

# ANNUAL REPORT 2019



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SINGLE RESOLUTION BOARD

**ANNUAL REPORT 2019**

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# FOREWORD

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What a difference a year makes. The opening months of 2020 are indeed very different from those of 2019. Unimaginable this time last year, COVID-19 is here, and there is little doubt that the impact of the COVID-19 pandemic will be with us for some time to come. Under guidance from regulators, the banking industry has achieved a lot in resolution planning in recent years and it is in all of our interests that this work continues. Banks are now much safer than they were in 2008. As such, the 2020 resolution planning cycle, which started in April 2020, will align resolution planning for all SRB banks to the same 12-month cycle. Not only does this change implement the new provisions of the Banking Package, it will also facilitate the resolution planning process for banks and resolution authorities. The new changes will see an improvement in the quality for the resolution plans with all plans based on the most recent data.

Whether in good economic times or challenging times, the SRB works closely with many authorities, such as national resolution authorities (NRAs), the European Central Bank (ECB), the European Commission, but also its international counterparts. Together, we are monitoring and addressing the challenges posed by the COVID-19 pandemic. The SRB will adopt a pragmatic common-sense approach as and when required. As regards existing MREL binding targets, the SRB intends to take a forward-looking approach to banks which may face difficulties in meeting those targets before new decisions forming part of the 2020 resolution cycle take effect. Our focus will be on these 2020 decisions and targets, and we ask banks to continue their efforts to provide the necessary data on MREL for the upcoming cycle.

I believe that this approach gives banks the flexibility they may need as well as ensuring a level playing field. At the same time, our collective work on resolvability must carry on at a steady pace to ensure stability in our financial system.

The extraordinary situation created by the COVID-19 pandemic reminds us how important it is to achieve progress on the key policy files, including a common deposit insurance scheme, the operationalisation of the common backstop, a solution for liquidity in resolution, the completion of the Capital Markets Union and a better alignment between resolution and insolvency, including a liquidation regime for banks and a harmonised procedure for withdrawing a banking licence. The occurrence of a sudden economic crisis on a large scale should be a vivid reminder that we must not lose sight of completing the Banking Union so it can operate at full potential.

When taking stock of our accomplishments to date, the SRB can say with pride that the resolution framework has become a well-established component of financial regulation. Throughout 2019 we continued with our efforts to further strengthen this framework in close cooperation with the NRAs and the banks under SRB remit, by further improving our resolution plans, thus strengthening the resolvability of banks, and by starting to implement the new provisions of the Banking Package. We strived further still to fulfil our mandate of helping to promote financial stability and to ensure that taxpayer funds are protected, in case a systemically important bank should fail.

In order to achieve the common goal of **building resolvability together**, and to further advance on the resolvability assessment, a key deliverable in 2019 was the *Expectations for Banks* document, which was opened for public consultation in October 2019 and finally published on 1 April 2020. This document is not a new set of policies, but it rather compiles the SRB's work to date in a single document and expresses clear and concrete expectations towards banks on how they should make themselves resolvable in various domains. As such it provides clear guidance, best practice and benchmarking – for the banks and also for the SRB's assessment. Considering best practice in risk management and governance it is fair to say that the requirements spelled out in *Expectations for Banks* should not come as a surprise to any responsible bank management.

The **SRB's priority letters**, which are an annual tailor-made letter for each bank and which emphasise the priorities each bank should focus on individually in order to make itself resolvable, use *Expectations for Banks* as a new reference point. The clear guidance expressed by the priority letters will be followed by our assessment of the progress made. Based on this assessment, the SRB will – if need be – trigger impediment procedures, if banks do not make sufficient progress in becoming resolvable.

Moreover, in 2019 the SRB further strengthened and updated 106 resolution plans by deepening considerations based on the most recent MREL policy and other resolution policies, while at the same time incorporating the first provisions of the Banking Package <sup>(1)</sup>. In parallel, internal work on the implementation of the new provisions which will be applicable as of 28 December 2020 is ongoing.

Regarding the strengthening of resolvability for global systemically important banks (GSIBs) in close cooperation with our international partners, the SRB reached another important milestone, by signing the institution-specific cooperation agreements for crisis management groups for the G-SIBs under the SRB's remit. International cooperation, within the EU and with our international counterparts, remains a key focus and a must for reaching resolvability of complex international banking groups also in the future. In 2019, the Single Resolution Fund (SRF) further built up its capacity and by the middle of 2020, we expect to be on track to have collected about two thirds of its final target amount of monies.

<sup>(1)</sup> Certain provisions of CRR2 on TLAC requirements and eligibility criteria entered directly into force on 27 June 2019 and have been addressed in an addendum to the SRB 2018 MREL policy ([https://srb.europa.eu/sites/srbsite/files/crr\\_addendum\\_to\\_the\\_2018\\_srb\\_mrel\\_policy.pdf](https://srb.europa.eu/sites/srbsite/files/crr_addendum_to_the_2018_srb_mrel_policy.pdf)).

Finally, I would like to thank all SRB staff members, Board Members as well as our partners at national, European and international level for their hard work, dedication and excellent cooperation – last year but also and even more so under the current extraordinary circumstances – in achieving our common goal. The road ahead may be challenging, but I am confident that if we continue in this spirit in 2020 and beyond, we will reach the next milestones in order to make all banks resolvable and thus to preserve financial stability and protect taxpayers' money.

# ABBREVIATIONS

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

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# EXECUTIVE SUMMARY

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During 2019, which marked the fifth year of service since its inception, the SRB made continued progress in strengthening the resolution framework, in advancing resolution planning and further intensifying dialogue, both with the banks and with other resolution and supervisory authorities in the Banking Union and beyond.

Based on the priorities formulated in the work programme for 2019, the multiannual work programme for 2018 to 2020 and the work of previous years, the SRB continued to focus its work in 2019 on the following main operational areas:

- (I) Strengthening resolvability for significant institutions and less significant institutions;
- (II) Fostering a robust resolution framework;
- (III) Preparing and carrying out effective crisis management;
- (IV) Operationalising the SRF;
- (V) Establishing a lean and efficient organisation.

The SRB Annual Report for 2019 demonstrates that objectives identified in the SRB's work programme for 2019 have largely been reached. In particular, the SRB's main achievements were the following:

- ▶ As the SRB strives to further strengthen the resolution plans and thus the resolvability of the significant institutions under its remit, it further updated and improved 106 resolution plans in close cooperation with the NRAs and contributed to five host plans drafted by other EU group-level resolution authorities. In 2019, the newly created Resolution Planning Cycle Steering Committee coordinated the considerable efforts to align resolution planning for all SRB banks to the same 12-month cycle as of April 2020; this will lead to an optimised timing of SRB decision-taking and reference dates using the most recent data and implements the provisions of the Banking Package, which should allow the SRB to have fully fledged plans in the course of the 2020/2021 cycles, well before the end of MREL transition periods provided by the Banking Package. With regard to the LSI oversight function, which aims at ensuring consistent resolution approaches within the Banking Union, the SRB received notifications for 1 243 draft resolution plans for the 2019 resolution planning cycle from NRAs resulting in a total coverage of 85.3 % of LSIs for which resolution planning was required in 2019.
- ▶ A key deliverable of 2019 was the document *Expectations for Banks*, which was the first document to be opened for public consultation in October 2019 and was published in its final version on 1 April 2020. This document takes stock of the established internal resolution planning policies adopted and reflects best practices in and sets benchmarks for assessing the resolvability of banks. Moreover, it provides clarity to market participants on the actions which the SRB expects banks to take and will constitute the new reference point for individualised priority letters sent to each bank, so that banks are perfectly aware of how to make themselves resolvable.

- ▶ In addition, the SRB carried forward work on important aspects such as operational continuity, continuity of access to FMI services, solvent wind-down, and liquidity in resolution and valuation, while the SRB also published the second part of its MREL policy for 2018 and an addendum, as well as the policy outlining the SRB's approach for the public interest assessment. Equally, internal preparations for implementing the new provisions of the Banking Package were carried out with high intensity.
- ▶ Regarding international cooperation the SRB continued to contribute its expertise to regulatory discussions both in the EU legislative process and in international forums such as the Financial Stability Board (FSB), in order to make progress on important remaining building blocks such as liquidity in resolution. In order to strengthen bilateral cooperation with resolution authorities of third countries for resolution planning on G-SIBs, the SRB finalised the complex multilateral negotiations on institution-specific cooperation agreements for crisis management groups, which marked an important milestone. Moreover, the SRB signed a so-called exchange of letters with the Japanese Financial Services Agency.
- ▶ Concerning crisis preparedness the newly established Resolution Tactical Team (RTT) started to coordinate internal processes to increase crisis preparedness and assisted in the successful organisation of several dry-run exercises, in which a number of NRAs also participated actively.
- ▶ In 2019, the SRF collected EUR 7.8 billion of *ex ante* contributions, as calculated by the SRB, in order to achieve the readjusted target level. The amounts held in the SRF currently reach a total of EUR 33 billion. Moreover, the SRF successfully carried out its 2019 investment activities with the selected outsourcing partner for portfolio management and custody services, which generated a positive total return for the first time.
- ▶ In its efforts to further develop its organisational structure, the SRB further improved internal processes and structures, mainly related to the ICT infrastructure for resolution planning and crisis management, such as the first release of the Data Warehouse and the implementation of the Ready-for-crisis project.

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# INSTITUTIONAL FRAMEWORK

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In accordance with Article 50 of the Single Resolution Mechanism regulation (SRMR), this document presents the Single Resolution Board (SRB) Annual Report 2019, describing the activities and performance of the SRB in 2019. 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 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 Regulation (EU) No 806/2014 (the Single Resolution Mechanism regulation or SRMR), and began to operate 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 European Commission.

One of the main channels of accountability is the annual report, which, in accordance with the SRMR (Article 50(1)(g)), has to be adopted by the SRB in its Plenary Session. The SRB must then transmit it to the Parliament, the national parliaments of participating MS, the Council, the Commission and the European Court of Auditors (Court of Auditors or ECA).

