



ANNUAL REPORT 2020

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ANNUAL REPORT 2020

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Foreword



The year 2020 saw the SRB complete its fifth year of operations – and it is safe to say that it was a year like no other. Just like organisations all over the world, the SRB switched to carrying out its work mainly remotely due to the Covid-19 pandemic. Thanks to the efforts of the SRB staff and technical systems, this worked remarkably seamlessly.

The 2020 resolution planning was for the first time based on a uniform 12-month cycle, from April 2020 to March 2021. Despite the challenges connected to the Covid-19 outbreak, we kept the 2020 resolution planning on track, reacted to market circumstances and prepared resolution plans together with the national resolution authorities (NRAs) for the banking groups under the SRB's remit. We also published the Expectations for Banks as the key blueprint to steer banks towards resolvability. We have shown flexibility, but we have been

unwavering in our goal to secure financial stability by making all of the SRB's banks resolvable.

Going forward, the SRB will continue to systematically implement the Minimum Requirement for own funds and Eligible Liabilities, or **MREL**. Work on resolvability assessments and the development of **a heat-map** to identify outstanding issues will further strengthen the resolvability of our banks. We are currently on track for the 2024 target of having reached operational resolvability and having MREL fully built up.

In this context, we are also complementing our policies and enhancing guidance to the industry. This relates to MREL and concrete guidance, inter alia, on liquidity measures. We will also broaden the public interest assessment, where we will reflect on system-wide events in addition to idiosyncratic failures.

The pandemic is no doubt a challenging backdrop for the financial industry, but it is also an opportunity for the sector to drive forward and complete the reforms introduced in the wake of the great financial crash of 2007/2008. We know that the 2020 crisis did not originate in the banking sector and that banks are playing their role in the solution this time round. We also know that the economy has not yet fully felt the effects of the downturn, even with a more positive outlook due to the acceleration in vaccination. Nevertheless, we look forward to building on the achievements to date so that we can overcome whatever challenges might face us in the months ahead.

In 2020, we saw many positive steps forward in the aim to strengthen financial stability in the EU. The year saw the announcement of the early introduction of the **common backstop**, which will enhance confidence in the bank resolution framework. Needless to say that in the context of the Covid-19 crisis, the backstop will strengthen the SRB's capacity should any issues arise.

Another area of positive development is the European Commission's review of the **crisis management and deposit insurance framework (CMDI)**. The Banking Union is still lacking its third pillar – a common deposit insurance scheme. Discrepancies in depositor protection across Banking Union countries and misalignments between the resolution framework and national bank liquidation frameworks result in inconsistencies in access to financial safety nets for EU depositors. This is something we want to see addressed. We also see merit in revising the conditions for accessing different sources of funding in resolution and in insolvency.

The SRB has always pointed at the challenges faced due to differences between the resolution framework and the widely varying national

insolvency regimes. Therefore, the SRB continues to call for harmonisation, or otherwise a common administrative liquidation tool, 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 shared one, and we must all understand the processes and legal frameworks of jurisdictions other than our own, in particular if the effects of the SRB's decisions are meant to unfold beyond the Banking Union or if other authorities' decisions impact the Banking Union. To this end, the SRB conducted a number of exercises and technical exchanges with authorities from within the European Union and other countries, including the United States and the United Kingdom. In terms of **Brexit**, the SRB has been preparing for a long time and has been engaging actively with the Bank of England and EU institutions and authorities to ensure a smooth transition and an ongoing dialogue with our UK friends. I hope we can build on this cooperation in the years to come.

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. Last year was definitely an extraordinary one and despite the current challenging circumstances, I am confident that we will keep up our stimulating spirit in 2021 and beyond, which will allow us to reach the next milestones in making all banks resolvable, thus preserving financial stability and protecting taxpayers' money.

Abbreviations

| | | | |
|-----------------------|--|--------------|--|
| AHWP | ad hoc working party | JRC | Joint Research Centre |
| BRRD | bank recovery and resolution directive | LDT | liability data template |
| CCP | central counterparty | LFA | loan facility agreement |
| CCS | Contribution Collection System | LSI | less significant institution |
| CoAg | cooperation agreement | MAP | multiannual work programme |
| Commission | European Commission | MCC | market confidence charge |
| CS | Corporate Secretariat | MoU | memorandum of understanding |
| CMG | crisis management group(s) | MREL | Minimum Requirement for own funds and Eligible Liabilities |
| CoFra | cooperation framework agreement | | |
| EA | euro area | MS | Member State(s) |
| EBA | European Banking Authority | NCA | national competent authority |
| ECON Committee | European Parliament Committee on Economic and Monetary Affairs | NCWO | no creditor worse off |
| EDIS | European deposit insurance scheme | NRA | national resolution authority |
| FAS | financial accounting system | OSI | on-site inspection |
| FMI | financial market infrastructure (e.g. CCPs) | O-SII | other systemically important institution |
| FSB | Financial Stability Board | RAP | resolvability assessment process |
| FTWP | further trilateral work programme | RCA | recapitalisation amount |
| GLRA | group-level resolution authority | RWA | risk-weighted asset |
| G-SIB | global systemically important bank | SI | significant institution |
| HR | human resources | SME | small and medium-sized enterprise |
| ICS | internal control standard(s) | SRB | Single Resolution Board |
| ICT | information and communications technology | SRF | Single Resolution Fund |
| IMF | International Monetary Fund | SRM | Single Resolution Mechanism |
| IPC | irrevocable payment commitment | SRMR | Single Resolution Mechanism regulation |
| IRT | internal resolution team | TFCA | Task Force on Coordinated Action |
| LAA | loss absorption amount | TLAC | total loss-absorbing capacity |
| | | WS | work stream |

Executive summary

Throughout 2020, which marked the SRB's sixth year of service since its inception, and despite a year of unprecedented challenges due to the Covid-19 pandemic, the SRB continued to make progress in strengthening the resolution of banks, implementing resolution policies, progressing on the operationalisation of the early introduction of the common backstop, and intensified dialogue with banks and key resolution and supervisory authorities.

Based on the priorities formulated in the work programme for 2020 and the work of previous years, the SRB focused its work in 2020 on the following areas:

- (i) Further strengthening the resolvability of SRB entities and less significant institutions (LSIs);
- (ii) Fostering a robust resolution framework;
- (iii) Preparing and carrying out effective crisis management;
- (iv) Further building up the Single Resolution Fund (SRF) and operationalising agreements on the backstop;
- (v) Ensuring a lean and efficient organisation.

The SRB Annual Report for 2020 demonstrates that the objectives identified in the SRB's work programme for 2020 have been

largely reached. In particular, the SRB's main achievements include, but are not limited to, the following:

- ▶ Published guidance documents for the bail-in operationalisation in close collaboration with the NRAs, and released its standardised data set to ensure that the minimum needed data is available to support a robust valuation for bank resolution.
- ▶ With the aim of informing and communicating with the public about its work, mission and mandate, the SRB actively reached out to stakeholders and the general public by updating its Expectations for Banks (EfB) document to reflect industry feedback. The SRB also launched a public consultation with the aim of updating the Minimum Requirement for own funds and Eligible Liabilities (MREL) policy and issued its updated approach to the prior permission regime for early calling, redeeming, repaying or repurchasing of eligible liabilities instruments by banks, ahead of upcoming key regulatory changes.
- ▶ Welcomed the early introduction of the common backstop to the SRF, which is an important step towards completing the Banking Union and will enhance confidence in the bank resolution framework.

Institutional framework

In accordance with Article 50 of 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 (SRMR), this document presents the Single Resolution Board (SRB) Annual Report 2020, describing the SRB's activities and performance in 2020. The work carried out during the previous year aimed at achieving and implementing the SRB's vision, mission and mandate.

(A) THE SINGLE RESOLUTION BOARD'S VISION

The SRB strives to be a trusted and respected resolution authority with a strong resolution capacity in the Single Resolution Mechanism (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.

(B) THE SINGLE RESOLUTION BOARD'S MISSION

The SRB is the central resolution authority within the Banking Union. Together with the national resolution authorities (NRAs) of participating Member States (MS), it forms the SRM. The SRB works closely with the NRAs, the European Commission (Commission), the European Central Bank (ECB), the European Banking Authority (EBA) and national competent authorities (NCAs). Its 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 MS and beyond. The role of the SRB is proactive: rather than waiting for resolution situations to emerge, the SRB focuses on resolution planning and enhancing resolvability, to avoid the potential negative impacts of a bank's failure on the economy and financial stability.

(C) THE SINGLE RESOLUTION BOARD'S MANDATE

To enhance financial stability, the SRB prepares resolution plans as a forward-looking activity. 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 its resolution through a so-called resolution scheme. The SRB is also in charge of the industry-funded Single Resolution Fund (SRF), which was established to provide ancillary financing to ensure the effective application of resolution schemes under certain circumstances. In addition, the SRB oversees the consistent functioning of the SRM as a whole. The SRB was established by the SRMR, and began operating as an independent European Union agency on 1 January 2015. It assumed its full legal mandate for resolution planning and adopting all decisions relating to resolution on 1 January 2016. Throughout its work, the SRB remains accountable towards its stakeholders.

(D) ACCOUNTABILITY

The SRMR sets out a substantive and robust accountability framework for the SRB's activities vis-à-vis the European Parliament (Parliament), the Council of the European Union (Council) and the Commission.




Transparency is tied to accountability. As part of the implementation of the SRMR, 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 European Parliament Committee on Economic and Monetary Affairs (ECON Committee). The Chair may also be heard by the Council, at the Council's request.



1

**Strengthening the
resolvability of SRB
banks and less
significant institutions**

A blurred photograph of several business professionals in a modern office hallway. The people are in motion, creating a sense of activity and movement. The background consists of large glass panels and a polished floor that reflects the light.

In order to fulfil its mandate to ensure the resolvability of banks and cross-border institutions in case of their failure, with minimum impact on the real economy and public finances, a predominant part of the SRB's regular work consists of drafting resolution plans for all banks under its remit, setting binding MREL targets and identifying and removing impediments to resolvability. The further strengthening of an effective oversight function over less significant institutions (LSIs) is another key strategic area in order to ensure consistent resolution planning activities among all banks in the Banking Union. In all these efforts, good and close collaboration with NRAs has been essential.

1.1. The 2020 resolution planning cycle and resolution plans for SRB banks

In spite of the outbreak of the pandemic in early 2020, the three Resolution Directorates, supported by the SRB horizontal functions, have successfully implemented the 2020 resolution planning cycle (RPC) and accomplished all resolution planning objectives.

In 2020, the SRB successfully applied for the first time the 12-month RPC, which was prepared in 2019. In order to facilitate the integration of the bank's work into the RPC despite the challenges triggered by the pandemic, the SRB provided certain relief measures to banks without jeopardising the SRB's objective to ensure that banks become fully resolvable. Additionally, when necessary, the IRTs updated the MREL targets according to guidance developed by the SRB based on June 2020 data.

In particular, the nine SRB resolution units, in cooperation with the NRAs, have carried out the following tasks:

- ▶ Implementing a steady-state 12-month RPC for all banking groups under the direct remit of the SRB;
- ▶ Developing resolution plans for banking groups under the direct remit of the SRB, with an emphasis on the operationalisation of the resolution strategy, including binding external and internal MREL targets taking into account the revised legal framework;
- ▶ Implementing the new SRMR2, BRRD2 and CRRD2 rules through

internal SRB policies and operational guidance (e.g. application of new MREL policy);

- ▶ Closely monitoring banks' resolvability against the phasing-in of the Efb;
- ▶ Performing the yearly resolvability assessment by identifying potential impediments to resolvability, taking into account the bank-specific priorities for 2020 defined by IRTs;
- ▶ Further guiding SRB banks on the development of credible and feasible bail-in playbooks for which the bail-in tool is selected as the preferred resolution tool; and
- ▶ Developing and approving the first set of common criteria to ensure a consistent application of resolution planning standards by NRAs in respect of LSIs.

There were a total of 120 banks under the SRB's remit as of 31 December 2020. The changes compared to the beginning of the year account for banks that left the SRB's remit due to losing their status as significant institutions by reducing their cross-border activities, going into insolvency, mergers, and the grouping of entities under their parent in the Banking Union. Equally, one bank also entered the SRB's remit in 2020 following Bulgaria's accession to the SRM (on 1 October 2020).

The table below provides an overview of the number of banks under the SRB's remit by Member State.

Table 1: Detailed overview of resolution planning activity by Member State²

| MS | Number of SRB banks at 1 January 2020 | Number of SRB banks at 31 December 2020 | Resolution plans adopted for the 2020 planning cycle ³ | | MREL decisions adopted for the 2020 planning cycle ⁴ | |
|------------------|---------------------------------------|---|---|---------------------------------|---|-------------------------|
| | | | Total number (no. of pending approval in brackets) | Of which simplified obligations | Consolidated | Individual ⁵ |
| BG | 0 | 1 | 0 | 0 | 0 | 1 |
| BE | 8 | 8 | 4 (+2) | 0 | 3 | 2 |
| DE | 22 | 21 | 18 (+3) | 0 | 19 | 7 |
| EE | 3 | 3 | 1 | 0 | 1 | 0 |
| IE | 6 | 6 | 4 | 0 | 3 | 8 |
| EL | 4 | 4 | 4 | 0 | 4 | 0 |
| ES | 13 | 13 | 11 (+1) | 0 | 11 | 4 |
| FR | 12 | 12 | 8 (+3) | 3 | 8 | 6 |
| HR ¹² | 0 | 0 | 0 | 0 | 0 | 3 |
| IT | 13 | 12 | 10 (+2) | 0 | 10 | 14 |
| CY | 3 | 3 | 3 | 0 | 3 | 2 |
| LV | 4 | 3 | 1 | 0 | 1 | 0 |
| LT | 3 | 3 | 1 | 0 | 1 | 0 |
| LU | 5 | 5 | 5 | 0 | 5 | 3 |

¹ Note: this Annual Report encompasses the figures regarding Resolution Plans and MREL decisions adopted as of 4 May 2021 for the 2020 RPC; the final figures reflecting the completion of the cycle will become available on the SRB website as soon as the outstanding decisions are adopted.

² This table displays the SIs in each Member State; figures aggregate the banks under the direct remit of the SRB that are subsidiaries of another banking group under the direct remit of the SRB (this explains, for instance, why Croatia and Slovakia are not represented in the table). Cross-border LSIs are only counted in the Member States in which their headquarters are located.

³ Data as of 4 May 2021. For resolution plans under simplified obligations, the number of resolution plans approved refers to the 2020 RPC and does not cover the totality of all SRB resolution plans under simplified obligations.

⁴ Data as of 4 May 2021. The data does not include the number of MREL decisions pending approval.

⁵ The data includes MREL decisions at individual level solely for subsidiaries incorporated in the Banking Union of the parent undertaking i.e. it does not cover individual MREL determinations for entities established in non-participating Member States.

⁶ The entity is a subsidiary of a host bank and categorised as a 'host case'. Consequently, the SRB did not prepare a resolution plan; it contributed to the resolution plan prepared by the responsible resolution authority outside the Banking Union.

⁷ Two banks were not included in the 2020 RPC due to a merger/acquisition and specific circumstances of a host case.

⁸ Two banks were not included in the 2020 RPC due to a merger/acquisition and specific circumstances of a host case.

⁹ See previous footnote.

¹⁰ For one bank, the SRB did not prepare a resolution plan in the 2020 RPC since a simplified obligations resolution plan was drafted in the 2019 RPC (see also footnote 2).

¹¹ One bank is categorised as a host case. Thus, the SRB did not prepare a resolution plan (see also footnote 5).

¹² As above - figures aggregate the banks under the direct remit of the SRB that are subsidiaries of another banking group under the direct remit of the SRB (this explains, for instance, why Croatia and Slovakia are not represented in some columns of the table).

¹³ The two banks are categorised as host cases. Thus, the SRB did not prepare a resolution plan (see also footnote 5).

¹⁴ As above.

| MS | Number of SRB banks at 1 January 2020 | Number of SRB banks at 31 December 2020 | Resolution plans adopted for the 2020 planning cycle ³ | | MREL decisions adopted for the 2020 planning cycle ⁴ | |
|--------------|---------------------------------------|---|---|---------------------------------|---|-------------------------|
| | | | Total number (no. of pending approval in brackets) | Of which simplified obligations | Consolidated | Individual ⁵ |
| MT | 3 | 3 | 2 | 0 | 2 | 0 |
| NL | 7 | 6 | 5 (+1) | 2 | 5 | 3 |
| AT | 8 | 8 | 6 (+2) | 0 | 6 | 9 |
| PT | 5 | 4 | 2 (+2) | 1 | 2 | 1 |
| SI | 3 | 2 | 2 | 0 | 2 | 1 |
| SK | 3 | 0 | 0 | 0 | 0 | 1 |
| FI | 3 | 3 | 2 (+1) | 1 | 2 | 1 |
| Total | 128 | 120 | 89 (+17) | 7 | 88 | 66 |

Note: In the 2020 RPC, the SRB drafted 106 resolution plans. The difference in the reported number of SRB banks results from the bundling of specific SRB banks considered host cases (belonging to the same undertaking) and simplified obligations. Taking into account this bundling, in the 2020 RPC the SRB was responsible for six host cases. In addition, the SRB established a resolution college for 17 banks and a European resolution college for 11 banks under its remit. The SRB chaired seven crisis management groups (CMGs) for G-SIBs.

During 2020, all IRTs closely monitored banks' progress in becoming fully resolvable. This was facilitated by requesting and analysing resolvability progress reports prepared by banks and assessing banks' implementation of their yearly priorities communicated through the bank-specific priority letter for 2020.

1. PLANNING CYCLE AND NUMBER OF RESOLUTION PLANS

The 2020 Resolution Planning Cycle (RPC) aligned all banks under the SRB's remit on the same 12-month cycle that starts at the beginning of the second quarter of each calendar year, with the review and assessment of standardised resolution planning information reported by banks as displayed in Figure 1 below. The 2020 RPC took into account the enactment of the new Banking Package and the legal requirement to review resolution plans at least annually.

This annual approach leads to an optimised timing of SRB decision-making and reference dates: it is aligned with the further development

of the SRB's policies and methodologies, it considers the processes of the SRB's external stakeholders, and ensures consistency and transparency. It also provides the basis for the phase-in of the Expectations for Banks (EfB), published in April 2020, and the implementation of the SRB Multiannual Work Programme, published in November 2020.

