to reduce the CO<sup>2</sup> emissions by encouraging

<sup>67</sup> Single source of truth refers to the practice of aggregating the data from various systems within an organisation in a single location that serves as a reference.

staff to use alternative modes of transport instead of the car.

In the last months of 2021, the SRB completed the procurement of new office space, the preparation of which will take place in 2022, following the same standards as in the main building.

#### 2.3.4. SRB LEGAL SERVICE

The SRB Legal Service plays a double role in the organisation: it provides internal legal advice, and it manages litigation proceedings before the Appeal Panel, the Court of Justice of the European Union, and in national jurisdictions where necessary.

##### Internal legal advice

The SRB functions in a complex and evolving regulatory environment. By providing advice in relation to this complex and evolving legal framework, the Legal Service is instrumental to the achievement of the SRB's objectives and plays a central role in supporting and fulfilling the SRB's mandate.

In 2021, the Legal Service continued to provide legal advice related to EU and Banking Union law with a particular focus on the EU resolution framework in the areas of, amongst others, resolution planning and resolvability assessment, MREL determination, resolution action and matters regarding the SRF, as well as legal advice concerning various legislative initiatives. The provision of legal advice across the various levels of the organisation ensured the consistent implementation of the legal framework and the further development of SRB policies. A total of 91% of the advice requests were addressed in a timely manner.

Throughout the year, the Legal Service coordinated the Legal Network, a forum of legal experts from the NRAs and the SRB. This Network further strengthened the common understanding with the

NRAs, the Commission, the ECB and the EBA on legal issues that affect the functioning of the SRM, thus ensuring consistency in the application of the EU resolution framework within the Banking Union.

##### Litigation proceedings

The SRB Legal Service is the only service allowed to represent the SRB before the General Court and the Court of Justice, and its members are usually appointed as agents for the SRB. The SRB also employs external counsel to assist it in litigation, where necessary. In its role of representative of the SRB in court, the Legal Service drafts and prepares the written statements required by the Court of Justice, or supervises their preparation where those documents are drafted by external counsel, and it also represents the SRB in the related oral hearings. As regards litigation pending before the Court of Justice in 2021, there were 198 cases, of which more than half concerned decisions taken in the context of the resolution of Banco Popular Español and 78 concerned *ex ante* contributions to the SRF.

A total of 117 legal actions concerning the decisions taken in the context of the resolution of Banco Popular Español brought by former shareholders and creditors of the bank against, *inter alia*, the SRB, are pending before the General Court and the Court of Justice. Further details are set out below.

- ▶ Of these, 101 cases concern the SRB's resolution decision. The General Court has identified and selected six pilot cases, five involving the SRB as a defendant (in the sixth case the SRB is acting as an intervener), to proceed to the second round of written procedure and oral hearing. The remaining 95 cases have been suspended pending the judgment of the General Court in those six pilot cases. The General Court

declared one of the six pilot cases inadmissible, and the Court of Justice confirmed this finding in March 2021<sup>68</sup>. The judgment in the other five cases is expected to be issued in June 2022.

- ▶ Three cases concern the SRB's decision not to perform a definitive Valuation 2. One of these cases is currently pending before the General Court. The General Court declared the other two cases inadmissible, and the Court of Justice confirmed this finding in December 2021<sup>69</sup>.
- ▶ Seven cases concern the SRB's decision determining whether to compensate affected shareholders and creditors. The General Court declared one case inadmissible and the Court of Justice confirmed this finding in September 2021<sup>70</sup>. The remaining cases are currently pending before the General Court.
- ▶ Six cases concern SRB's decisions under the public access to documents or access to file regime under SRMR and Regulation (EC) No 1049/2001<sup>71</sup>. The General Court declared one case inadmissible. The rest are still pending before the General Court.

In addition, one case was brought by the SRB against a decision by the European Data Protection Supervisor finding that the SRB infringed data protection rules in the context of the right to be heard process conducted in preparation for the decision determining whether to compensate affected shareholders and creditors.

This case is still pending before the General Court.

A total of 78 legal actions concerned *ex ante* contributions to the SRF decisions. In addition, the Commission brought one appeal and the SRB brought three appeals against decisions of the General Court related to *ex ante* contributions. The details are set out below.

- ▶ Sixteen legal actions were brought against 2016 *ex ante* contribution decisions. One of them was withdrawn and eight cases were dismissed. Of these eight cases, two were appealed before the Court of Justice. One appeal was dismissed by the Court of Justice and the other appeal was upheld, referring the case back to the General Court. In three cases, the General Court annulled the decision insofar as it concerned the applicants. The SRB subsequently adopted a new decision on the 2016 *ex ante* contributions for these three applicants. They again challenged the new 2016 *ex ante* contribution decision before the General Court and all three legal actions are currently pending.
- ▶ Three legal actions were brought against 2017 *ex ante* contribution decisions. In September 2020, the General Court annulled the decision insofar as it concerned the applicants due to procedural flaws and infringement of the duty to state reasons. In Case T-411/17<sup>72</sup>, the General Court also found parts of Delegated Regulation (EU) 2015/63<sup>73</sup> to be unlawful,

<sup>68</sup> Judgment of the Court of 4 March 2021, *Liaño Reig v SRB*, Case C-947/19 P, EU:C:2021:172.

<sup>69</sup> Judgments of the Court of 21 December 2021, *Aeris Invest v SRB*, Case C-874/19 P, EU:C:2021:1040, and *Algebris (UK) and Anchorage Capital Group v SRB*, C-934/19 P, EU:C:2021:1042.

<sup>70</sup> Order of the Court of 30 September 2021, *González Calvet v SRB*, C-27/21 P, EU:C:2021:789.

<sup>71</sup> Full document available here: <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A32001R1049>

<sup>72</sup> Judgment of the General Court of 23 September 2020, *Landesbank Baden-Württemberg v Single Resolution Board*, Case T-411/17, ECLI:EU:T:2020:435.

<sup>73</sup> Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32015R0063>

since the methodology set out in the existing legal framework, on the one hand, required the SRB to rely on the institutions' confidential data and, on the other, prevented the SRB from disclosing such data. The Commission and the SRB brought appeals against this judgment before the Court of Justice. The SRB also brought an appeal against the other two judgments related to 2017 *ex ante* contribution decisions. In the three appeal cases, the Court of Justice confirmed the infringement of the duty to state reasons but set aside the judgment of the General Court insofar as it found parts of Delegated Regulation (EU) 2015/63 to be unlawful and the decision not to be appropriately authenticated.

- ▶ Five legal actions were brought against 2018 *ex ante* contribution decisions and are still pending before the General Court.
- ▶ One action was brought in relation to the reimbursement of part of the contributions paid in 2018 and of contributions paid in 2015. The action was dismissed by the General Court in January 2021 and is currently under appeal before the Court of Justice.
- ▶ Eleven legal actions were brought against 2019 *ex ante* contribution decisions and are still pending before the General Court.
- ▶ Nineteen legal actions were brought against 2020 *ex ante* contribution decisions and are still pending before the General Court.
- ▶ Twenty-two actions were brought against 2021 *ex ante* contribution decisions and are currently pending before the General Court.
- ▶ One action was brought in relation to the reimbursement of the collateral backing the IPC entered by the institution for years from 2015 to 2021, upon the withdrawal of its licence. The action is currently pending before the General Court.

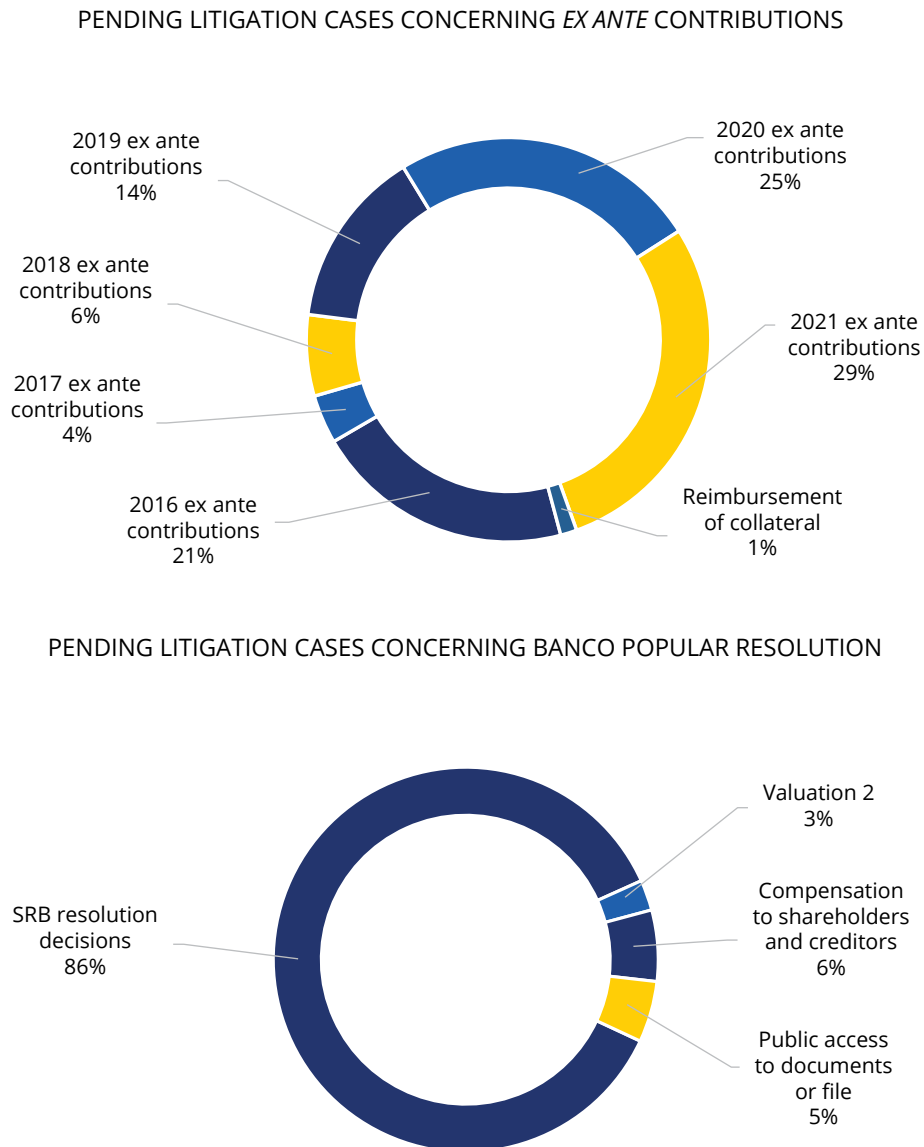
Three additional legal actions were brought by banks against the SRB concerning the non-adoption of resolution schemes:

- ▶ Two legal actions were brought against the decision of the SRB not to adopt a resolution scheme in respect of ABLV Bank, AS, one brought by the bank itself and the other by a former shareholder of that bank. The latter was declared inadmissible by the General Court and was confirmed by the Court of Justice<sup>74</sup>. The former is still pending before the General Court.
- ▶ One legal action was brought by PNB Banka and its shareholders against the decision of the SRB not to adopt a resolution scheme in respect of that bank. In January 2022 the General Court decided that there was no longer need to adjudicate<sup>75</sup>.

<sup>74</sup> Judgment of the Court of 24 February 2022, *Bernis and Others v SRB*, C-364/20 P, EU:C:2022:115.

<sup>75</sup> Order of the General Court of 4 January 2022, *PNB Banka and Others v SRB*, CT-732/19, ECLI:EU:T:2022:8.



**Figure 13:** Percentage of ongoing litigation cases by topic

### SRB representation in the Appeal Panel

Finally, as regards its role of representing the SRB before the Appeal Panel of the SRM, the Legal Service received notice in 2021 of three new appeals

against decisions of the SRB, of which one in the area of access to documents and two in the area of MREL<sup>76</sup> (see section 2.4 for more details).

<sup>76</sup> The appeals against decisions of the SRB in the area of MREL are something new compared to the appeals submitted to the Appeal Panel to date, which primarily concerned the review of confirmatory decisions of the SRB in the area of requests to access documents pursuant to Regulation (EC) No 1049/2001 of the European Parliament and of the Council.

### 2.3.5. COMMUNICATIONS

In 2021, SRB Communications team continued to promote and explain the work of the SRB and its key tasks. In mid-2021, the SRB launched a new and fresh visual identity, an easy-to-use and attractive website and improved

its internal communications. The SRB communicated proactively to a range of audiences, producing press releases, news items and statements, as well as a number of publications related to policy and operational guidance.

#### 2021 SRB communication key figures

- ▶ Website visits ↗ 27% compared to 2020
- ▶ LinkedIn followers ↗ 15% increase in followers
- ▶ Twitter followers ↗ 12% increase in followers
- ▶ 14 335 pages translated

The SRB continued to disseminate policy topics through the SRB blog and produced infographics to explain its positions and policies, and to brief regularly the international media, organising interviews, press events and technical briefings.

Visits to the SRB website increased by 27% compared to 2020. The social media strategy led to a rise in visibility, with increasing followers on Twitter and LinkedIn. Specific campaigns around key policies and events also paid off.

The SRB continued to animate the SRM Communications Forum, with its annual meeting held in June 2021.

The Forum brings together communications teams from NRAs to share experiences, best practices and ideas, and to develop communication tools and strategies.

With the continuing Covid-19 pandemic, the SRB stepped up work on internal communications, improving its intranet, producing a monthly newsletter, providing regular updates to staff on working arrangements, safety measures and vaccination and holding two town hall meetings for all staff. At the end of 2021, it launched a staff survey on internal communications to inform a new strategy for 2022.

#### 2021 SRB Annual Conference

The SRB held its sixth Annual Conference on 14 October 2021. Focusing on how bank resolution delivers financial stability, the event attracted more than 4 500 participants and featured high-level speakers, including Mairead McGuinness, European Commissioner for Financial Services, Financial Stability and Capital Markets Union, Paschal Donohoe, Minister for Finance, Ireland & Eurogroup President and Christian Sewing, CEO Deutsche Bank. The highlights of the event were available in the SRB website, Twitter, LinkedIn and YouTube channels using #SRBResolution2021.