The Chair must present the annual report in public to the Parliament and to the Council (Article 45(3) SRMR). National parliaments of the participating MS may also submit reasoned observations on the annual report to which the SRB will reply.

For the implementation of the SRMR the SRB 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.

The SRB must reply orally or in writing to questions addressed to it by the Parliament and by the Council. The national parliament of a participating MS may also invite the Chair to participate in an exchange of views regarding the resolution of entities in the relevant MS.

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 launching its first public consultation for the document *Expectations for Banks*, but also by publishing special information on its website, such as the SRB's minimum requirement for own funds and eligible liabilities (MREL) policy, and by conducting industry dialogues and holding the fourth SRB conference, all of which will be elaborated further in the various chapters. The Chair and the other Board Members also visited individual countries to build up and strengthen cooperation with relevant local authorities and stakeholders.

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# 1. STRENGTHENING THE RESOLVABILITY OF SRB BANKS AND LESS SIGNIFICANT INSTITUTIONS

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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 LSI oversight function 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. Resolution plans for SRB banks

There were a total number of 128 banks under the SRB's remit in 2019. While the overall number at the beginning and the end of 2019 remained unchanged, there were fluctuations and developments for a number of banks. Several banks left the SRB's remit due to losing their status as significant institutions by reducing their cross-border activities, due to mergers or to changes in the scope as a result of the Banking Package. Equally, a number of banks also entered the SRB's remit in 2019, mostly due to them relocating a part of their activities to the Banking Union in the aftermath of Brexit.



The table below provides an overview of the number of banks under SRB remit by Member State <sup>(?)</sup>

**Table 1:** Detailed overview of resolution planning activity by Member State

MS	Number of SRB banks at 1 January 2019	Number of SRB banks at 31 December 2019	Resolution plans adopted for the 2018 planning cycle <sup>(?)</sup>		MREL decisions adopted for the 2018 planning cycle <sup>(*)</sup>	
			Total number	Of which simplified obligations	Consolidated	Individual <sup>(§)</sup>
BE	8	8	7	0	5	4
DE	23	22	20	1	13	8
EE	3	3	1	0	0	0
IE	7	6	5	1	4	7
EL	4	4	4	0	4	2
ES	12	13	12	0	12	5
FR	12	12	11	1	9	10
IT	13	13	11	0	9	6
CY	4	3	1	0	0	0
LV	3	4	1	0	1	0
LT	2	3	0	0	0	0
LU	5	5	5	0	4	4
MT	3	3	2	0	2	0
NL	7	7	7	2	4	4
AT	8	8	7	0	7	6
PT	5	5	4	0	4	2
SI	3	3	3	0	3	0
SK	3	3	2	0	2	0
FI	3	3	3	0	2	0
<b>Total</b>	<b>128</b>	<b>128</b>	<b>106</b>	<b>5</b>	<b>85</b>	<b>58</b>

- ▶ 106 plans + 5 host cases
- ▶ 29 groups with colleges + 5 groups with European resolution colleges
- ▶ 114 IRTs
- ▶ eight crisis management groups (CMGs) chaired by the SRB

## 1. PLANNING CYCLE AND NUMBER OF RESOLUTION PLANS

Under the 2018 planning cycle, resolution plans were split into two waves, as described in the SRB work programmes for 2018 and 2019. The first wave consisted of less complex banks with no activity in non-Banking Union Member States while the second wave comprised the more complex, internationally active banks with more complex group structures. The majority of decisions on the first wave of plans were finalised in the second quarter (Q2) of 2019, while for the second wave of plans, for which the cycle started in September 2018, most decisions were taken in Q4 2019, after the end of the four-month joint-decision process, required by the bank

<sup>(?)</sup> This table displays the SIs in each Member State; cross-border LSIs are only counted in the Member States in which their headquarters are located.

<sup>(§)</sup> Data as of 20 May 2020.

<sup>(\*)</sup> Data as of 20 May 2020.

<sup>(§)</sup> 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.

recovery and resolution directive (BRRD), while a few decisions for a small number of banks were taken in early 2020.

In line with the plans of the work programme, the SRB worked towards aligning the resolution cycle to a one-year cycle for all types of banks starting in April 2020 with a view to uniformly applying the legislative changes provided for by the Banking Package, as detailed below in section 1.2.; therefore, 2019 was a transitional year in which the SRB updated targeted plans from the 2018 first wave work programme. As of today the SRB has finalised, approved and agreed with the authorities 106 resolution plans in the last 12 months and the related MREL (consolidated or individual) decisions.

## 2. CONTENT OF RESOLUTION PLANS

Since almost all banks under the SRB's remit are covered by resolution plans, an increasing focus will be put on further operationalising the existing plans in line with the stepwise completion of internal SRB policies, which are further outlined in Chapter 2. The most recent plans cover almost every aspect of resolution planning, including the choice of resolution tools, resolvability assessment, public interest assessment or the use of simplified obligations. These policies update and complement the policies that were already available in previous years. Moreover, with each iteration banks are becoming more resolvable.

While the SRB welcomes and monitors closely the banks' efforts, it should be noted that entities making insufficient progress may be – subject to the Board's approval – targeted by the impediments to resolvability procedure.

## 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 or banks.

In the course of the 2018/2019 resolution planning cycle, the SRB adopted 85 binding decisions at consolidated level and 58 binding decisions at individual level for the banking groups under its remit.

### 1.2. Preparation for the 2020 resolution planning cycle

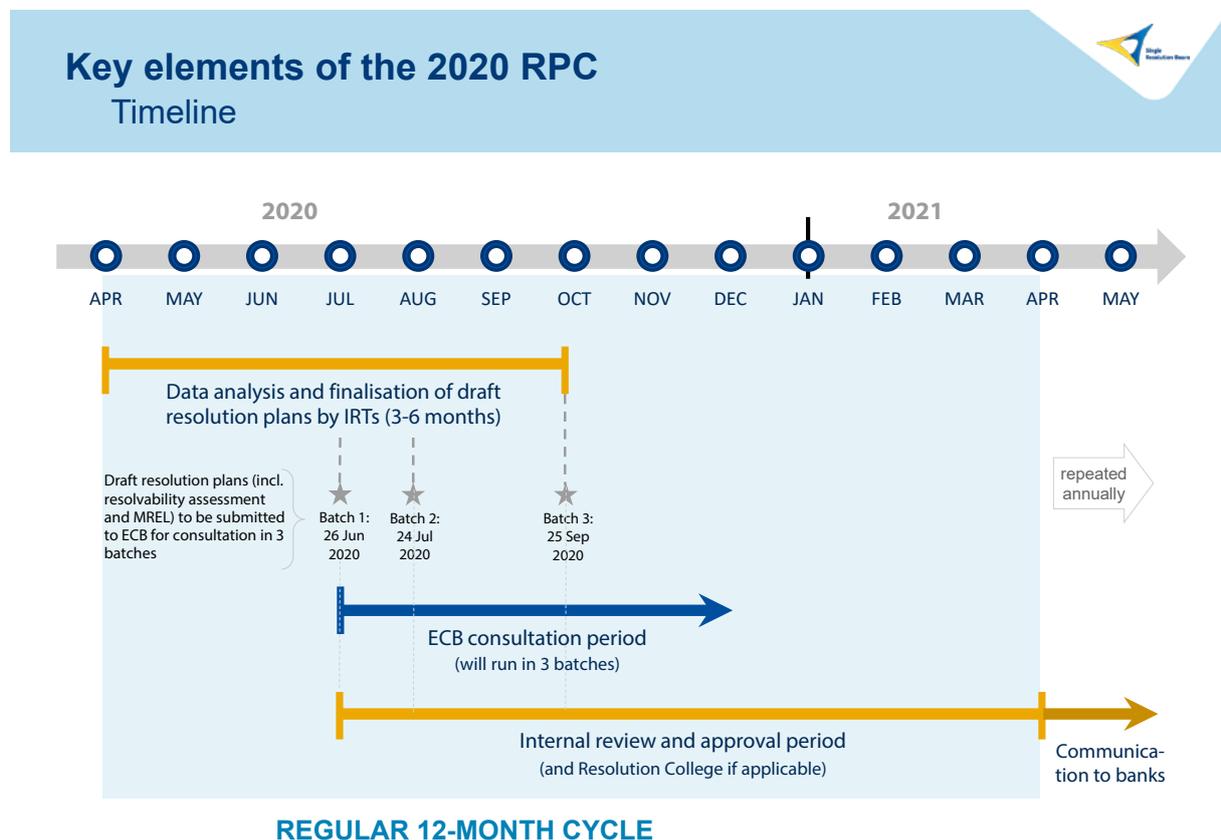
In March 2019, the SRB established the Resolution Planning Cycle Steering Committee (RPC SteerCo) and set up a project management team (PMT) in order to support the implementation of the 2019 cycle for certain banks identified as priority banks, and to make the necessary preparations for a 12-month steady-state resolution planning cycle, starting in April 2020, covering all banks under the SRB's remit.

Under the general coordination of RPC SteerCo, dedicated work streams focused on finalising the 2019 resolution cycle, operationalising the 2020 'steady-state' cycle, as well as identifying and planning all deliverables necessary to be completed in 2019 in order to enable the 2020 'steady-state' cycle.

RPC SteerCo achieved its main objectives in terms of core deliverables for the operationalisation of the SRB policies through the work of internal technical networks (ITNs) 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; (iii) access to financial market infrastructures (FMIs) and preventing disruption to client activity.

The 2020 resolution planning cycle aims to realign all banks under the SRB 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 resolution planning cycle takes into account the enactment of the new Banking Package and the legal requirement to review resolution plans at least annually, and leads to an optimised timing of SRB decision-taking and reference dates, and is aligned with the SRB's external stakeholders' processes.

**Figure 1:** Aligned resolution planning cycle as of April 2020



The successful implementation of the proposed plan for the 2020 resolution cycle requires a strong collaboration effort, particularly in light of the COVID-19 pandemic, from all involved stakeholders, including NRAs, with the benefit of a stable steady-state timeline for decision-making cycles from 2021 onwards.