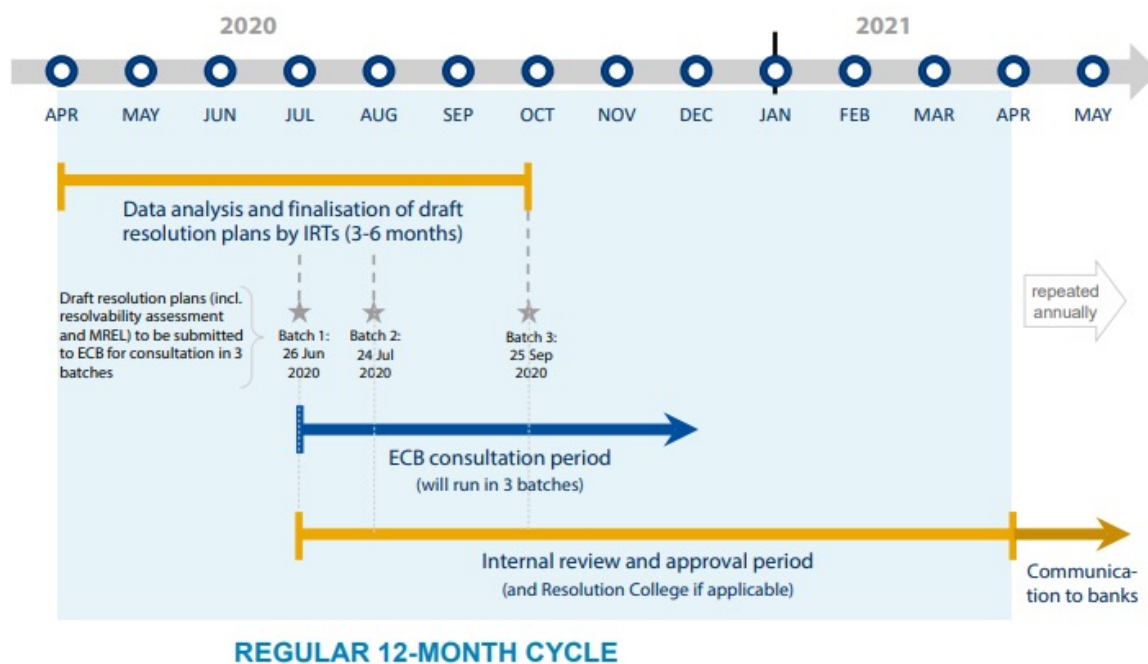
Under the general coordination of the RPC Steering Committee (SteerCo), dedicated work streams focused on finalising the 2019 RPC in the first quarter of 2020, as well as identifying and planning all deliverables necessary for the operationalisation of the 2020 RPC. The RPC SteerCo achieved its main objectives in terms of core deliverables for the operationalisation of the SRB's policies covering several topics, from which three areas were identified as priorities for the 2020 resolution cycle – i.e. (i) Bail-in implementation; (ii) Operational continuity in resolution; and (iii) Access to financial market infrastructures (FMIs) and preventing disruption to client activity.

¹⁵ As above.

The IRTs ensured that banks progressed with the priorities identified in 2020 stated above. The IRTs assessed banks on their bail-in playbooks, which have been initiated for all banking groups under the SRB’s remit and for which the bail-in tool was selected as the main resolution strategy. In addition, the IRTs launched the yearly resolvability assessment by identifying potential impediments to resolvability and defining individual priorities for all banks for the following year. The latter have been communicated to every bank, together with the SRB’s expectations based on the general Efb phase-in.

As of the time of writing, the SRB has prepared 106 resolution plans, which were subject to quality assurance and consultation with external stakeholders, in particular the ECB. The subsequent approval phase of the resolution plans, as well as the related MREL (consolidated or individual) decisions for the 2020 RPC, has been completed for almost all SRB banks. For a few remaining banks, due to reasons such as the delayed transposition of the BRRD2 at national level, final approval will be granted in the coming weeks. Moreover, the SRB contributed to the drafting of six resolution plans for which it is not the group-level resolution authority (GLRA).

Figure 1: Key elements of the 2020 RPC – Timeline



In summer 2020, the SRB established a Resolution Planning Office (RPO), which provided resolution units in the three resolution directorates with operational support concerning the planning and implementation of the RPC. The RPO also contributes to the consistent application of SRB policies and serves as a single point of contact with respect to the management of the RPC.

2. CONTENT OF RESOLUTION PLANS

The SRB is continuously enhancing existing resolution plans to ensure crisis preparedness and improve banks’ resolvability. The 2020 RPC covered most aspects of resolution planning, including the choice of resolution tools, resolvability assessment, public interest assessment and the operationalisation of the resolution strategy.

3. DECISIONS ON MINIMUM REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES

MREL represents one of the SRB's key tools for achieving the resolvability of the banks under its remit. It requires detailed analyses of banks' specific risk profiles and resolution strategies, as well as information exchange and coordination with multiple stakeholders such as NRAs, competent authorities, other resolution college members and banks.

During the course of the 2020 resolution planning cycle, the SRB adopted 88 binding decisions at consolidated level and 56 binding decisions

at individual level for the banking groups under its remit.

4. PREPARATIONS FOR THE 2021 RPC

Based on the SRB EfB, the SRB provided the banks under its remit with priority letters for 2021. These letters outline the yearly work priorities common to all SRB banks, as well as institution-specific objectives in line with the SRB EfB and the feedback on the work they are carrying out to become resolvable by the end of 2023. This ensures that banks have all the information they need to prepare specific and tailored work programmes to become resolvable.



1.2. Covid-19 pandemic

During most of 2020, the world faced an unprecedented challenge with the Covid-19 pandemic, which is still having a severe effect on people's health and the global economy. The SRB, like all other organisations and companies, has experienced some of the impact of the situation first-hand, and has been carrying out most of its work remotely since March 2020. While the European banking sector entered the Covid-19 pandemic crisis in much better shape than it was at the beginning of the 2008 crisis, the impact of the Covid-19 pandemic on the banking sector itself is not yet clear and will largely depend on the measures taken to support the real economy and how different industries fare during the crisis. The SRB has continuously monitored the banks under its remit and has supported them where necessary with operational relief measures, using the flexibility in the resolution framework and building on the work already done, however without compromising the ongoing focus on resolution planning, with the aim of making banks resolvable. Together with the NRAs in 12 specific Plenary Sessions, the SRB has postponed less urgent information and data requests related to the 2020 RPC. In addition, there was more intensive interaction with the ECB. In light of the challenges posed by resource constraints and

adverse market conditions, the SRB stood ready to address any issues in relation to specific requirements with the banks under its remit on an individual basis.

In the current situation, the progress that the industry and authorities have made towards resolvability in recent years needs to be built upon in order to make the financial system more stable and stronger to cope with the Covid-19 pandemic. The resolution framework and the build-up of MREL should be important tools to help support the economic recovery and a strong banking sector.

In addition, due to the lockdowns swiftly imposed by the Belgian government to curb the spread of Covid-19, the share of teleworkers in the SRB workforce soared to close to 95%, which has brought profound changes to the world of work. The SRB has, as an organisation, shown both adaptability and flexibility not only towards the banks in its remit, but also towards its staff. From March 2020, with SRB's ICT and HR support, SRB staff were able to work remotely and attend meetings virtually in a secure and efficient manner. The SRB launched an online platform offering work-from-home tips to support staff in the 'new normal', and will continue to do so.

1.3. SRB oversight for resolution planning and decisions for less significant institutions

While the NRAs are directly responsible for Less Significant Institutions (LSIs)¹⁶, the SRB performs an oversight role for resolution planning and decisions for LSIs, aimed at ensuring the effective and consistent functioning of the SRM. In the 2020 LSI Resolution Planning Cycle (LSI RPC), NRAs were responsible for resolution planning for a total of 2 220 LSIs in the Banking Union (figure as notified by the NRAs).

1. ASSESSMENT OF DRAFT RESOLUTION PLANS

Between 1 January 2020 and 31 December 2020, the SRB received notifications of 661 draft LSI resolution plans, of which 72 related to the 2019 LSI RPC and 589 corresponded to the 2020 LSI RPC. According to the information provided by NRAs, up until the end of the 2020 LSI RPC (end of March 2021), notifications of an additional 119 draft resolution plans were expected in 2021. In total, this brings the number of the draft LSI resolution plans prepared in the 2020 LSI RPC to 708. Please refer to Table 2 for a breakdown by country.

Adding the 1 319 resolution plans under simplified obligations that were adopted in the previous LSI RPCs and remained valid for the 2020 LSI RPC to the 708 draft resolution plans prepared in the 2020 LSI RPC, the number of LSIs covered

by resolution planning in the 2020 LSI RPC reached 2 027, or 91.3% of the 2 220 LSIs for which resolution planning was required in the 2020 LSI RPC (according to data provided by the NRAs).

This represented consistent progress in LSI resolution planning in comparison to the previous years (17.6% in 2017, 51.7% in 2018 and 85.3% in 2019). Besides the quantitative increase, the LSIs' resolution plans notified by NRAs in the 2020 LSI RPC provided more in-depth analyses and operationalisation, enabling the SRB to enhance its knowledge and expertise of LSIs. This improvement was particularly evident for draft LSI resolution plans representing subsequent iterations of the plans notified previously.

Of the total number of draft resolution plans notified to the SRB in the 2020 calendar year, 35 envisaged a resolution scenario (12 draft resolution plans for the 2019 LSI RPC and 23 plans for the 2020 LSI RPC). By the end of the 2020 LSI RPC, according to the NRAs' estimates, the SRB expects to receive notifications of another 37 plans envisaging resolution as the preferred strategy, totalling 60 resolution plans in the 2020 LSI RPC, or 3.0% of the overall LSIs covered by resolution planning in the 2020 RPC.

¹⁶ Except for cross-border LSIs, which, provided by Article 7(2)(b) SRMR, are entities under the SRB's direct remit.

Table 2: LSI resolution planning in 2020 (both 2019 and 2020 LSI RPCs)

| | Total number of draft resolution plans notified in the 2020 calendar year | Plans notified in 2020 with respect to the 2019 RPC | Plans notified in 2020 with respect to the 2020 RPC | Plans with respect to the 2020 RPC to be notified in Q1 2021 | Plans under simplified obligations notified and adopted in previous RPCs remaining valid for the 2020 RPC | Total number of LSIs to be covered by resolution planning, as of 1 January 2020 |
|---|---|---|---|--|---|---|
| | A (B+C) | B | C | D | E | F |
| Bulgaria | - | - | - | 9 | - | 13 |
| Belgium | - | - | - | 13 | - | 15 |
| Germany | 3 | - | 3 | 13 | 1 153 | 1 336 |
| Estonia | 4 | - | 4 | 1 | - | 6 |
| Ireland | 4 | - | 4 | 2 | 5 | 11 |
| Greece | 5 | - | 5 | 4 | - | 11 |
| Spain | 17 | - | 17 | 13 | 25 | 55 |
| France | 33 | - | 33 | - | 38 | 71 |
| Croatia | 11 | - | 11 | 3 | - | 14 |
| Italy | 89 | 23 | 66 | 16 | 37 | 128 |
| Cyprus | 10 | 5 | 5 | - | - | 5 |
| Latvia | 5 | 1 | 4 | 3 | 3 | 10 |
| Lithuania | 1 | - | 1 | 2 | - | 9 |
| Luxembourg | 26 | 19 | 7 | 18 | 16 | 43 |
| Malta | 12 | 12 | - | 11 | 4 | 15 |
| Netherlands | 1 | - | 1 | - | 22 | 23 |
| Austria | 413 | - | 413 | - | - | 413 |
| Portugal | 7 | 3 | 4 | 4 | 14 | 22 |
| Slovenia | 4 | 4 | - | 5 | - | 5 |
| Slovakia | 8 | 5 | 3 | 2 | 1 | 6 |
| Finland | 8 | - | 8 | - | 1 | 9 |
| Total | 661 | 72 | 589 | 119 | 1 319 | 2 220 |
| 2020 RPC notifications (actual and expected) (C+D) | | | 708 | | | |
| 2020 RPC coverage (C+D+E) | | | | | 2 027 | |

¹⁷ Refers to draft resolution plans to be notified in Q2 and Q3 2021 as the RPC in Bulgaria is not yet fully synchronized with the SRB RPC.

2. IMPROVED WORKING METHODS FOR LESS SIGNIFICANT INSTITUTION OVERSIGHT IN THE SINGLE RESOLUTION MECHANISM

Pursuant to the guidance received from the SRB Plenary Session of 19 June 2019, the SRB's staff, in collaboration with all NRAs, worked on the first set of guidelines on LSI oversight to ensure aligned resolution planning practices for LSIs across the Banking Union. As per Article 5(a) of the Cooperation Framework, the SRB adopted the LSI Guidelines in August 2020. The primary purpose of the LSI Guidelines is to ensure convergence in key areas of LSI resolution planning, while also taking into

account country-specific characteristics, such as features of national banking sectors.

The SRB relies on tools and procedures developed in cooperation with NRAs to ensure the smooth performance of its LSI oversight role. Based on information received from NRAs, the SRB maintains an LSI Early Warning System with information on LSIs facing signs of financial deterioration. This tool allows the SRB to closely monitor and prepare for the timely assessment of possible draft crisis measures. To this end, in 2020 the SRB and NRAs enhanced their cooperation aiming at ensuring timely updates and high quality of the information exchanged.

1.4. On-site inspections

In 2020, the SRB started developing an internal framework for on-site inspections (OSIs) to ensure banks' progress as regards resolvability while further enriching the resolution plans. To that effect, the SRB created a Task Force¹⁸, which developed materials for pilot projects for a limited number of banks and on a selection of topics:

MREL, operational continuity (OCIR), LDR reporting and SRF contributions. Such limited on-site visits are to be carried out by the relevant IRTs during the 2021 RPC and would gradually build up the SRB's expertise and the resources necessary, paving the way for conducting fully fledged on-site inspections.

¹⁸ The SRB OSI Task Force will present its deep-dive guidelines at CORES and Plenary Session levels in 2021, whereby the NRAs are expected to contribute in terms of resources and methodological support.

2

Resolution framework



Despite the Covid-19 pandemic, or rather because of it, further improving a strong resolution framework remained a key priority in 2020. The SRB contributed to this mission in a twofold manner: firstly by establishing the so-called 'steady state' resolution planning process within 12 months, and secondly by cooperating and exchanging closely with the relevant EU bodies, national authorities and key international players in resolution matters.

2.1. Tools and policies

In line with the SRB's policy priorities for 2020, the SRB continued working on developing and further improving a number of external and internal policy documents, which spell out the SRB's consistent approach to resolution planning and aim at providing further clarity on resolution-related matters to the banking industry and the wider public.

1. PUBLIC INTEREST ASSESSMENT (PIA)

The PIA is a key element in deciding whether it is in the public interest to resolve an institution and whether resolution is the preferred outcome compared to liquidating an institution under normal insolvency proceedings (NIP) if it is failing or likely to fail. The assessment compares the outcome envisaged under the applicable NIP with the identified preferred resolution strategy (PRS) for a given institution.

2020 was hit by the Covid-19 pandemic, with significant consequences for the economy and banking likely to endure for years to come. When deciding upon resolution or insolvency for a failing bank, the SRB takes into account the idiosyncratic and systemic circumstances at the point of failure of a bank, which provides the flexibility to properly account for the economic circumstances at that point in time. Nonetheless, the current circumstances underline the need to take into account, when performing the PIA, the macro-economic and market circumstances surrounding a bank's failure, particularly when assessing against the objectives of preventing financial instability and preserving continuity of functions that are critical to the real economy. This is especially important at a time where the SRB

prepares for the potential unfolding of Covid-19's impact on the economy and banks.

2. EXPECTATIONS FOR BANKS (EFB)

On 1 April 2020, the SRB published its Efb, which is the key document of reference for banks to gradually build, under the SRB's guidance, their capabilities to demonstrate that they are resolvable by 2023 at the latest in each of the areas that are most impactful for the successful execution of their resolution strategies. The Efb included in their phase-in the roadmap for operationalising such capabilities, tailored in dialogue between IRTs and banks through common and bank-specific priorities, reflected in the yearly 'priority letters' to the banks. These working priorities serve as a basis for conducting the yearly resolvability exercise.

With regard to the expectations prioritised in 2020, the SRB issued additional operational guidance in the summer of 2020, providing further clarifications on how to implement specific expectations in the areas of bail-in execution, operational continuity and access to FMIs. The SRB has monitored banks' progress in these areas in the course of the 2020 RPC. Going forward, the SRB will consistently monitor banks' adherence to their multi-annual work programme priorities developed in accordance with the Efb.

3. MREL POLICY

In February 2020, the SRB launched its first public consultation with stakeholders on its MREL policy implementing the legislative changes introduced by the Banking Package. Following this consultation, the SRB published on 20 May 2020 its MREL Policy and a Feedback Statement¹⁹ on

¹⁹ <https://srb.europa.eu/en/node/928> and MREL dashboard data is available here: <https://srb.europa.eu/en/content/mrel-dashboard-0>

the main industry comments received in the consultation.

The Policy sets out the SRB's approach to MREL decisions in the 2020 RPC, with a first binding intermediate MREL target for compliance by 1 January 2022 and the final MREL target to be met by 1 January 2024. The SRMR2 MREL decisions replace previous SRMR1 MREL decisions adopted in the 2018 and 2019 RPCs. These new MREL requirements are based on end-2019 data, with some capital buffers updated as a consequence of Covid-19 measures taken by supervisory authorities.

On 8 January 2021, the SRB published on its website two documents regarding the eligibility of reported liabilities for MREL that aim to: (i) provide the SRB with additional assurance on the eligibility of reported liabilities; and (ii) foster banks' accountability for the liabilities they report as MREL-eligible.²⁰

Additionally, the SRB published on 18 December 2020 a Communication²¹ on its website, informing banks under its remit of the regulatory changes (the SRMR2's entry into application and the future EBA RTS) leading to an expansion of the current scope of liabilities subject to the prior permission regime for early redemption of eligible liabilities instruments ahead of their contractual maturity. The enlarged scope of the SRB's permission regime, which was expanded to all MREL-eligible liabilities, will now encompass senior unsecured liabilities and internal MREL-eligible liabilities, and will apply from 1 January 2022.

4. OPERATIONAL CONTINUITY AND ACCESS TO FINANCIAL MARKET INFRASTRUCTURES (FMIs)

Progress continued in 2020 on the policy topics of operational continuity and access to FMIs. Operational continuity in resolution refers to the ability to effectively implement the resolution strategy and consequently to stabilise and restructure a bank from an operational point of view. To this end, banks need to have appropriate arrangements in place to ensure the continued provision of the services that are necessary to achieve this goal, including FMI services. The principles of the operational continuity policy finalised in 2020, after public consultation as part of the SRB Expectations for Banks, cover the identification and mapping of services, the assessment of risks to operational continuity, preparatory and mitigation measures, information systems and governance. The principles supporting continuity of access to FMI services cover identifying, mapping and assessing dependencies on FMI service providers, understanding the requirements for continued access, and FMI contingency plans and measures to ensure continuity in access to FMI services.

Based on these policy developments and as set out in the 2020 Work Programme, the SRB published further operational guidance in July 2020 on operational continuity in resolution²² and on FMI contingency plans²³. The former focusses on topics such as assessing operational continuity risk and resolution-resilient contracts. The latter sets out the main elements that banks are expected to consider when preparing their FMI contingency plans, and thereby clarifies the minimum standards against which the SRB assesses the

²⁰ <https://srb.europa.eu/en/node/1114>.

²¹ SRB issues update on Permission Regime for the Reduction of Eligible Liabilities, December 2020.

²² Operational Guidance on Operational Continuity in Resolution, July 2020.

²³ Operational Guidance for FMI Contingency Plans, July 2020.

FMI contingency plans submitted by banks.