There was strong international media coverage, and the conference social media strategy led to 965 000 impressions in Twitter and 294 000 in LinkedIn. The recording of the conference has been watched by close to 2 000 people since October.

Figure 14: Annual Conference in a nutshell

**SRB Conference 2021**  
14th OCTOBER BRUSSELS  
#SRBRESOLUTION2021  
srb.europa.eu

**PANEL SESSION THE RESOLUTION FRAMEWORK-EVOLUTION, NOT REVOLUTION**

- HARALD WAIGLEIN** (Austria, Ministry of Finance): Trust issues with EDIS, lessons from national bank resolution, and the role of the SRB.
- PAULA CONTHE** (Spain, FROB): What lessons from the first national bank resolution, and the role of the SRB.
- JOHN BERRIGAN** (European Commission): Insolvency leads to market exit, support for the SRB, and the role of the SRB.
- ANDREA ENRIA** (European Central Bank): Public trust in banking, the role of the SRB, and the impact of the pandemic.

**WELCOME**

- ELKE KÖNIG** (Chair, Single Resolution Board): Reasons for cheerfulness, the SRB's role in delivering on resolution, and the need for a strong EU banking union.

**OPENING ADDRESSES**

- MAIREAD MCGUINNESS** (EU Commissioner for Financial Services, Financial Stability and CMU): Completing the banking union, the role of the SRB, and the need for a strong EU banking union.
- CHRISTIAN SEWING** (Deutsche Bank): Strengthening Europe's financial market infrastructure, the role of the SRB, and the need for a strong EU banking union.

**KEYNOTE**

- ELENA CARLETTI** (Bocconi University): What we've done, the role of the SRB, and the need for a strong EU banking union.

**BANK RESOLUTION: delivering for financial stability**

**SRB Single Resolution Board**

The events programme saw four large conferences organised, including an Annual Conference that attracted close to 4 500 participants. SRB principals also spoke at close to 100 events. Highlights are set out below.

- ▶ The SRB and the European Banking Institute (EBI) organised the second SRB-EBI conference on bank resolution in February 2021, which attracted close to 400 participants.
- ▶ In June 2021, SRB organised the 12th Industry Dialogue (see section 1.4.1).



THE IMPACT OF THE COVID-19 CRISIS ON THE BANKING SECTOR

**DANUTA HÜBNER**  
EUROPEAN PARLIAMENT

REGULATION AND RESILIENCE THROUGH PANDEMIC  
BUT... still much to be done and many RISKS

RESILIENCE WAS SUPPORTED BY FLEXIBLE REGULATION

POSITIVE FROM PANDEMIC  
CRISIS MANAGEMENT  
RESILIENCE

RESOLUTION CRISIS  
ALL STAGES OF STRESS TESTS AND REQUIREMENT

RESOLVABILITY  
SUSTAINABLE  
SUPPORT TO FINANCIAL INSTITUTIONS

MORE CONSOLIDATION  
LOAN LOSS PROVISIONS  
EDG-CRU  
OVERHEATED SUPERSECTORS

POLICY  
SUPPORT FOR THE SUPERSECTORS  
WILL BE REQUIRED  
CONTINUING TO OFFER ADEQUATE SUPPORT TO FINANCIAL INSTITUTIONS

**MÓNICA LÓPEZ-MONIS GALLEGO**  
BANCO SANTANDER

RESOLUTION CRISIS  
ALL STAGES OF STRESS TESTS AND REQUIREMENT

RESOLVABILITY  
SUSTAINABLE  
SUPPORT TO FINANCIAL INSTITUTIONS

MORE CONSOLIDATION  
LOAN LOSS PROVISIONS  
EDG-CRU  
OVERHEATED SUPERSECTORS

POLICY  
SUPPORT FOR THE SUPERSECTORS  
WILL BE REQUIRED  
CONTINUING TO OFFER ADEQUATE SUPPORT TO FINANCIAL INSTITUTIONS

**ASCHAL DONOHOE**  
MINISTER FOR FINANCE, IRELAND and EUROGROUP PRESIDENT

STRENGTHENING OUR EURO ZONE ECONOMY IS ESSENTIAL FOR GROWTH AND A RETURN TO SUSTAINABLE GROWTH

WHAT'S STILL TO DO

- BETTER FUND RECOVERY
- COMMON INSURANCE FUND IN A BANKING UNION
- CRISIS MANAGEMENT FRAMEWORK
- REVIEW SOME PARTS TO MAKE A LEVEL PLAYING FIELD ACROSS BANKING UNION
- OUR ACTION has been SHIFTS SUPPORTIVE COORDINATED and STRONG

RESOLUTION CRISIS  
ALL STAGES OF STRESS TESTS AND REQUIREMENT

RESOLVABILITY  
SUSTAINABLE  
SUPPORT TO FINANCIAL INSTITUTIONS

MORE CONSOLIDATION  
LOAN LOSS PROVISIONS  
EDG-CRU  
OVERHEATED SUPERSECTORS

POLICY  
SUPPORT FOR THE SUPERSECTORS  
WILL BE REQUIRED  
CONTINUING TO OFFER ADEQUATE SUPPORT TO FINANCIAL INSTITUTIONS

**CLOSING REMARKS**

**PEDRO MACHADO**  
BOARD MEMBER  
SINGLE RESOLUTION BOARD

**BUILDING OUR CASE FOR MOVING FORWARD BASED ON THREE CORE IDEAS:**

**IDEA ONE**  
FOCUSING ON THE IMPLEMENTATION OF BANK RESOLUTION

RESOLUTION IS NOT ONLY ABOUT PLANNING

IMPLEMENTATION AT SHORT NOTICE

OUR PLANS MUST BE EXECUTABLE

THE BANKS MUST BE ABLE TO BECOME RESOLVABLE

**IDEA TWO**  
ADDRESSES HOME-HOST ISSUE THE SINGLE POINT OF ENTRY

When implementing RESOLUTION under the SPE model

WE SHOULD DISCRIMINATE AMONGST SUBSIDIARIES

and they should be ABANDONED! (even where the parent is failing...)

We should TREAT RESOLUTION from a GROUP PERSPECTIVE

SRB has to ensure through DRY RUNS DEEP DIVE EXERCISES OPERATIONAL DOCUMENTATION

**IDEA THREE**  
JOINT REGULATORY EFFORT TO COMPLETE EUROPEAN BANKING REGULATION

IMPLEMENTATION OF BASEL III POST-CRISIS REFORMS

SRB IS FULLY ALIGNED WITH THIS REGULATORY EFFORT

Will FURTHER STRENGTHEN OUR FRAMEWORK

THE GREATEST THING IN THE WORLD IS NOT SO MUCH WHERE WE STAND, AS IN WHAT DIRECTION WE ARE MOVING

JOHANN WOLFGANG GOETHE

**MOVING FORWARD**

**RESOLVABILITY**

**FINANCIAL STABILITY**      **PROTECTING THE TAXPAYER**

chapplecartoons.co.uk

- ▶ In November 2021, the SRB, the Florence School of Banking and Finance (European University Institute) and the Leibniz Institute for Financial Research (SAFE) organised an interdisciplinary academic event which dealt with issues such as financial risks within the banking sector, and the challenges of bank resolution strategies and funding.
- ▶ Also in November, SRB held the SRB debates on home-host issues in the banking sector, which attracted more than 350 online viewers.

## 2.4. Appeal panel

Pursuant to Article 85(3) SRMR, some of the Board's decisions can be contested in front of the SRB Appeal Panel<sup>77</sup>. It is possible to contest decisions referring to the areas of MREL determination, impediments to resolution, simplified obligations for some institutions, requests for public access to documents, as well as the contributions by institutions to the administrative expenditures of the Board.

In the course of 2021, the Appeal Panel received a total of four appeals: One appeal related to access to documents used in the resolution of Banco Popular Español. In this case, after the parties' submissions in the access to documents appeal, the Appeal Panel reached its final decision, which was communicated to the parties. Subsequently, an anonymised version of the decision was published on the Appeal Panel's page on the SRB website<sup>78</sup>.

There were also three other appeals contesting decisions taken by the Board in setting the MREL of various credit institutions. Due to the complexity and implications of the first appeal that was received, the Appeal Panel considered it necessary to call on the two parties to make oral representation before the Panel in order to proceed with the decision on the appeal. The hearing was held remotely on 7 December 2021 and the decision on this case was rendered to the parties in January 2022. In addition,

the Panel received two appeals on the same matter in late December 2021 and thus the procedures of the two cases will take place in 2022. All three cases will be published in SRB website in due course.

Following the rebranding of the SRB, which included its public website, the Appeal Panel took the first steps to implement the Appeal Panel Thematic Register, aiming to have the final version available on the Appeal Panel web page in mid-2022. The Thematic Register will be set-up according to Article 24(2) of the Appeal Panel's Rules of Procedure<sup>79</sup> and is a tool intended to facilitate and improve access to the Appeal Panel's decisions to interested parties, ultimately bringing an important contribution to the overall transparency of the SRB's proceedings.

As member of the Inter-Agency Appeal Proceedings Network, the Appeal Panel brought its contribution to the efforts of the network and took part in its annual meeting. The SRB Appeal Panel thus contributed to the definition and creation of European Appeal Case Law Identifier, the setting of standards in the quality management of appeals, and the measurement of decision-making quality; and to the setting of common terminology for appeal proceedings by drawing up a list of terms in collaboration with the Translation Centre for the Bodies of the European Union.

<sup>77</sup> According to Article 85(1) SRMR, the SRB established in 2015 an Appeal Panel to decide on appeals submitted against certain decisions issued by the SRB. The Appeal Panel became operational on 1 January 2016 and is composed of five members and two alternates who are fully independent in relation to the Board. The term of the members and alternates of the Panel is 5 years, which may be extended once (Article 85(2) SRMR). A Secretariat supports the activity of the Appeal Panel, and also performs independent tasks as the Data Protection Office of the SRB. The Secretariat has various tasks from case management to operational support of the members.

<sup>78</sup> Full document available here: <https://www.srb.europa.eu/en/about/srb-appeal-panel>

<sup>79</sup> Full document available here: <https://www.srb.europa.eu/en/about/srb-appeal-panel/procedure>

## 2.5. Budgetary and financial management

Overall, the budget execution (in commitment appropriations excluding contingencies) improved by 3% compared to 2020<sup>80</sup>. The targeted improvement of 5% increase in budget execution compared to 2020 could not be achieved due to the lower than expected execution of titles 1 and chapter 31 covering SRB's operational budget (see Annexes III and V). This lower execution was caused by the higher than expected vacancy rate and the impossibility to carry out some activities following the continuation of Covid-19-related restrictions. Nonetheless, the SRB budget management reflects effective and efficient systems, with over 97% of the invoices paid on time, fewer late payments than in previous years, improvements in the 2021 financial closure with the automated collection of inputs, and increased efficiencies in procurement processes.

### 2.5.1 INCOME

Following the receipt of ECB data in February 2021, the SRB proceeded with the calculation of the administrative contributions, taking into account the amendments to the European Commission Delegated Regulation (EU) 2017/2361<sup>81</sup>, which entered into force in March 2021. The Executive Session therefore adopted the Master Decision on final 2021 Administrative Contributions in April. The SRB subsequently sent Contribution Notices to all 2 316 institutions within scope: 2 193 LSIs and 123 significant institutions and cross-border groups, for a total amount to be collected of

EUR 60 million. By the deadline for payments, 10 June, 96% of the contributions had been paid, representing 2 233 institutions (96% of all institutions). As of mid-August, 99.99% of the contributions had been collected, and two payments remained open<sup>82</sup>.

In parallel with the collection of contributions, the SRB processed 23 repayments to institutions following their changes in status or scope in the 2020 contribution cycle (in accordance with Article 7 of Delegated Regulation (EU) 2017/2361) – amounting to a total of EUR 0.15 million.

In Q4, the SRB started the preparations for the 2022 contributions cycle, different from previous ones due to the amendments to the Delegated Regulation (EU) 2021/517<sup>83</sup>. This included the preparation of a timeline, creation of new documents related to the instalments and the review of the existing documentation. The new process will include new features such as advance instalments and a consultation phase.

Throughout 2021, the SRB worked on the development of a new tool for the management of the administrative contribution process cycles, which includes, amongst other features, data collection, contribution calculation and mailing capabilities.

### 2.5.2 EXPENDITURES

Budget expenditure includes payments made using appropriations from the current year and

<sup>80</sup> Including contingencies, budget execution improved by 4%.

<sup>81</sup> Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R2361&from=EN>

<sup>82</sup> One corresponding to an insolvent institution and one relating to removal of the banking licence.

<sup>83</sup> Full document available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0517&from=EN>

appropriations carried out from the previous financial year. The following paragraphs summarise implementation of appropriations by title. More details are available in Annex V.

In 2021, the SRB established 401 budget commitments amounting to EUR 89.52 million in Part I of the budget, and EUR 175.59 million in Part II of the budget, and processed 1 171 payments (from 2021 appropriations) amounting to a total EUR 76.36 million in Part I of the budget and EUR 145.95 million in Part II of the budget. The number of payments

decreased compared to 2020 due to the lower number of recurrent low-value payments of activities put on hold due to Covid-19 pandemic.

The 2021 budget implementation rate is 71.47% for commitment appropriations and 64.17 % for payment appropriations. In addition, 148 payments, amounting to EUR 2.1 million, were processed in 2021 using appropriations carried over from 2020. The amount of 2021 appropriations carried over to 2022 is equivalent to EUR 6.26 million. Looking at the budget implementation by titles:

Title 1: Staff expenditure				
Final budget after transfers EUR	Committed		Used in payment appropriations	
	EUR	% of final budget	EUR	% of total committed
56.78 million	50.46 million	89%	49.47 million	98%

For Title 1, the commitment and payment levels were lower than in 2020 due to the relatively high vacancy rate throughout 2021, although they were higher than previous years in lines such as training. The main area of expenditure under this title is SRB

staff in active employment. EUR 45.96 million were spent on payroll (salaries and entitlements); EUR 1.57 million was spent on interim services and EUR 1.31 million on early childhood centres and schooling.