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

While the NRAs are directly responsible for LSIs<sup>(6)</sup>, 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 2019, NRAs were responsible for resolution planning for a total of 2 260 LSIs in the Banking Union (figure as notified by the NRAs).

#### 1. ASSESSMENT OF DRAFT MEASURES

In 2019, from 1 January to 31 December, the SRB received notifications of 1 282 draft LSI resolution plans; of which 110 related to the 2018 resolution planning cycle (RPC) and 1 172 resolution plans corresponded to the 2019 RPC. According to the information provided by NRAs, up until the end of the 2019 RPC, notifications of additional 71 draft resolution plans were received in 2020. In total, this will bring the number of the draft LSI resolution plans prepared in the 2019 RPC to 1 243. Please refer to Table 2 for a breakdown by country.

Adding the 684 resolution plans under simplified obligations that were adopted in the 2018 RPC and remained valid for the 2019 RPC to the 1 243 draft resolution plans prepared in the 2019 RPC, the number of LSIs covered by resolution planning in the 2019 RPC reached 1 927, or 85.3 % of the 2 260 LSIs for which resolution planning was required in 2019 (according to the NRAs).

This represented substantial progress in LSI resolution planning in comparison to the previous years (17.6 % in 2017 and 51.7 % in 2018). It is expected that this coverage will further increase in the 2020 LSI RPC.

Besides the quantitative increase, the LSIs' resolution plans notified by NRAs in the 2019 RPC provided more in-depth analyses and operationalisation, enabling the SRB to enhance its knowledge and expertise on LSIs. In particular, this improvement was particularly evident for draft LSI resolution plans that represented a second or third iteration.

Out of the total number of the draft resolution plans notified to the SRB in the 2019 calendar year, **72 draft resolution plans envisaged resolution scenario** (36 draft resolution plans for the 2018 RPC and equally 36 plans for the 2019 RPC). Until the end of the 2019 RPC, the SRB expects to receive notifications of another 12 plans envisaging resolution as the preferred strategy, totalling **48 resolution plans in the 2019 RPC**, or **2.5 %** of the overall LSIs covered by resolution planning in 2019 RPC.

<sup>(6)</sup> Except for cross-border LSIs, which, provided by Article 7(2)(b) SRMR, are entities under the SRB's direct remit.

**Table 2:** Overview of the draft LSI resolution planning in 2019

	Total number of draft resolution plans notified in the 2019 calendar year	Plans notified in 2019 with respect to the 2018 RPC	Plans notified in 2019 with respect to the 2019 RPC	Plans with respect to the 2019 RPC notified in Q1 2020
	<i>A (B+C)</i>	<i>B</i>	<i>C</i>	<i>D</i>
Belgium	0	0	0	0
Germany	599	0	599	0
Estonia	5	0	5	0
Ireland	5	0	5	0
Greece	1	1	0	0
Spain	45	10	35	0
France	59	21	38	0
Italy	21	6	15	23
Cyprus	3	3	0	5
Latvia	5	0	5	1
Lithuania	2	0	2	0
Luxembourg	21	3	18	18
Malta	3	1	2	12
Netherlands	4	0	4	0
Austria	482	50	432	0
Portugal	17	6	11	3
Slovenia	5	5	0	4
Slovakia	1	0	1	4
Finland	4	4	0	1
<b>Total</b>	<b>1 282</b>	<b>110</b>	<b>1 172</b>	<b>71</b>
<b>Total for 2019 RPC (C+D)</b>			<b>1 243</b>	

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

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 2019, the SRB and NRAs enhanced their cooperation aiming at ensuring timely updates and high quality of the information exchanged. In this area, cooperation with the competent services of the ECB-SSM also took place.

In 2019, the SRB hosted two LSI workshops with NRAs to discuss and share common best practices on LSI resolution planning and crisis management, as well as to ensure their coherent application in a transparent manner. In this context, pursuant to the guidance received from the SRB Plenary Session of 19 June 2019, the SRB LSI oversight unit, in collaboration with all NRAs, worked on the preparation of the first set of guidelines on LSI oversight to ensure aligned resolution planning practices for LSIs across the Banking Union.

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## 2. RESOLUTION FRAMEWORK

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Further improving a strong resolution framework remained a key priority in 2019. The SRB contributed to this mission in a twofold manner: firstly, by continuous improvements of the resolution planning process and the plans themselves by further development and steady completion of internal policies and standards, and secondly by cooperating and exchanging closely with EU bodies, national authorities and key international players in resolution matters.

### 2.1. Tools and policies

In line with the SRB policy priorities for 2019, the SRB further completed a set of internal policies, which spell out the SRB's uniform approach to resolution planning and which serve the needs of the SRB. Moreover, the public consultation and eventual publication *Expectations for Banks* provided a comprehensive overview of the SRB approach to resolution planning combined with clear expectations towards the banks on how to achieve resolvability.

#### 1. MREL POLICY

In January 2019, the SRB published an enhanced MREL policy for the so-called 'second wave of resolution plans', covering the most complex banks under the remit of the SRB. This second part of the 2018 MREL policy introduced a series of new features to strengthen the MREL approach and banks' resolvability within the Banking Union.



For the first time, the MREL policy determined binding subordination targets for banks, which are part of the second wave. Those targets included the NCWO component, whose purpose is to address the risk of breaching the NCWO principle in case of resolution. This component was incorporated as a percentage add-on, which is added on top of the default subordination target, while the latter depended on the systemic importance of the entity. This add-on was proportionate to the ratio of the senior liabilities mandatorily excluded from bail-in that exceeded the 10 % threshold; so it was calculated in a similar way as the non-binding subordination add-ons set for monitoring purposes and taken into account for banks of the first wave in the 2018 cycle.

On 25 June 2019, the SRB published an addendum to its 2018 MREL policy. The aim of the addendum was to inform institutions about the imminent provisions of the revised capital requirement regulation (CRR II) provisions regarding TLAC requirements for G-SIBs and EU subsidiaries of third-country G-SIBs. Moreover, the publication contains information for banks on how to submit applications to obtain the prior permission under Article 78a CRR to redeem eligible liabilities instruments before they reach contractual maturity. In December 2019, the SRB confirmed on its website that the procedure to assess applications to reduce eligible liabilities instruments will remain in place until the relevant EBA regulatory technical standards enter into force. In February 2020 the SRB introduced its new MREL policy, which marks the transition to the new provisions of the Banking Package for public consultation.

## 2. OPERATIONAL CONTINUITY

Operational continuity is another policy area where significant progress has been achieved in 2019. Operational continuity in resolution refers to the ability to effectively implement the resolution strategy and consequently to stabilise and restructure the 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. The principles of the policy developed in 2019 cover identification and mapping of the services, assessment of risks to operational continuity, preparatory and mitigation measures, information systems and governance.

Based on the development of this policy, the priorities for 2020 in the area of operational continuity have been communicated to banks, and IRTs continue to engage with banks on the implementation of the policy to further enhance their work on resolvability.

## 3. ACCESS TO FMI SERVICES (7)

Another area which has been further developed in the context of updating the Resolution Planning Manual (RPM), was guidance on continuous access to the FMI services, which is key for achieving operational continuity and, thereby, resolvability. For this reason, it has been one of the SRB's focus areas since 2016. The SRB's policy on access to FMI services had been designed to support IRTs when addressing this topic in the strategic business analysis section of resolution plans (8). It was enhanced in 2019 to provide further guidance to IRTs with regard to the assessment of banks' arrangements for maintaining continuity of access to FMI services throughout resolution.

(7) By financial market infrastructure (FMI) services, we mean payment, clearing, settlement and custody services provided both by FMIs and by other financial institutions acting as FMI intermediaries.

(8) Please refer to the SRB's Introduction to resolution planning, under <https://srb.europa.eu/en/content/introduction-resolution-planning>, for a description of what this entails.

In that respect, the SRB formulated the expectation that banks prepare adequate contingency plans and demonstrate that they are well prepared to identify and address FMI requirements in a timely fashion in case of a crisis. The content of such contingency plans is expected to be aligned with international guidance<sup>(9)</sup> and also includes information supporting the assessment of portability of client positions, as required under the BRRD.

The priorities for 2020 – including FMI contingency plans – were shared with banks and will constitute the basis for the engagement of IRTs with banks throughout the resolution planning cycle.

#### 4. PUBLIC INTEREST ASSESSMENT

In 2019, the SRB published its approach to the Public Interest Assessment (PIA). The PIA is an important element when deciding whether it is in the public interest to resolve an institution and whether resolution is a preferred outcome as compared to liquidating the institution under normal insolvency proceedings, in case it is failing or likely to fail. The PIA is therefore based on the comparative analysis between the applicable normal insolvency proceedings (NIP) and the identified preferred resolution strategy (PRS) for a given institution and consequences thereof for the resolution objectives.

Even though all resolution objectives have equal importance and should be taken into account when developing the resolution strategy, continuity of critical functions and financial stability considerations play a key role in the PIA. In line with the legislation, the financial stability assessment looks at the systemic relevance of an institution, its potential for direct and indirect contagion as well as its potential impact on the real economy. The PIA approach was developed by the SRB and NRAs to ensure a common understanding across the Banking Union. It explains how the SRB applies the criteria as envisaged in EU law. A dedicated horizontal unit further advanced its work on this important topic, aiming at developing and operationalising tools and methodologies for the PIA analysis both for resolution planning purposes and in crisis cases.

#### 5. SOLVENT WIND-DOWN

As for the issue of solvent wind-down (SWD) of trading book activities, the SRB conducted a pilot project with G-SIBs on the topic in the course of 2019, which was concluded with a workshop with the industry. The findings of the pilot will be used to establish the first high-level expectations for banks on this topic for the 2021 resolution planning cycle, with the aim of finalising the SRB policy on SWD for the 2022 resolution planning cycle. In 2019, the SRB also strengthened the necessary cooperation on the topic with international counterparties as well as with the ECB.

#### 6. LIQUIDITY AND FUNDING

The work on liquidity and funding in resolution remains a key priority in the SRB's everyday work, both in resolution planning and respective internal policies, but also with respect to the wider framework discussions with EU institutions and Member States.