5. LIQUIDITY AND FUNDING

In 2020, dedicated SRB liquidity experts developed the general resolution planning policy framework on liquidity and funding in resolution, based on a set of key banks' capabilities: estimating the liquidity position in resolution, identifying and mobilising collateral in resolution and reporting relevant liquidity metrics in resolution. The work of the SRB liquidity experts was supported by several discussions with NRAs and the ECB, while feedback from the industry was obtained through a questionnaire.

The implementation of the SRB liquidity policy will be a priority for all banks under the SRB's remit with effect from the 2021 RPC and will be phased in gradually through a staggered approach over the following RPCs. In 2021, the priority will be estimating the liquidity position in resolution, for which internal operational guidance to support IRTs was developed in 2020.

The remaining principles (i.e. identifying and mobilising collateral and reporting capabilities) will be phased in starting from the 2022 RPC. In this regard, the SRB will continue working on this topic through 2021 and 2022 in order to develop the necessary operational guidance, to support IRTs in applying the policy and in ensuring consistent implementation of the policy in all resolution plans.

6. VALUATION

Following the publication of the SRB Framework for Valuation in 2020, the SRB focused its activities on the second key building block of its approach to valuation: defining a standardised minimum data set for the valuation of a bank in resolution.

On 19 May 2020, the SRB launched a six-week consultation on the SRB Valuation Data Set instructions

document, and the explanatory note as an essential part of its approach to valuation. Overall, the SRB received 10 submissions, mainly from banks and banking associations. All comments received have been addressed and the corresponding changes introduced in the final set of documents.

On 11 December 2020, the SRB published its final standardised data set to ensure that the minimum needed data was available to support a robust valuation for bank resolution. 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 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, which addresses the main comments received on the consultation and is published alongside the final SRB Valuation Data Set.

The ability of banks to collect and timely provide this information to resolution authorities and/or valuers forms part of the SRB's annual resolvability assessment and is an SRB priority for 2021.

The SRB Valuation Data Set constitutes the Banking Union's implementation of the EBA Data Dictionary. The SRB and the EBA have been collaborating closely in their respective work to standardise a data set for valuation in resolution. Cooperation with the ECB, NRAs and the SRB's international counterparts has also been instrumental in finalising the SRB Valuation Data Set.

7. SOLVENT WIND-DOWN (SWD)

The SWD of trading book activities is seen as an important topic for banks with large trading activities. In 2020, the SRB conducted a survey to better inform its position on SWD planning and execution. The findings will serve as a basis for the policy work to start in 2021, with the aim of delivering a first of a two-chapter SWD policy targeted at banks with large trading books to enter into force for the 2022 RPC.

8. RESOLUTION PLANNING MANUAL (RPM)

In 2020, the SRB continued its work on improving and updating the RPM

adopted in 2019. The aim of the 2020 update was to include in the RPM the latest policy guidance for the IRTs in areas related to liquidity and funding in resolution, management information systems, governance and communications, including developments mentioned in previous paragraphs. The RPM is an internal SRB document, which aims to provide guidance to the IRTs when drafting resolution plans and will therefore be periodically revised and updated to include the latest policy developments.

2.2. Resolvability assessment

The SRB conducts yearly resolvability assessments by monitoring banks' progress in implementing the SRB EfB and applicable MREL Policy. In 2020, to facilitate benchmarking and foster a level playing field across the Banking Union on resolvability assessment, the SRB developed a heat-map defining the common horizontal criteria for classifying

banks' progress in each resolvability condition of the EfB, taking into account their relative impact on the feasibility of the resolution strategy, phase-in arrangements and applicable MREL policy principles.

The SRB heat-map on resolvability assessment will be rolled out to IRTs in the course of the 2021 RPC. Heat-map outcomes will be discussed between banks and IRTs to further tailor banks' efforts where needed and as applicable. If the SRB finds banks' progress to be insufficient, it will take action, including opening formal procedures for the removal of substantive impediments.



2.3. Data for resolution planning

1. DATA COLLECTION

Due to the Covid-19 pandemic, certain banks have submitted requests for relief and in line with the EBA recommendations, the Board has decided to grant certain relief measures to banks, which were detailed in the 'Covid-19 Guidance for IRTs', enabling IRTs to postpone the submission of FMIR, CFR, CIR and the resolvability self-assessment report.

Several major changes were successfully implemented into the data collection process, despite the constraints of the Covid-19 pandemic. For the first time, the full scope of resolution reports was collected exclusively in XBRL format (Liability Data, Critical Functions, Financial Market Infrastructures, CIR on Resolution). The roll out of XBRL reporting standard improves the quality of data reported, facilitates the automation of the reporting process for banks, and in doing so, improves the overall quality of the MREL calibration and resolution planning.

2. EBA/ECB COLLABORATION

The SRB continues to collaborate closely with the EBA and the European Central Bank (ECB) on resolution reporting, in line with the cooperation agreements set up between the SRB and these organisations. In particular, the SRB, with the cooperation of the ECB, has put in place arrangements to enable its access to supervisory data on LSIs from NCAs, which will facilitate the

LSI oversight function performed by the SRB. The SRB continues to share resolution data collected from banks under its remit with the ECB, thereby reducing the need for double reporting by banks and NCAs. The SRB has also agreed with the EBA to extend the scope of the sequential reporting process in 2021 to include the upcoming Implementing Technical Standards (ITS) on disclosure and reporting on MREL and TLAC, with a starting reference date of 30 June 2021. This quarterly data request is quite similar to existing ad hoc reports already requested by the SRB for MREL calibration and monitoring. However, as part of the ITS on MREL and TLAC, NRAs, the EBA and the SRB will be able to benefit from data that will be collected using the XBRL standard, on a quarterly basis, via the established sequential reporting channel.

3. PREPARATIONS FOR THE 2021 RESOLUTION REPORTING DATA REQUEST

In preparation for the 2021 RPC, the SRB has defined and published the resolution reporting scope for 2021. The changes to the data request have been kept to a minimum, as the SRB seeks to provide stability to banks. As mentioned in the previous paragraph, the SRB has also started preparations for the upcoming EBA ITS on disclosure and reporting on MREL and TLAC, and will communicate the details of this process in 2021.

2.4. Interactions with banks

1. INDUSTRY DIALOGUES²⁴

The SRB continued its efforts to inform the industry about its progress in resolution planning in 2020. In addition to bilateral meetings and workshops with banks, the SRB organised two dialogues with banking industry representatives on 15 June and 14 December 2020 respectively, which brought together representatives from EU-level and national banking federations and their associates from Banking Union Member States, representatives from NRAs, the Commission, the European Parliament and the ECB.

Both events were focused on the implementation of the 2020 RPC and preparations for the 2021 RPC, as well as the latest developments in the MREL policy for 2020 and 2021. In addition, the Industry Dialogue in December provided an update on the state of play of the Single Resolution Fund. Interactions with industry representatives form an important element of the SRB's work to ensure the resolvability of banks. Explanations and clarifications provided during these events ensure that market participants obtain a better understanding of requirements towards banks, as well as receiving information on expected

changes as a result of legal or policy developments.

2. PUBLIC CONSULTATIONS

In 2020, the SRB continued its practice of public consultations introduced in 2019 to further enhance the transparency of its work, and performed public consultations on two important documents: the SRB's MREL Policy under the Banking Package and the SRB's 'Data Set for valuation'.

The public consultation on the SRB's MREL Policy under the Banking Package took place in February 2020 and was aimed at receiving answers on a number of predefined questions, as well as comments and suggestions on amendments to the existing MREL Policy introduced by amendments approved as part of the 2019 EU Banking Package. The second public consultation took place in May 2020 and was focused on the SRB's standardised data set for valuation to ensure that the minimum needed data is available to support a robust valuation for resolution purposes. Following the publication of the SRM Framework for Valuation in 2019, the SRB's data set for valuation is considered a second building block in its approach to valuation.

²⁴ <https://srb.europa.eu/en/news/industry-dialogues>.



2.5. Financial stability analysis

Avoiding the potential negative impacts of a bank's failure on financial stability and the broader economy is one of the key objectives of the resolution framework. Financial stability considerations are therefore overarching in both resolution planning and crisis situations.

In line with the SRB's priorities and policy developments described in the previous chapters, a dedicated team of financial stability experts has developed tools and dashboards to harmonise and support the work and analysis of IRTs both in planning phases and during crises, especially regarding the PIA. In particular, work on banks' common exposure, non-bank contagion towards

insurance the sector, the impact of system-wide events and the contagion effect of bail-in or via market channels were among the topics explored in 2020. Analytical capacity on the topic of liquidity risk in resolution, particularly during crisis, was also enhanced in 2020.

Financial stability experts also contributed to the ESRB's work on a variety of matters, such as the impact of the Covid-19 pandemic, climate risk and macroprudential instruments. Moreover, as part of a dedicated data management function, the SRB further enhanced its data and information management systems to support the 2021 RPC.

2.6. Cooperation with national authorities, European institutions, non-EU authorities and third countries

In 2020, the SRB continued its cooperation with relevant stakeholders such as the European institutions, national authorities from Banking Union MS and from MS outside the Banking Union, and non-EU countries at different levels. This continuous cooperation at European and international level ensures a steady exchange of information, work streams and best practices, and is thus essential for the SRB's work. Not only does it strengthen the resolution framework, but it also establishes trust between authorities and enhances exchange on relevant topics.

1. COOPERATION WITH NATIONAL RESOLUTION AUTHORITIES

Based on the cooperation framework with NRAs, which was adopted at the end of 2018 and specifies procedures and guidance within the SRM, the SRB continued its close cooperation with the NRAs throughout 2020. Working relationships in everyday resolution planning within the IRTs continued to be effective and efficient, while NRAs provided valuable input to key SRB policies through the dedicated committees and the Plenary Session.

2. COOPERATION WITH THE EUROPEAN INSTITUTIONS AND AGENCIES

(a) EUROPEAN PARLIAMENT

Despite the reduced number of public hearings held at the European Parliament (EP) due to the Covid-19 pandemic, the SRB fulfilled its

public accountability obligations to the EP. As such, the SRB Chair attended two public hearings at the EP in virtual format during 2020. The Chair presented the Annual Report 2019 and the Multiannual Work Programme for 2021 to 2023 during a public hearing of the ECON Committee on 27 October 2020 and another hearing on the implications of the Covid-19 pandemic on 5 May 2020. Both appearances included wider exchanges, allowing for questions and policy reflections regarding the SRM and Banking Union matters in the broader sense. Equally in virtual format, the SRB continued its close contact and exchange with the Members of the European Parliament (MEPs) and the Secretariat of the ECON Committee on all matters related to its mandate, and replied to parliamentary questions²⁵ in a timely and comprehensive manner. Finally, and with a view to facilitating a bilateral exchange of information, the SRB furthermore provided the EP with records of discussions held by its Plenary and Executive Sessions.

(b) EUROPEAN COMMISSION

In 2020, the SRB continued to maintain its close cooperation with the relevant directorates-general of the Commission, in particular with the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) and the Directorate-General for Competition (DG COMP) at all levels

²⁵ <https://srb.europa.eu/en/content/european-co-operation>.

on various aspects, which are relevant to the SRB's work and functions, and participated actively in the meetings of the Expert Group on Banking Payments and Insurance (EGBPI).

(c) COUNCIL OF THE EUROPEAN UNION

In a similar manner, the SRB maintained its close ties and cooperation with the Council in many areas and held regular exchanges with the Croatian and German Council Presidencies on their priorities. When invited, the Chair participated in meetings of the Eurogroup. The SRB contributed to and participated in the work of the Eurogroup working group, the Economic and Financial Committee, and the Financial Services Committee on aspects relevant for its mandate as the resolution authority of the Banking Union. Moreover, the SRB provided technical support and presentations during the meetings of the High-Level Working Group. Furthermore, also in 2020, the SRB continued to provide technical expertise in order to support the early introduction of the common backstop to the SRF, which was politically agreed on 30 November 2020.

(d) EUROPEAN CENTRAL BANK

The close cooperation and exchange of information with the ECB in its supervisory capacity continued at all levels on both operational and policy issues, in line with the relevant regulations and the bilateral Memorandum of Understanding (MoU). This included the usual exchange of information necessary in relation to recovery and resolution plans, as well as contact at horizontal level and extensive mutual analytical work. Policy cooperation was heavily driven by the implementation of the new Banking Package, as well as cooperation on monitoring of impact of the Covid-19 pandemic on the banking sector. In 2020, the ECB and the SRB also closely cooperated on elements related to the planned review of the bank crisis management and deposit insurance framework (SRMR, BRRD



and DGSD reviews). Moreover, the ECB attended as an observer the SRB's Plenary and Executive Sessions and the meetings of the various committees of the SRB.

(e) EUROPEAN BANKING AUTHORITY

In 2020, the SRB cooperated closely with the EBA with a strong focus on the application of the BRRD framework. In addition, the SRB, in line with the regulatory framework, reported all binding MREL decisions to the EBA. The SRB was an active member in two subgroups on Resolution Planning Preparedness (SGRPP) and Resolution Execution (SGRE). Among others, during 2020, the SRB contributed to the finalisation of the work on various technical standards mandated to the EBA through the Banking Package. This included the technical standards on the estimation of the Pillar 2 Requirement for MREL setting, the conditions for impracticability of contractual recognition of bail-in powers, contractual recognition of stay powers and reporting and disclosure requirements for MREL and TLAC. Moreover, the SRB worked with the EBA on other issues such as resolvability assessments, the review of the application

of simplified obligations for resolution planning, and various other work streams related to outstanding technical standards mandated to the EBA in the Banking Package. The SRB also played a key role on the EBA's Resolution Committee. The Committee is chaired by SRB Board Member Sebastiano Laviola, who also attends the EBA Board of Supervisors meetings in an observer capacity.

3. COOPERATION WITH NON-EU AUTHORITIES

(a) BILATERAL RESOLUTION COOPERATION ARRANGEMENTS

As of 31 December 2020, the SRB has signed eight cooperation arrangements with third countries in order to facilitate resolution planning, the implementation of resolution decisions for cross-border entities and the exchange of information. Negotiations with additional third-country authorities has continued in 2021.

The SRB continued to work closely with the Bank of England throughout 2020, ensuring appropriate arrangements are in place for effective cooperation on the management of the failure of cross-border banks, should the need arise. This is underpinned by a cooperation agreement that came into force on 1 January 2021.

(b) COOPERATION AGREEMENTS FOR CRISIS MANAGEMENT GROUPS (CMGs) ON SYSTEMICALLY IMPORTANT BANKS

By February 2020, the SRB had concluded the institution-specific cooperation agreements for CMGs on global systemically important banks (G-SIBs) under the SRB's remit. In 2020, the SRB advanced its negotiations on accession to the institution-specific cooperation agreements (CoAgs) for CMGs on Canadian, Swiss and US G-SIBs under the remit of the respective third-country authorities. Accession to the CoAg for a Swiss G-SIB was successfully accomplished.

(c) ASSESSMENT OF THE PROFESSIONAL SECRECY AND CONFIDENTIALITY REGIMES OF NON-EU AUTHORITIES

In accordance with Article 98 BRRD, the exchange of information with non-EU authorities depends upon their professional secrecy requirements and standards being equivalent to those of the EU. The SRB therefore adopts opinions on the equivalence of the professional secrecy and confidentiality regimes of such authorities. In total, there were 24 SRB opinions on the confidentiality equivalence on 1 January 2021.

2.7. International relations

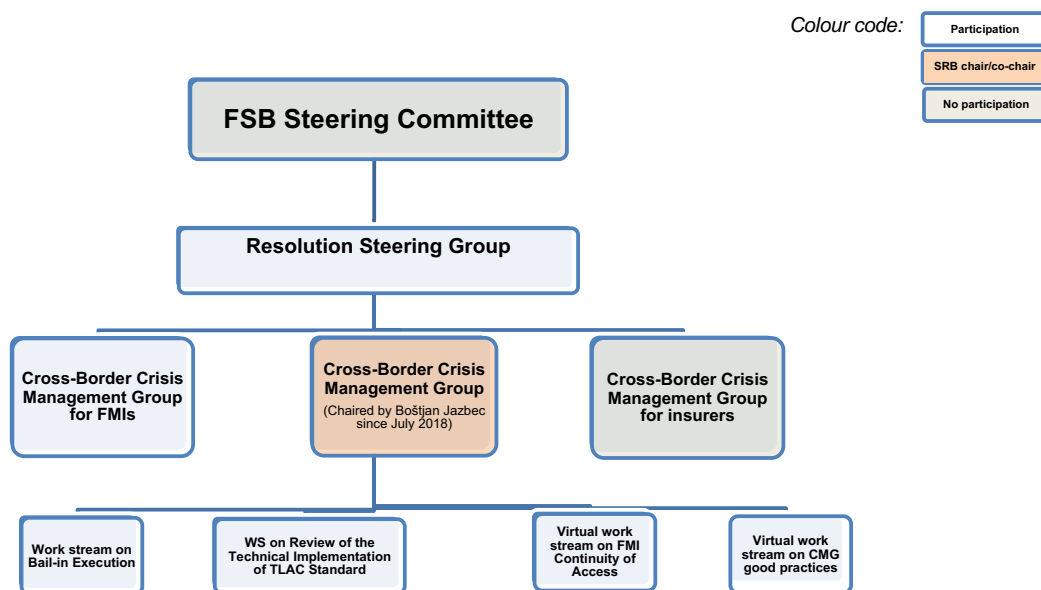
FINANCIAL STABILITY BOARD

The Resolution Steering Group is the encompassing committee that addresses resolution matters within the FSB. In addition to the Resolution Steering Group, the SRB engaged in all the relevant resolution-related groups and work streams of the FSB, particularly in the Cross-Border Crisis

Management Group for banks, chaired by SRB Board Member Boštjan Jazbec since July 2018, and in the Cross-Border Crisis Management Group focusing on issues of relevance for FMIs. Figure 2 provides an overview of the main FSB groups that are relevant to the SRB's activities, which met mostly in virtual format during 2020.

Figure 2: FSB Governance in the domain of resolution

FSB governance (main committees)



The SRB participated in a stocktaking exercise on CMGs and is now an active participant in virtual work streams dedicated to operationalising the elements related to bail-in execution and continuity of access to FMIs. In the same manner, the SRB is an active contributor in the newly created virtual work stream on CMG good practices. Equally, in the fmiCBCM group the SRB contributed to guidance documents such as those on financial resources to support CCP resolution and on the treatment of CCP equity in resolution, and will continue to work on this topic as a priority for 2021.

Finally, the SRB contributed to the modification of the resolvability assessment process (RAP), and in the context of the FSB's yearly RAP, participated in a pilot project for the modified RAP questionnaire in 2020, which comprehensively reported the progress made by Banking Union G-SIBs to the FSB.

In addition, the SRB participated in FSB workshops on the effects and effectiveness of the too-big-to-fail reforms.

2.8. Regulatory activity/legislative process of relevant files

1. BRRD/SRMR/DGSD

In 2020, legislators started discussions to prepare for a legislative proposal to review the BRRD/SRMR/DGSD, which is expected to be adopted by the Commission in late 2021. The SRB contributed its experience and expertise to those discussions through active participation in the relevant meetings where invited (e.g. Parliamentary hearings, relevant Council formations, and Commission expert groups on banking) and by providing technical input upon request.