Title 2: Infrastructure expenditure				
Final budget after transfers EUR	Committed		Used in payment appropriations	
	EUR	% of final budget	EUR	% of total committed
16.65 million	16.35 million	98%	11.23 million	69%

In Title 2, the main areas of expenditure were the rental of the SRB building, at EUR 5.03 million, which increased compared to previous years due to the commitment for the preparation of new office space; and ICT infrastructure, at EUR 4.52 million. The one-off expenses of the

new office, amounting to EUR 2.59 million were contracted in December and therefore the payments will be carried over to 2022, which accounts for relatively low execution of the payments appropriations. Recurring expenses were postponed to 2022.

Title 3: Operational expenditure				
Final budget after transfers EUR	Committed		Used in payment appropriations	
	EUR	% of final budget	EUR	% of total committed
51.84 million	22.71 million	44%	15.66 million	69%



Title 3 is exclusively for operational expenditure related to the implementation of the SRMR, and includes Chapter 31, for SRB operations, and Chapter 32, for contingencies. Regarding Chapter 31, it was not possible to carry out a number of activities that were included in the operational budget, and thus, budget lines such as missions or events were not fully executed. However, the overall execution of Chapter 31 increased compared to 2020. Regarding Chapter 32, which serves as a contingency budget to cover unforeseeable expenditure related to the SRB's core mission; most of the planned budget, which was for potential resolution cases, remained uncommitted. This budget line remains instrumental for the achievement of SRB mandate should there be various resolutions happening at the same time. The total title implementation rate was 34%; however, excluding Chapter 32, which corresponds to SRB Contingencies, the implementation rate of the payment appropriations amounts to 83%.

### **2.5.3 BUDGET OVERTURN**

The budget overrun for 2021 is estimated to be EUR 36.82 million (compared to EUR 45.39 million in 2020) and will be entered in the 2022 budget after approval by the Board in its Plenary Session in September 2022. The budget overrun will be deducted from the administrative contributions to be collected in 2023.

### **2.5.4 PROCUREMENT**

During 2021, the SRB launched 34 procurement procedures, and awarded 34 contracts following successful completion of the procurement procedure (30 from procedures launched in 2021 and 4 in 2020), mainly specially negotiated procedures and low value negotiated procedures. In 2021, there were significantly fewer specially negotiated procedures for legal expertise, due to fewer litigation cases and a more efficient approach for grouping cases. See more details in Annex VIII.

## 2.6. Human Resources management

For HR management, 2021 remained a particularly challenging year due to the Covid-19 pandemic and despite the adaptation of processes to the 'new normal'. In 2021, the SRB approved its new HR strategy to tackle the upcoming challenges of an established organisation. The HR strategy contains two pillars: the HR mission, encompassing recruitment, engagement and retention of staff; and the HR transformation projects to streamline and improve HR management in the organisation over the period 2021-2023.

### 2.6.1 SPECIFIC COVID-19 MEASURES

During 2021, there were a number of initiatives to promote staff wellbeing and counter any negative effects of prolonged periods of homeworking. For example, the 'get to know you' initiative provided opportunities for new staff members to connect with staff members who had already been working at the SRB for some time and supported the process of integration

into the organisation. Additionally, SRB staff received training on different aspects of wellbeing and on how wellbeing can be maintained during difficult situations. External stakeholders, such as the European School of Administration and the Commission delivered these sessions and they were promoted throughout the year.

### 2.6.2 ENGAGEMENT AND RETENTION

The SRB continued efforts to recruit highly qualified staff to provide a solid basis for its work. The overall staffing level in 2021 remained similar to the level in 2020, finishing the year with 371 temporary agents of the 450 posts in the Establishment Plan 2021. This was due to two factors. First, an increase in staff departures in 2021. Although the majority of departures were for staff moving to European Institutions, HR will proactively explore reasons for staff departure in order to increase retention in coming years.

**Table 7:** Number of staff per category versus Establishment Plan

Category	Number of staff end 2019	Number of staff end 2020	Number of staff end 2021	Establishment Plan 2021
Temporary Agents	350	372	371	450
Seconded National Experts	22	19	22	35
Trainees	10	10	7	10
Consultants	33	30	35	N/A
<i>Interimaires</i>	13	12	23	N/A
<b>TOTAL</b>	<b>428</b>	<b>443</b>	<b>458</b>	<b>495</b>

Second, most of the 19 selection procedures launched or completed in 2021 were for highly specialised profiles, which allowed the recruitment of staff for a limited number of vacancies. The three larger campaigns, for the profiles of Senior Bank Resolution Expert, Bank

Resolution Expert and Legal Expert, will only lead to on-boarded staff in 2022. Despite the high amount of staff departures, HR still managed to cover the Establishment Plan 2021 with recruitments or selection procedures during the year.

### 2021 SRB Learning in figures

A total of 185 training sessions ↗ 15% since 2020

- ▶ 43 resolution-related training sessions in 2021
- ▶ 31 resolution-related ICT training sessions
- ▶ 26 general ICT training sessions
- ▶ 37 sessions on wellbeing/working in the 'new normal' ↗ fourfold the 2020 total
- ▶ 13 sessions on newcomers' induction

↗ 18% compared to 2020

### 2.6.3 LEARNING AND DEVELOPMENT

Throughout 2021, the SRB was particularly active in terms of training, passing from 160 training sessions in 2020 to 185 in total in 2021, including general initiatives to address working during the pandemic, such as wellbeing and hybrid meetings training courses, the relaunch of a mentoring scheme for newcomers, and team development events on dealing with change. Training sessions also covered newcomers' training courses, and various technical training initiatives.

The SRB 2021 Induction training took place in January 2021, with more than 100 attendees from the SRB, NRAs, the SSM, the EBA and the Commission. Experts from the SRB, SSM and EBA provided presentations on a wide range of topics, covering level 1 (BRRD, SRMR) and 2 regulations (EBA Regulatory and Implementing Technical Standards, RTS and ITS), recovery planning and early intervention, as well as key SRB policies included in the Resolution Planning Manual and the EfB.

In March, the SRB received a European School of Administration's award for 'Best learning action addressing skills for the future' for its 'Data Analysis in Resolution' training course, competing against 16 other contenders. The SRB won for its development of a community of people with the skills to grow the SRB's data analysis capacity to meet the Board's long-term needs. The

interactive training course focused on the concrete needs of participants and the challenges they face in their daily work. Participants presented projects showing the practical application of new skills to their current tasks, as well as the benefits of these skills for the SRB going forward.

In January 2021, the SRB completed an internal mobility exercise for Heads of Resolution Units, in line with the changes in the Resolution Units' portfolios. This exercise allowed the SRB to align itself with the standards applied by organisations in the field of banking supervision and, more importantly, created growth opportunities for its personnel.

### 2.6.4 HR TRANSFORMATION

During 2021, HR undertook three parallel projects, with the aim of completing them in 2022:

- ▶ The creation of the SRB's Competency Framework, with competency profiles for all job families in the SRB, and the development of a Competency Guide to describe how the competencies are implemented in learning and development (training curricula and career path), selection or internal mobility (competency-based selection).
- ▶ The selection and implementation of an e-recruitment tool, linked to the new competency framework.
- ▶ The implementation of the employee self-service, including the enhancement of self-service

tools that support the delivery of lean, efficient and business-focused HR services. At the same time, the SRB is also revising its HR processes.

In 2021, the SRB recruited a HR Talent Management Expert to manage these projects, as well as to grow and further develop HR capabilities (i.e. drafting a HR competency profile, clarifying the competencies required by HR personnel at different levels).

The competency framework will serve as the blueprint to clearly identify and communicate the skills, knowledge and mindset that staff need to thrive in their roles at the SRB. Additionally, the implementation of the HR transformation projects mentioned above will free up resources, which can provide tailored support and guidance to staff members with regard to different aspects of people management at the SRB.

## 2.7. Assessment of audit recommendations during the reporting year

### 2.7.1. INTERNAL AUDIT

The mandate of internal audit resides on the SRMR, the SRB Financial Regulation and the internal audit charter, which defines, amongst others, the principles of independence and objectivity, responsibility and authority. In line with the charter, Internal Audit reports on the results of its work to the Board in its Executive Session. In addition, Internal Audit reports at least annually to the Board on its performance, the main conclusions of its audits and the status of audit findings.

During the year, Internal Audit focused on five assurance engagements:

- ▶ Audit on ICT operations: change management and ICT security, which were completed.
- ▶ Audits on Documents and records management, Legal advice, and Litigation management, which were in the final reporting stage at year-end.

In addition, SRB internal audit performed one consulting engagement advising the SRB management on the establishment of the new Internal Control Framework.

Internal audit monitors the implementation of the recommendations from its assurance audits through follow up audits. In 2021, these follow ups covered previous audits on resolution planning, outsourcing of fund investments, recruitment and outsourcing and use of consultants.

### Status of Internal Audit recommendations

In 2021, Internal Audit issued 17 new recommendations, for which management has prepared action plans. Including recommendations from previous years' audits, 43 recommendations, of which two critical<sup>84</sup> and 15 high priority remained open at year-end. Of the nine recommendations followed up (from previous years' audits), one high priority recommendation was closed and for eight work is in progress, with some elements still to be implemented. A number of the open followed-up recommendations will be reviewed in the context of upcoming audits.

The critical and high priority recommendations outlined the need for further improvement in the areas of governance, planning and monitoring, and ensuring quality through processes.

### 2.7.2. EXTERNAL AUDIT

The SRB annual accounts are audited externally on an annual basis. In 2021, the external auditor issued an unqualified audit report on the SRB's 2020 final annual accounts.

In addition, the European Court of Auditors (ECA) reports on the SRB's annual accounts each financial year, including a statement of assurance as to the reliability of the annual accounts the legality and regularity of the transactions underlying these accounts.

<sup>84</sup> For which actions plans are already in place.

In 2021, ECA published its audit report on the SRB's annual accounts for the financial year 2020<sup>85</sup>, issuing an unqualified ('clean') audit opinion. The report also noted that the SRB had completed the action plan related to the observations mentioned in 2020 for the 2019 SRB annual report<sup>86</sup>. In addition, the report noted some observations regarding the internal controls in the SRF investments: regarding the completion of assessments about internal control measures to prevent conflicts of interest in the contracted national central bank, and the need to reinforce investment risk management processes, carrying out monitoring through ICT tools and using independent sources. These recommendations have since been addressed, among other measures, with the completion of a contract for a second investment manager, the development of an ICT tool and the improvement of the SRB access to market data (see section 1.6.2 for more details). Complementing this report, the ECA also published in November 2021 its report on contingent liabilities of 2020<sup>87</sup>, which noted that the SRB had addressed the recommendations from the previous report, and included two new recommendations:

- ▶ The SRB should develop a method for calculating the potential financial exposure from *ex ante* contributions. This process is ongoing.
- ▶ The SRB should re-introduce the procedure of monitoring national

proceedings on *ex ante* contributions, in cooperation with the NRAs.

In addition, in 2021, the ECA also published the report Resolution planning in the SRM<sup>88</sup>, which followed a previous audit (ECA special report 23/2017<sup>89</sup>), but had a broader scope, covering: (i) resolution planning of banks under the SRB remit; (ii) the SRB's oversight function for LSIs; and (iii) adequacy of human resources.

The ECA issued recommendations in four areas:

- ▶ Improving the SRM's policies. The ECA found that the SRB has adopted all the relevant policies needed for the preparation of the resolution plans, and that the policies developed were of satisfactory quality. The report noted that some elements of policy were still to be developed. However, since the conduct of the audit, the SRB has continued developing policies in line with the timeline included in the EfB and will continue to include appropriate changes in the annual updates of manuals and other guidelines<sup>90</sup> (see sections 1.3.1 and 1.4.1).
- ▶ Ensuring full compliance and timely adoption of resolution plans. The ECA found that the quality of the plans had improved compared to the previous audit, but reported lack of compliance with some aspects of the Single Rulebook, and recommended the alignment of the resolution

<sup>85</sup> Full document available here: [https://www.eca.europa.eu/lists/ecadocuments/agencies\\_2020/agencies\\_2020\\_en.pdf](https://www.eca.europa.eu/lists/ecadocuments/agencies_2020/agencies_2020_en.pdf)

<sup>86</sup> Full document available here: [https://www.eca.europa.eu/Lists/ECADocuments/SRB\\_2019/SRB\\_2019\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/SRB_2019/SRB_2019_EN.pdf)

<sup>87</sup> Full document available here: [https://www.eca.europa.eu/Lists/ECADocuments/SRM\\_2020\\_contingent\\_liabilities/SRM\\_2020\\_contingent\\_liabilities\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/SRM_2020_contingent_liabilities/SRM_2020_contingent_liabilities_EN.pdf)

<sup>88</sup> Full document available here: [https://www.eca.europa.eu/Lists/ECADocuments/SR21\\_01/SR\\_Single\\_resolution\\_mechanism\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/SR21_01/SR_Single_resolution_mechanism_EN.pdf)

<sup>89</sup> Full document available here: [https://www.eca.europa.eu/Lists/ECADocuments/SR17\\_23/SR\\_SRB-BU\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/SR17_23/SR_SRB-BU_EN.pdf)

<sup>90</sup> In addition to the inclusion of new policy topics, the SRB also updated internal guidance to eliminate potential ambiguities and foster further standardisation of resolution plans. These improvements are complementary to the SRB's internal quality control of the plans.

planning activities. Since the conduct of the audit, the SRB has provided updated guidance to IRTs and banks, and the quality of resolution plans has progressively improved in the RPC 2020 and 2021 (see section 1.4.2). The work plan 2020, published in November 2019, already included provisions for a 12-months annual planning cycle, implemented in 2020, which also adapted to regulatory changes introduced by the BRRD2. This 12-month RPC was improved and implemented again in 2021 (see section 1.3.1), hence further addressing ECA recommendation.

- ▶ Improving the organisational set-up of the SRM. The ECA found that the distribution of roles with the NRAs was clearer, and that the SRB had further fulfilled its Establishment Plan. However, it noted the additional need for staff, particularly in resolution planning and LSI oversight, to which the SRB agreed. The Establishment Plan was increased in the Multi-annual Programme 2021-2023, and since 2020, the SRB has been working to increase recruitment, also in the face of the HR management challenges brought about by the Covid-19 pandemic (See section 2.6 and Annex VI). Standardisation of IRT composition is ongoing, and

the exercise will take advantage of the lessons learned during the RPC 2021.