In the domain of resolution planning the work on banks' capacity was prioritised in 2019 and explicitly included as one of the main objectives in the *Expectations for Banks* document. Based on the preparatory work undertaken in 2019 these expectations clearly spell out that banks should estimate their funding needs in resolution, be able to report their liquidity situation and identify and mobilise sufficient collateral. SRB policy on liquidity and funding in resolution

<sup>(9)</sup> FSB, Guidance on Continuity of Access to FMIs for a Firm in Resolution.

envisages a staggered approach over the coming resolution planning cycles. Progress by banks will be assessed on a continuous basis and SRB policies will be adapted to ensure that banks' own resources are the primary source of funding in a resolution context.

While the SRF could in exceptional circumstances also be used for liquidity provision, it will very likely not be large enough to address the liquidity needs of a very large bank in adverse scenarios, particularly if the reason for failure has been a liquidity stress; therefore, in 2019 the SRB continued to actively engage in discussions with institutions and Member States, in order to find a liquidity backstop solution should private options be exhausted. While several options were discussed in detail, no agreement was reached. For this reason the SRB reiterates the urgent need to establish a solution, preferably considering SRB guarantees, in order to address this shortcoming in the current system.

## 7. VALUATION PROJECT

Following the publication of the Framework for Valuation, a second key building block of SRB's approach on valuation is the definition of a standardised data set for benchmarking purposes covering the minimum data needed for the valuation of a bank in resolution. Within the context of resolution, the capacity of banks' management information systems (MIS) to provide accurate and timely information is crucial for the reliability and robustness of valuations. Therefore, data availability is a fundamental prerequisite for the work in valuation.

With the aim of providing clear guidance and minimum requirements, the SRB developed a Valuation Data Set that establishes clear expectations in relation to data needs. In order to serve these objectives, a common understanding of the definitions of the data fields is required. These data instructions provide additional steering based on detailed definitions of key topics.

Furthermore, such expectations will enable banks to gradually adapt their MIS so as to provide accurate data within shorter timeframes. The SRB Valuation Data Set implements the EBA Data Dictionary for the Banking Union. The SRB and the EBA have been collaborating closely in their respective work to standardise the data set for valuation in resolution.

## 8. RESOLUTION PLANNING MANUAL (RPM)

In 2019, the SRB finalised the work on the updated version of the RPM, which aims to provide guidance to IRTs on different elements of the resolution planning process. It contains specific guidance on activities that IRTs are expected to undertake during resolution planning to prepare the institution, the SRB, NRAs, and other relevant parties for the potential occurrence of a resolution event. While many policy areas of the RPM were based on already-existing policy guidance, several policy areas, such as operational continuity and access to the FMIs, were significantly enhanced during the drafting of the RPM. The RPM is an internal document and will be periodically revised and updated including future policy developments and amendments to the applicable EU legal framework; however, the elements having impact on external parties constitute the basis of the external guidance on expectations for banks.

## 9. EXPECTATIONS FOR BANKS

To provide further clarity on the capabilities the SRB expects banks to demonstrate in order to show that they are resolvable, the SRB has prepared the *Expectations for Banks* document. It reflects best practices in and sets benchmarks for assessing resolvability. The document will provide clarity to market participants on the actions which the SRB expects banks to take and the timeline for these actions.

While the expectations are formulated in a general manner, in practice those expectations will be tailored to each individual bank, based on a dialogue with the SRB's IRTs. The result will feed into the SRB's annual resolution work programmes for the individual banks communicated to each bank and containing individual working priorities regarding their resolvability.

The *Expectations for Banks* document was published for public consultation in October 2019 and was approved and published in its final version on 1 April 2020.

## 2.2. Resolvability assessment

### 1. INDIVIDUAL GUIDANCE FOR BANKS TO STRENGTHEN RESOLVABILITY

The *Expectations for Banks* document and the update of the MREL policy following the publication of the Banking Package in June 2019 were the two key policy developments in order to strengthen banks' resolvability in 2019. The update of the MREL policy is discussed in more detail above.

The *Expectations for Banks* document is an important milestone for operationalising the assessment of resolvability. As indicated above, it sets out, in the form of best practice for benchmarking, the actions that banks under the SRB's remit are expected to undertake to ensure an appropriate level of resolvability. The expectations will be phased in over time and tailored on the basis of a dialogue between IRTs and banks, as reflected in the yearly 'priority letters' to the banks. The key developments on the MREL policy and *Expectations for Banks* will feed into the SRB's approach to resolvability assessment in 2020.

### 2. HEAT-MAP

In 2019, the SRB started its work on creating a 'heat-map' for the benchmarking and classification of banks in accordance with progress made on each resolvability condition as described in the *Expectations for Banks* document, including the build up of sufficient loss absorption and recapitalisation capacity.

## 2.3. Data for resolution planning

In order to fulfil availability of required data for resolution planning, the SRB embarks on an annual data gathering exercise, using data from banks as at end December of each year. For the 2019 resolution planning cycle, the SRB requested, among other things: liability data used to analyse the bail-in-ability of liabilities and determine the MREL target, an assessment by banks of their critical functions and details of the banks' service providers for their financial market infrastructure.

### 1. COLLABORATION WITH THE EBA AND THE ECB

The SRB continues to collaborate closely with the EBA and the ECB on resolution reporting, in line with the cooperation set up between the SRB and these organisations. The EBA has elaborated the XBRL taxonomy in its EBA 2.9 framework, used by the SRB as the basis for preparing its 2020 data collection and extended by the SRB to cover specific data not required by the EBA. This collaboration aims to reduce the reporting burden for banks by avoiding double reporting

of identical data points. Furthermore, it enables the SRB to continue to benefit from the EBA's expertise in this field.

During the summer of 2019, the SRB executed its first sequential reporting to the EBA in that all reports received by the SRB (both in XBRL and in Excel format) were sent to the EBA. Looking ahead, the SRB and the EBA envisage automating this process for the 2020 collection.

As concerns the ECB, the SRB has continued its data sharing initiative by providing the ECB with the liability data reports received in XBRL. The ECB has shared COREP and Finrep information in line with the existing MoU, used primarily to validate liability data received from banks.

## 2. FINALISATION OF 2020 RESOLUTION REPORTING DATA REQUEST

In preparation of the 2020 data collection request, the SRB started its work in 2019 in order to implement three major changes.

Firstly, the collection of all resolution reports shall be executed exclusively in XBRL format as of 2020. This means that banks and NRAs will be required to ensure that resolution data sent to the SRB fulfils certain mandatory data quality criteria before the reports can be considered as valid. This is in line with the EBA decision on Resolution Reporting (EBA/DC/2019/268). The main advantages of this evolution are the extension of the banks' and NRAs' capacity to increase data reporting frequency as needed and automate data checks, and in doing so improve overall data quality for MREL calibration and resolution planning.

The second major change is the joint decision with the EBA to apply the sequential approach to resolution reporting. The resolution data collected from banks will be centralised first by NRAs, then by the SRB before being transmitted to the EBA. This process only concerns Banking Union NRAs and scope of this data collection covers data for SRB banks and LSIs alike. The added value for NRAs and the EBA is to have a single point of contact for delivering and receiving data respectively. This reduces the cost of ICT developments and simplifies the process and communication on reporting. As a group level resolution authority (GLRA), the SRB benefits from access to all resolution data for groups and entities established in the Banking Union, thereby facilitating carrying out its mandate for resolution planning and LSI oversight.

Thirdly, the SRB launched a data collection exercise to acquire the data on MREL and TLAC capacity, which are not reported in the liability data reports. The new data on MREL and TLAC capacity are necessary for the SRB to be able to set intermediate MREL targets during the 2020 resolution planning cycle. The requested data points are a subset of those included in the EBA draft templates on reporting – currently under consultation – and will be requested on an annual basis, in Excel format, until the SRB collection is superseded by the EBA ITS.

## 2.4. Interactions with banks

### 1. INDUSTRY DIALOGUES

The SRB continued its efforts to inform the industry about its progress in resolution planning in 2019. In addition to bilateral meetings and workshops with banks, the SRB organised two industry dialogues on 18 June and 16 December 2019 respectively, which brought together representatives from EU-level and national banking federations and their associates from Banking Union Member States, representatives from NRAs, the European Commission, European

Parliament and the ECB. Both of these events were focused on MREL policy in the light of approval of the Banking Package and the *Expectations for Banks* document (see section 2.1. for further details). More specifically, the dialogue in June focused mainly on the introduction of the synchronised 12-month resolution planning cycle and presentation of the SRB's expectations for banks, as well as changes introduced in the 2018 MREL policy following the adoption of CRR2. During the Industry Dialogue in December, the SRB presented the main changes introduced by the Banking Package, the main outcome of the industry consultation on the *Expectations for Banks* document, and discussed with the industry the main areas subject to amendments in the upcoming 2020 MREL policy.

In addition, the 2nd Boardroom dialogue between the SRB and the European Banking Federation took place on 5 July 2019, at which the SRB and industry representatives had an active exchange of views on resolution-related matters – MREL, resolvability assessment and funding in resolution. Interactions with industry representatives form an important element of the SRB work to ensure 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 to receive information on expected changes in result of legal or policy developments.

## 2. PUBLIC CONSULTATIONS

In order to further enhance the transparency of its work, in 2019, the SRB adopted a new approach towards public consultations on its main policy documents. Even before this step, the SRB was actively communicating with industry representatives via the SRB Annual Conference, industry dialogues, EBF Boardroom dialogues, bank-specific workshops and similar events; however, in 2019 the SRB decided to start formal public consultations on its main policy documents.

The first document, which was subject to the public consultation process, was the *Expectations for Banks* document, on which the public consultation started in November 2019 and lasted for six weeks, allowing all interested parties to express their opinions and suggestions regarding the content of the document.

## 2.5. Preparations for Brexit

During 2019, the continuing uncertainty over Brexit presented challenges to resolution planning and cross-border cooperation, as well as to the resolvability of banks. 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. Over the course of 2019, the IRTs continued to engage with relevant banks on the basis of the expectations in order to ensure resolvability of these banks in anticipation of the UK leaving the EU.