2. DIGITAL OPERATIONAL RESILIENCE (DORA)

Given the importance of ICT services for banks, for instance as potential critical functions or services and their relevance for operational continuity and resolution, as well as resolution planning, the SRB followed with interest the adoption in 2020 of the Commission's legislative proposal on digital operational resilience (DORA). As such, the SRB held some exchanges with the European institutions to present the views from a resolution authority's perspective, ensuring consistency and alignment between DORA and the resolution framework (BRRD/SRMR and the SRB Expectations for Banks).

2.9. Brexit

The UK left the EU on 31 January 2020, followed by a transition period during which EU law continued to apply within and to the UK, ending on 31 December 2020. The SRB has long been preparing for Brexit, which led to the adoption of the SRB's Brexit expectations document in November 2018 focusing on key areas – MREL eligibility, internal loss absorbency, operational continuity, access to FMIs, and governance and management information systems. During 2020, the SRB published a further communication highlighting the need for banks to prepare for the end of the Brexit transition period, meaning that all EU banks are required to ensure that their relevant issuances under UK law are MREL-eligible. Over the course of 2020, the IRTs also continued to engage with relevant banks on the basis of the

expectations, in order to ensure the resolvability of these banks in anticipation of the Brexit transition period ending on 31 December 2020.

As Brexit unfolded, the SRB continued to engage regularly with the Bank of England and both European and national institutions and authorities. As outlined in the 2020 Work Programme, the relocation of banks as a result of Brexit has resulted in some banks relocating activities to the Banking Union and thus entering the SRB's remit, increasing the SRB's responsibilities in terms of subsequent resolution plans and MREL decisions. The SRB has, in particular, been cooperating closely with the ECB in relation to these banks, with regard to the need to ensure that their EU operations are sufficiently equipped to be resolvable in case of crisis.

The SRB and the Bank of England continue to work together closely to ensure that appropriate arrangements are in place for effective cooperation on the management of the failure of cross-border banks, should the need arise. This is underpinned by the conclusion of a Memorandum of Understanding with the Bank of England, which entered into force on 1 January

2021. It sets out the framework for consulting, cooperating and exchanging information when preparing for and implementing bank resolution in the United Kingdom and the Banking Union, in line with the rules in both jurisdictions. The arrangement is based on reciprocity and proportionality, and recognises the complex nature of cross-border bank operations.

2.10. Negotiations for accession to the Banking Union

2020 marked the accession of two new Participating Member States (PMS) to the Banking Union: Bulgaria and Croatia. The SRB worked intensely, and in close coordination with, relevant authorities from Bulgaria and Croatia, as well as with the ECB, Commission and Council counterparts, to achieve a smooth

entry into the SRM on 1 October 2020. The close coordination allowed for the timely calculation and transfer of the amount of contributions to the Single Resolution Fund due from the new PMS, and the effective onboarding of banks established in Bulgaria and Croatia to the SRB 2020 RPC and the *ex ante* contribution cycle.



3

Crisis management

3.1. Resolution decision and negative decisions

BANCO POPULAR – AFTERMATH

Banco Popular Español, S.A. (BPE) was resolved on 7 June 2017 and the SRB decided that resolution was in the public interest in order to protect depositors and prevent instability in the financial system.²⁶

An independent valuer analysed hypothetical insolvency scenarios in the so-called Valuation 3 report and found that the creditors would not have been better off if the bank had gone into insolvency proceedings on the same date. Therefore, on 6 August 2018, the SRB published a preliminary decision that no compensation was required and opened a ‘right to be heard’ process allowing affected shareholders and creditors to express their views and provide a reasoning as to why they may not agree with the preliminary decision.

Following this analysis, the SRB decided in its final decision, on 18 March 2020, that no compensation was due to shareholders and creditors affected by BPE’s resolution, as they would not have been better off under normal insolvency proceedings.²⁷

The SRB has continued to receive requests for access to documents concerning the resolution of BPE, and has published documents related to BPE in the public register of documents in accordance with EU laws on transparency.

In 2020, litigation related to the resolution of BPE continued before the EU courts.

Additional information can be found in Section 5.4.1.

3.2. Projects to strengthen crisis preparedness

1. R4C DRY-RUNS

During a six-day exercise from 9 to 16 July 2020, the SRB held the first virtual dry-run exercise to test Ready for Crisis (R4C)²⁸ – a platform developed by the SRB to support the management of crisis cases. The exercise was coordinated by the SRB’s Resolution

Tactical Team (RTT), the Resolution Unit B2 and participants from the Commission (DG FISMA, DG COMP), the ECB (SSM) and the SRB’s horizontal units (Compliance, Procurement, Legal Services, SRB Secretariat, Communications, HR, Fund and Internal Audit). As part of this

²⁶ <https://srb.europa.eu/en/node/315>.

²⁷ https://srb.europa.eu/sites/srbsite/files/srb_ees_2020_52_final_decision_en.pdf.

²⁸ To be noted that the updated version of R4C is being developed by the SRB. An expression of interest to the NRAs is expected to be launched in H2 2021 with the purpose of inviting NRAs to test the main features of the platform during 2022.

exercise, SRB ICT played a key role in preparing a simulation module of R4C.

During the exercise, a Crisis Management Team used R4C for exchanging information on a hypothetical crisis scenario, involving the failure of a fictitious bank. The exercise concluded with a simulation of a fictitious Extended Executive Session with the participation of Board Members. The technical dry-run proved useful in identifying areas for further enhancement of R4C, which were developed into an action plan proposal included in a lessons-learned report.

2. TRILATERAL PRINCIPLE LEVEL EXERCISE (TPLE)

In 2020, the SRB enhanced its crisis preparedness by carrying out the first dry-run exercise simulating the failure and resolution of a G-SIB as part of the trilateral collaboration project started in 2015 with resolution and supervisory authorities from the US, the UK and the Banking Union (SRB, Commission and ECB), as well as the UK and US Treasuries. The scenario provided for the failure and resolution (via SPE, open-bank bail-in) of a fictitious G-SIB domiciled in the Banking Union with significant operations in the US and the UK. The main objective of the exercise was to test cross-border coordination, the timeliness of information sharing,

and decision-making processes prior to, during and post-resolution. The scenario discussed testing the operationalisation of internal TLAC (iTLAC) conversion in the US and UK subsidiaries and the provision of liquidity during and post-resolution. The exercise started on 19 October and concluded on 20 November (10 days of simulation in total) and was held remotely. It was held over four distinct phases, reflecting five months of 'real-life' crisis. The exercise was ambitious in scope and proved successful in testing crisis preparedness with third-country authorities and cross-border cooperation. Following the exercise, the SRB and the other participating authorities drafted a report to take stock of the lessons learnt and inform further action to enhance crisis preparedness.

3. RESOLUTION TOOLS OTHER THAN BAIL-IN (RTOB)

The RTOB project was initiated in July 2020 with the objective of enhancing the SRB's operational preparedness to apply the resolution tools based on transfer powers. The project focuses on the preparation and execution of transactions following standard market practices to the greatest extent possible, while meeting the legal requirements of the resolution framework. RTOB is an important priority for the SRB's 2021-2023 Work Programme.

4

The Single Resolution Fund

4.1. Contributions

Credit institutions and certain investment firms in the 21 participating Member States of the Banking Union contribute to the Single Resolution Fund (SRF). The SRF will be gradually built up during a transitional period of eight years (2016–2023) and is to 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 transitional period. In 2020, the SRB took into account the expected negative economic impact of the Covid-19 pandemic when setting the annual amount of contributions to be raised.

In June 2020, the NRAs transferred to the SRF EUR 9.2 billion of 2020 *ex ante* contributions and the SRF amounts to approximately EUR 42 billion euros in total, including the irrevocable payment commitments (IPCs).

In September 2020, the SRB took note of the General Court rulings as regards the 2017 contributions of three institutions. Detailed information on these General Court rulings is available in Section 5.4.1 of this document.

1. DATA REPORTING FORM

Already in the early spring of 2020, the SRB worked in close collaboration with the NRAs in order to update the 2021 Data Reporting Form required for the 2021 *ex ante* contribution cycle.

2. DATA COLLECTION

For the 2020 *ex ante* contribution cycle, the SRB continued to use the Contribution Collection System with updated validation rules and taxonomy. In addition, in cooperation with the NRAs, it implemented further substantial improvements to the Contribution Collection System for collecting and verifying data, in particular as regards the support templates.



3. DATA VERIFICATION

Through automated checks performed by the improved Contribution Collection System and through close follow-up with NRAs, it was ensured at the moment of calculation that all data points that institutions were required to report, were available, and checks were performed against ECB supervisory data among others. In addition, the institutions belonging to the SSM supervised groups needed to provide additional assurance on data that had not already been reported under the supervisory or accounting frameworks. NRAs were left with the discretion to extend the scope of institutions and the data covered by the additional assurance.

4. CALCULATION OF CONTRIBUTIONS

In the working group on calculations the NRAs, the Commission, the ECB

and the SRB discussed the details of the calculation process. An independent calculation by the Joint Research Centre of the Commission matched the results that the SRB obtained using its own tools. Finally, the ECB, the NCAs and the NRAs were formally consulted on the final amount to be paid by the institutions.

5. COLLECTION OF CONTRIBUTIONS

In 2020, as in 2019, the SRB, in close cooperation with NRAs, further pursued the harmonisation of the process notifying the institutions of the contribution amounts by a generic Master Calculation Decision, which describes the methodology used by way of a harmonised annex that explains the individual calculation and the final amount for each institution, and by publishing additional statistics on the SRB website. In addition, the SRB published a document entitled 'How to understand the Harmonised Annex' on its website²⁹. This was aimed at increasing transparency and allowing institutions to understand their relative position in terms of riskiness in comparison with the other institutions in scope.

6. EX POST DATA VERIFICATION

In 2020, as in 2019, an additional data verification exercise was launched in order to verify *ex post* and improve the quality of data reported by the institutions. A selected sample of institutions was requested to provide additional information to the SRB. The analysis showed that the data quality was very high.

7. IRREVOCABLE PAYMENT COMMITMENTS POLICY

Pursuant to Article 8(3) of Council Implementing Regulation (EU)

2015/81, which limits the IPC share to between 15% and 30% of the total amount of annual contributions raised, the share of IPCs for 2020 was set at 15% with cash as collateral.

8. EX POST FINANCING

The SRB prepared for the amendments to the IGA in relation to the mutualisation of *ex post* contributions. These amendments were announced as part of the early introduction of the common backstop in 2022.

9. RISK ADJUSTMENT METHODOLOGY

In 2020, the work continued on the progressive implementation of the full risk adjustment methodology set out by Commission Delegated Regulation (EU) 2015/63.

10. MEMBER STATES JOINING THE BANKING UNION

EU Member States Bulgaria and Croatia joined the Banking Union on 1 October 2020. In accordance with Article 8 of the Intergovernmental Agreement on the transfer and mutualisation of contributions to the Single Resolution Fund, the SRB took the necessary steps in order to receive from those Member States the amount of *ex ante* contributions that their institutions would have paid to the Single Resolution Fund if they had been part of the Banking Union since the start. In addition, a loan facility agreement backing up their individual compartments in the SRF has been prepared for both Member States.

²⁹ https://srb.europa.eu/sites/default/files/how_to_understand_the_2020_harmonised_annex_final.pdf

4.2. Investments

In accordance with Article 75 SRMR, the SRB is responsible for the investment of the *ex ante* contributions raised. At the end of December 2020, amounts held in the SRF totalled EUR 42.1 billion, composed of the SRB portfolio (EUR 37.6 billion) and IPCs (EUR 4.5 billion). The SRB portfolio contains a strategic cash balance of EUR 18.9 billion and investments in securities mandates of EUR 18.7 billion. The amounts are invested in accordance with Commission Delegated Regulation (EU) 2016/451.

1. IMPLEMENTATION OF THE 2020 INVESTMENT PLAN

The 2020 Investment Plan was implemented in two instalments. In the first quarter, an instalment of EUR 580 million was gradually invested. A second transfer totalling EUR 2.79 billion was made in October to the outsourcing partner and invested.

Due to the market turmoil triggered by the outbreak of the Covid-19 pandemic, the SRB decided in April to place the portfolio of non-financial corporate bonds into run-off and in June, to hold the 2020 *ex ante* contributions in strategic cash until a new reassessment was made in September.

The remuneration on cash balances held with National Central Banks (NCBs) of the European System of Central Banks was the ECB deposit facility rate (-0.50% in 2020). Investments in securities added positive value to the financial return.

The total return of the SRB portfolio for 2020 was 0.08% (before fees of 0.006%).

2. ADOPTION OF THE REVIEWED INVESTMENT STRATEGY AND THE 2021 INVESTMENT PLAN

The Investment Strategy was reviewed and adopted in November 2020. It was concluded that the Investment Strategy remains adequate with no amendments needed to reflect developments in 2020 or those planned in the future.

The 2021 Investment Plan was validated in December 2020. This plan was designed to ensure the high liquidity and credit quality of the SRB portfolio, whilst maintaining adequate diversification.

3. LAUNCHING OF THE SELECTION PROCESS FOR A SECOND INVESTMENT MANAGER

In 2020, the procurement process for the selection of a second Investment Manager was launched. The signature of the contract and operationalisation is planned for Q2 2021.

4. DEVELOPMENT OF THE RISK AND PORTFOLIO MANAGEMENT IT TOOL

The internal development of the SRB Investment Analysis and Database Project started in H2 2020 with the objective of being operational by the end of H1 2021. The project will lead to the automation and enhancement of the SRB's performance and risk reporting capabilities and to strengthening the robustness of the portfolio construction process.

4.3. Funding

The Board must use the Fund only for the purpose of ensuring that the resolution tools are applied efficiently and for exercising resolution powers. Where the amounts raised through *ex ante* contributions and extraordinary *ex post* contributions are not immediately accessible or do not cover the expenses incurred by the resolution actions, the Board may contract for the Fund borrowings or other forms of support from third parties.

1. OPERATIONALISATION OF THE USE OF THE SRF

During 2020, the funding team continued to work on preparedness for a potential use of the SRF for liquidity or capital support, covering any possible combination of resolution tools. The use of action tracking, developed in 2019 to plan an effective use of the SRF, was tested as part of the annual dry-run of a resolution case. Action tracking identifies the necessary steps to plan an effective use of the SRF and serves as a guide for the tasks and duties that will be performed during the potential use of the SRF in a resolution case.

2. ALTERNATIVE FUNDING MEANS

With the objective of establishing and strengthening a resolution liquidity solution, further work was performed in 2020. Jointly with the Member States, the SRB explored additional possibilities to leverage the financial



capacity of the SRF, including through the use of external guaranties.

As part of the monitoring of the Loan Facility Agreements (LFAs), the SRB calculated and informed the participating Member States of the available funding capacity that each Member State has in its respective compartment, including the Member States that joined the Banking Union on 1 October 2020. This information enhances the Member States' preparedness for possible disbursements under the LFA.

4.4. Common backstop to the Single Resolution Fund

In 2018, the Eurogroup committed to introducing the common backstop to the Single Resolution Fund by the end of 2023, provided that risks in the banking sector had been sufficiently reduced. In 2020, extensive technical work was conducted to operationalise the agreements on the common backstop, and in view of the progress around the MREL build-up and the overall reduction in shortfalls. The Eurogroup agreed in November 2020 on the early introduction of the common backstop to the SRF in January 2022.

These preparatory works include, among others:

- ▶ The drafting of the framework agreement on the basis of which the SRB can request loans from the ESM for resolution actions – the Backstop Facility Agreement (BFA);
- ▶ The amendment of the Intergovernmental Agreement (IGA) for a potential early introduction of the common backstop;
- ▶ The SRB Collateral Policy for the purpose of liquidity support, should the common backstop be used; and
- ▶ The development of a framework to assess the repayment capacity of the borrowed amounts under the ESM credit line, ensuring that the principle of fiscal neutrality is met in the medium term.



5

The SRB as an organisation

5.1. Information and communications technology

The SRB's ICT function has two main objectives: firstly, to support the SRB as an organisation and lead it into the digital ecosystem; and secondly, to deliver applications and services aiming to support resolution activities and the collection and dissemination of financial data to support risk analyses and optimise the SRB's different business activities. ICT works in close collaboration with the business units and the ICT Steering Committee, which supervises and monitors all ICT projects in order to build optimised applications and services. Throughout 2020, ICT emerged as a key means to reaching the 'new normal' by resolving challenges caused by the Covid-19 pandemic. ICT in the SRB is no longer seen as a support to business, but rather as a strategic asset for the whole SRM.

Considering the need to establish a medium- to long-term vision supporting the core business activities (SI and LSI resolution planning, crisis management, SRF), the SRB launched the 'SRB MIS' project in 2020. The project has been divided into two stages: firstly the analysis phase, which examined the SRB business processes, and secondly the implementation phase (which started in early 2021 and is expected to last 2 to 3 years). The analysis on the strategic ideas and the roadmap defined the development of the business and ICT architecture in terms of data capabilities, document management and processes. Finally, a new dedicated team, 'Data and Business Process Management', was created to work on these dimensions.

MAIN ACHIEVEMENTS IN 2020:

- ▶ The SRB implemented a new cloud-based infrastructure for remote conferences and a system for electronic signatures; ICT security effectively faced the challenges deriving from workforces operating remotely.
- ▶ The second release of **R4C** was implemented. This application allows close collaboration with all stakeholders during a crisis situation (e.g. a bank's resolution). The application supports the operational process and the management of crisis cases at the SRB in order to prepare and carry out effective crisis management.
- ▶ The first release of **FORA** was deployed. This application helps the SRB Secretariat to manage the written procedures of the Board in its Extended Executive, Executive and Plenary sessions. The application is available for both internal (Chair, Vice-Chair, permanent Board Members) and external stakeholders (ECB, Commission, EBA) and allows them to provide their feedback (consensus or vote) directly in the system.
- ▶ The second release of **Resolution Reporting Data Collection** was implemented and is ready to collect liability data and the Financial Market Infrastructures, the Critical Functions and the Commission Implementing Regulation on Resolution data as defined in the EBA 2.10 Reporting Framework. This data is required to compute the MREL targets.
- ▶ The fifth release of the **Contribution Collection System** was implemented to collect the

data reporting form. This data is required to compute the contributions to the SRF that could be used in case of a bank's resolution.

- ▶ The first release of the **Data Certification Gateway** was implemented, ensuring an expert judgement check of the data collected prior to this data being entered into the Data Warehouse. The Data Certification Gateway is also the interface for sending resolution data to the EBA.
- ▶ The second release of the SRB's **Data Warehouse** was implemented. The platform gathers supervisory and resolution data collected by NRAs and the ECB. The Data Warehouse aims to become the single data source of the SRB, allowing business experts to perform horizontal analysis.
- ▶ The overall **IT infrastructure** maturity was maintained. A second data centre was established to have an effective and active fall-back

in case of an emergency. This second data centre is used in either load-balancing or active-standby mode, ensuring a high availability of all applications.