- ▶ Setting objective and quantified criteria for timely supervisory action (early intervention and failing-or-likely-to-fail criteria). The SRB accepted this recommendation only partially, depending on the Commission's approval of the recommendation, as the SRB can only provide a technical advisory role in the matter. In 2021, the SRB met with the Commission, which indicated that, for the time being, it does not have plans to put forward a legislative proposal with objective and quantified thresholds for triggering early intervention and failed-or-likely-to-fail criteria.

The ECA report focused on the RPC 2018-2019. However, the Covid-19 pandemic delayed its completion and publication. The action plans to address its recommendations were already included in the SRB's work programme, and have either been completed in 2021 or will be fully addressed in the first months of 2022, as the RPC 2021 and the preparation phase of the RPC 2022 are concluded.







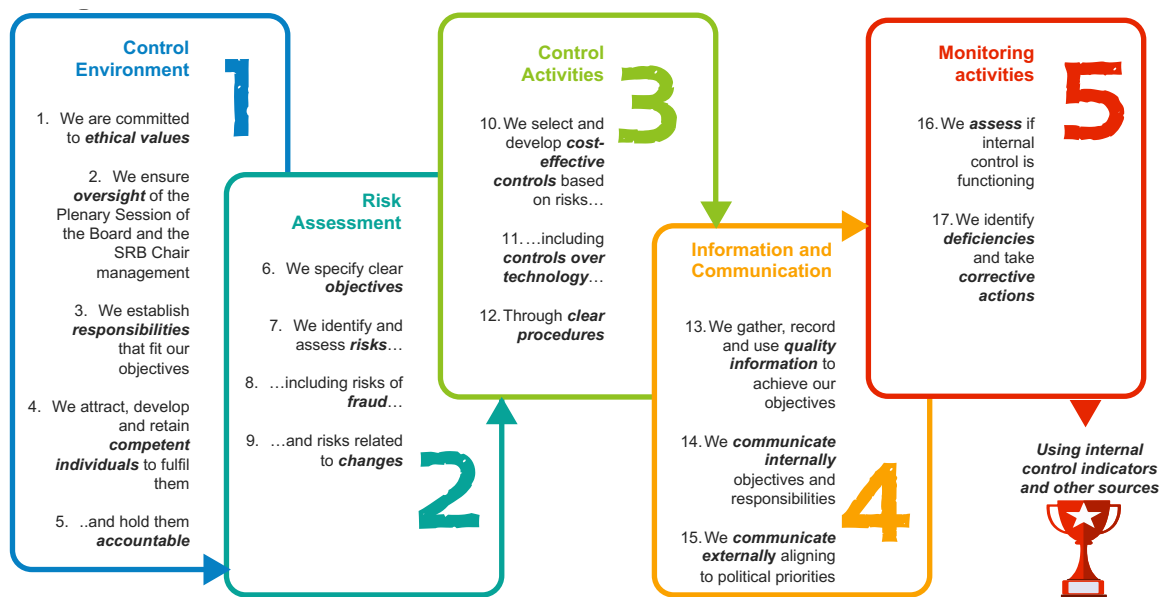
# Assessment of the effectiveness of internal control systems

## 3.1. Effectiveness of internal control systems

In 2021, the SRB moved away from a purely compliance-based system to a principle-based one, whereby the different SRB teams obtain the necessary flexibility to adapt to their specific characteristics and circumstances, while ensuring a robust internal control with a consistent assessment throughout the SRB. This approach aims to help the organisation to achieve its objectives and sustain operational and financial performance.

The SRB Internal Control Framework consists of 5 components, 17 principles, and characteristics that function as a manual on how the SRB as an organisation should be run in order to maximise the achievement of its objectives, with effective and efficient use of available resources. The principles give guidance on how to build a sound structure of internal control and they are defined and detailed in the Internal Control Framework.

Figure 15: SRB Internal Controls Framework



The SRB's Internal Control Framework is adapted from the Commission's to cater for the SRB's specific control environment. This framework supplements the Financial Regulation of the SRB and other applicable rules and regulations<sup>91</sup> with a view to aligning the SRB standards to the Commission's internal control framework, which, in turn, is based on the highest international standards, set by the Committee of Sponsoring

Organisations of the Treadway Commission (COSO) framework.

The SRB performs the assessment of internal controls via continuous monitoring and specific periodical assessments. Continuous monitoring is built into processes and carried out on real-time basis at all levels of the organisation, enabling the SRB teams to react timely to changing conditions and correct deviations and deficiencies. As 2021 was a transitional

<sup>91</sup> Notably Staff Regulations, governance arrangements, the SRB anti-fraud strategy, etc.

year for the SRB's internal control framework, the assessment of internal controls was based on the internal control standards (previous framework) and a mapping with the new internal control principles (new

framework) was conducted to bridge the two frameworks. The assessment of internal controls in 2021 will be presented to the SRB management in March 2022.





## 3.2. Conclusions of assessment of internal controls

This section reviews the assessment of the elements already reported above, in sections 2.7.2 and 3.1, and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance and establishes whether the declaration should be qualified with reservations or not.

In 2021, SRB allocated approximately 18.7 full-time equivalents<sup>92</sup> for control activities (amounting to EUR 1 371 499 or 0.01% of the SRB's 2021 total budget). These activities focused on the following areas: centralised financial management and procurement activities, budget and accounting services, and finance and verification processes. Considering the positive result of the *ex ante* and *ex post* control verifications, the absence of critical recommendations stemming from audits, the

well-established framework to manage exceptions and the regularity of operations, the overall balance between effectiveness, efficiency and economy of controls is reasonably satisfactory.

The information reported in sections 2.7.2 and 3.1 stems from the results of monitoring by management and auditors, based on a systematic analysis of the evidence available. They fully support the Declaration of Assurance with respect to the use of resources for the intended purpose and in line with the principles of sound financial management, legality and regularity. This approach gives a true and fair view, and offers sufficient guarantees regarding the completeness and reliability of the information on the controls, covering the totality of the budget delegated to the SRB's Chair.

<sup>92</sup> Unit measuring employed people making workloads comparable.



**IV** |

**Management  
assurance**

## 4.1. Review of the elements supporting assurance

The SRB conducts its operations in compliance with the applicable laws and regulation, working in a transparent manner, and meeting a high level of professional and ethical standards. The SRB adopted its Internal Control Framework, based on the Commission equivalent and in international best practice, aimed to ensure the achievement of its objective and mandate.

Some of the elements supporting assurance can be found in previous sections, such as audit management in section 2.7, financial and human resources management in sections 2.5 and 2.6 respectively, governance aspects in section 2.3, as well as Part III, on internal controls. In addition, throughout 2021, the SRB various horizontal teams performed regular functions that supported the achievement of the SRB objective in the most effective, efficient and economic manner. Amongst others, the following activities supported assurance during 2021:

### SRB Secrecy Protocol Framework

The SRB Secrecy Protocol Framework, updated at the end of 2020, governs access to confidential information in the event of potential resolution action (see more details in section 1.5.1). Throughout 2021, the SRB undertook several initiatives to inform staff and create awareness of the Protocol.

### Data Protection

During 2021, SRB made substantial progress to enhance processes, tools

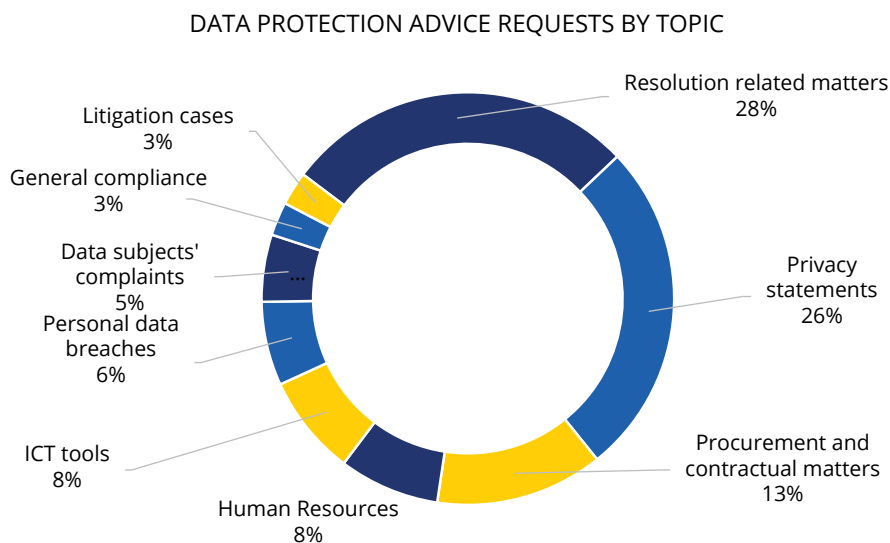
and controls needed to strengthen data protection compliance within the EU data protection framework, while keeping SRB mandate and mission in mind. Throughout 2021, the SRB Data Protection Office advised other units in a wide variety of subject matters, such as cases related to data protection compliant recording of remote meetings; provided training on general and specific data protection topics such as standard contractual advising on procurement matters, and drafted a data protection checklist for ICT Project Owners. The Data protection office also intensified exchanges with ICT and HR on topics such as email retention, cloud or the purchase of online tools.

The SRB Data Protection Office developed templates and guidance for all units drafting privacy statements, consent forms and organising events and training courses, or involved in procurement procedures, aiming to simplify and standardise the creation of these documents, and ensure SRB compliance with data protection framework.

Throughout 2021, SRB continued its collaboration with other EU Institutions, Agencies and Bodies in relation to data protection, allowing for exchanges of experiences and sharing of good practices. During the year, the SRB carried out an overview of its data processing activities and this is to be carried out annually.



Figure 16: Data protection advice requests by topic

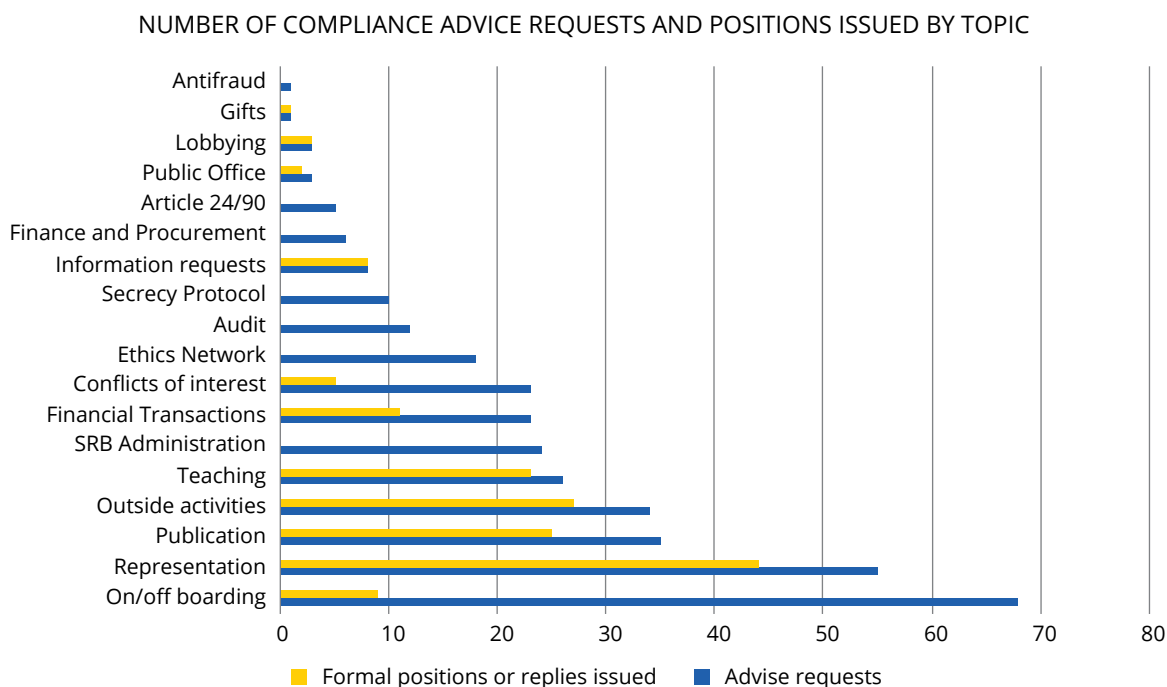


**Ethics and Compliance**

The SRB approved a new Ethics and Compliance Framework at the end of 2020, which was implemented throughout 2021, supported by an awareness campaign and training courses organised by the Ethics team. Furthermore, during 2021, all SRB staff completed the first mandatory housekeeping exercise as part of the reporting obligations under the new Code of Ethics. During the year, SRB

Compliance dealt with 355 ethics and compliance matters, including prior authorisation requests, declarations, notifications, etc. Following these, SRB Compliance issued 150 formal positions (of which 36 required signature by the Appointing Authority, concerning activities and publications outside or taking place after leaving the SRB) and eight formal replies in the context of complex authorisation requests.

Figure 17: Number of compliance advice requests and positions issued by topic



In addition, throughout the year, SRB Compliance reviewed 61 declarations from SRB Staff Members, of which half were reviews related to onboarding of staff. The remaining concerned off-boarding cases, of which 13% were finalised with a formal compliance position (applications under Article 16 of the Staff Regulations). Apart from the regular support for requests for advice, SRB Compliance also promoted campaigns to create awareness on specific topics such as publications, social media, lobbying requests, antifraud, tone-at-the-top, recruitment panels, and introductions to newcomers.

### Work environment

Work environment was kept high on the agenda. In order to promote respect and dignity as one of the organisation values, the SRB approved its policy on protecting the dignity of the person and preventing psychological and sexual harassment in 2017, and the following year established a network of confidential counsellors with a 2-year mandate. In 2021, the SRB selected a new group of confidential counsellors who received specialised training to perform their function. In parallel, senior and middle management were invited to specific sessions, several awareness creation campaigns have been organised, and up to May 2021, a cumulative figure of around 500 staff had received training. In terms of staff relations, the SRB Staff Committee had a new composition in 2021, and its members regularly met with the SRB senior management, which was particularly important in issues related to remote work and return to the office in the Covid-19 environment.