As the political developments of Brexit unfolded, the SRB continued to engage regularly with the Bank of England and with the EU institutions and authorities, particularly cooperating closely with the ECB in relation to banks relocating their activities into the Banking Union and falling within the SRB remit as a result of Brexit.

As outlined in the 2019 work programme, the UK is set to become a third country in respect of which all EU banks will be required to put in place adequate mechanisms to ensure that future issuances under UK law are still MREL-eligible. Existing issuances should meet eligibility criteria as is the case for any other third-country issuance. Banks who relocate activities to the Banking

Union and enter the SRB's remit need to ensure that their EU operations are sufficiently equipped to be resolvable in case of crisis. More than ever, cooperation with the ECB, NCAs, NRAs, the SRB's international counterparts and the banks themselves, will need to remain close and effective to deal with the impact of Brexit and COVID-19.

## 2.6. Financial stability analysis

Avoiding the potential negative impact of a bank's failure on the financial stability and on the broader economy is one of the overarching objectives of the resolution framework. Financial stability considerations are therefore embedded in every element of the SRB's actions, both in resolution planning as well as in crisis situations.

In the course of 2019, the SRB initiated work to further harmonise the critical function assessment and to enhance financial stability tools. For the latter, the focus was on tools to assess contagion with the support of network analysis, as well as to estimate the impact on the real economy, by tailoring econometric models for assessing the shock on real variables of a credit shock induced by a bank's failure.

## 2.7. Cooperation with national authorities, European institutions and non-EU authorities

In 2019, the SRB also 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 thus proves to be 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 new cooperation framework with NRAs, which was adopted at the end of 2018 and which specifies procedures and guidance within the SRM, the SRB continued its strong and close cooperation with the NRAs. Working relationships in everyday resolution planning within the IRTs continued to be effective and close, while NRAs provided valuable input to key SRB policies as well as to procedures related to the functioning of the SRF through the dedicated committees and the Plenary Session. Moreover, several NRAs were actively involved in the dry-runs carried out in 2019.

Last but not least, in 2019, the SRB intensified negotiations with NRAs of non-BU MS, in order to strengthen cooperation throughout the upcoming resolution planning cycles and thus to facilitate the resolvability of European banking groups.

## 2. COOPERATION WITH THE EUROPEAN INSTITUTIONS AND AGENCIES

### (A) EUROPEAN PARLIAMENT

In line with the SRB's obligation of public accountability, the SRB Chair attended three public hearings in the European Parliament during 2019. The Chair presented the Annual Report 2018 during a public hearing of the ECON Committee on 22 July 2019, and the SRB work programme for 2020 in a public hearing on 3 December 2019. Moreover, the Chair attended ad hoc meetings upon invitation and participated in a high-level workshop on an EU liquidation regime organised by the ECON committee. 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 questions in a timely and comprehensive manner.



### (B) EUROPEAN COMMISSION

Also in 2019, the SRB maintained 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 on various aspects which are relevant to the SRB's work and functions. Equally, the Commission attended as an observer the SRB's Plenary and Executive Sessions and the meetings of the committees of the SRB. In the context of this continuous exchange the SRB aimed to provide expertise and technical support for the implementation of the Banking Package and in advancing the legislative work on deposit insurance. Moreover, the Memorandum of Understanding (MoU) between the SRB and the Commission is in application as of 1 August 2019. Even though this agreement mainly formalised arrangements and cooperation, which were taking place in practice already, the signature of the MoU was considered beneficial to clearly specify the cooperation and exchange of information arrangements.



### (C) COUNCIL OF THE EUROPEAN UNION

In the same manner, the SRB maintained its close ties and cooperation with the Council in many areas and held regular exchanges with the Romanian and Finnish 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 and the Economic and Financial Committee on aspects related to the Banking Package, the implementation of the TLAC, the strengthening of the resolvability framework and deposit insurance. Moreover, the SRB provided technical support and presentations on these topics during the meetings of the High-Level Working Group in its different configurations. Furthermore, also in 2019, the SRB continued to provide technical expertise in order to support the negotiations on the introduction of a Common Backstop to the SRF in the context of the Task Force on Coordinated Action (TFCA).



### (D) EUROPEAN CENTRAL BANK

In 2019, the close cooperation and exchange of information with the ECB in its supervisory capacity continued at all levels both on operational and policy issues, in line with the appropriate regulations and the bilateral MoU. This included the usual exchange of information necessary in relation to recovery and resolution plans, as well as contacts at horizontal level or extensive mutual analytical work. Regarding raw data, the SRB and the ECB improved over the year the exchange mechanisms supporting the automatization of the process. Policy cooperation was heavily driven by the new Banking Package that includes some new areas of common interest, e.g. the permission regime for reductions of own funds and MREL eligible instruments. Moreover, the ECB attended as an observer the SRB's Plenary and Executive Sessions and the meetings of the committees of the SRB.



## (E) EUROPEAN BANKING AUTHORITY



In 2019, the SRB cooperated closely with the EBA with a strong focus on the functioning of the resolution colleges and the application of the BRRD framework. In addition, the SRB, in line with the regulatory framework, reported to the EBA all binding MREL decisions. The SRB was an active member in two subgroups on Resolution Planning Preparedness (SGRPP) and on Resolution Execution (SGRE). Thus, among others, during 2019 the SRB contributed to the work on the harmonised reporting and disclosure requirements for MREL and TLAC. Moreover, the SRB also followed up on other relevant resolution topics, such as the EBA work on the development of a data dictionary for the bank's management information systems and a handful of work streams related to the preparation of the implementing technical standards brought about by the Banking Package. In the EBA's Resolution Committee the SRB played a key role. The Committee is chaired by the SRB Board Member Sebastiano Laviola who also attends the EBA Board of Supervisors meetings as an observer.

## 3. COOPERATION WITH NON-EU AUTHORITIES

### (A) BILATERAL RESOLUTION COOPERATION ARRANGEMENTS

On 11 October 2019, the SRB concluded a bilateral cooperation arrangement through an exchange of letters with Japan's Financial Services Agency. This adds to the six cooperation arrangements already concluded between 2017 and 2018 <sup>(10)</sup>. These arrangements provide a basis for the exchange of information and cooperation in resolution planning and the implementation of such planning for financial institutions with operations in the Banking Union and countries outside the EU in order to strengthen cross-border resolvability.

### (B) COOPERATION AGREEMENTS FOR CRISIS MANAGEMENT GROUPS ON GLOBAL SYSTEMICALLY IMPORTANT BANKS FOR WHICH THE SRB IS THE HOME AUTHORITY

In December 2019, the SRB concluded the institution-specific cooperation agreements for CMGs on global systemically important banks (G-SIBs) under the SRB's remit. The conclusion of these cooperation agreements represented an important milestone and finalised the complex multilateral negotiations. The signatories include, among others, non-EU authorities such as the Federal Deposit Insurance Corporation, the New York State Department of Financial Services, the Board of Governors of the Federal Reserve System, the US Securities and Exchange Commission, the Mexican Institute for the Protection of Bank Savings, Bank of Mexico, Mexico's Securities Commission and the Central Bank of Brazil.

Moreover, in 2019, the SRB conducted negotiations on the accession to the cooperation agreements on CMGs hosted by the Canadian, Swiss and US resolution authorities with the objective of finalisation in 2020.

### (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 adopted opinions on the equivalence of the professional secrecy and confidentiality regimes of six third-country authorities. In total, the number of SRB opinions on the confidentiality equivalence increased to 21 in 2019.

<sup>(10)</sup> These cooperation arrangements are listed and published on the SRB's website (<https://srb.europa.eu/en/content/cooperation>).

## 2.8. Regulatory activity/legislative process of relevant files

In the legislative process the SRB's mission was to provide expertise and technical advice to the Commission and co-legislators throughout the different stages of the legislative process.

### 1. BANKING PACKAGE

In 2019, the SRB monitored closely the finalisation of the so-called Banking Package, following the political agreement by co-legislators in December 2018. The final legislative texts of BRRD2, SRMR2, CRR2 and CRD5 were published in the *Official Journal of the European Union* on 7 June 2019 and entered into force on the 20th day following publication. In view of their entry into force (and later, staggered, application), the SRB carried out a number of internal presentations to inform SRB management and all SRB staff of the relevant new rules contained in the Banking Package. Moreover, the SRB conducted a mapping of such rules against the SRB internal policy, methodologies, and guidance, to prepare towards the SRB implementation of relevant new rules once they become applicable <sup>(1)</sup>. These findings fed directly into the formulation of the new SRB MREL policy, which applies the new framework introduced by the Banking Package. The SRB also reported to co-legislators (e.g. through EP hearings, meetings in different Council formations, etc.), the industry (cf. industry dialogues, workshops, etc.), and the public (cf. addendum to MREL policy and other publications, conferences, etc.) its plans to implement new rules.

### 2. FINANCIAL MARKET INFRASTRUCTURE RESOLUTION

In 2019, the SRB continued its engagement at EU and international level on the orderly resolution of FMIs, and of central counterparties (CCPs) in particular. The SRB has consistently stressed the importance of establishing a resolution framework for CCPs. Moreover, the SRB believes that resolution authorities for banks need to play a role in the recovery and resolution of CCPs as well due to the interconnectedness between CCPs and their clearing members. To that end, the SRB welcomed the relaunch of negotiations on the establishment of an EU framework for the recovery and resolution of CCPs. The SRB will closely monitor the progress on this file and will stand ready to contribute to the discussion.

### 3. EUROPEAN DEPOSIT INSURANCE SCHEME

The technical discussions around the introduction of a European deposit insurance scheme with the aim of establishing an increasingly centralised deposit guarantee system for all members of the euro area and completing the third pillar of the Banking Union continued at technical level in the different Council compositions in 2019 and the SRB attended and contributed to these meetings where relevant. The SRB continues to consider the implementation of the third pillar a prerequisite to completing the Banking Union and re-emphasises the need for progress on this important dossier.