- ▶ The SRB maintained its **information security management** with the implementation of documented security plans (including risk assessments) of all SRB systems to minimise ICT security risks. Running an extended cyber threat intelligence information program allowed the SRB to identify weaknesses, improve its overall security posture and remain intact from cyber threats in 2020.
- ▶ The SRB continuously improved its **Business Continuity** (BC) Management System and performed a simulation exercise. The BC solutions implemented in 2019 – in particular, an effective infrastructure for remote working available for all staff – proved effective during the pandemic.



5.2. Communications

In 2020, the SRB continued to increase visibility and awareness with a proactive approach to communications, such as launching a blog series, which communicated our stance on the impact of the Covid-19 pandemic crisis and other relevant topics.

- ▶ The SRB Annual Conference, held on 8 October 2020 in a hybrid format, attracted more than 5 000 viewers. Press coverage reached a potential 15 million people. The SRB also organised or hosted a number of other successful events.
- ▶ Overall, the results show improvements across all channels. Press coverage increased in this period (up 44% on 2019) and Twitter followers rose by almost two thirds to 4 872.
- ▶ The SRM Communications Forum, which brings together

communication experts from the SRB, national resolution authorities and the ECB, kept up its work in a remote context, producing a number of tools and sharing experiences, most notably the lessons learned from the 2019 dry-run.

- ▶ In internal communications, the SRB's intranet platform, ICE, was successfully launched, featuring news, a *who is who* and various sites for units and topics. A dedicated Covid-19 section kept staff informed of developments. A number of staff surveys were also carried out, and the first online town hall held.
- ▶ The team also continued to develop crisis readiness communications, improving a number of templates and processes, including as part of two dry-run exercises.

5.3. Management of resources

5.3.1. Human resources

For the human resources team, recruiting highly qualified staff to provide a solid workforce basis for the SRB in both the operational and support areas remained at the core of HR activities in 2020. Following the outbreak of Covid-19 pandemic, HR smoothly adapted its processes in all areas and moved its recruitment process entirely online.

Work on the completion of the HR legal framework, policies and service provision in the areas of learning and career development and

administrative support continued, ensuring adequate staff support for a young and fast-growing organisation.

Additionally, HR started working on restructuring its team, with a view to better supporting the organisation in the area of staff engagement and talent retention. The project will continue in 2021 and bring a series of initiatives in the area of talent management, staff engagement and staff retention.

1. INTENSIVE RECRUITEMENT

Besides recruiting from existing reserve lists, the SRB launched or finalised 14 new selections for temporary agents in 2020. The

SRB successfully carried out two campaigns for middle management positions in the General Counsel and the Head of Unit SRB Secretariat, further stabilising the management structure of the organisation. In addition, the SRB ran two large selections for the profiles of Bank Resolution Expert and Secretary. This allowed the SRB to onboard 53 newcomers in 2020. In addition, three new Permanent Board Members were welcomed and 33 staff members left the Agency. Excluding the six permanent Board Members, the SRB headcount amounted to 372 temporary agents and 19 SNEs. This is a 6.4% increase in comparison with 2019 and corresponds to 93% of the planned 400 temporary agents. A further 12 onboardings were ongoing at the end of 2020, with their arrivals expected in the first quarter of 2021. The turnover rate for the year amounted to 9%.

2. TRAINING

In 2020, due to the outbreak of Covid-19, the SRB had to review and adapt its training offer to the circumstances caused by the pandemic. Within a short period, while stopping team-development initiatives as of March, the SRB offered its staff online in-house training. In total, 155 in-house training sessions were offered to staff, covering technical, soft and IT skills. Close cooperation with the business units resulted in a successful training offer with a high satisfaction rate.

3. ADMINISTRATION

HR management reporting, budget planning and execution was further enhanced.

4. HR LEGAL FRAMEWORK AND POLICIES

The SRB's main reference documents in terms of staff working conditions are the EU Staff Regulations and Conditions of Employment of Other Servants of the European Union (CEOS). In 2020, the SRB further complemented work in the



HR area by adopting by analogy the Commission's Decisions on Leave and on transfer of pension rights.

5.3.2. Budgetary and financial management

This section covers the activities related to the general financial management of the SRB and its financial planning and reporting. It also covers the supervision and safeguarding of correct budget implementation operations, as well as accounting and treasury operations. In addition, the finance and procurement team manages and delivers advice on the preparation, initiation, reporting and publication of SRB procurement actions.

On the revenue side, the amount of EUR 117.8 million has been recognised as income up to the level of the 2020 expenses.

On the expenditure side, according to the budget implementation table and after transfers, EUR 50 million was attributed to staff, EUR 13.34 million to other administrative expenses

(rent, ICT support, etc.) and EUR 54.4 million to operational expenses (see Annex 3).

1. INCOME

In accordance with Article 65 of the SRMR, the SRB must raise contributions from all institutions that fall within the scope of the SRMR, in order to cover its administrative expenditures.

Commission Delegated Regulation (EU) No 2017/2361³⁰ on the final system of contributions to the administrative expenditures of the SRB has formed the legal basis for calculating administrative contributions since 2018.

The total annual administrative contributions successfully collected for the 2020 financial year amounted to EUR 67.3 million³¹. Contribution notices were issued to 2 372 institutions: 2 246 LSIs and 126 SIs and cross-border groups.

2. EXPENDITURE

Budget expenditure includes payments made using appropriations from the current year and appropriations carried over from the previous financial year. The following paragraphs summarise the implementation of appropriations by title. A more detailed breakdown is provided in Annex 3.

In 2020, the SRB established 355 budget commitments amounting to a total of EUR 81.6 million in PART I of the budget, and EUR 148.2 million in PART II, and processed 1 504 payments (from 2020 payment appropriations) amounting to a total of EUR 70.4 million in PART I and EUR 96.3 million in PART II. The 2020 budget implementation rate is 69.3%

for commitment appropriations and 59.8% for payment appropriations.

Moreover, 296 payments, amounting to EUR 3.1 million, were processed in 2020 using the payment appropriations carried over from 2019. For 2021, the amount of appropriations carried over is EUR 2.5 million.

TITLE 1: STAFF EXPENDITURE

The final budget (after transfers) for Title 1 in 2020 was EUR 50 million, of which EUR 46.3 million was committed (implementation rate of 92.5%). The final amount of used payment appropriations was EUR 45.9 million, which corresponds to an implementation rate of 99.2% of the total committed.

The main area of expenditure related to SRB staff in active employment. EUR 42.4 million was spent on payroll (basic salaries, family allowances, expatriation, installation and foreign residence allowances, insurance, pension rights, etc.). EUR 0.9 million was spent on interim services and EUR 0.9 million on early childhood centres and schooling.

TITLE 2: INFRASTRUCTURE EXPENDITURE

The final budget (after transfers) for Title 2 in 2020 was EUR 13.3 million. During the year, a total of EUR 12.5 million was committed, which corresponds to an implementation rate of 93.5%. The final amount of used payment appropriations was EUR 10.4 million, which corresponds to an implementation rate of 83.7% of the total committed.

The main areas of expenditure were ICT infrastructure (EUR 3.8 million), the rental of the SRB building (EUR 3.1 million), and security and

³⁰ Commission Delegated Regulation (EU) No 2017/2361 of 14 September 2017 on the final system of contributions to the administrative expenditures of the Single Resolution Board, OJ L 337, 19 December 2017, p. 6. This amount takes into account the result of the budget of the latest financial year for which the final accounts have been published (Y-2).

³¹ This amount takes into account the result of the budget of the latest financial year for which the final accounts have been published (Y-2).

maintenance of the SRB building (EUR 1.6 million).

TITLE 3: OPERATIONAL EXPENDITURE

Title 3 is exclusively for operational expenditure related to the implementation of the SRMR. The final budget (after transfers) for 2020 was EUR 54.4 million.

In the course of 2020, an amount of EUR 22.9 million was committed, which corresponds to an implementation rate of 42.05%. The final amount of used payment appropriations was EUR 14.1 million, which corresponds to an implementation rate of 61.8% of the total committed.

The overall budget implementation in Chapter 31 SRB operations is lower than planned due to a number of factors. On the one hand, the Covid-19 pandemic caused a number of cancellations or postponements of planned activities, such as large events that had to be cancelled and some IT projects that had to be postponed to 2021 as difficulties were experienced in sourcing the required resources. On the other hand, a number of cost efficiency gains were realised in the IT application development domain by utilising existing IT technical infrastructure and capabilities, requiring fewer purchases in this domain than originally planned in the budget.

As the nature of the activities under Chapter 32 (Contingencies)³² is such that implementation is more difficult to forecast than the other expenditure items, the overall budget implementation under this Chapter also ended up lower than planned. The low budget implementation is

due to low expenditure in professional consultancy and expert advice services, as the SRB had to manage fewer potential resolution and litigation cases than anticipated.

The main areas of expenditure under this Title related to studies and consultancy (i.e. SRB contingencies) for implementing the SRB's work programme, legal services and litigation, ICT development and maintenance of operational IT solutions, in particular to support resolution planning and decision activities, and the outsourcing costs of investments.

3. BUDGET OUTTURN

The budget outturn for 2020³³ is estimated to be EUR 45.4 million (EUR 59.3 million in 2019) and will be entered in the 2021 budget after approval by the Board in its Plenary Session in September 2021. The budget outturn will be deducted from the administrative contributions to be collected in year N+2.

MAIN ACHIEVEMENTS IN 2020

- ▶ Demonstrated agility to cope with the extraordinary circumstances caused by the Covid-19 pandemic.
- ▶ Successful transition to paperless processing of all financial transactions.
- ▶ The budget execution rate, in terms of paid against final budget, improved in 2020 at 10.8%, which is above the target of 10% (KPI 19: Year-to-year improvement of the budget execution rate, excluding Chapter 32 SRB contingencies).
- ▶ 97.4% of payments were made on time (99% in 2019), achieving the 2020 key performance indicator 'Timely payment of invoices target 97%' (KPI 17);

³² The nature of the SRB's mission is characterised by a high level of uncertainty. To cope with this, Chapter 32 'SRB contingencies' has been created. This chapter is intended to cover expenditure related to the management of potential resolution and litigation cases. The expenditures concerned are neither recurrent nor predictable, and are highly dependent on the number of potential cases occurring in a given year. However, the SRB always needs to be prepared to manage a (potential) crisis situation, and consequently needs to ensure the availability of the required funds for effective and rapid resolution actions.

³³ Details of the budget outturn/result can be found in the final accounts for 2020 (see Annex 6). These will be published on the SRB website in the third quarter of 2021.

- ▶ Successful implementation of the differentiated appropriations in Title 3 introduced in 2020, where necessary, for operational reasons and for multiannual activities.
- ▶ In 2020, 66.11% (2019: 64.72%) of SRB administrative expenses were linked to staff, while 20.77% (2019: 21.19%) were related to other significant administrative expenses (rent and IT support).
- ▶ In addition, the total operational expenses represented only 4.21% of total costs, a further reduction from 2019, when operational costs were at 12.92% of the total costs.

5.3.3. Final accounts 2020

The final accounts for 2020 reflect the SRB's financial position at 31 December 2020, the results of its operations, its cash flows, and the changes in net assets for the year, in accordance with its Financial Regulation and with the EU Accounting rules adopted by the Commission's Accounting Officer.

At the end of 2020, after the collection of *ex ante* contributions, administrative contributions and IPC, the total assets/liabilities increased significantly, from EUR 32.93 billion to EUR 42.27 billion. The increase in assets is mainly reflected in the increase in the volume of cash held at banks (EUR 6.89 billion) and the net increase in the total amount invested in available-for-sale financial assets (EUR 2.43 billion).

The *ex ante* contributions to the SRF collected in 2020 gave rise to revenues of EUR 8.41 billion. After deduction of the associated eligible expenditure of maintaining these funds in national central bank accounts, the financial result for the year was EUR 8.32 billion, which increased the SRB's net assets to EUR 37.63 billion.

On the administrative side of the 2020 final accounts, the SRB invoiced and collected EUR 68.85 million from banking institutions and has used the unspent funds accumulated in previous financial periods amounting to EUR 45.29 million. In order to balance the total administrative and operational expenses for the year, the revenues from administrative contributions recognised in 2020 were EUR 82.27 million. As a result, there are no net assets arising from the SRB's administrative activities.

In 2020, 66.11% (2019: 64.72%) of the SRB's administrative expenses were linked to staff, while 20.77% (2019: 21.19%) related to other significant administrative expenses (rent and IT support). In addition, in 2020 the total operational expenses represented only 4.21% of total costs, a further reduction from 2019 when operational costs represented 12.92% of the total costs.

The 'Statement of financial position' as at 31 December 2020 and the 'Statement of financial performance' for 2020 can be found in Annex 6.

The SRB's financial statements for 2020 will be available on the SRB website in the third quarter of 2021.

5.3.4. Procurement

The SRB's annual procurement plan for 2020 was prepared in accordance with the general procurement provisions contained in the EU Financial Regulation. Compared to the initial procurement plan, one procedure was cancelled, as a different approach was taken, while another planned procedure was postponed to 2021.

A detailed account of the 2020 procurement procedures organised by the SRB can be found in Annex 7, indicating the procedures that have been awarded and were in progress

between 1 January and 31 December 2020.

Despite the difficulties caused by the Covid-19 pandemic, the SRB was able to successfully procure all the necessary services and goods requested by the different units throughout the year, with the following main highlights indicated below:

- ▶ Eight framework contracts were successfully awarded for the provision of analysis of financial statements and accounting advice, following an open procedure launched in 2019;
- ▶ Four service contracts were successfully awarded following

a competitive procedure with negotiations for the selection of banks for executing payments in EUR mainly within SEPA;

- ▶ Forty nine negotiated procedures were launched, while seven competition procedures were reopened under SRB or Inter-Institutional Framework contracts;
- ▶ Continued support was provided on various MoUs and service-level agreements established with the Commission and other public entities;
- ▶ Continued efforts were made to further digitalise the SRB's procedures, e.g. testing on the use of qualified digital signatures, which are targeted to be used more widely in 2021.

5.4. Governance

5.4.1. Internal legal advice and litigation

The SRB's Legal Service is an internal horizontal department of the SRB reporting to the Vice-Chair of the SRB. The role of the SRB Legal Service is two-fold: (i) it provides internal legal advice to the SRB across all units, and (ii) it manages litigation proceedings before the European courts. As regards the role of the Legal Service, it assists the SRB and all its internal resolution units and other departments as an internal horizontal department providing legal advice and covering all the SRB's major activities and areas of responsibility.

In 2020, the SRB Legal Service continued to provide internal legal advice, for example, in the main areas of resolution planning, MREL setting, policies and manuals, resolution action, matters regarding the SRF, international and inter-institutional cooperation and resource management. The SRB Legal Service also provided advice related to

the implementation of the various amendments in the legislative framework.

As regards its role of managing the litigation proceedings before the Court of Justice of the European Union, the Legal Service is in charge of representing the SRB before the General Court and the Court of Justice. Usually, members of the Legal Service are appointed agents for the SRB. The SRB also employs external counsel to assist it in litigation. In its role as the SRB's representative in court, the Legal Service drafts and prepares the written statements required by the Court of Justice or supervises the preparation of such documents by external counsel, and prepares for the related oral hearings. The litigation cases pending before the courts of the Court of Justice in 2020 include the following:

1. One hundred seventeen legal actions concerning the decisions made in the context of the resolution of BPE brought by the bank's former shareholders and creditors against,

inter alia, the SRB, are pending before the General Court and the Court of Justice.

- ▶ One hundred one cases concern the SRB's resolution decision. Of these, the General Court has identified and selected six pilot cases, of which the SRB is a defendant in five (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 cases have been suspended pending a final determination in those six pilot cases. One of the six pilot cases was declared inadmissible by the General Court and is currently under appeal before the Court of Justice;
- ▶ 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 two other cases were declared inadmissible by the General Court and are currently under appeal before the Court of Justice;
- ▶ Seven cases concern the SRB's decision determining whether to compensate affected shareholders and creditors. One case was declared inadmissible by the General Court. The remaining cases are currently pending before the General Court;
- ▶ Five cases concern the SRB's decisions under the public access to documents and/or access to file regime under Regulation (EU) No 806/2014 and Regulation (EC) No 1049/2001. They are currently pending before the General Court;
- ▶ 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 currently pending before the General Court.

2. Fifty six legal actions concerning the *ex ante* contributions to the SRF were brought by banks against the SRB. In addition, the Commission brought one appeal and the SRB brought three appeals against decisions of the General Court related to *ex ante* contributions. More specifically:

- ▶ Twelve legal actions were brought against the 2016 *ex ante* contribution decision. One of them has been withdrawn and eight cases have been dismissed, of which two were appealed before the Court of Justice. One appeal was dismissed by the Court of Justice and the other appeal is currently pending. In three cases, the General Court annulled the decision as far as it concerns the applicants. The SRB subsequently adopted a new decision on the 2016 *ex ante* contribution with regard to these three applicants. The same three applicants again challenged the new 2016 *ex ante* contribution decision before the General Court. These three legal actions are currently pending;
- ▶ Three legal actions were brought against the 2017 *ex ante* contribution decision. In September 2020, the General Court annulled the decision as far as it concerns the applicants due to procedural flaws and infringement of the duty to state reasons. In case T-411/17³⁴, the General Court also incidentally found Commission Delegated Regulation (EU) 2015/63 to be partially unlawful, as the methodology set out in the existing legal framework, on the one hand, requires the SRB to rely on the institutions' confidential data and, on the other hand, prevents the

³⁴ 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.

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 the 2017 *ex ante* contribution decision. The four appeals are currently pending before the Court of Justice;

- ▶ Five legal actions were brought against the 2018 *ex ante* contribution decision and are currently 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. This action was dismissed by the General Court in January 2021;
- ▶ Eleven legal actions were brought against the 2019 *ex ante* contribution decision and are currently pending before the General Court;
- ▶ Nineteen legal actions were brought against the 2020 *ex ante* contribution decision and are currently pending before the General Court.

3. Two legal actions concerning the SRB's decision not to adopt a resolution scheme in respect of ABLV Bank, AS, brought by the bank itself and one of its former shareholders. One of the legal actions was declared inadmissible by the General Court and is currently under appeal before the Court of Justice. The other legal action is currently pending before the General Court.

4. One legal action concerning the SRB's decision not to adopt a resolution scheme in respect of PNB Banka, brought by the bank and some of its shareholders, is pending before the General Court.

5.4.2. SRB Secretariat

The SRB Secretariat continued to provide guidance on the SRB's

decision-making process and on governance matters. It has supported the resolution planning cycle and the related decision-making processes, including maintaining close contact with the national resolution authorities and other EU institutions and bodies involved in the SRB's decision-making. In addition, the SRB adopted revised Rules of Procedure for the Board in its Plenary and Executive Sessions, including a revised Code of Conduct. Overall, the Secretariat organised 41 in-person meetings and 285 written procedures of the Board in its different compositions. In addition, it organised 12 specific Plenary Sessions dedicated to matters related to the outbreak of the Covid-19 pandemic.