### Sensitive functions

In 2021, the SRB developed its internal guide on sensitive functions<sup>93</sup>, which came into effect in June. The document described the main responsibilities of the management of sensitive functions, and provided guidance on the process of their identification, as well as the application of the corresponding mitigating controls. The SRB launched its first annual sensitive function exercise in Q4 2021, and will take measures for the implementation of internal controls related to them in 2022.

### Risk management

In 2021, SRB reviewed the status of the corporate risk management action plan 2020. Following this review, and in combination with the collection of other emerging corporate risks, the SRB considered it necessary to continue a follow-up on the original action plans in order to ensure that appropriate mitigating measures were implemented, as the top eight significant corporate risks remained in effect in 2021. In 2022, the introduction of standardised internal planning processes, as part of the development of a performance management system for the SRB will complement this exercise.

### Ex post financial controls

The SRB developed its internal guidance on *ex post* financial controls for the SRB, which came into effect in October 2021. The exercise, was carried out in order to verify the legality, regularity and sound financial management of completed financial transactions; measure the effectiveness of *ex ante* financial controls in place; enhance the business processes; and report the results to the Chair, highlighting

<sup>93</sup> Sensitive functions are those where a member of staff executing an activity has a degree of autonomy and/or decisional power and/or influence sufficient to enable them, should they so decide, to misuse these powers for personal gain (financial or otherwise) and/or to inflict damage. As per the SRB Internal Control Framework, the SRB's sensitive functions should be identified through risk assessments and they should be recorded and kept up to date. The SRB has therefore a register of sensitive functions, ensures that adequate and proportional mitigations are in place and monitors the residual risk that the SRB is willing to bear.

non-conformities that were discovered and proposing corrective actions where necessary. The SRB will complete the exercise in Q1 2022.

#### Exception reporting

Exceptional circumstances may impose decisions that represent a deviation from legal requirements, established processes and procedures. Such exceptions must be approved by the appropriate level of management before the action is taken, considering the delegation of responsibilities decided by the Authorising Officer. The analysis of the exceptions and non-compliance events was reported to the SRB management for the year 2021, including an identification of the internal control weaknesses and the mitigating actions proposed.

#### Additional items

In June 2021, the SRB conducted a periodic validation of user access

rights granted in ABAC (SRB's financial system). The validation identified weaknesses for which the corresponding action plans have been established.

The SRB reported to the SRB Administrative and Budget Committee the status of all the actions taken to address the ECA recommendations during the course of 2021.

#### Overall Conclusion

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated, and necessary improvements and reinforcements are being implemented. The Managers of Risk Management and Internal Controls have signed their assurance statements and the Chair, in her capacity as Authorising Officer has signed the Declaration of Assurance.

## 4.2. Reservations

Not applicable





**Declaration of  
assurance**

## 5.1. Statement of Managers in charge of risk management and internal controls

### STATEMENT OF THE RESPONSIBLE FOR THE RISK MANAGEMENT AND INTERNAL CONTROL FUNCTION

I declare that in accordance with the SRB's internal control framework, I have reported my advice and recommendations on the overall state of internal control in the SRB to the Chair.

I hereby certify that the information provided regarding the state of internal control in the present Annual Report and in its Annexes is, to the best of my knowledge, accurate and complete.

Brussels, 14 March 2022

**Andrea Iber**



Head of Unit 01, SRB Secretariat, including Internal Control Office

### STATEMENT OF THE RESPONSIBLE FOR COMPLETENESS AND RELIABILITY OF MANAGEMENT REPORTING ON RESULTS AND ON THE ACHIEVEMENT OF OBJECTIVES

I hereby certify that the information provided regarding performance reporting in the present Annual Report and in its Annexes is, to the best of my knowledge, accurate and complete.

Brussels, 14 March 2022

**Samy Harraz**



Head of Unit 02, Strategy, International Relations and Communications



## 5.2. Declaration of Assurance by the Chair

I, the undersigned, Elke König, Chair of the Board and Manager of the Single Resolution Board, in my capacity as authorising officer:

Declare that the information contained in this report gives a true and fair view<sup>94</sup>.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment and *ex post* control verifications performed during the year.

Confirm that I am not aware of anything not reported here which could harm the interests of the Single Resolution Board.

Brussels, 18 May 2022

**Elke König**



Chair of the Single Resolution Board

<sup>94</sup> Fair view in this context means a reliable, complete and correct view on the state of affairs in the service

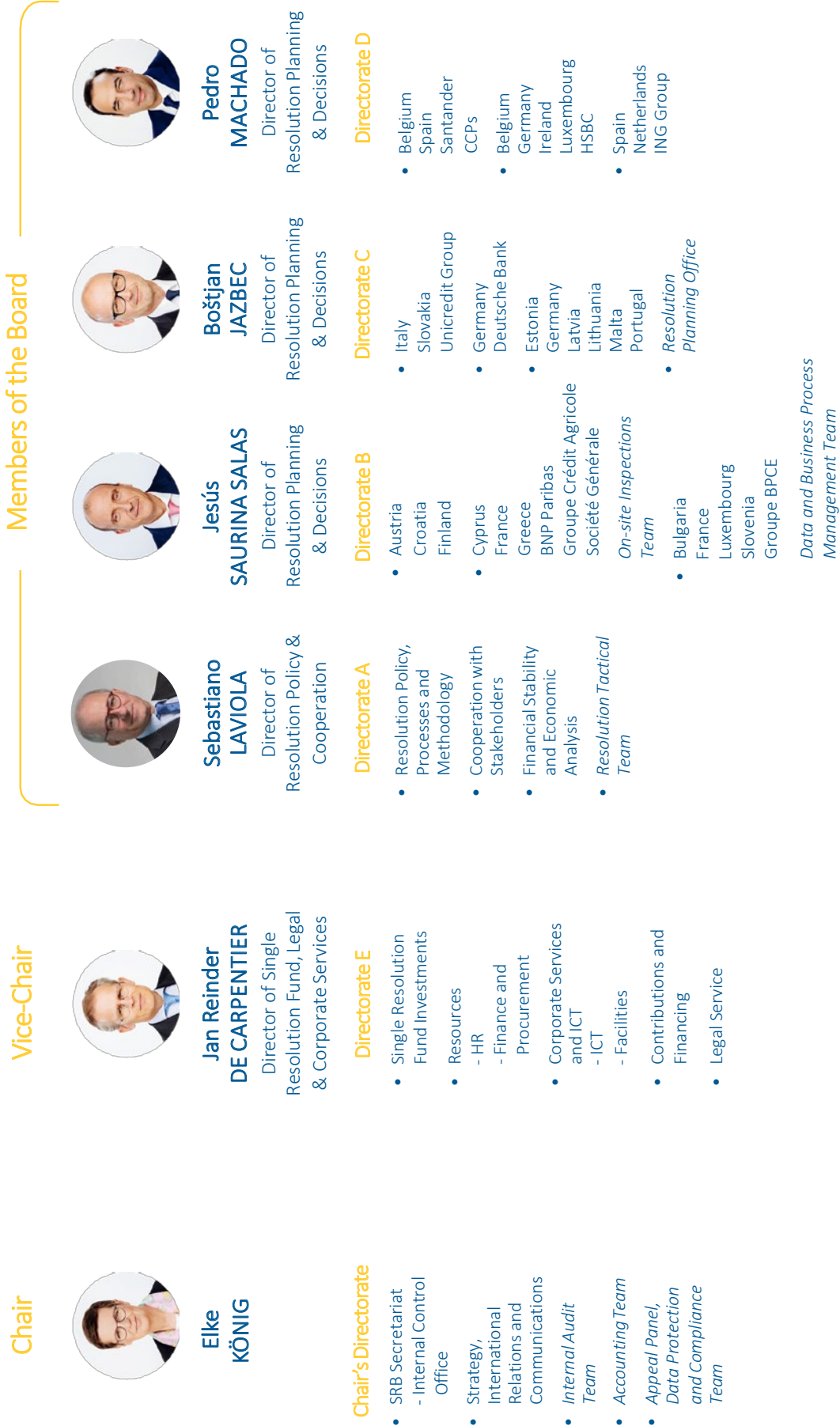






# Annexes

# Annex I – Organisational chart



# Annex II - Members of the Plenary Session

As of 31 December 2021











Role	Name	Authority
Chair	Elke KÖNIG	SRB
Vice-Chair	Jan Reinder DE CARPENTIER	SRB
Full-time board member	Sebastiano LAVIOLA	SRB
Full-time board member	Jesús SAURINA SALAS	SRB
Full-time board member	Boštjan JAZBEC	SRB
Full-time board member	Pedro MACHADO	SRB
Member appointed by participating Member State representing the NRA	Jožef BRADEŠKO	Slovenia - Banka Slovenije
Member appointed by participating Member State representing the NRA	Frédéric VISNOVSKY	France - Autorité de contrôle prudentiel et de résolution
Member appointed by participating Member State representing the NRA	Paula CONTHE	Spain - FROB (Spanish Executive Resolution Authority)
Member appointed by participating Member State representing the NRA	Steven VANACKERE	Belgium - National Bank of Belgium
Member appointed by participating Member State representing the NRA	Michalis STYLIANOU	Cyprus - Central Bank of Cyprus
Member appointed by participating Member State representing the NRA	Vasileios MADOUROS	Ireland - Central Bank of Ireland
Member appointed by participating Member State representing the NRA	Jokūbas MARKEVIČIUS	Lithuania - Bank of Lithuania
Member appointed by participating Member State representing the NRA	Maria MAVRIDOU	Greece - Bank of Greece
Member appointed by participating Member State representing the NRA	Enzo SERATA	Italy - Banca d'Italia - Resolution Unit
Member appointed by participating Member State representing the NRA	Jelena LEBEDEVA	Latvia - Financial and Capital Market Commission
Member appointed by participating Member State representing the NRA	Romain STROCK	Luxembourg - Commission de Surveillance du Secteur Financier
Member appointed by participating Member State representing the NRA	Nicole STOLK-LUYTEN	Netherlands - De Nederlandsche Bank
Member appointed by participating Member State representing the NRA	Júlia ČILLÍKOVÁ	Slovakia - Slovak Resolution Council
Member appointed by participating Member State representing the NRA	Aldo GIORDANO	Malta - Malta Financial Services Authority

Role	Name	Authority
Member appointed by participating Member State representing the NRA	Riin HEINASTE	Estonia - Finantsinspektsioon (Estonian Financial Supervision and Resolution Authority) Authority
Member appointed by participating Member State representing the NRA	Kalin HRISTOV	Bulgaria - Bulgarian National Bank
Member appointed by participating Member State representing the NRA	Eduard MÜLLER	Austria - Austrian Financial Market Authority
Member appointed by participating Member State representing the NRA	Tuija TAOS	Finland - Finnish Financial Stability Authority
Member appointed by participating Member State representing the NRA	Roman ŠUBIĆ	Croatia - Croatian National Bank
Member appointed by participating Member State representing the NRA	Birgit RODOLPHE	Germany - Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)
Member appointed by participating Member State representing the NRA	Luís Augusto Máximo DOS SANTOS	Portugal - Banco de Portugal
Observer in accordance with Article 1.6 of RoP of Plenary Session	Petar DZELEPOV	Bulgaria - Financial Supervision Commission (FSC)
Observer in accordance with Article 1.6 of RoP of Plenary Session	Angel ESTRADA	Spain - Banco de España - (Spanish Preventive Resolution Authority)
Observer in accordance with Article 1.6 of RoP of Plenary Session	Kerstin AF JOCHNICK	European Central Bank
Observer in accordance with Article 1.6 of RoP of Plenary Session	John BERRIGAN	European Commission - DG Financial Stability, Financial Services and Capital Markets Union
Observer in accordance with Article 1.6 of RoP of Plenary Session	Francesco MAURO	European Banking Authority



# Annex III - Key Performance Indicators

#	Priority area / indicator description	Target	Value 2021	
<b>Achieving resolvability of SRB banks and less Significant Institutions</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	100% RPC 2021 plans adopted <sup>1</sup>	●
2	Deliver 2021 priority letters to all SRB banks and ensure follow-up to 2020 priority letters	By Q1 2021	98% of banks <sup>2</sup>	●
3	Complete the heat map on resolvability for SRB banks (following review of banks' self-assessment)	RPC 2021	100%	●
4	Prepare and carry out onsite visits	≥ 2 pilot visit projects	13 deep dives, 7 bank visits	●
5	Assessment of draft resolution decisions submitted by NRAs concerning LSIs under their direct competence	100 %	100% <sup>3</sup>	●
<b>Fostering a robust resolution framework</b>				
6	Develop further MREL policy updates, on M-MDA eligibility framework, IPU's and No Creditor Worse Off model	By Q1 2021	100% <sup>4</sup>	●
7	Provide guidance to banks on the estimation of liquidity and funding needs in resolution	By Q1 2021	100%	●
8	Conduct quality assurance for SRB banks' resolution plans (host cases are excluded)	100%	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	100 % participation	100%	●
10	Negotiate Memoranda of Understanding with the supervisory and resolution authorities of non-Banking Union Member States (and the ECB-SSM)	90%	90% <sup>5</sup>	●
11	Negotiate new cooperation agreements, and access existing ones, concerning G-SIBs for which the SRB is host authority	100 %	100%	●
12	Offering resolution-related training to SRB staff and/or NRA staff	>15 training courses	43	●
<b>Carrying out effective crisis management</b>				
13	Deliver on the preparatory steps and workstreams of the Resolution Tools Other than Bail-In project	100%	100%	●
14	Perform dry-run exercises to test cooperation with non-Banking Union authorities within resolution colleges and Memoranda of Understanding with third country authorities, and integrate lessons learnt into SRB crisis handbook	2 exercises	1 exercise <sup>6</sup>	●
<b>Operationalising the SRF</b>				
15	Calculate contributions for 2021, onboarding two new Member States into the SRB <i>ex ante</i> contribution cycle	100 %	100%	●
16	Implement the investment plan for 2021 and prepare the 2022 plan	100 %	100%	●
17	Complete the repayment calculation methodology to ensure the principle of fiscal neutrality on the use of the backstop	100 %	100%	●
<b>SRB as an organisation</b>				
18	Implement the ICT programme for 2021	100 %	90.05%	●
19	Organisation can operate on a fully remote basis	100 %	100%	●