### 4. BACKSTOP PROVISIONS

In order to fulfil its legal mandate in the event of a resolution requiring access to the SRF, it is essential for the SRF to have sufficient financial means at its disposal at all times. While the funding level of the SRF continued to further build up in 2019 through *ex ante* contributions and loan facility agreements (LFAs) have already been put in place, a common backstop would

<sup>(1)</sup> See sections 2.1 and 2.6.1.(e) for further information.

provide an effective remedy as a last resort to implement the resolution strategy at all times and thus further support financial stability.

Throughout 2019, the SRB continued its close cooperation with authorities and Member States in the context of the TFCA. At the Eurogroup meeting in December 2019, agreement in principle was reached on the package of documents related to the ESM legal framework on the common backstop. This included the Backstop Guideline, the Pricing Guideline and three Board of Governors resolutions. Work will continue in 2020 with regards to the Backstop Facility Agreement, which will specify the detailed financial terms and conditions, for which some aspects remain for discussion. In particular, it will be important to adopt information sharing modalities which provide for the effective protection of information shared.

## 2.9. Negotiations for potential accession to the Banking Union

Out of the 27 EU Member States currently 19 are part of the Banking Union and thus the SRM. During 2019 the SRB supported four Member States outside the Banking Union in their respective efforts to join the Banking Union: Bulgaria and Croatia, who in their bid to join the euro area have initiated formal steps to join the Banking Union as well as Denmark and Sweden, who have undertaken preliminary investigations on the risks and benefits of joining the Banking Union.

### (A) PREPARATION FOR POTENTIAL ACCESSION TO THE SRM

Throughout 2019, the SRB was actively involved in the preparation towards the accession of Bulgaria and Croatia to the Banking Union. Once close cooperation between the ECB and their respective central banks is established, the two countries would become participating Member States to the SSM and to SRM simultaneously. The process was initiated formally through the submission of a request to the ECB (to establish close cooperation) by the Bulgarian National Bank (BNB) in July 2018 and by the Croatian National Bank (CNB) in May 2019. In this context the SRB has engaged closely with Bulgarian and Croatian authorities, as well as with the ECB, to steer all the stakeholders involved towards two main objectives: (i) incorporating Bulgarian and Croatian banks into the SRM resolution planning cycle (for SIs) and into the oversight function (for LSIs) immediately after entry, and (ii) calculation of the amount of contributions to be transferred to the SRF upon the entry date as well as delivering on the LFA.

### (B) TECHNICAL ADVICE REGARDING POTENTIAL SRM ACCESSION

Denmark and Sweden set up dedicated committees, which prepared comprehensive reports presenting advantages and potential risks regarding their potential accession to the BU, which they published in late 2019 and which should constitute the basis for subsequent political discussions. The SRB engaged with both countries at a technical level to address various queries or concerns regarding the possible approach to particular aspects of their banking systems.

## 2.10. International relations

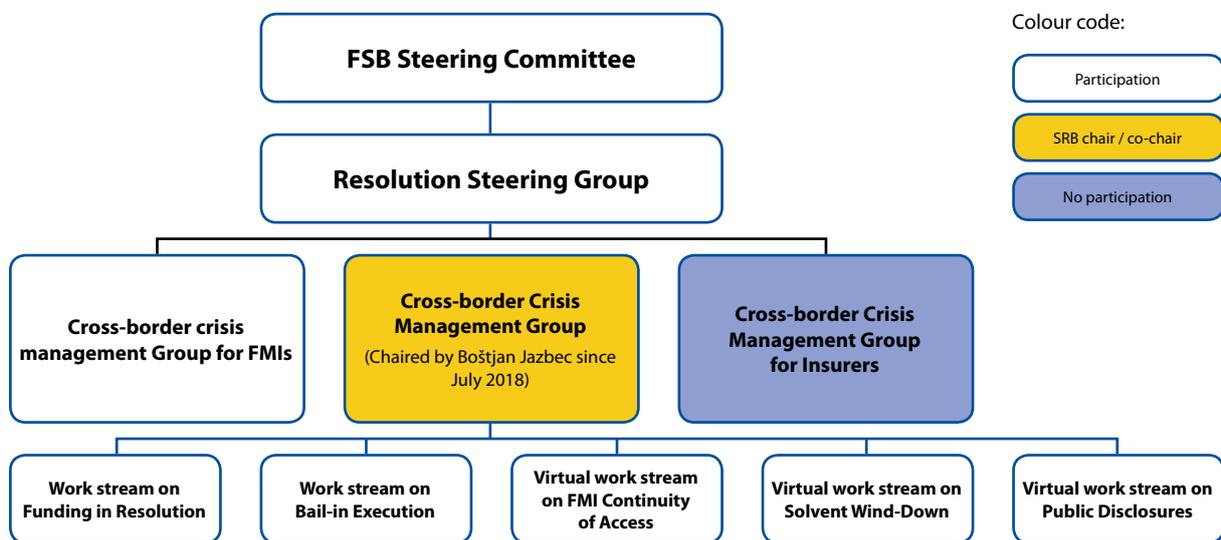
The Financial Stability Board (FSB) and other intergovernmental organisations play an important role in promoting convergence and providing advice in the domain of resolution. In this context, in its capacity as the resolution authority within the Banking Union with direct responsibility for the

most important banks in the euro area, and for cross-border banking groups, the SRB continued to contribute its expertise to the successful work of such intergovernmental organisations.

## 1. 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 the 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 committees that are relevant to the SRB's activities.

**Figure 2:** FSB Governance in the domain of resolution



Within the Cross-Border Crisis Management Group for banks, the SRB contributed to a report on the implementation of the TLAC standard, which was published in July 2019, and to ongoing work on the definition of unallocated TLAC resources. In addition, the SRB took part in FSB workshops on prepositioning TLAC and ring-fencing; continuity of access to FMIs; and liquidity in resolution, and is an active participant in virtual work streams dedicated to operationalising the elements related to bail-in execution and continuity of access to FMIs. Moreover, the SRB has contributed to work on public disclosures on resolution planning and resolvability, and on the solvent wind-down of the derivative and trading book activity, which were subject to public consultation in 2019. Finally, in the context of the FSB's yearly resolvability assessment process, in 2019 the SRB submitted individual letters for the G-SIBs under its remit, presenting the progress made and the remaining challenges towards enhancing resolvability.

## 2. INTERNATIONAL MONETARY FUND

The SRB's cooperation with the International Monetary Fund (IMF) in 2019 was primarily a direct follow-up from the euro area financial sector assessment programme (FSAP), which was finalised on 19 July 2018. During this period, the SRB met the IMF to discuss issues including inter alia MREL requirements, implementation of BRRD2, liquidity in resolution, bank liquidation and the early intervention framework. Issues discussed related in particular to items previously identified in the euro area FSAP.

## 3. CRISIS MANAGEMENT

Apart from resolution planning one of the SRB's core tasks is to stand ready for quick and effective intervention in a crisis event. Therefore, the SRB further reinforced its work on crisis preparedness also in 2019, by establishing a dedicated RTT steering the internal work on crisis preparedness, but also by carrying out several dry-runs in close coordination with a variety of other authorities. In addition, the SRB continued the work in respect of the right-to-be-heard procedure, following up on the resolution of Banco Popular Español, S.A. (BPE). Last but not least, in 2019 the SRB had to assess the FOLTF of AS PNB Banka and after due consideration took a negative resolution decision regarding AS PNB Banka.

### 3.1. Resolution decision and negative decision

#### 1. AS PNB BANKA

On 15 August 2019, following the decision by the ECB to declare AS PNB Banka as failing or likely to fail, the SRB decided that resolution action was not necessary.

The SRB, having assessed the situation, concurred with the ECB's assessment and concluded that no supervisory or private sector measures that could prevent the bank's failure were available. Upon careful consideration of whether resolution action was necessary and proportionate to safeguard the objectives set out in the EU resolution framework, the SRB concluded that resolution action was not in the public interest. In particular, AS PNB Banka did not provide critical functions, and its failure was not expected to have a significant adverse impact on financial stability in Latvia or other Member States. The SRB communicated the decision to the Latvian Financial and Capital Markets Commission for implementation in accordance with national law.



## 2. BANCO POPULAR – FOLLOW-UP

The SRB adopted its first resolution decision on 7 June 2017. The decision concerned BPE, the parent institution of the Banco Popular Group <sup>(12)</sup>. As a result of the entry into force of the resolution scheme, the shares in BPE, including the entire business of Banco Popular Group, were transferred to the Santander Group with immediate effect, after the power to write down and convert the capital instruments of BPE was exercised. The resolution scheme ensured the continuation of critical functions provided by the Banco Popular Group, preserved financial stability and avoided recourse to public funds, while equally protecting covered deposits and customers' funds.

On 2 August 2018, following the submission of the Valuation 3 report from an independent valuer, the SRB preliminarily decided that it was not required to pay compensation to the affected shareholders and creditors of BPE since the actual treatment of affected shareholders and creditors under the resolution scheme was not worse than the treatment that they would have received had the institution been wound up under normal insolvency proceedings on the date of the resolution action. In addition, the SRB launched the 'right to be heard' process. During this process, the affected shareholders and creditors fulfilling certain formal requirements were able to submit comments, which will eventually inform the final decision of the SRB as to whether compensation needs to be granted pursuant to Article 76(1)(e) SRMR.

Around 12 000 individual parties initially registered to participate in the 'right to be heard' process. By the time the deadline for the affected shareholders and creditors to complete and send written comments closed, 2 856 submissions had been received. In light of the high number and volume of submissions, the SRB has allocated significant resources to ensure a smooth and efficient process during 2019. The SRB has continued the review and assessment of the comments, also requesting the independent valuer to provide its independent views on the comments relating to its Valuation 3 report, which was published on 18 March 2020 <sup>(13)</sup>. On the same day, the SRB published its final decision <sup>(14)</sup> stating that since insolvency would have been more costly no compensation was due to Banco Popular shareholders and creditors.

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 <sup>(15)</sup>.