5.4.3. Compliance

During the course of 2020, the SRB completed the restructuring of its Compliance Function, with the setup of a new, independent team in the Chair's Directorate. The new team consists of a newly appointed Ethics and Compliance Officer (ECO), supported by two dedicated full-time staff members.

In 2020, the team focussed on the revision of the SRB Ethics and Compliance Framework, including a new Code of Ethics, modernised to reflect recent EU institutional practices and the main potential challenges faced by the SRB as it reaches maturity. The framework enhances the role of the ECO, with a broader toolkit to carry out risk assessments and monitor compliance with applicable rules. To increase awareness of the new rules, the team developed and rolled out a series of innovative, online campaigns and materials, adapted to the Covid-19 pandemic teleworking situation, including online training sessions, hashtag and (online) poster/banner campaigns, FAQs, newsletters/flashcards, updated resources on the

Compliance intranet page, and online quizzes.

The SRB Compliance Team also contributed to the revision of other SRB policies and was responsible for setting up a new SRB Public Agenda tool.

In addition to these work streams, the new SRB Compliance Team continued to deal with more day-to-day tasks, for example: providing advice to staff, management and business areas; adopting compliance positions on authorisation requests; conducting fact finding exercises; monitoring staff reporting; and managing compliance risks. It also engaged regularly with relevant stakeholders within the context of the Ethics Network.

5.4.4. Data Protection Office

The 2020 portfolio of the SRB's Data Protection Officer and her team was to some extent still characterised by the regulatory changes and enhanced standards introduced with the General Data Protection Regulation (GDPR) and Regulation (EU) 2018/1725, the latter of which is applicable to EU institutions, bodies and agencies. In particular, the applicable Regulation requires certain precautionary measures and safeguards where personal data is transferred to third countries that are not subject to the European Regulation and do not offer an equivalent regulatory standard concerning the rights and freedoms of those whose personal data is being processed.

To this end, in 2020 the SRB DPO coordinated the SRB's mapping exercise of all third-country transfers and transfers to international organisations following the request by the European Data Protection Supervisor (EDPS) addressed to all European Union institutions, bodies and

agencies. The DPO provided general guidance and individual advice on demand on how to interpret and comply with the EDPS order to provide detailed information on the SRB's personal data processing activities involving transfers of personal data to third countries and international organisations. Looking ahead, the SRB DPO, as the data controller, will assist the SRB with the implementation of the EDPS's recommendations on the matter expected in 2021.

Furthermore, in 2020 the DPO had to coordinate the analysis and response to the EDPS regarding some complaints by external individuals to the EDPS.

5.4.5. Internal Audit

Internal Audit enhances and protects organisational value by providing risk-based and objective assurance, advice and insight. Through its reports and recommendations, Internal Audit helps the SRB accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The mandate of the SRB's internal audit function is based on the SRMR, the SRB Financial Regulation and the internal audit charter, which defines, amongst others, the principles for 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 in its Executive and Plenary Session on its performance, the main conclusions from its audits and the status of audit findings.

In 2020, Internal Audit focused on four assurance audits:

- ▶ Audits on the processes operationalising the Fund³⁵ (SRF), contract management and resolution policy drafting process were completed; and
- ▶ Audit on the ICT operations: change management was in the final reporting stage at the year-end.

In addition, Internal Audit performed a consulting engagement advising the SRB management on governance and organisation.

Internal Audit monitors the implementation of the recommendations from its assurance audits through follow-up audits. In 2020, Internal Audit followed up previous audits on procurement, R4Crisis project management, the outsourcing of Fund investments, outsourcing and use of consultants, and resolution planning.

STATUS OF INTERNAL AUDIT RECOMMENDATIONS

In 2020, Internal Audit issued twenty one recommendations, for which management has prepared action plans. Including recommendations from previous years' audits, thirty three recommendations, of which eight were high priority, remained open at year-end.

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

Of the eighteen recommendations followed up, five were fully closed in 2020.

5.4.6. External Audit

Every year, the annual accounts are audited by an independent external auditor. In 2020, the external auditor issued its unqualified audit report on the reliability of the SRB's 2019 final annual accounts.

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

In 2020, the ECA published its audit report on the SRB's annual accounts for the financial year 2019³⁶. The only area where it invited the SRB to improve was the following:

- ▶ According to Article 8 of the Rules of Procedure of the Single Resolution Board in its Plenary Session (SRB/PS/2015/9), the summary of the proceedings of each meeting of the Plenary Session shall be prepared under the responsibility of the Chair and, after approval, the summary of proceedings shall be signed by the Chair. ECA found that the summary of the proceedings of the meetings of the Board in its Plenary Session held in 2018 and 2019 were not signed. However, since the beginning of 2020, the SRB has already changed its practices on the need for Plenary Session minutes to bear the Chair's signature.

In 2020, the ECA also published a special report³⁷ on the

³⁵ Processes resulting from the Fund's different activities and spanning the Investment, Contributions and Financing, Finance and Accounting teams.

³⁶ Annual report on EU agencies for the financial year 2019 (<https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=54056>)

³⁷ Report on any contingent liabilities arising as a result of the performance by the Single Resolution Board, the Council or the Commission of their tasks under the Regulation for the financial year 2019 (<https://www.eca.europa.eu/en/Pages/DocItem.aspx?did={28E29E37-D534-4F2F-8A3D-2B97E0F7AA04}>)

contingent liabilities of 2019 with two recommendations:

- ▶ In light of the Court of Justice's and the General Court's recent judgments and any subsequent developments, the SRB should reassess the risk for all pending proceedings against its decisions on *ex ante* contributions to the SRF and assess any new judicial proceedings.
- ▶ The SRB should consider all legal cases for its final accounts to ensure that they provide a true and fair view. This includes any information that could lead to an outflow of economic resources, such as national proceedings against implementing decisions of endorsed resolution schemes.

5.4.7. Internal control standards

The internal control standards (ICSs) specify the expectations and requirements for building an effective system of internal controls that would provide reasonable assurance on the achievement of the SRB's objectives. These control standards

were developed along the lines of the Commission's ICSs, which are based on the International Committee of Sponsoring Organisations' standards. The standards cover the areas of mission and values, operations, resources and control activities, planning, reporting and communication, risk management and evaluation and audit processes. Each standard consists of a number of requirements to be met.

Due to the steadily growing size of the organisation, continuous development of the framework is targeted.

- ▶ In 2020, the SRB performed quarterly reviews in order to verify the implementation status of each ICS in the SRB. The framework covers 16 ICS, which are indispensable for defining the internal control framework, fostering clear accountability of the management team, and ensuring oversight of the internal control system by the board.
- ▶ The SRB conducted its risk assessment exercise and concluded on a risk register for which action plans have been developed and closely monitored.

6

Appeal Panel

In accordance with Article 85(1) SRMR, in 2015 the SRB established an Appeal Panel for the purpose of deciding on appeals submitted against certain decisions issued by the SRB, for instance relating to MREL determination, impediments to resolution, simplified obligations for some institutions, decisions taken by the Board in view of requests for public access to documents, and the contributions by institutions to the administrative expenditures of the Board. The Appeal Panel consists of five members and two alternates, whose mandates are fully independent from the Board.

The Appeal Panel became operational on 1 January 2016 for a first 5-year term. In its Executive Session of 16 September 2020, the SRB decided to extend the mandates of the five members of the Appeal Panel. In turn, on 9 November 2020, the Appeal Panel decided in favour of re-electing its current Chair and Vice-Chair in their roles. The current two alternates were appointed by the SRB only in 2019, following a public call for expressions of interest.

In the course of 2020, the Appeal Panel dealt with appeals against confirmatory decisions issued by the Board refusing the partial or total

disclosure of documents related to various topics: resolution of Banco Popular, procurement procedure documents, and documents issued in light of the coronavirus pandemic that hit Europe at the beginning of March 2020.

Following these appeals, the Appeal Panel issued its decisions, either dismissing the case or remitting the appealed decision to the Board for review. All of the Panel's decisions are published on the SRB website in an anonymised way, guarding the identity of the parties and the confidentiality of sensitive information.

Additionally, and in light of the practical experience accumulated since taking up duties in January 2016, the Appeal Panel decided to review its Rules of Procedure in the course of 2020 and the new document was adopted at the beginning of September 2020.

The Appeal Panel is supported in its activity by a Secretariat, which also performs independent tasks as the SRB's Data Protection Office. The Secretariat covers various aspects, from case management to operational support for members.

7

Declaration of Assurance

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 view³⁸.

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.

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

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.

Brussels, 18 June 2021.

Elke König



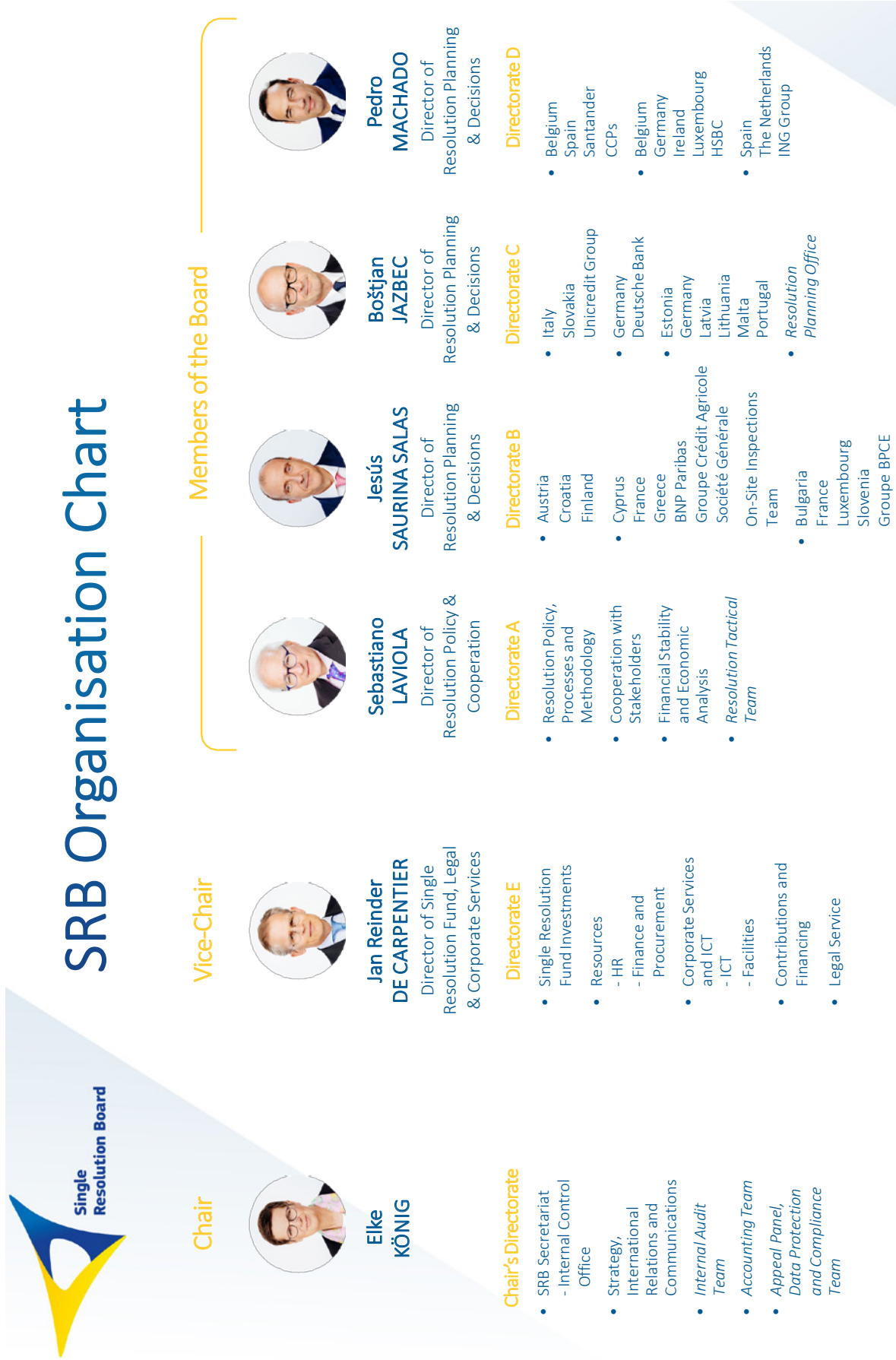
Chair of the Single Resolution Board

³⁸ Fair view in this context means a reliable, complete and correct view on the state of affairs in the service



Annexes

Annex 1: Organisational chart¹



¹ The cut-off date is 31 December 2020. Note that the updated organisation chart following the reallocation of portfolios was published on the SRB website on 16 March 2021: https://srb.europa.eu/sites/default/files/srb_organisation_chart_external_16_march_2021_final_final.pdf

Annex 2: Annual report on public access to documents in 2020

The SRB received 88 initial applications and 14 confirmatory applications, concerning SRB documents. Most of the requests related to the SRB's decision concerning the resolution of Banco Popular Español, S.A. Moreover, a large number of applications concerned the same documents.

The majority of the cases concerned documents which do not exist or are not in the possession of the SRB. Thus, the SRB informed the applicants accordingly. In some 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 the Transparency Regulation:

- ▶ 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) Transparency Regulation);
- ▶ Protection of commercial interests of a natural or legal person, including intellectual property (Article 4(2)(first indent) Transparency Regulation);
- ▶ Protection of privacy and the integrity of the individual (Article 4(1)(b) Transparency Regulation);
- ▶ Protection of the purpose of inspections, investigations and audits (Article 4(2)(third indent) Transparency Regulation); and
- ▶ Protection of decision-making process (Article 4(3) Transparency Regulation).

Annex 3: 2020 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) |
|--------------|--|---|-------------------------------|---------------------|--|------------------------------|-----------------|-------------------------------|-----------------------|
| A-1100 | Basic salaries | 28 890 500 | 28 069 126.40 | 97.16 % | 28 890 500 | 28 069 126.40 | 97.16 % | 0 | 821 373.60 |
| A-1101 | Family allowances | 2 470 000 | 2 281 636.72 | 92.37 % | 2 470 000 | 2 281 636.72 | 92.37 % | 0 | 188 363.28 |
| A-1102 | Expatriation and foreign residence allowances | 3 700 000 | 3 627 012.53 | 98.03 % | 3 700 000 | 3 627 012.53 | 98.03 % | 0 | 72 987.47 |
| A-110 | Sum: | 35 060 500 | 33 977 775.65 | 96.91 % | 35 060 500 | 33 977 775.65 | 96.91 % | 0 | 1 082 724.35 |
| A-1111 | Seconded national experts | 1 640 000 | 1 090 822.71 | 66.51 % | 1 640 000 | 1 090 822.71 | 66.51 % | 0 | 549 177.29 |
| A-1112 | Trainees | 147 000 | 117 194.88 | 79.72 % | 147 000 | 117 194.88 | 79.72 % | 0 | 29 805.12 |
| A-111 | Sum: | 1 787 000 | 1 208 017.59 | 67.60 % | 1 787 000 | 1 208 017.59 | 67.60 % | 0 | 578 982.41 |
| A-1130 | Insurance against sickness | 1 650 000 | 959 836.69 | 58.17 % | 1 650 000 | 959 836.69 | 58.17 % | 0 | 690 163.31 |
| A-1131 | Insurance against accidents and occupational disease | 208 000 | 107 708.20 | 51.78 % | 208 000 | 107 708.20 | 51.78 % | 0 | 100 291.80 |
| A-1132 | Unemployment insurance | 340 000 | 334 666.08 | 98.43 % | 340 000 | 334 666.08 | 98.43 % | 0 | 5 333.92 |
| A-1133 | Constitution or maintenance of pension rights | 5 430 000 | 5 250 971.24 | 96.70 % | 5 430 000 | 5 250 971.24 | 96.70 % | 0 | 179 028.76 |
| A-113 | Sum: | 7 628 000 | 6 653 182.21 | 87.22 % | 7 628 000 | 6 653 182.21 | 87.22 % | 0 | 974 817.79 |
| A-1140 | Childbirth grants and death allowances | 37 000 | 36 565.42 | 98.83 % | 37 000 | 36 565.42 | 98.83 % | 0 | 434.58 |
| A-1141 | Travel expenses for annual leave | 470 000 | 444 378.73 | 94.55 % | 470 000 | 444 378.73 | 94.55 % | 0 | 25 621.27 |
| A-1142 | Shiftwork and standby duty | 40 000 | 39 132.56 | 97.83 % | 40 000 | 39 132.56 | 97.83 % | 0 | 867.44 |
| A-1149 | Other allowances and grants | 60 000 | 56 298.51 | 93.83 % | 60 000 | 56 298.51 | 93.83 % | 0 | 3 701.49 |
| A-114 | Sum: | 607 000 | 576 375.22 | 94.95 % | 607 000 | 576 375.22 | 94.95 % | 0 | 30 624.78 |
| A-1150 | Overtime | 0 | 0 | 0 % | 0 | 0 | 0 % | 0 | 0 |
| A-115 | Sum: | 0 | 0 | 0 % | 0 | 0 | 0 % | 0 | 0 |
| A-1200 | Recruitment expenses | 154 000 | 102 460.98 | 66.53 % | 154 000 | 92 720.98 | 60.21 % | 9 740 | 51 539.02 |

| 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-1201 | Installation resettlement daily subsistence allowances, removal and travel expenses | 1 260 000 | 787 758.61 | 62.52 % | 1 260 000 | 787 758.61 | 62.52 % | 0 | 472 241.39 |
| A-120 | Sum: | 1 414 000 | 890 219.59 | 62.96 % | 1 414 000 | 880 479.59 | 62.27 % | 9 740 | 523 780.41 |
| A-1300 | Missions duty travel expenses and ancillary expenditure | 20 000 | 1 160.88 | 5.80 % | 20 000 | 1 160.88 | 5.80 % | 0 | 18 839.12 |
| A-130 | Sum: | 20 000 | 1 160.88 | 5.80 % | 20 000 | 1 160.88 | 5.80 % | 0 | 18 839.12 |
| A-1400 | Restaurants and canteens | 10 000 | 10 000 | 100.00 % | 10 000 | 9 000 | 90.00 % | 1 000 | 0 |
| A-140 | Sum: | 10 000 | 10 000 | 100.00 % | 10 000 | 9 000 | 90.00 % | 1 000 | 0 |
| A-1410 | Medical service | 95 000 | 95 000 | 100.00 % | 95 000 | 48 128 | 50.66 % | 46 872 | 0 |
| A-141 | Sum: | 95 000 | 95 000 | 100.00 % | 95 000 | 48 128 | 50.66 % | 46 872 | 0 |
| A-1420 | Social contacts between staff | 45 000 | 8 875.20 | 19.72 % | 45 000 | 8 635.20 | 19.19 % | 240 | 36 124.80 |
| A-1421 | Special allowances for disabled and assistance grants | 0 | 0 | 0 % | 0 | 0 | 0 % | 0 | 0 |
| A-1422 | Early childhood centres and schooling | 1 001 000 | 988 512.30 | 98.75 % | 1 001 000 | 913 339.80 | 91.24 % | 75 172.50 | 12 487.70 |
| A-142 | Sum: | 1 046 000 | 997 387.50 | 95.35 % | 1 046 000 | 921 975 | 88.14 % | 75 412.50 | 48 612.50 |
| A-1500 | Further training and language courses for staff | 483 000 | 233 808.71 | 48.41 % | 483 000 | 216 282.83 | 44.78 % | 17 525.88 | 249 191.29 |
| A-150 | Sum: | 483 000 | 233 808.71 | 48.41 % | 483 000 | 216 282.83 | 44.78 % | 17 525.88 | 249 191.29 |
| A-1600 | Administrative assistance from Community institutions | 628 000 | 592 308 | 94.32 % | 628 000 | 493 013.60 | 78.51 % | 99 294.40 | 35 692 |
| A-1601 | Interim services | 1 250 000 | 1 031 352 | 82.51 % | 1 250 000 | 914 757.94 | 73.18 % | 116 594.06 | 218 648 |
| A-160 | Sum: | 1 878 000 | 1 623 660 | 86.46 % | 1 878 000 | 1 407 771.54 | 74.96 % | 215 888.46 | 254 340 |
| A-1700 | Representation expenses | 1 000 | 1 000 | 100.00 % | 1 000 | 0 | 0 % | 1 000 | 0 |
| A-170 | Sum: | 1 000 | 1 000 | 100.00 % | 1 000 | 0 | 0 % | 1 000 | 0 |
| TOTAL TITLE I | | 50 029 500 | 46 267 587.35 | 92.48 % | 50 029 500 | 45 900 148.51 | 91.75 % | 367 438.84 | 3 761 912.65 |