#	Priority area / indicator description	Target	Value 2021			
20	Implement 2021 communications work programme, including the launch of a new website and development of SRM Communication Forum	100 %	97%			
21	2021 Establishment Plan filled or covered by selection procedures	By Q3 2021	99%			
22	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	60% <sup>7</sup>			
23	Year-to-year improvement of the budget execution rate (in commitments appropriations and excluding Ch. 32 'SRB contingencies')	5%	3%			
				     		
<b>Legend</b>	Overachieved	Achieved	Partially achieved	Ongoing	Some progress needed	Substantial progress needed

- <sup>1</sup> The majority of resolution plans adopted as per the planned schedule, with some exceptions due to mergers and to crisis cases.
- <sup>2</sup> Two host cases were followed up later in 2021.
- <sup>3</sup> The SRB assessed all the resolution plans pertaining to LSIs submitted by NRAs, covering 93% of the LSIs in scope.
- <sup>4</sup> Not all policies published within Q1, but all essential policies for RPC were published within the expected schedule
- <sup>5</sup> The SRB agreed on the joint template with the ECB-SSM and the SRB Executive Session and the ECB Supervisory Board approved it. Country-specific negotiations started and the signatories at technical level broadly agreed on the template.
- <sup>6</sup> The SRB only coordinated only one full dry-run exercise; nonetheless, the SRF also carried out partial exercises in the context of the operationalisation of the common backstop, and the SRB participated in and extracted lessons learnt from the Trilateral Principal Level Exercise dry run. Although here were fewer dry-run exercises than planned, the SRB considers that the areas of interest for lessons learned were sufficiently explored.
- <sup>7</sup> This Key Performance Indicator encompasses various workstreams of the Human Resources Strategy, for details see section 2.6



# Annex IV - Annual report on public access to documents in 2021

The SRB received 33 initial applications and 15 confirmatory applications concerning SRB documents. Several requests related to the SRB's decision concerning the resolution of Banco Popular Español, S.A. Furthermore, a large number of applications concerned the same documents.

In some cases, the applications concerned documents that did not exist or were not in the possession of the SRB. In such cases, the SRB informed applicants accordingly. In the majority of cases, the SRB granted partial access to the documents requested, considering that full disclosure would have undermined the interests protected under Article 4 of the Transparency Regulation.

The SRB based its decisions on partial access and/or refusals on the following exceptions to the disclosure

of documents foreseen in Regulation (EC) No 1049/2001:

- ▶ protection of the public interest as regards the financial, monetary or economic policy of the Union or a Member State (Article 4(1)(a), fourth indent);
- ▶ protection of privacy and the integrity of the individual (Article 4(1)(b));
- ▶ protection of commercial interests of a natural or legal person, including intellectual property (Article 4(2), first indent);
- ▶ protection of court proceedings and legal advice (Article 4(2), second indent);
- ▶ protection of the purpose of inspections, investigations and audits (Article 4(2), third indent); and
- ▶ protection of decision-making process (Article 4(3)).

# Annex V - 2021 Budget implementation

## TITLE I: STAFF EXPENDITURE

Budget line	Budget line description	Commitments appropriations transaction amount (1)	Executed committed amount (2)	Committed % (2)/(1)	Payments appropriations transaction amount (3)	Executed payments amount (4)	% Paid (4)/(3)	Carried over RAL (C8) (2)-(4)	Cancel amount (1)-(2)
<b>A-1100</b>	Basic salaries	32 910 614.00	30 567 460.19	92.88%	32 910 614.00	30 567 460.19	92.88%	0.00	2 343 153.81
<b>A-1101</b>	Family allowances	2 815 000.00	2 592 588.93	92.10%	2 815 000.00	2 592 588.93	92.10%	0.00	222 411.07
<b>A-1102</b>	Expatriation and foreign residence allowances	4 300 000.00	3 783 019.93	87.98%	4 300 000.00	3 783 019.93	87.98%	0.00	516 980.07
<b>A-110</b>	<b>Total:</b>	<b>40 025 614.00</b>	<b>36 943 069.05</b>	<b>92.30%</b>	<b>40 025 614.00</b>	<b>36 943 069.05</b>	<b>92.30%</b>	<b>0.00</b>	<b>3 082 544.95</b>
<b>A-1111</b>	Seconded national experts	1 750 000.00	1 262 570.04	72.15%	1 750 000.00	1 262 570.04	72.15%	0.00	487 429.96
<b>A-1112</b>	Trainees	150 000.00	81 135.12	54.09%	150 000.00	29 503.68	19.67%	51 631.44	68 864.88
<b>A-111</b>	<b>Total:</b>	<b>1 900 000.00</b>	<b>1 343 705.16</b>	<b>70.72%</b>	<b>1 900 000.00</b>	<b>1 292 073.72</b>	<b>68.00%</b>	<b>51 631.44</b>	<b>556 294.84</b>
<b>A-1130</b>	Insurance against sickness	1 684 201.20	1 000 896.32	59.43%	1 684 201.20	1 000 896.32	59.43%	0.00	683 304.88
<b>A-1131</b>	Insurance against accidents and occupational disease	230 000.00	112 493.38	48.91%	230 000.00	112 493.38	48.91%	0.00	117 506.62
<b>A-1132</b>	Unemployment insurance	400 000.00	350 569.29	87.64%	400 000.00	350 569.29	87.64%	0.00	49 430.71
<b>A-1133</b>	Constitution or maintenance of pension rights	6 020 000.00	5 586 008.00	92.79%	6 020 000.00	5 586 008.00	92.79%	0.00	433 992.00
<b>A-113</b>	<b>Total:</b>	<b>8 334 201.20</b>	<b>7 049 966.99</b>	<b>84.59%</b>	<b>8 334 201.20</b>	<b>7 049 966.99</b>	<b>84.59%</b>	<b>0.00</b>	<b>1 284 234.21</b>
<b>A-1140</b>	Childbirth grants and death allowances	3 800.00	2 776.34	73.06%	3 800.00	2 776.34	73.06%	0.00	1 023.66
<b>A-1141</b>	Travel expenses for annual leave	670 000.00	475 686.93	71.00%	670 000.00	475 686.93	71.00%	0.00	194 313.07
<b>A-1142</b>	Shift work and standby duty	56 000.00	45 847.88	81.87%	56 000.00	45 847.88	81.87%	0.00	10 152.12
<b>A-1149</b>	Other allowances and grants	139 250.00	107 500.00	77.20%	139 250.00	107 500.00	77.20%	0.00	31 750.00
<b>A-114</b>	<b>Total:</b>	<b>869 050.00</b>	<b>631 811.15</b>	<b>72.70%</b>	<b>869 050.00</b>	<b>631 811.15</b>	<b>72.70%</b>	<b>0.00</b>	<b>237 238.85</b>
<b>A-1150</b>	Overtime	0.00	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00
<b>A-115</b>	<b>Total:</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>
<b>A-1200</b>	Recruitment expenses	155 000.00	91 020.00	58.72%	155 000.00	81 118.00	52.33%	9 902.00	63 980.00
<b>A-1201</b>	Installation resettlement daily subsistence allowances, removal and travel expenses	995 000.00	342 252.92	34.40%	995 000.00	342 252.92	34.40%	0.00	652 747.08
<b>A-120</b>	<b>Total:</b>	<b>1 150 000.00</b>	<b>433 272.92</b>	<b>37.68%</b>	<b>1 150 000.00</b>	<b>423 370.92</b>	<b>36.81%</b>	<b>9 902.00</b>	<b>716 727.08</b>

Budget line	Budget line description	Commitments appropriations transaction amount (1)	Executed committed amount (2)	Committed % (2)/(1)	Payments appropriations transaction amount (3)	Executed payments amount (4)	% Paid (4)/(3)	Carried over RAL (C8) (2)-(4)	Cancel amount (1)-(2)
A-1300	Missions and duty travel expenses and ancillary expenditure	20 000.00	0.00	0.00%	20 000.00	0.00	0.00%	0.00	20 000.00
A-130	<b>Total:</b>	<b>20 000.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>20 000.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>20 000.00</b>
A-1400	Restaurants and canteens	25 000.00	13 251.15	53.00%	25 000.00	751.15	3.00%	12 500.00	11 748.85
A-140	<b>Total:</b>	<b>25 000.00</b>	<b>13 251.15</b>	<b>53.00%</b>	<b>25 000.00</b>	<b>751.15</b>	<b>3.00%</b>	<b>12 500.00</b>	<b>11 748.85</b>
A-1410	Medical service	105 000.00	93 750.00	89.29%	105 000.00	58 598.00	55.81%	35 152.00	11 250.00
A-141	<b>Total:</b>	<b>105 000.00</b>	<b>93 750.00</b>	<b>89.29%</b>	<b>105 000.00</b>	<b>58 598.00</b>	<b>55.81%</b>	<b>35 152.00</b>	<b>11 250.00</b>
A-1420	Social contacts between staff	55 000.00	16 500.00	30.00%	55 000.00	180.00	0.33%	16 320.00	38 500.00
A-1421	Special allowances for disabled and assistance grants	0.00	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00
A-1422	Early childhood centres and schooling	1 491 336.00	1 491 336.00	100.00%	1 491 336.00	1 247 109.24	83.62%	244 226.76	0.00
A-142	<b>Total:</b>	<b>1 546 336.00</b>	<b>1 507 836.00</b>	<b>97.51%</b>	<b>1 546 336.00</b>	<b>1 247 289.24</b>	<b>80.66%</b>	<b>260 546.76</b>	<b>38 500.00</b>
A-1500	Further training and language courses for staff	625 500.00	432 012.07	69.07%	625 500.00	255 011.68	40.77%	177 000.39	193 487.93
A-150	<b>Total:</b>	<b>625 500.00</b>	<b>432 012.07</b>	<b>69.07%</b>	<b>625 500.00</b>	<b>255 011.68</b>	<b>40.77%</b>	<b>177 000.39</b>	<b>193 487.93</b>
A-1600	Administrative assistance from Community institutions	758 298.80	758 298.80	100.00%	758 298.80	575 162.26	75.85%	183 136.54	0.00
A-1601	Interim services	1 420 000.00	1 252 215.15	88.18%	1 420 000.00	992 215.15	69.87%	260 000.00	167 784.85
A-160	<b>Total:</b>	<b>2 178 298.80</b>	<b>2 010 513.95</b>	<b>92.30%</b>	<b>2 178 298.80</b>	<b>1 567 377.41</b>	<b>71.95%</b>	<b>443 136.54</b>	<b>167 784.85</b>
A-1700	Representation expenses	1 000.00	1 000.00	100.00%	1 000.00	889.49	88.95%	110.51	0.00
A-170	<b>Total:</b>	<b>1 000.00</b>	<b>1 000.00</b>	<b>100.00%</b>	<b>1 000.00</b>	<b>889.49</b>	<b>88.95%</b>	<b>110.51</b>	<b>0.00</b>
<b>TOTAL TITLE I</b>		<b>56 780 000.00</b>	<b>50 460 188.44</b>	<b>88.87%</b>	<b>56 780 000.00</b>	<b>49 470 208.80</b>	<b>87.13%</b>	<b>989 979.64</b>	<b>6 319 811.56</b>