In 2019, litigation related to the resolution of BPE continued before the EU courts. Additional information can be found in section 5.4.

## 3.2. Projects to strengthen crisis preparedness

### 1. RESOLUTION TACTICAL TEAM

In April 2019, the SRB established the RTT. The RTT is a dedicated team in charge of ensuring preparedness and a horizontal approach to crisis management, thus strengthening the experience and resources of the crisis management teams (CMTs).

<sup>(12)</sup> <https://srb.europa.eu/en/node/315>

<sup>(13)</sup> [https://srb.europa.eu/sites/srbsite/files/annex\\_ii\\_-\\_clarification\\_document\\_en\\_0.pdf](https://srb.europa.eu/sites/srbsite/files/annex_ii_-_clarification_document_en_0.pdf)

<sup>(14)</sup> [https://srb.europa.eu/sites/srbsite/files/srb\\_ees\\_2020\\_52\\_final\\_decision\\_en.pdf](https://srb.europa.eu/sites/srbsite/files/srb_ees_2020_52_final_decision_en.pdf)

<sup>(15)</sup> Information on access to documents cases and decisions concerning BPE adopted by the appeal panel can be found in Chapter 6.

In 2019, the RTT further developed and updated the SRB framework of procedures, templates and tools to be used in crisis, also in light of lessons learnt from previous cases. In addition, it developed a dedicated ICT platform to enhance secure and timely exchange of information, workflows and decisions in crisis situations connecting SRB staff, NRAs and other relevant actors.

The RTT organised and held a variety of internal training sessions for SRB staff to further enhance crisis preparedness. Moreover, the RTT organised and coordinated the 2019 interinstitutional dry-run exercise to test processes and interactions with other institutions, which is further outlined below.

## 2. DRY-RUNS

### (A) NORDIC BALTIC DRY-RUN

In January 2019, the SRB participated in a two-day simulation exercise organised by the Nordic Baltic Stability Group <sup>(16)</sup>. The objective of the dry-run was to test cross-border coordination and improve crisis management in cross-border systemic crisis cases.

### (B) INTERINSTITUTIONAL DRY-RUN

In December 2019, the SRB organised a crisis simulation exercise, based on a scenario built on the resolution of a fictitious group headquartered in the Banking Union. The objective was to test the adequacy of SRB processes, resolution strategies and coordination of crisis management within the Banking Union, thus enhancing crisis preparedness. The dry-run also allowed to better understand the potential challenges related to a resolution in the context of a SPE strategy. The dry-run took the form of a two-day walk-through exercise covering the crisis management process from the moment the bank was detected as 'ailing' to the resolution decision. The exercise saw the participation of representatives from the SRB, the Commission (DG COMP and DG FISMA), the ECB, the Belgian, Luxembourgish and Austrian NRAs, as well as the EBA and the Finnish NRA as observers.

### (C) CROSS-BORDER RESOLUTION OF GLOBAL SYSTEMICALLY IMPORTANT BANKS (2019 TRILATERAL EXERCISE)

In 2019, the SRB enhanced its international cooperation with other authorities, being part of a trilateral collaboration project that started in 2015, with resolution and supervisory authorities from the USA, the UK and the Banking Union (SRB, Commission and ECB), as well as the UK and US Treasuries. As a follow-up to the top-level cross-border resolution exercises and table top policy dialogues conducted during the previous years (2016-2018), the 2019 work programme established several work streams to explore technical topics further. The ultimate objective of this trilateral coordination is to improve operationalisation among the US, the UK and Banking Union jurisdictions and promote coordination of international authorities in the area of cross-border resolution.

In line with the ongoing will to strengthen crisis readiness, the trilateral work will continue in 2020 to enhance preparedness for a G-SIB resolution.

<sup>(16)</sup> The Nordic Baltic Stability Group (including Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden) is an international group working on Cooperation and Coordination on cross-border financial stability, crisis management and resolution between relevant ministries, central banks, financial supervisory authorities and resolution authorities.

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## 4. THE SINGLE RESOLUTION FUND

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### 4.1. Contributions

Credit institutions and certain investment firms in the 19 participating Member States of the Banking Union contribute to the 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.

In June 2019, the NRAs transferred to the SRF EUR 7.8 billion of 2019 *ex ante* contributions and the SRF amounts to EUR 33 billion in total, including the irrevocable payment commitments (IPCs).

#### 1. DATA REPORTING FORM

Already in the early spring of 2019, the SRB worked in close collaboration with the NRAs in order to update the 2020 Data Reporting Form and to automate the receipt by SRB of the NRA's support templates for the 2020 *ex ante* contribution cycle.

#### 2. DATA COLLECTION

For the 2019 *ex ante* contributions cycle, the SRB continued to use the Contribution Collection System with updated validation rules and taxonomy. In addition, in cooperation with NRAs, it implemented substantial improvements to the Contribution Collection System for the collection and verification of data.

#### 3. DATA VERIFICATION

Through new 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 which institutions were required to report, were available and checks were performed, against ECB supervisory data among other things. In addition, 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 have discussed the details related to the calculation process. An independent calculation by the Joint Research Centre of the Commission matched the results 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

As in 2018, also 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 a harmonised annex which explains the individual calculation and the final amount for each institution and by publishing additional statistics on the SRB website. This exercise was aimed at increasing transparency and at allowing institutions to understand their relative position in terms of riskiness versus the other institutions.

## 6. EX POST DATA VERIFICATION

As in 2018, also 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 the Council implementing Regulation (EU) 2015/81, which limits the target to between 15 % and 30 % of the total amount of annual contributions raised, the maximum share of IPCs for 2019 was defined at 15 % with cash as collateral.

## 8. EX POST FINANCING

In close cooperation with NRAs, the SRB continued in 2019 to prepare for situations that could trigger the collection of additional *ex ante* contributions and/or *ex post* contributions.

## 9. RISK ADJUSTMENT METHODOLOGY

In 2019, the work continued on the progressive implementation of the full risk adjustment methodology set out by Commission Delegated Regulation (EU) 2015/63 in light of the harmonisation process of the relevant indicators.

# 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 2019, amounts held in the SRF totalled EUR 32.8 billion, composed of the SRB portfolio (EUR 29.2 billion) and IPCs (EUR 3.6 billion). The SRB portfolio contains a strategic cash balance of EUR 13.6 billion and investments in securities mandates of EUR 15.6 billion. The amounts are invested in accordance with Commission Delegated Regulation (EU) 2016/451.

## 1. IMPLEMENTATION OF THE 2019 INVESTMENT PLAN

The 2019 Investment Plan included an allocation to non-financial corporate bonds in order to enhance sectorial diversification as required by the delegated regulation.

This plan was implemented through several instalments. In the first quarter, instalments totalling EUR 4.18 billion were gradually invested. Following the receipt of the *ex ante* contributions in June, an additional amount of EUR 2.24 billion was transferred to the outsourcing partner and invested.

The remuneration on cash balances held with national central banks (NCBs) of the European System of Central Banks was the ECB deposit facility rate (– 0.40 % until 18 September 2019 and – 0.50 % thereafter). Investments in securities added a positive value to the financial return.

The total return of the SRB portfolio for 2019 was 0.50 % (before fees of 0.008 %).

## **2. ADOPTION OF THE REVIEWED INVESTMENT STRATEGY AND 2020 INVESTMENT PLAN**

The investment strategy was marginally revised and adopted in November 2019. Only minor amendments needed to be incorporated to reflect developments in 2019 and those planned in the future.

The 2020 Investment Plan was validated in December 2019. This plan was designed to ensure the high liquidity and credit quality of the SRB portfolio, whilst maintaining adequate diversification.

## **3. OPENING OF ADDITIONAL BANK ACCOUNTS WITH NATIONAL CENTRAL BANKS**

Following a request from the Plenary Session of the Board, four bank accounts were opened in 2019 with NCBs of the European System of Central Banks in addition to the existing five. Consequently, the strategic cash balance of the SRB portfolio is now held with a total of nine NCBs. The average remuneration on cash balance held with NCBs was – 0.43 % in 2019.

## **4.3. Funding**

The Board shall use the Fund only for the purpose of ensuring the efficient application of the resolution tools and exercise of the resolution powers. In case 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 2019, the funding team further developed the action tracking procedure that will ensure a feasible operationalisation of the SRF and its subsequent replenishment. The action tracking identifies the necessary steps to planning an effective use of the SRF (the Fund), and it serves as a guide of the tasks and duties that will be performed during the potential use of the Fund in a resolution case. The SRB tested some of the steps by performing a dry-run of a resolution case with the use of the Fund.

## 2. ALTERNATIVE FUNDING MEANS

The Board may contract for the Fund borrowings or other forms of support from those institutions, financial institutions or other third parties, which offer better financial terms at the most appropriate time so as to optimise the cost of funding.

As part of the monitoring of the LFAs, the team calculated and informed the participating Member States of the available funding capacity that each Member State has in its respective compartment. This information enhances the Member States' preparedness for possible disbursements under the LFA.



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## 5. THE SRB AS AN ORGANISATION

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### 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. Secondly, to deliver systems and services aiming to support resolution activities, collections and data dissemination of financial data to support risk analyses to optimise the different business activities in the SRB.

ICT works in close collaboration with the business units and an ICT Steering Committee, which supervises and monitors all ICT projects in order to prioritise business needs into optimised systems.

- ▶ In 2019, the first release of the **Data Warehouse** of the SRB was implemented. It is a platform to retrieve data of the existing data collections of the SRB and enriched by additional COREP and Finrep data provided from the ECB to further improve business processes like resolution planning and financial impact analysis. The system was implemented in Q2 and in Q4 a centralised store for reference data from the financial institutions was added to the platform.
- ▶ In 2019, **Resolution IMAS** went into full deployment as the SRB-wide resolution planning tool. The system guarantees the integrity, security and monitoring of the resolution-planning process for SIs and also for LSI oversight and will be used in support of the 2020 resolution planning cycle. All exchanges of confidential information between IRT members take place only within the respective spaces in Resolution IMAS. Likewise, the exchange of resolution-related information with the ECB-SSM takes place in Resolution IMAS.
- ▶ In 2019, the overall **IT infrastructure** reached maturity. A disaster recovery data centre was established to have an effective and active fall back in case of an emergency. Moreover, the **Business Continuity Plans** were implemented in the SRB, allowing for all staff to simultaneously work remotely if needed and the first Business Continuity Test was successfully executed.
- ▶ The SRB has completed its **information security management** with the implementation of documented risk assessments of all SRB systems to minimise ICT security risks. Running an extended cyber threat intelligence information system allowed the SRB to not be significantly impacted by any cyber risk in 2019.