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 | 3 142 997.55 | 3 079 383.73 | 97.98 % | 3 142 997.55 | 3 079 383.73 | 97.98 % | 0 | 63 613.82 |
| A-200 | Sum: | 3 142 997.55 | 3 079 383.73 | 97.98 % | 3 142 997.55 | 3 079 383.73 | 97.98 % | 0 | 63 613.82 |
| A-2010 | Insurance | 7 000 | 5 500 | 78.57 % | 7 000 | 4 400 | 62.86 % | 1 100 | 1 500 |
| A-201 | Sum: | 7 000 | 5 500 | 78.57 % | 7 000 | 4 400 | 62.86 % | 1 100 | 1 500 |
| A-2020 | Maintenance and cleaning | 650 000 | 650 000 | 100.00 % | 650 000 | 590 200 | 90.80 % | 59 800 | 0 |
| A-202 | Sum: | 650 000 | 650 000 | 100.00 % | 650 000 | 590 200 | 90.80 % | 59 800 | 0 |
| A-2030 | Water, gas, electricity, heating | 210 000 | 145 000 | 69.05 % | 210 000 | 116 000 | 55.24 % | 29 000 | 65 000 |
| A-203 | Sum: | 210 000 | 145 000 | 69.05 % | 210 000 | 116 000 | 55.24 % | 29 000 | 65 000 |
| A-2040 | Fitting out premises | 150 000 | 42 087.78 | 28.06 % | 150 000 | 39 087.78 | 26.06 % | 3 000 | 107 912.22 |
| A-204 | Sum: | 150 000 | 42 087.78 | 28.06 % | 150 000 | 39 087.78 | 26.06 % | 3 000 | 107 912.22 |
| A-2050 | Security and surveillance of the building | 1 100 000 | 1 043 052.80 | 94.82 % | 1 100 000 | 1 026 733.63 | 93.34 % | 16 319.17 | 56 947.20 |
| A-205 | Sum: | 1 100 000 | 1 043 052.80 | 94.82 % | 1 100 000 | 1 026 733.63 | 93.34 % | 16 319.17 | 56 947.20 |
| A-2100 | ICT equipment - Hardware and software | 2 180 000 | 2 115 405.49 | 97.04 % | 2 180 000 | 2 037 157.70 | 93.45 % | 78 247.79 | 64 594.51 |
| A-2101 | ICT maintenance | 575 000 | 568 976.07 | 98.95 % | 575 000 | 518 982.91 | 90.26 % | 49 993.16 | 6 023.93 |
| A-2103 | Analysis, programming, technical assistance and other external services for the administration of the Agency | 1 745 000 | 1 713 946.60 | 98.22 % | 1 745 000 | 1 087 726.38 | 62.33 % | 626 220.22 | 31 053.40 |
| A-2104 | Telecommunication equipment | 250 000 | 241 697.08 | 96.68 % | 250 000 | 205 565.54 | 82.23 % | 36 131.54 | 8 302.92 |
| A-210 | Sum: | 4 750 000 | 4 640 025.24 | 97.68 % | 4 750 000 | 3 849 432.53 | 81.04 % | 790 592.71 | 109 974.76 |
| A-2200 | Technical equipment and installations | 40 000 | 14 949.44 | 37.37 % | 40 000 | 2 057.91 | 5.14 % | 12 891.53 | 25 050.56 |
| A-220 | Sum: | 40 000 | 14 949.44 | 37.37 % | 40 000 | 2 057.91 | 5.14 % | 12 891.53 | 25 050.56 |
| A-2210 | Furniture | 100 000 | 48 140.35 | 48.14 % | 100 000 | 15 000 | 15.00 % | 33 140.35 | 51 859.65 |
| A-221 | Sum: | 100 000 | 48 140.35 | 48.14 % | 100 000 | 15 000 | 15.00 % | 33 140.35 | 51 859.65 |
| A-2250 | Documentation and library expenditure | 1 084 000 | 925 909.17 | 85.42 % | 1 084 000 | 552 988.42 | 51.01 % | 372 920.75 | 158 090.83 |

| 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-225 | Sum: | 1 084 000 | 925 909.17 | 85.42 % | 1 084 000 | 552 988.42 | 51.01 % | 372 920.75 | 158 090.83 |
| A-2300 | Stationary and office supplies | 80 000 | 44 000 | 55.00 % | 80 000 | 35 200 | 44.00 % | 8 800 | 36 000 |
| A-230 | Sum: | 80 000 | 44 000 | 55.00 % | 80 000 | 35 200 | 44.00 % | 8 800 | 36 000 |
| A-2320 | Bank and other financial charges | 665 500 | 650 333.33 | 97.72 % | 665 500 | 400 815.91 | 60.23 % | 249 517.42 | 15 166.67 |
| A-232 | Sum: | 665 500 | 650 333.33 | 97.72 % | 665 500 | 400 815.91 | 60.23 % | 249 517.42 | 15 166.67 |
| A-2330 | Legal expenses | 25 000 | 0 | 0 % | 25 000 | 0 | 0 % | 0 | 25 000 |
| A-233 | Sum: | 25 000 | 0 | 0 % | 25 000 | 0 | 0 % | 0 | 25 000 |
| A-2350 | Miscellaneous insurance | 1 000 | 12.97 | 1.30 % | 1 000 | 12.97 | 1.30 % | 0 | 987.03 |
| A-2351 | Administrative translations and interpretation costs | 200 000 | 189 535 | 94.77 % | 200 000 | 189 535 | 94.77 % | 0 | 10 465 |
| A-2352 | Transportation and removal expenses | 73 000 | 27 431.39 | 37.58 % | 73 000 | 27 431.39 | 37.58 % | 0 | 45 568.61 |
| A-2353 | Business consultancy | 356 112.45 | 301 376.84 | 84.63 % | 356 112.45 | 59 523.84 | 16.71 % | 241 853 | 54 735.61 |
| A-2354 | General expenditure meetings | 5 000 | 2 823.16 | 56.46 % | 5 000 | 823.16 | 16.46 % | 2 000 | 2 176.84 |
| A-2355 | Publications | 5 000 | 5 000 | 100.00 % | 5 000 | 3 191.01 | 63.82 % | 1 808.99 | 0 |
| A-2356 | Other administrative expenditure | 10 000 | 3 217.64 | 32.18 % | 10 000 | 1 424.64 | 14.25 % | 1 793 | 6 782.36 |
| A-235 | Sum: | 650 112.45 | 529 397 | 81.43 % | 650 112.45 | 281 942.01 | 43.37 % | 247 454.99 | 120 715.45 |
| A-2400 | Postage and delivery charges | 35 000 | 35 000 | 100.00 % | 35 000 | 32 000 | 91.43 % | 3 000 | 0 |
| A-240 | Sum: | 35 000 | 35 000 | 100.00 % | 35 000 | 32 000 | 91.43 % | 3 000 | 0 |
| A-2410 | Telecommunication charges | 660 000 | 628 457.79 | 95.22 % | 660 000 | 417 743.45 | 63.29 % | 210 714.34 | 31 542.21 |
| A-241 | Sum: | 660 000 | 628 457.79 | 95.22 % | 660 000 | 417 743.45 | 63.29 % | 210 714.34 | 31 542.21 |
| | TOTAL TITLE II | 13 349 610 | 12 481 236.63 | 93.50 % | 13 349 610 | 10 442 985.37 | 78.23 % | 2 038 251.26 | 868 373.37 |

TITLE III: OPERATIONAL EXPENDITURE

| Budget line | Budget line description | Commitments appropriations transaction amount (1) | Executed committed amount (2) | Com % (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 | 34 552.38 | 27.64 % | 125 000 | 26 052.38 | 20.84 % | 8 500 | 90 447.62 | 90 447.62 |
| B3-101 | Support activities to the Fund | 5 265 000 | 3 082 493.29 | 58.55 % | 5 249 765 | 2 489 740.60 | 47.43 % | 0 | 2 182 506.71 | 2 760 024.40 |
| B3-102 | Resolution Readiness | 50 000 | 0 | 0 % | 65 235 | 65 235.00 | 100.00 % | 0 | 50 000 | 0 |
| B3-103 | Resolution Framework | 300 000 | 209 800 | 69.93 % | 300 000 | 70 860.00 | 23.62 % | 0 | 90 200 | 229 140 |
| B-310 | Sum: | 5 740 000 | 3 326 845.67 | 57.96 % | 5 740 000 | 2 651 887.98 | 46.20 % | 8 500 | 2 413 154.33 | 3 079 612.02 |
| B3-111 | Communication | 3 200 890 | 1 021 390.46 | 31.91 % | 3 200 890 | 992 652.13 | 31.01 % | 0 | 2 179 499.54 | 2 208 237.87 |
| B3-112 | Missions | 850 000 | 193 938.05 | 22.82 % | 850 000 | 143 938.05 | 16.93 % | 50 000 | 656 061.95 | 656 061.95 |
| B3-113 | Software package and information systems | 4 174 200 | 2 731 507.10 | 65.44 % | 4 174 200 | 2 841 781.53 | 68.08 % | 0 | 1 442 692.90 | 1 332 418.47 |
| B3-114 | Computing and telecommunications machinery equipment | 1 630 800 | 962 577.91 | 59.02 % | 1 630 800 | 634 800.78 | 38.93 % | 0 | 668 222.09 | 995 999.22 |
| B3-115 | IT services: consulting software development and support | 4 725 000 | 4 612 093.62 | 97.61 % | 4 725 000 | 4 608 069.43 | 97.53 % | 0 | 112 906.38 | 116 930.57 |
| B-311 | Sum: | 14 580 890 | 9 521 507.14 | 65.30 % | 14 580 890 | 9 221 241.92 | 63.24 % | 50 000 | 5 059 382.86 | 5 309 648.08 |
| B3-200 | Appeal Panel | 1 000 000 | 213 333.63 | 21.33 % | 1 000 000 | 135 985.92 | 13.60 % | 77 347.71 | 786 666.37 | 786 666.37 |
| B3-201 | Communications during crisis | 1 000 000 | 0 | 0 % | 1 000 000 | 0 | 0 % | 0 | 1 000 000 | 1 000 000 |
| B3-202 | Contingency for the Fund | 3 000 000 | 0 | 0 % | 3 000 000 | 0 | 0 % | 0 | 3 000 000 | 3 000 000 |
| B3-203 | Legal and Litigation | 14 000 000 | 5 321 840.74 | 38.01 % | 14 000 000 | 1 644 015.75 | 11.74 % | 0 | 8 678 159.26 | 12 355 984.25 |
| B3-204 | Consultancy and advice | 15 000 000 | 4 500 000 | 30.00 % | 15 000 000 | 486 030.00 | 3.24 % | 0 | 10 500 000 | 14 513 970 |
| B3-205 | Crisis contingency | 100 000 | 1 000 | 1.00 % | 100 000 | 0 | 0 % | 1 000 | 99 000 | 99 000 |
| B-320 | Sum: | 34 100 000 | 10 036 174.37 | 29.43 % | 34 100 000 | 2 266 031.67 | 6.65 % | 78 347.71 | 24 063 825.63 | 31 755 620.62 |
| TOTAL TITLE III | | 54 420 890 | 22 884 527.18 | 42.05 % | 54 420 890 | 14 139 161.57 | 25.98 % | 136 847.71 | 31 536 362.82 | 40 144 880.72 |

TOTAL SRB BUDGET PART I 2020

| Budget line | Budget line description | Commitments appropriations transaction amount (1) | Executed committed amount (2) | Com % (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 2020 | | 117 800 000 | 81 633 351.16 | 69.30 % | 117 800 000 | 70 482 295.45 | 59.83 % | 2 542 537.81 | 36 166 648.84 | 44 775 166.74 |

**BUDGET IMPLEMENTATION 2020-PART II-SINGLE RESOLUTION FUND
BUDGET EXECUTION/FUND SOURCE R0-ASSIGNED REVENUE-2020**

| Budget Lines | Budget available at 01/01/2020 | Final appropriations (1) | Committed before 2020 | Total committed in 2020(2) | % Committed on appropriations (2)/(1) | Total paid (3) | % Paid on appropriations (3)/(1) | Carry over appropriations (1)-(2) | Carry over pay appropriations (1)-(3) |
|---|--------------------------------|--------------------------|-----------------------|----------------------------|---------------------------------------|----------------------|----------------------------------|-----------------------------------|---------------------------------------|
| B4-000 Usage of the Fund within Resolution schemes | 0 | 0 | 1 | 0 | 0 % | 0 | 0 % | 0 | 1 |
| B4-010 Investments | 29 028 388 351.13 | 37 438 845 729.96 | 0 | 0 | 0 % | 0 | 0 % | 37 438 845 729.96 | 37 438 845 729.96 |
| B4-011 Investment returns | 145 186 752.92 | 368 385 399.99 | 14 791 673.47 | 148 206 280.74 | 40.23 % | 96 380 254.69 | 26.16 % | 220 179 119.25 | 272 005 145.30 |
| B4-031 Bank fees and charges | 1 707 | 7 401.50 | 894.50 | 5 387.60 | 72.79 % | 4 210.40 | 56.89 % | 2 013.90 | 3 191.10 |
| B4-032 Commitment fees on bridge financing arrangements | 0 | 0 | 0 | 0 | 0 % | 0 | 0 % | 0 | 0 |
| TOTAL SRB BUDGET PART II | 29 173 576 811.05 | 37 807 238 531.45 | 14 792 568.97 | 148 211 668.34 | 0.39 % | 96 384 465.09 | 0.25 % | 37 659 026 863.11 | 37 710 854 067.36 |

INSCRIPTION TITLE IX-BUDGETARY RESULT OF YEAR N (SRB FINANCIAL REGULATION ARTICLE 16)

| Budget lines | Budget lines | Commitments appropriations | Commitments established | % Committed | Payments executed | Paid % | Carried over commitment appropriations | Carried forward payments appropriations |
|---------------|-----------------------------------|----------------------------|-------------------------|-------------|-------------------|------------|--|---|
| B9-000 | Balancing from the reserve | 59 359 169.28 | 0 | 0 % | 0 | 0 % | 59 359 169.28 | 59 359 169.28 |

Annex 4: 2020 Establishment plan

| Category and Grade | 2019 | | 2020 | |
|---------------------|---------------------------------|------------------------------|---------------------------------------|------------------------------|
| | Establishment Plan in 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 | |
| AD12 | 6 | 4 | 9 | 4 |
| AD11 | 10 | 4 | 13 | 6 |
| AD10 | 12 | 11 | 17 | 8 |
| AD9 | 60 | 21 | 55 | 28 |
| AD8 | 70 | 52 | 65 | 55 |
| AD7 | 56 | 47 | 65 | 50 |
| AD6 | 65 | 74 | 66 | 87 |
| AD5 | 30 | 70 | 29 | 65 |
| Total AD | 315 | 283 | 325 | 303 |
| AST11 | 0 | 0 | 0 | 0 |
| AST10 | 0 | 0 | 0 | 0 |
| AST9 | 0 | 0 | 0 | 0 |
| AST8 | 0 | 0 | 0 | 0 |
| AST7 | 4 | 0 | 0 | 0 |
| AST6 | 7 | 0 | 1 | 0 |
| AST5 | 10 | 2 | 7 | 3 |
| AST4 | 16 | 15 | 24 | 18 |
| AST3 | 14 | 24 | 14 | 21 |
| AST2 | 6 | 2 | 3 | 3 |
| AST1 | 2 | 1 | 2 | 0 |
| Total AST | 59 | 44 | 51 | 45 |
| AST/SC6 | 0 | 0 | 0 | 0 |
| AST/SC5 | 0 | 0 | 0 | 0 |
| AST/SC4 | 2 | 0 | 0 | 0 |
| AST/SC3 | 12 | 0 | 12 | |
| AST/SC2 | 7 | 4 | 9 | 11 |
| AST/SC1 | 5 | 19 | 3 | 13 |
| Total AST/SC | 26 | 23 | 24 | 24 |
| Grand Total | 400 | 350 | 400 | 372 |
| SNE | 35 | 22 | 35 | 19 |

Annex 5: Staff numbers by nationality and gender

STAFF NUMBERS BY NATIONALITY AT THE END OF 2020

| Nationality | 2020 | |
|-------------|------------|----------------|
| | Number | % |
| AT | 5 | 1.3 % |
| BE | 42 | 11.3 % |
| BG | 12 | 3.2 % |
| CY | 3 | 0.8 % |
| CZ | 3 | 0.8 % |
| DE | 30 | 8.1 % |
| DK | 1 | 0.3 % |
| EL | 41 | 11.0 % |
| EE | 0 | 0.0 % |
| ES | 36 | 9.7 % |
| FI | 2 | 0.5 % |
| FR | 34 | 9.1 % |
| HR | 7 | 1.9 % |
| HU | 4 | 1.1 % |
| IE | 10 | 2.7 % |
| IT | 53 | 14.2 % |
| LT | 4 | 1.1 % |
| LU | 1 | 0.3 % |
| LV | 3 | 0.8 % |
| MT | 2 | 0.5 % |
| NL | 6 | 1.6 % |
| PE | 0 | 0.0 % |
| PL | 19 | 5.1 % |
| PT | 9 | 2.4 % |
| RO | 30 | 8.1 % |
| SE | 2 | 0.5 % |
| SI | 4 | 1.1 % |
| SK | 4 | 1.1 % |
| UK | 5 | 1.3 % |
| Grand Total | 372 | 100.0 % |

STAFF NUMBERS BY GENDER AT THE END OF 2020

In 2020 the SRB employed 166 female and 206 male Temporary Agents on 31/12/2020.

| Gender | 2020 | |
|--------|--------|--------|
| | Number | in % |
| Male | 206 | 55.4 % |
| Female | 166 | 44.6 % |