## TITLE II: ADMINISTRATIVE EXPENDITURE

Budget line	Budget line description	Commitments appropriations transaction amount (1)	Executed committed amount (2)	Committed % (2)/(1)	Payments appropriations transaction amount (3)	Executed payments amount (4)	% Paid (4)/(3)	Carried over RAL (C8) (2)-(4)	Cancel amount (1)-(2)
A-2000	Rental costs	3 087 526.24	3 087 526.24	100.00%	3 087 526.24	3 087 526.24	100.00%	0.00	0.00
A-200	<b>Total:</b>	<b>3 087 526.24</b>	<b>3 087 526.24</b>	<b>100.00%</b>	<b>3 087 526.24</b>	<b>3 087 526.24</b>	<b>100.00%</b>	<b>0.00</b>	<b>0.00</b>
A-2010	Insurance	29 745.30	29 745.30	100.00%	29 745.30	16 145.30	54.28%	13 600.00	0.00
A-201	<b>Total:</b>	<b>29 745.30</b>	<b>29 745.30</b>	<b>100.00%</b>	<b>29 745.30</b>	<b>16 145.30</b>	<b>54.28%</b>	<b>13 600.00</b>	<b>0.00</b>
A-2020	Maintenance and cleaning	939 051.09	939 051.09	100.00%	939 051.09	707 451.09	75.34%	231 600.00	0.00
A-202	<b>Total:</b>	<b>939 051.09</b>	<b>939 051.09</b>	<b>100.00%</b>	<b>939 051.09</b>	<b>707 451.09</b>	<b>75.34%</b>	<b>231 600.00</b>	<b>0.00</b>
A-2030	Water, gas, electricity, heating	199 937.55	199 937.55	100.00%	199 937.55	162 537.55	81.29%	37 400.00	0.00
A-203	<b>Total:</b>	<b>199 937.55</b>	<b>199 937.55</b>	<b>100.00%</b>	<b>199 937.55</b>	<b>162 537.55</b>	<b>81.29%</b>	<b>37 400.00</b>	<b>0.00</b>
A-2040	Fitting out premises	2 667 132.00	2 667 132.00	100.00%	2 667 132.00	0.00	0.00%	2 667 132.00	0.00
A-204	<b>Total:</b>	<b>2 667 132.00</b>	<b>2 667 132.00</b>	<b>100.00%</b>	<b>2 667 132.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>2 667 132.00</b>	<b>0.00</b>
A-2050	Security and surveillance of the building	1 109 206.51	1 109 206.51	100.00%	1 109 206.51	1 055 008.17	95.11%	54 198.34	0.00
A-205	<b>Total:</b>	<b>1 109 206.51</b>	<b>1 109 206.51</b>	<b>100.00%</b>	<b>1 109 206.51</b>	<b>1 055 008.17</b>	<b>95.11%</b>	<b>54 198.34</b>	<b>0.00</b>
A-2100	ICT equipment - Hardware and software	2 755 945.20	2 731 704.10	99.12%	2 755 945.20	2 284 890.46	82.91%	446 813.64	24 241.10
A-2101	ICT maintenance	518 544.50	518 453.32	99.98%	518 544.50	491 618.07	94.81%	26 835.25	91.18
A-2103	Analysis, programming, technical assistance and other external services for the administration of the Agency	1 798 913.95	1 798 599.89	99.98%	1 798 913.95	1 261 002.18	70.10%	537 597.71	314.06
A-2104	Telecommunication equipment	661 419.97	607 576.00	91.86%	661 419.97	480 465.60	72.64%	127 110.40	53 843.97
A-210	<b>Total:</b>	<b>5 734 823.62</b>	<b>5 656 333.31</b>	<b>98.63%</b>	<b>5 734 823.62</b>	<b>4 517 976.31</b>	<b>78.78%</b>	<b>1 138 357.00</b>	<b>78 490.31</b>
A-2200	Technical equipment and installations	58 500.00	41 162.48	70.36%	58 500.00	4 179.00	7.14%	36 983.48	17 337.52
A-220	<b>Total:</b>	<b>58 500.00</b>	<b>41 162.48</b>	<b>70.36%</b>	<b>58 500.00</b>	<b>4 179.00</b>	<b>7.14%</b>	<b>36 983.48</b>	<b>17 337.52</b>
A-2210	Furniture	150 000.00	146 152.22	97.43%	150 000.00	4 002.07	2.67%	142 150.15	3 847.78
A-221	<b>Total:</b>	<b>150 000.00</b>	<b>146 152.22</b>	<b>97.43%</b>	<b>150 000.00</b>	<b>4 002.07</b>	<b>2.67%</b>	<b>142 150.15</b>	<b>3 847.78</b>
A-2250	Documentation and library expenditure	829 481.34	820 115.57	98.87%	829 481.34	523 257.24	63.08%	296 858.33	9 365.77
A-225	<b>Total:</b>	<b>829 481.34</b>	<b>820 115.57</b>	<b>98.87%</b>	<b>829 481.34</b>	<b>523 257.24</b>	<b>63.08%</b>	<b>296 858.33</b>	<b>9 365.77</b>
A-2300	Stationary and office supplies	87 000.00	80 468.33	92.49%	87 000.00	41 468.33	47.66%	39 000.00	6 531.67
A-230	<b>Total:</b>	<b>87 000.00</b>	<b>80 468.33</b>	<b>92.49%</b>	<b>87 000.00</b>	<b>41 468.33</b>	<b>47.66%</b>	<b>39 000.00</b>	<b>6 531.67</b>
A-2320	Bank and other financial charges	492 240.50	410 000.00	83.29%	492 240.50	371 885.92	75.55%	38 114.08	82 240.50

Budget line	Budget line description	Commitments appropriations transaction amount (1)	Executed committed amount (2)	Committed % (2)/(1)	Payments appropriations transaction amount (3)	Executed payments amount (4)	% Paid (4)/(3)	Carried over RAL (C8) (2)-(4)	Cancel amount (1)-(2)
<b>A-232</b>	<b>Total:</b>	<b>492 240.50</b>	<b>410 000.00</b>	<b>83.29%</b>	<b>492 240.50</b>	<b>371 885.92</b>	<b>75.55%</b>	<b>38 114.08</b>	<b>82 240.50</b>
<b>A-2330</b>	Legal expenses	27 490.00	27 475.00	99.95%	27 490.00	17 005.83	61.86%	10 469.17	15.00
<b>A-233</b>	<b>Total:</b>	<b>27 490.00</b>	<b>27 475.00</b>	<b>99.95%</b>	<b>27 490.00</b>	<b>17 005.83</b>	<b>61.86%</b>	<b>10 469.17</b>	<b>15.00</b>
<b>A-2350</b>	Miscellaneous insurance	8 000.00	173.99	2.17%	8 000.00	173.99	2.17%	0.00	7 826.01
<b>A-2351</b>	Administrative translations and interpretation costs	233 000.00	233 000.00	100.00%	233 000.00	225 446.85	96.76%	7 553.15	0.00
<b>A-2352</b>	Transportation and removal expenses	90 000.00	14 101.86	15.67%	90 000.00	14 101.86	15.67%	0.00	75 898.14
<b>A-2353</b>	Business consultancy	399 759.50	398 864.50	99.78%	399 759.50	212 941.00	53.27%	185 923.50	895.00
<b>A-2354</b>	General meetings expenditure	5 000.00	3 000.00	60.00%	5 000.00	74.40	1.49%	2 925.60	2 000.00
<b>A-2355</b>	Publications	10 000.00	2 000.00	20.00%	10 000.00	407.58	4.08%	1 592.42	8 000.00
<b>A-2356</b>	Other administrative expenditure	7 510.00	6 844.00	91.13%	7 510.00	2 759.41	36.74%	4 084.59	666.00
<b>A-235</b>	<b>Total:</b>	<b>753 269.50</b>	<b>657 984.35</b>	<b>87.35%</b>	<b>753 269.50</b>	<b>455 905.09</b>	<b>60.52%</b>	<b>202 079.26</b>	<b>95 285.15</b>
<b>A-2400</b>	Postage and delivery charges	58 000.00	52 495.84	90.51%	58 000.00	27 495.84	47.41%	25 000.00	5 504.16
<b>A-240</b>	<b>Total:</b>	<b>58 000.00</b>	<b>52 495.84</b>	<b>90.51%</b>	<b>58 000.00</b>	<b>27 495.84</b>	<b>47.41%</b>	<b>25 000.00</b>	<b>5 504.16</b>
<b>A-2410</b>	Telecommunication charges	426 596.35	426 574.41	99.99%	426 596.35	239 706.21	56.19%	186 868.20	21.94
<b>A-241</b>	<b>Total:</b>	<b>426 596.35</b>	<b>426 574.41</b>	<b>99.99%</b>	<b>426 596.35</b>	<b>239 706.21</b>	<b>56.19%</b>	<b>186 868.20</b>	<b>21.94</b>
<b>TOTAL TITLE II</b>		<b>16 650 000.00</b>	<b>16 351 360.20</b>	<b>98.21%</b>	<b>16 650 000.00</b>	<b>11 231 550.19</b>	<b>67.46%</b>	<b>5 119 810.01</b>	<b>298 639.80</b>

**TITLE III: OPERATIONAL EXPENDITURE**

Budget line	Budget line description	Commitments appropriations transaction amount (1)	Executed committed amount (2)	Committed % (2)/(1)	Payments appropriations transaction amount (3)	Executed payments amount (4)	% Paid (4)/(3)	Carried over RAL of non-differentiated appropriations (C8) (2)-(4)	Cancel amount commitment appropriations (1)-(2)	Cancel amount payments appropriations (3)-(4)
B3-100	Governance	125 000.00	0.00	0.00%	125 000.00	0.00	0.00%	0.00	125 000.00	125 000.00
B3-101	Support activities to the Fund	6 088 755.00	3 801 939.83	62.44%	3 121 204.28	2 851 832.29	91.37%	0.00	2 286 815.17	269 371.99
B3-102	Resolution Readiness	2 180 000.00	2 149 400.00	98.60%	1 956 228.98	350 818.00	17.93%	0.00	30 600.00	1 605 410.98
B3-103	Resolution Framework	410 000.00	314 100.00	76.61%	80 522.50	66 422.50	82.49%	0.00	95 900.00	14 100.00
<b>B-310</b>	<b>Total:</b>	<b>8 803 755.00</b>	<b>6 265 439.83</b>	<b>71.17%</b>	<b>5 282 955.76</b>	<b>3 269 072.79</b>	<b>61.88%</b>	<b>0.00</b>	<b>2 538 315.17</b>	<b>2 013 882.97</b>
B3-111	Communication	2 050 000.00	1 861 971.25	90.83%	1 270 500.00	1 270 375.42	99.99%	0.00	188 028.75	124.58
B3-112	Missions	471 245.00	165 686.26	35.16%	471 245.00	55 686.26	11.82%	110 000.00	305 558.74	305 558.74
B3-113	Software package and information systems	3 930 000.00	3 604 890.30	91.73%	3 051 000.00	2 846 595.47	93.30%	0.00	325 109.70	204 404.53
B3-114	Computing and telecommunications machinery equipment	1 130 000.00	566 471.39	50.13%	894 248.52	894 248.52	100.00%	0.00	563 528.61	0.00
B3-115	IT services: consulting software development and support	5 405 000.00	4 778 894.91	88.42%	4 550 050.72	4 550 050.72	100.00%	0.00	626 105.09	0.00
<b>B-311</b>	<b>Total:</b>	<b>12 986 245.00</b>	<b>10 977 914.11</b>	<b>84.53%</b>	<b>10 237 044.24</b>	<b>9 616 956.39</b>	<b>93.94%</b>	<b>110 000.00</b>	<b>2 008 330.89</b>	<b>510 087.85</b>
B3-200	Appeal Panel	1 000 000.00	123 750.00	12.38%	1 000 000.00	85 400.00	8.54%	38 350.00	876 250.00	876 250.00
B3-201	Communications during crisis	1 000 000.00	0.00	0.00%	1 000 000.00	0.00	0.00%	0.00	1 000 000.00	1 000 000.00
B3-202	Contingency for the Fund	3 000 000.00	0.00	0.00%	3 000 000.00	0.00	0.00%	0.00	3 000 000.00	3 000 000.00
B3-203	Legal and Litigation	10 000 000.00	5 347 000.00	53.47%	10 000 000.00	1 821 706.11	18.22%	0.00	4 653 000.00	8 178 293.89
B3-204	Consultancy and advice	15 000 000.00	0.00	0.00%	15 000 000.00	870 796.88	5.81%	0.00	15 000 000.00	14 129 203.12
B3-205	Crisis contingency	50 000.00	0.00	0.00%	50 000.00	0.00	0.00%	0.00	50 000.00	50 000.00
<b>B-320</b>	<b>Total:</b>	<b>30 050 000.00</b>	<b>5 470 750.00</b>	<b>18.21%</b>	<b>30 050 000.00</b>	<b>2 777 902.99</b>	<b>9.24%</b>	<b>38 350.00</b>	<b>24 579 250.00</b>	<b>27 233 747.01</b>
<b>TOTAL TITLE III</b>		<b>51 840 000.00</b>	<b>22 714 103.94</b>	<b>43.82%</b>	<b>45 570 000.00</b>	<b>15 663 932.17</b>	<b>34.37%</b>	<b>148 350.00</b>	<b>29 125 896.06</b>	<b>29 757 717.83</b>

**TOTAL SRB BUDGET PART I 2021**

Budget line	Budget line description	Commitments appropriations transaction amount (1)	Executed committed amount (2)	Committed % (2)/(1)	Payments appropriations transaction amount (3)	Executed payments amount (4)	% Paid (4)/(3)	Carried over RAL of non-differentiated appropriations (C8) (2)-(4)	Cancel amount commitment appropriations (1)-(2)	Cancel amount payments appropriations (3)-(4)
TOTAL SRB BUDGET PART I		125 270 000.00	89 525 652.58	71.47%	119 000 000.00	76 365 691.16	64.17%	6 258 139.65	35 744 347.42	36 376 169.19



**BUDGET IMPLEMENTATION 2021 – PART II – SINGLE RESOLUTION FUND  
BUDGET EXECUTION AND SOURCE RO-ASSIGNED REVENUE – 2021**

Budget Lines	Budget available in commitment appropriations at 01/01/2021	Budget available in payment appropriations at 01/01/2021	Final appropriations in commitment appropriations (1)	Final appropriations in payment appropriations (2)	Committed before 2021	Total committed in 2021(3)	% committed (3)/(1)	Total paid (4)	% paid (4)/(2)	Carry over commitment appropriation (1)-(3)	Carry over payment appropriation (2)-(4)
B4-000 Usage of the Fund within Resolution schemes	0.00	1.00	0.00	1.00	1.00	0.00	0.00%	0.00	0.00%	0.00	1.00
B4-010 Investments	37 438 845 729.96	37 438 845 729.96	46 847 373 354.28	46 847 373 354.28	0.00	0.00	0.00%	0.00	0.00%	46 847 373 354.28	46 847 373 354.28
B4-011 Investment returns	220 179 119.25	272 005 145.30	474 287 325.69	474 287 325.69	51 826 026.05	175 583 861.97	37.02%	145 947 465.85	30.77%	298 703 463.72	328 339 859.84
B4-031 Bank fees and charges	2 013.90	3 191.10	7 191.10	7 191.10	1 177.20	6 968.50	96.90%	4 653.10	64.71%	222.60	2 538.00
B4-032 Commitment fees on bridge financing arrangements	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00
<b>TOTAL SRB</b>	<b>37 659 026 863.11</b>	<b>37 710 854 067.36</b>	<b>47 321 667 871.07</b>	<b>47 321 667 872.07</b>	<b>51 827 204.25</b>	<b>175 590 830.47</b>	<b>0.37%</b>	<b>145 952 118.95</b>	<b>0.31%</b>	<b>47 146 077 040.60</b>	<b>47 175 715 753.12</b>

**INSRIPTION TITLE IX-BUDGETARY RESULT OF YEAR N-1(SRB FINANCIAL REGULATION ARTICLE 16)**

BL	Budget Lines	Commitments appropriations	Commitments established	% Committed	Payments appropriations	Payments executed	Paid %	Carried over commitment appropriations	Carried forward payments appropriations
B9-000	Balancing from the reserve	45 387 679.98	0.00	0.00%	45 387 679.98	0.00	0.00%	45 387 679.98	45 387 679.98