Annex 6: Final accounts 2020

STATEMENT OF FINANCIAL POSITION 31 DECEMBER 2020

(EUR)

| Description | 2020 | 2019 | Variation |
|--|--------------------------|--------------------------|-------------------------|
| NON-CURRENT ASSETS | 11 231 385 307.80 | 10 087 874 557.10 | 1 143 510 750.70 |
| Intangible fixed assets | 7 008 189.64 | 4 163 596.42 | 2 844 593.22 |
| Tangible fixed assets | 2 399 131.80 | 2 401 022.26 | -1 890.46 |
| Available for sale financial assets (non-current) | 11 221 977 986.36 | 10 081 309 938.42 | 1 140 668 047.94 |
| Long-term pre-financing | 0 | 0 | 0 |
| Long-term receivables | 0 | 0 | 0 |
| CURRENT ASSETS | 31 036 674 424.39 | 22 838 681 282.01 | 8 197 993 142.38 |
| Available for sale financial assets (current) | 2 345 078 671.17 | 1 051 468 273.79 | 1 293 610 397.38 |
| Short-term pre-financing | 0 | 35 000.00 | -35 000 |
| Short-term receivables | 21 720 867.72 | 15 534 534.64 | 6 186 333.08 |
| Cash and cash equivalents | 28 669 874 885.50 | 21 771 643 473.58 | 6 898 231 411.92 |
| TOTAL ASSETS | 42 268 059 732.19 | 32 926 555 839.11 | 9 341 503 893.08 |
| NET ASSETS | 37 632 689 691.28 | 29 191 715 238.95 | 8 440 974 452.33 |
| Accumulated reserves | 29 042 778 346.02 | 22 052 522 355.46 | 6 990 255 990.56 |
| Economic outturn of the year (Fund) | 8 326 063 675.62 | 6 990 255 990.56 | 1 335 807 685.06 |
| Economic outturn of the year (administrative) | 0 | 0 | 0 |
| Fair value revaluation reserve | 265 857 734.64 | 148 936 892.93 | 116 920 841.71 |
| Net assets from actuarial gains/losses | -2 010 065 | 0 | -2 010 065 |
| NON-CURRENT LIABILITIES | 4 620 854 078.24 | 3 720 861 853.96 | 899 992 224.28 |
| Provisions for risks and charges | 0 | 0 | 0 |
| Employee benefits | 14 148 937 | 0 | 14 148 937 |
| Long-term liabilities from SRB specific activities (IPC) | 4 509 398 953.49 | 3 608 649 866.31 | 900 749 087.18 |
| Other long-term liabilities | 97 306 187.75 | 112 211 987.65 | -14 905 799.90 |
| CURRENT LIABILITIES | 14 515 962.67 | 13 978 746.20 | 537 216.47 |
| Provisions for risks and charges (short-term) | 651 600 | 686 400 | -34 800 |
| Payables | 13 864 362.67 | 13 292 346.20 | 572 016.47 |
| TOTAL RESERVES AND LIABILITIES | 42 268 059 732.19 | 32 926 555 839.11 | 9 341 503 893.08 |

Annex 7: Procurement procedures launched in 2020

| Types of procurement procedures launched in 2020 | |
|--|----|
| Very low-value negotiated procedure (1 000.01 - 15 000.00) | 16 |
| Low-value and middle value negotiated procedure (15 000.01 < 139 000.00) | 5 |
| Open procedure (>=139 000.00) | |
| Restricted procedure (>=139 000.00) | |
| Special negotiated procedure | 26 |
| Competitive procedure with negotiation | 1 |
| Reopening of competition under SRB & inter-institutional framework contracts | 7 |
| Derogation from procurement procedure | 1 |

LOW-VALUE AND MIDDLE VALUE NEGOTIATED PROCEDURES (15 000.01 < 139 000.00)

| Contract number | Subject | Status | Awarded ceiling |
|-----------------|---|---------|-----------------|
| NEG/8/2020 | Corporate design refresh, manual and templates | Awarded | 44 100 |
| NEG/9/2020 | Event & coaching | Awarded | 24 500 |
| NEG/14/2020 | Supply of sustainable furniture | Awarded | 29 579.50 |
| NEG/45/2020 | Provision of benchmarks for portfolio mgmt | Ongoing | |
| NEG/63/2019 | Provision of legal services concerning matters of Belgian law | Awarded | 130 000 |

SPECIAL NEGOTIATED PROCEDURES (ART. 11)

| Contract number | Subject | Legal basis | Status | Awarded ceiling |
|-----------------|---|---|---------|-----------------|
| NEG/2/2020 | Bloomberg 2020 - 2023 | Art 83 SRB FR; Annex I Art 11.1.b EU FR | Awarded | 1 481 976.51 |
| NEG/5/2020 | Financial Times subscription 2020-2021 | Art 83 SRB FR; Annex I Art 11.1.b EU FR | Awarded | 58 176 |
| NEG/13/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 5 200 000 |
| NEG/16/2020 | Provision of legal services HR | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 48 000 |
| NEG/17/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 100 000 |
| NEG/18/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 100 000 |
| NEG/21/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 100 000 |
| NEG/22/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 90 000 |
| NEG/23/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 80 000 |
| NEG/24/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 73 000 |
| NEG/25/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 80 000 |
| NEG/26/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 80 000 |
| NEG/27/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 80 000 |
| NEG/28/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 80 000 |
| NEG/29/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 100 000 |
| NEG/31/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 90 000 |
| NEG/32/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 80 000 |
| NEG/33/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 100 000 |
| NEG/34/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 100 000 |

| Contract number | Subject | Legal basis | Status | Awarded ceiling |
|-----------------|---|---|---------|-----------------|
| NEG/35/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 100 000 |
| NEG/36/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 280 000 |
| NEG/37/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 115 000 |
| NEG/39/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 100 000 |
| NEG/4/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 150 000 |
| NEG/46/2020 | Provision of factual support for litigation | Art 83 SRB FR; Annex I Art 11.1.b EU FR | Awarded | 250 000 |
| NEG/48/2020 | Provision of professional legal services for litigation | Art 83 SRB FR; Annex I Art 11.1.h EU FR | Awarded | 300 000 |

DEROGATION FROM PROCUREMENT PROCEDURES

| Contract number | Subject | Justification | Status | Awarded ceiling |
|------------------|---|---------------|---------|-----------------|
| SRB/Art84/1/2020 | Investment management services to the Single Resolution Board | Art 84 SRB FR | Ongoing | |

REOPENING OF COMPETITION PROCEDURES UNDER SRB FRAMEWORK CONTRACTS

| Contract number | Subject | Status | Awarded ceiling |
|-----------------|--|---------|-----------------|
| OP/5/2017 - SC8 | Provision of legal advice | Awarded | 1 750 000 |
| OP/5/2017 - SC9 | Provision of legal advice | Awarded | 50 000 |
| OP/1/2018 - SC1 | Provision of strategic consultancy, advice on investment banking and corporate finance | Awarded | 1 750 000 |
| OP/2/2018 - SC2 | Provision of advice and assistance on economic and financial valuation | Awarded | 2 000 000 |
| OP/2/2019 - SC1 | Provision of analysis of financial statements and accounting advice | Awarded | 500 000 |

COMPETITIVE PROCEDURE WITH NEGOTIATION

| Contract number | Subject | Status |
|-----------------|---|---------|
| SRB/CPN/1/2020 | Selection of banks for the execution of payments in EUR mainly within the SEPA Area | Awarded |

Annex 8: Summary of the Key Performance Indicators from the 2020 SRB work programme

| Number | The SRB's Key Performance Indicators for 2020 | Target | Value | Comments |
|--|---|--------|--------|--|
| STRENGTHENING RESOLVABILITY FOR ALL BANKS | | | | |
| 1 | Development of resolution plans for banking groups under the direct remit of the SRB, with an emphasis on the operationalisation of the resolution strategy, including binding external and internal MREL targets taking into account the revised legal framework | 100 % | 100 % | The SRB drafted all resolution plans that were foreseen for the 2020 RPC. |
| 2 | Implementation of a steady-state-12-month resolution planning cycle for all banking groups under the direct remit of the SRB during Q2 /2020 - Q1/2021 (22) | 100 % | 100 % | Despite the Covid-19 pandemic, the SRB kept the 2020 cycle on track and successfully implemented the planning and preparatory work of the previous year. Some delays in the approval stage due to external reasons (e.g. national transposition of BRRD2) are not considered. |
| 3 | Initiate bail-in playbooks for all banking groups under direct responsibility of the SRB for which the bail-in tool is selected as main resolution strategy | 90 % | <100 % | All relevant banks have submitted a bail-in playbook in 2020. The SRB submitted the requirements for development of the bail-in playbooks to banks. This requirement has been included in the Efb published in 2020. Operational guidance on bail-in was also developed by the relevant ITN and published in 2020. |
| 4 | Launch of yearly resolvability assessment by identifying potential impediments to resolvability and by defining individual priorities for all banks | 100 % | 100 % | The SRB has developed the policy on identification of potential impediments and for the RPC and the resolvability assessment as part of the resolution plan for each bank. |
| 5 | Assessment of draft resolution decisions submitted by NRAs concerning LSIs under their direct competence | 100 % | 100 % | The SRB assessed all draft LSI resolution measures as notified by the NRAs and foreseen in CoFra. |

| Number | The SRB's Key Performance Indicators for 2020 | Target | Value | Comments |
|---|---|------------------------|------------------------|--|
| FOSTERING A ROBUST RESOLUTION FRAMEORK | | | | |
| 6 | Implementation of the new SRMR2, BRRD2 and CRRD2 rules through internal SRB policies and operational guidance in line with the work programme | >5 policies / guidance | 13 policies / guidance | The SRB developed the MREL policy 2020, which implemented some of the provisions of SRMR2, BRRD2 and CRRD2. In addition, operational guidance on FMIs and Operational continuity in resolution were developed and published. The Resolution Planning Manual was updated and the SRB also published its EfB document. Finally, the SRB developed Operational guidance on liquidity, MIS Valuation Dataset and Operational guidance on bail-in. |
| 7 | Negotiation or accession to cooperation agreements concerning GSIBs for which the SRB is host authority. | 90 % | 90 % | The SRB is in the process of accession to the Cooperation Agreements concerning GSIBs for which the SRB is a host authority. Accession to a host COAG took place in 2020; and technical agreement was reached on the accession to five COAGs (which will be formalised in 2021). |
| | Negotiation of MoUs with the ECB-SSM and the supervisory and resolution authorities of non-participating Member States | 75 % | 75 % | In 2020, a technical agreement was achieved with the ECB on a single MoU template, which will serve as a basis for country-specific negotiations with the authorities of the Non-Participating Member States. |
| 8 | Actively participate in relevant European and international fora a to enrich SRB policy work and share SRB policy stances | Participation of 100 % | 100 % | SRB representatives participated 100 % in relevant European and international forums to enrich SRB policy work and share SRB policy stances. The SRB also actively participated and contributed the SRB's stances to all meetings to which it was invited both in the European and the international context. This included the meetings in different Council compositions meetings, of the FSB's Resolution Steering Group and relevant sub-group and work-streams as well as in bilateral and multilateral exchanges with third country jurisdictions. |
| 9 | Offering of resolution-related training to SRB staff | >15 training sessions | 94 training sessions | The SRB organised 94 separate trainings sessions on various resolution related topics for different groups of participants (SRB staff, NRAs, JST/ECB) in 2020. |
| CARRYING OUT EFFECTIVE CRISIS MANAGEMENT | | | | |
| 10 | Steering progress of NRA's national handbooks on crisis management through coordination meetings | 100 % | 100 % | In 2020, NRAs included additional relevant information on National Insolvency Proceedings (NIPs) in their National Handbooks under the steering of the SRB RTT. More work remains to be done on National Handbooks (e.g. operationalisation of resolution tools). |

| Number | The SRB's Key Performance Indicators for 2020 | Target | Value | Comments |
|---|---|-------------|-------|---|
| 11 | <p>Performance of dry-run exercises to test crisis preparedness with banking union, non-banking union RAs and external stakeholders, and integration of lessons learnt into SRB crisis handbook</p> <p>Operationalising the SRF</p> | 2 exercises | 100 % | <p>In 2020, the SRB has performed two dry-run exercises to test crisis preparedness with BU and non-BU RAs and external stakeholders, as follows:</p> <ul style="list-style-type: none"> - TPLE exercise (October and November 2020): involving BU authorities (ECB and Commission), UK and US authorities. - Technical dry-run on R4Crisis: involving CY and IE NRAs, as well as the Commission, ECB and EBA <p>In 2020, the SRB has performed a full review of its flashcards and Crisis Governance Handbook (CGH), including all relevant lessons learnt from simulation exercises.</p> <p>The SRF has been tested in the context of the annual dry-run of a resolution case. The SRB will continue working on the analysis of the optimal financing instruments to be used for capital and/or liquidity support, covering any possible combination of resolution tools.</p> |
| 12 | Implementation of the investment plan for 2020 and preparation of the 2021 plan | 100 % | 100 % | The SRB continued securities investments in 2020 and implemented the Investment Plan 2020 in several instalments. Investment Plan 2021 was prepared by end-Q3 2020 and validated by end-Q4 2020 as every year. |
| 13 | Implement IT improvements in relation to collection data and calculation of <i>ex ante</i> contributions | 100 % | 100 % | The SRB operated a substantial digital transformation of its <i>ex ante</i> data collection, checks and calculation processes leading to significant productivity gains for its resources and a substantial reduction of manual data manipulation hence decreasing operational risks |
| 14 | Operationalisation of the common backstop Agreements and the developing of SRB repayment capacity methodology | 100 % | 100 % | Agreements were reached in 2020, which allowed the SRB to develop a repayment capacity methodology, as well as deciding in 2020 the methodological approach and principles. |
| ESTABLISHING A LEAN AND EFFICIENT ORGANISATION | | | | |
| 15 | Implementation of the ICT programme in line with the ICT steering committee | 100 % | 100 % | The ICT steering committee and chair of the SRB endorsed changes in the ICT work programme with adoption of the different project charters. The agreed ICT programme was implemented according to the baselines of the projects. |

| Number | The SRB's Key Performance Indicators for 2020 | Target | Value | Comments |
|--------|---|--------|----------|---|
| 16 | Timely handling of all compliance requests and requests for legal advice ² | 90 % | 100 % | For each request the working days are being counted for the reply, starting from the date the request was submitted to the date of the response. The average of these periods, of all submitted requests, was calculated to 6, 12 days in 2020. |
| | | | 96.09 % | The Legal service received a significant number of requests in 2020 targeting at providing to at least 90 % of the requests seeking legal advice with an initial response within two weeks. For the request, the date the request was submitted is noted and the date when the Legal service provided its initial response. Based on the date of receipt of the request and the date of initial advice, a percentage of 96,09 % of the requests was addressed within two weeks, exceeding therefore, the target of 90%. |
| 17 | Timely payment of invoices | 97 % | 97.40 % | Article 73 of the SRB Financial Regulation establishes the deadlines for payments at 30/60/90 (calendar) days, depending on the level of complexity of the contract. This period starts from receipt of the invoice by the SRB and ends on the date on which the SRB's account is debited. All necessary steps for the approval and payment of the invoice must be completed within this period. |
| 18 | 2020 establishment plan filled or covered by selection procedures | By Q1 | Complete | On 31/12/2020, 372 posts were filled, 12 further onboardings ongoing and the remaining 16 vacant posts were covered by an ongoing selection. |
| 19 | Year-to-year improvement of the budget execution rate (excluding SRB contingencies) | 10 % | 10.80 % | Despite the extra-ordinary circumstances caused by the Covid-19 pandemic, the budget execution rate, in terms of executed payments against the final budget, improved in 2020. |
| 20 | Organisation of the SRB industry dialogue | By Q1 | 100 % | Two SRB Industry Dialogues were organised in 2020 – on 15 June and on 14 December 2020. |

² SRB Legal and SRB Compliance were split in the course of 2020 and it was therefore deemed more appropriate to have two separate values on this previously owned KPI.

Annex 9: Members of the Plenary Session

MEMBERS OF THE PLENARY SESSION AT 31 DECEMBER 2020

| 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 | Thorsten PÖTZSCH | Germany — Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) |
| Member appointed by participating Member State representing the NRA | Luis Augusto Maximo DOS SANTOS | Portugal — Banco de Portugal |
| 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 | Gediminas ŠIMKUS | 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 | Ľuboš JANČÍK | Slovakia — Slovak Resolution Council |
| Member appointed by participating Member State representing the NRA | Aldo GIORDANO | Malta — Malta Financial Services 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 |

| ROLE | NAME | AUTHORITY |
|---|-----------------|--|
| Member appointed by participating Member State representing the NRA | Eduard MÜLLER | Austria — Austrian Financial Market |
| 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 |
| 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 | Marija HREBAC | Croatia — State Agency for Deposit Insurance and Bank Resolution |
| 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 1.4 of RoP of Plenary Session | Linette FIELD | European Central Bank |
| Observer in accordance with Article 1.4 of RoP of Plenary Session | John BERRIGAN | European Commission — DG Financial Stability, Financial Services and Capital Markets Union |
| Observer in accordance with Article 1.7 of RoP of Plenary Session | Francesco MAURO | European Banking Authority |

Annex 10: Glossary

| | |
|---|---|
| Resolution colleges | Established according to Article 88 BRRD to coordinate the work between the GLRAs and the NRAs of non-participating Member States. |
| Internal Resolution Team (IRTs) | Established according to Article 83 SRMR, to better coordinate the drafting of resolution plans and to ensure a smooth exchange of information among NRAs. IRTs were created for all banking groups that comprised legal entities incorporated in at least two Banking Union countries. |
| Resolvability Assessment Process (RAP) | A process conducted annually in respect of all G-SIBs to promote adequate and consistent reporting on resolvability at global level and to determine what should be done to address material recurring issues with respect to resolvability. The RAP is conducted in crisis management groups. |
| Minimum Requirement for own funds and Eligible Liabilities (MREL) | Minimum requirement for own funds and eligible liabilities to be set by the resolution authority to ensure the effective application of the resolution tools including the bail-in tool, i.e. the write-down or conversion of equity and debt. |
| No Creditor Worse Off (NCWO) | Defined by Article 34(1)(g) BRRD on general principles of resolution, NCWO requires that no creditor incur greater losses than would have been incurred under the normal insolvency proceedings. Similarly, Article 34(1)(i) BRRD requires that resolution actions be taken in accordance with the safeguards included in this directive (and one of the safeguards is the NCWO principle). |
| Common backstop | A mechanism to be developed during the transition period of the SRF, which will allow and facilitate borrowing by the SRF in situations when the SRF is not sufficiently funded by the banking sector. The system would be available as a last resort and in full compliance with State aid rules. The banking sector will ultimately be liable for repayment by means of levies in all participating MS, including <i>ex post</i> contributions. |
| Banking package | A comprehensive package of reforms adopted by the European Commission in November 2016, which aimed at transposing various elements of the international regulatory framework such as TLAC or into the European legislative context by amendments to BRRD, SRMR, CRR and CRD IV. Co-legislators achieved a final agreement on the Banking Package in early 2019 |

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