# Annex VI - 2021 Establishment Plan and additional information on management of human resources

## 2021 ESTABLISHMENT PLAN

Category and grade	2020		2021	
	Establishment Plan in voted EU budget	Actual staff end of the year	Establishment Plan in voted EU budget	Actual staff end of the year
AD16	0	0	0	0
AD15	0	0	0	0
AD14	0	0	0	0
AD13	6	0	6	0
AD12	9	4	9	5
AD11	13	6	13	9
AD10	17	8	17	7
AD9	55	28	55	34
AD8	65	55	75	59
AD7	65	50	70	52
AD6	66	87	80	83
AD5	29	65	45	53
<b>Total AD</b>	<b>325</b>	<b>303</b>	<b>370</b>	<b>302</b>
AST11	0	0	0	0
AST10	0	0	0	0
AST9	0	0	0	0
AST8	0	0	0	0
AST7	0	0	0	0
AST6	1	0	2	0
AST5	7	3	7	9
AST4	24	18	28	20
AST3	14	21	10	14
AST2	3	3	4	3
AST1	2	0	0	0
<b>Total AST</b>	<b>51</b>	<b>45</b>	<b>51</b>	<b>46</b>
AST/SC6	0	0	0	0
AST/SC5	0	0	0	0
AST/SC4	0	0	0	0
AST/SC3	12	0	12	2
AST/SC2	9	11	9	11
AST/SC1	3	13	8	10
<b>Total AST/SC</b>	<b>24</b>	<b>24</b>	<b>29</b>	<b>23</b>
<b>Grand total</b>	<b>400</b>	<b>372</b>	<b>450</b>	<b>371</b>
<b>SNE</b>	<b>35</b>	<b>19</b>	<b>35</b>	<b>22</b>

**STAFF NUMBERS BY NATIONALITY AT THE END OF 2021**

Nationality	Number	Percentage of total
Belgium	43	11.59%
Bulgaria	12	3.23%
Czechia	3	0.81%
Denmark	1	0.27%
Germany	28	7.55%
Estonia	0	0.00%
Ireland	9	2.43%
Greece	43	11.59%
Spain	41	11.05%
France	33	8.89%
Croatia	6	1.62%
Italy	57	15.36%
Cyprus	2	0.54%
Latvia	3	0.81%
Lithuania	4	1.08%
Luxembourg	1	0.27%
Hungary	4	1.08%
Malta	2	0.54%
Netherlands	5	1.35%
Austria	5	1.35%
Poland	20	5.39%
Portugal	5	1.35%
Romania	28	7.55%
Slovenia	4	1.08%
Slovakia	4	1.08%
Finland	2	0.54%
Sweden	2	0.54%
United Kingdom	4	1.08%
<b>Total</b>	<b>371</b>	<b>100%</b>

**STAFF NUMBERS BY GENDER AT THE END OF 2021**

Gender	Number	Percentage of total
Female	165	44.47%
Male	206	55.53%
<b>Total</b>	<b>371</b>	<b>100%</b>

# Annex VII - Annual accounts

## STATEMENT OF FINANCIAL POSITION 2021

(EUR)

Description	31/12/2021	31/12/2020	Variation
<b>NON-CURRENT ASSETS</b>	<b>14 373 369 250.69</b>	<b>11 231 385 307.80</b>	<b>3 141 983 942.89</b>
Intangible fixed assets	8 585 445.17	7 008 189.64	1 577 255.53
Tangible fixed assets	1 599 396.64	2 399 131.80	-799 735.16
Available for Sale financial assets (non-current)	14 363 184 408.88	11 221 977 986.36	3 141 206 422.52
Long-term pre-financing	0.00	0.00	0.00
Long-term receivables	0.00	0.00	0.00
<b>CURRENT ASSETS</b>	<b>37 975 084 508.81</b>	<b>31 036 674 424.39</b>	<b>6 938 410 084.42</b>
Available for Sale financial assets (current)	2 453 455 434.78	2 345 078 671.17	108 376 763.61
Short-term pre-financing	0.00	0.00	0.00
Short-term receivables	26 499 222.91	21 720 867.72	4 778 355.19
Cash and Cash equivalents	35 495 129 851.12	28 669 874 885.50	6 825 254 965.62
<b>TOTAL ASSETS</b>	<b>52 348 453 759.50</b>	<b>42 268 059 732.19</b>	<b>10 080 394 027.31</b>
<b>NET ASSETS</b>	<b>46 724 079 638.02</b>	<b>37 632 689 691.28</b>	<b>9 091 389 946.74</b>
Accumulated Reserves	37 332 689 883.45	29 042 778 346.02	8 289 911 537.43
Economic outturn of the year (Fund)	9 280 335 236.06	8 326 063 675.62	954 271 560.44
Economic outturn of the year (administrative)	0.00	0.00	0.00
Fair Value revaluation reserve	111 843 641.69	265 857 734.64	-154 014 092.95
Net assets from actuarial gains/losses	-789 123.18	-2 010 065.00	1 220 941.82
<b>NON-CURRENT LIABILITIES</b>	<b>5 601 197 086.68</b>	<b>4 620 854 078.24</b>	<b>980 343 008.44</b>
Provisions for risks and charges	0.00	0.00	0.00
Employee benefits	14 418 705.63	14 148 937.00	269 768.63
Long-term liabilities from SRB specific activities (IPC)	5 513 103 530.10	4 509 398 953.49	1 003 704 576.61
Other long-term liabilities	73 674 850.95	97 306 187.75	-23 631 336.80
<b>CURRENT LIABILITIES</b>	<b>23 177 034.80</b>	<b>14 515 962.67</b>	<b>8 661 072.13</b>
Provisions for risks and charges (short-term)	242 750.00	651 600.00	-408 850.00
Payables	22 934 284.80	13 864 362.67	9 069 922.13
<b>TOTAL RESERVES AND LIABILITIES</b>	<b>52 348 453 759.50</b>	<b>42 268 059 732.19</b>	<b>10 080 394 027.31</b>

**STATEMENT OF FINANCIAL PERFORMANCE**

(EUR)

HEADING	2021	2020	Variation
<b>OPERATING REVENUES</b>	<b>9 488 377 014.93</b>	<b>8 496 060 308.93</b>	<b>992 316 706.00</b>
Non-exchange revenues from fund contributions	9 405 085 229.96	8 413 791 184.74	991 294 045.22
Other non-exchange revenues from administrative contributions	83 284 927.00	82 268 256.16	1 016 670.84
Other exchange operating revenues	6 857.97	804.48	6 053.49
Revenues from exchange administrative operations	0.00	63.55	-63.55
<b>OPERATING EXPENSES</b>	<b>-80 987 348.65</b>	<b>-69 000 721.47</b>	<b>-11 986 627.18</b>
Operating expenses	-5 231 546.37	-2 902 858.06	-2 328 688.31
Administrative expenses	-75 755 802.28	-66 097 863.41	-9 657 938.87
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>	<b>9 407 389 666.28</b>	<b>8 427 059 587.46</b>	<b>980 330 078.82</b>
Financial revenues	31 102 073.53	20 460 840.19	10 641 233.34
Financial expenses	-156 233 135.28	-108 812 291.03	-47 420 844.25
Movement in post-employment benefits (pensions and transitional allowance)	-1 923 368.47	-12 644 461.00	10 721 092.53
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>	<b>9 280 335 236.06</b>	<b>8 326 063 675.62</b>	<b>954 271 560.44</b>
Extraordinary gains	0.00	0.00	0.00
Extraordinary losses	0.00	0.00	0.00
<b>SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>9 280 335 236.06</b>	<b>8 326 063 675.62</b>	<b>954 271 560.44</b>

# Annex VIII - Procurement procedures launched in 2021

Types of procurement procedures launched in 2021	Number
Very low-value negotiated procedure (1 000.01-15 000.00)	13
Low-value and middle value negotiated procedure (15 000.01 < 139 000.00)	-
Open procedure (≥139 000.00)	1
Restricted procedure (≥139 000.00)	-
Special Negotiated Procedure	15
Competitive Procedure with Negotiation	-
Re-opening of Competition under SRB & Inter-Institutional Framework Contracts	5
Derogation from procurement procedure	-

## OPEN PROCEDURE (≥139 000.00)

Contract number	Subject	Status	Awarded ceiling
OP/1/2021	Provision of Legal Advice	In progress	-

## SPECIAL NEGOTIATED PROCEDURES (ART 11)

Contract number	Subject	Legal basis	Status	Awarded ceiling
NEG/1/2021	Renting of additional office space	Art. 83 SRB FR; Annex I, point 11 1 g	Awarded	16 000 000.00
NEG/11/2021	Provision of professional legal services for litigation	Art. 83 SRB FR; Annex I, point 11 1 h	Awarded	100 000.00
NEG/14/2021	Provision of professional legal services for litigation	Art. 83 SRB FR; Annex I, point 11 1 h	Awarded	8 000.00
NEG/17/2021	Provision of professional legal services for litigation	Art. 83 SRB FR; Annex I, point 11 1 h	Awarded	600 000.00
NEG/18/2021	Provision of professional legal services for litigation	Art. 83 SRB FR; Annex I, point 11 1 h	Awarded	600 000.00
NEG/19/2021	Provision of professional legal services for litigation	Art. 83 SRB FR; Annex I, point 11 1 h	Awarded	300 000.00
NEG/2/2021	Provision of legal services for litigation	Art. 83 SRB FR; Annex I, point 11 1 h	Awarded	44 000.00
NEG/24/2021	Internet connectivity	Art. 83 SRB FR; Annex I, point 11 1 l	Awarded	59 732.00
NEG/25/2021	Provision of Invoke licence software and services	Art. 83 SRB FR; Annex I, point 11 1 b ii and iii	In progress	-
NEG/27/2021	Provision of legal advice for pre-litigation on HR matters	Art. 83 SRB FR; Annex I point 11 1 h	Awarded	30 000.00
NEG/28/2021	Provision of legal services for pre-litigation	Art. 83 SRB FR; Annex I, point 11 1 h	Awarded	890 000.00
NEG/3/2021	Provision of legal services for litigation	Art. 83 SRB FR; Annex I, point 11 1 h	Awarded	15 000.00
NEG/34/2021	Provision of legal services for litigation	Art. 83 SRB FR; Annex I, point 11 1 h	Awarded	70 000.00
NEG/5/2021	Financial Times subscription 2021-2024	Art. 83 SRB FR; Annex I, point 11 1 b	Awarded	236 985.00
NEG/7/2021	Pre-litigation	Art. 83 SRB FR; Annex I, point 11 1 h	Awarded	880 000.00

## REOPENING OF COMPETITION PROCEDURES UNDER SRB FRAMEWORK CONTRACTS

Contract number	Subject	Status	Awarded ceiling
SRB/OP/1/2018 - SC2	Collateral – Financial	Awarded	500 000.00
SRB/OP/5/2017 - SC10	Collateral	Awarded	1 200 000.00



# Annex IX - Glossary

<b>Asset Separation Tool</b>	As defined in Article 3(32) SRMR.
<b>Bail-in</b>	As defined in Article 3(33) SRMR.
<b>Bridge Institution</b>	As defined in Article 3(31) SRMR.
<b>Business Reorganisation Plan</b>	The restructuring post bail-in should be achieved through the implementation of a business reorganisation plan. Where applicable, such plans should be compatible with the restructuring plan that the entity is required to submit to the Commission under the Union state aid framework. In particular, in addition to measures aiming at restoring the long-term viability of the entity, the plan should include measures limiting the aid to the minimum burden sharing, and measures limiting distortions of competition (Article 27(16) SRMR and Article 52(12) and (13) BRRD).
<b>Central Counterparty (CCP)</b>	An entity that places itself, in one or more markets, between the counterparties to the contracts traded, becoming the buyer to every seller and the seller to every buyer, and thereby guaranteeing the performance of open contracts.
<b>Critical Financial Market Infrastructure (FMI services)</b>	Payment, clearing, settlement or custody services, provided by an FMI or by an intermediary, which are necessary for the continuity of one or several critical functions
<b>Critical Functions</b>	Activities, services or operations, the discontinuance of which is likely to lead to the disruption of services that are essential to the real economy or to disrupt financial stability due to the size, market share, external and internal interconnectedness, complexity or cross-border activities of an institution or group, with particular regard to the substitutability of those activities, services or operations.
<b>Internal Resolution Team (IRT)</b>	Teams responsible for preparing resolution plans for banks under the SRB's remit. They consist of experts from the SRB and the relevant NRAs.
<b>No Creditor Worse Off (NCWO)</b>	The No Creditor Worse Off principle states that no creditor of an institution should incur greater losses in resolution than they would have incurred under normal insolvency proceedings.
<b>Open Bank Bail-in</b>	In accordance with Article 27(1)(a) SRMR.
<b>Preferred Resolution Strategy</b>	Defined as in Article 2(3) Delegated Regulation (EU) 2016/1075.
<b>Resolution Entity</b>	A resolution entity means an entity established in the European Union, and identified by the resolution authority as an entity in respect of which the resolution plan provides for resolution action.
<b>Resolvability Progress Report</b>	A document reflecting the progress made by the banks in addressing impediments, based on the Resolvability Work Programme. The report should: (i) give sufficient details on the banks' deliverables against milestones; and (ii) help IRTs to update the resolvability assessment at the end of each resolution planning cycle.
<b>Sale of Business</b>	As defined in Article 3(1)(30) SRMR.
<b>Substantive Impediments Procedure</b>	The procedure described under Article 10 SRMR.
<b>Third country</b>	A non-EU country.
<b>Valuation 1</b>	Valuation 1 is the valuation required under Article 20(5)(a) SRRM to assess whether the conditions for resolution, or for write-down or conversion of capital instruments, are met.

**Valuation 2**

Valuation 2 informs the decision on the appropriate resolution action to be taken and, depending on that action, the decisions on the extent of the cancellation or dilution of instruments of ownership; the extent of the write-down or conversion of relevant capital instruments and eligible liabilities; the assets, rights, liabilities or instruments of ownership to be transferred; and the value of any consideration to be paid. It further ensures that any losses on the assets of the entity are fully recognised. Valuation 2 should include an estimate of the treatment that each class of shareholder and creditor would have been expected to receive if an entity were wound up under normal insolvency proceedings.

**Valuation 3**

Valuation 3 aims to determine whether or not shareholders and creditors would have received better treatment if the institution under resolution had entered into normal insolvency proceedings. In other words, Valuation 3 is intended to assess any possible breach of the NCWO principle.

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