## 5.2. Communications

In 2019, the SRB completed the building blocks of its communications approach, closing gaps and developing capacity. The major objectives were to increase visibility and awareness, take a more proactive approach to communication and to consolidate and develop crisis readiness.

- ▶ The results show marked improvements across all channels. Website visits rose by 21 % on the previous year to 229 769. Twitter followers rose to 3 006, a third more than in 2018, and LinkedIn impressions rose by 34 % to 871 577.
- ▶ The SRB Annual Conference, held on 10 October 2019, attracted 443 participants, 94 % of whom rated the event very useful or useful. More than 2 000 people watched the livestream or video recordings. Press coverage reached a potential 1 million people. The SRB also organised or hosted a number of other successful events.
- ▶ Another highlight of the year was the first SRM communications forum, which gathered the communication experts from the SRB and NRAS to share experience and learn from each other. The group is carrying forward a number of actions to work on together.
- ▶ A number of crisis-related documents and templates were finalised in 2019 and communication was tested in the dry-run. The results and lessons learned are part of the communications work programme in 2020.
- ▶ In internal communications, the key project was the development of an enhanced intranet, which was eventually launched in April 2020. This tool aims to facilitate internal communication, help staff align to the overall direction of the organisation and improve productivity.

## 5.3. Management of resources

### 5.3.1. Human resources

For the human resources team, the recruitment of highly qualified staff to provide a solid work force basis for the SRB, both in the operational and support areas, remained at the core of their activities in 2019.

Additionally, 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 to a young and fast-growing organisation.

#### 1. INTENSIVE RECRUITMENT

Apart from recruiting from existing reserve lists, the SRB finalised 12 new selections for temporary agents in 2019, including two large campaigns for resolution-related profiles: Bank Resolution Expert and Senior Bank Resolution Expert. This allowed the SRB to welcome 74 newcomers in 2019. Excluding the six permanent Board Members, the SRB staff level amounted to 350 posts and 22 SNEs at the end of 2019. This is an 11 % increase in comparison with 2018 and corresponds to 87.5 % of the planned 400 staff in 2019. A further 15 recruitments took place in the first quarter of 2020. The turnover rate for the year amounted to 9 % and concentrated in the second part

of the year. A major challenge in 2019 remained the high number of experienced and well-trained SRB staff leaving the agency, in order to start a permanent position as official in the EU institutions.

## 2. TRAINING

In 2019 the SRB offered to its staff 221 training sessions (classroom training, information sessions, workshops or brownbag seminars) amounting to 107 training days and covering technical, soft as well as IT skills.

## 3. 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 2019, the SRB further completed the legal framework in the HR area by adopting the Implementing Rules on Type of posts, Advisers, Middle Management and Temporary Occupation of middle management posts. These four implementing rules represent an important step in completing the legal framework within which the SRB operates.

### 5.3.2. Budgetary and financial management

This section covers the activities related to the general financial management of the SRB and to 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 118.8 million has been recognised as income up to the level of the 2019 expenses.

On the expenditure side, according to the budget implementation table and after transfers, EUR 46.9 million was attributed to staff, EUR 14.9 million to other administrative expenses (rent, ICT support, etc.) and EUR 57 million to operational expenses (see Annex 3).

## INCOME

In accordance with Article 65 of the SRMR the SRB shall 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 2017/2361 <sup>(17)</sup> on the final system of contributions to the administrative expenditures of the SRB forms the legal basis for the calculation of administrative contributions since 2018.

The total annual administrative contributions successfully collected for the 2019 financial year amounted to EUR 88.5 million <sup>(18)</sup>. Contribution notices were issued to 2 660 institutions: 2 533 LSIs and 127 SIs and cross-border groups.

<sup>(17)</sup> 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, 19.12.2017, p. 6.

<sup>(18)</sup> 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).

## EXPENDITURE

Budget expenditure includes payments made using appropriations of 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 2019, the SRB established 420 budget commitments amounting to a total of EUR 80.1 million in PART I of the budget, and EUR 83.8 million in PART II, and processed 3 129 payments amounting to a total of EUR 60 million in PART I and EUR 69 million in PART II. Moreover, 510 payments, amounting to EUR 11.8 million, were also processed using the payment appropriations carried over. The 2019 budget implementation rate is 67.3 % for commitment appropriations and 50.4 % for payment appropriations. The amount of appropriations carried forward to 2020 is EUR 3.9 million and the overall carry-over rate is 5 % of the committed appropriations (excluding the differentiated appropriations which were cancelled).

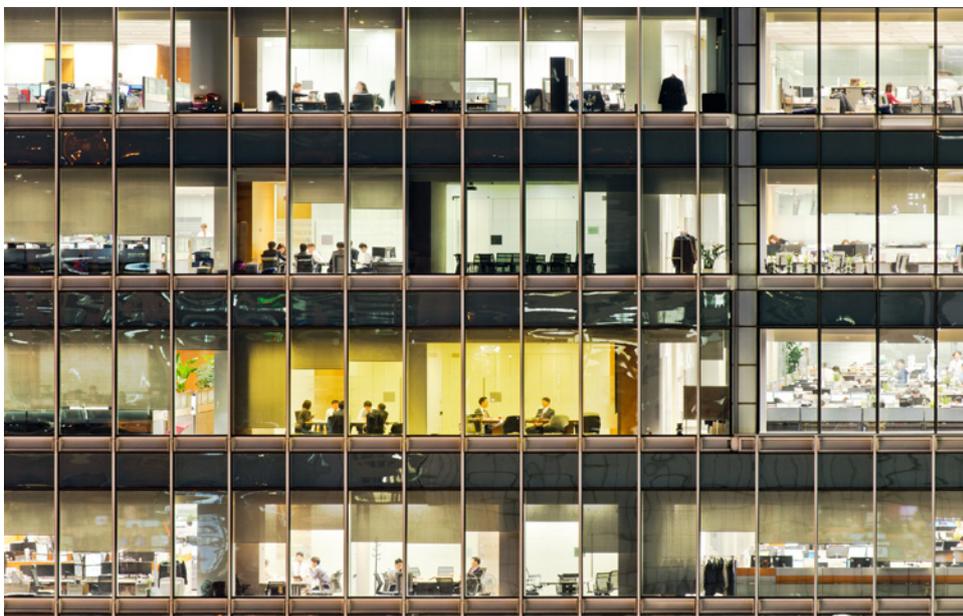
### TITLE 1: STAFF EXPENDITURE

The budget (after transfers) for Title 1 in 2019 was EUR 46.9 million, of which EUR 41.2 million were committed (implementation rate of 87.7 %). The final amount of used payment appropriations was EUR 40.7 million, which corresponds to an implementation rate of 98.9 % of the total committed.

The main area of expenditure was related to the SRB staff in active employment. EUR 37.3 million was spent on the payroll (basic salaries, family allowances, expatriation, installation and foreign residence allowances, insurances, pension rights, etc.). EUR 0.9 million was spent on interim services, EUR 0.6 million for school costs and EUR 0.4 million on training.

### TITLE 2: INFRASTRUCTURE EXPENDITURE

The budget (after transfers) for Title 2 in 2019 was EUR 14.9 million. During the year, a total of EUR 12 million was committed, which corresponds to an implementation rate of 80.3 %. The final amount of used payment appropriations was EUR 8.6 million, which corresponds to an implementation rate of 71.8 % of the total committed.



The main areas of expenditure were the rental of the premises (EUR 3 million), ICT infrastructure (EUR 3.2 million) and security, maintenance and fitting out of the building (EUR 1.6 million).

### TITLE 3: OPERATIONAL EXPENDITURE

Title 3 is exclusively for operational expenditure related to the implementation of the SRMR. The adopted budget for 2019 was EUR 57 million.

During the year, the amount of EUR 26.9 million was committed, which corresponds to an implementation rate of 47.2 %. The final amount of used payment appropriations was EUR 10.6 million, which corresponds to an implementation rate of 39.5 % of the total committed.

The area where the budget implementation was lower concerned the Fund due to the non-executed budget for the portfolio construction and risk tooling/software, ad hoc consulting needs for the data checks and validation rules, and calculation and *ex post* checks on *ex ante* contributions (in total EUR 1.1 million).

The other areas of low expenditures in Chapter 31 SRB operations were in Resolution readiness (8.8 % of implementation rate) and in Missions (68.5 % of implementation rate).

The low budget implementation in SRB contingencies (35.7 %) was due to low expenditure in consultancy as the SRB had to manage fewer potential resolution and litigation cases than estimated. The nature of the contingencies activities is such that implementation is less predictable than other items and, therefore, there is no annual target.

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

### BUDGET OUTTURN

The budget outturn for 2019 <sup>(19)</sup> is estimated to be EUR 59.3 million (EUR 50.4 million in 2018) and will be entered in the 2020 budget after approval by the Board at its Plenary Session in September 2020.

- ▶ Finalisation of the new SRB financial regulation in line as far as possible with the new framework financial regulation applicable to the EU Agencies adopted on 18 December 2018.
- ▶ 99.2 % of payments were made on time (98.7 % in 2018), exceeding the 2019 key performance indicator 'Timely payment of invoices target 95 %'.
- ▶ Introduction of the differentiated appropriations in Title 3, where necessary, for operational reasons and for multiannual activities.

<sup>(19)</sup> Details of the budget outturn/budget result can be found in the final accounts for 2019 (see Annex 6). These will be published on the SRB website in the third quarter of 2020.

### 5.3.3. Final accounts 2019

The final accounts of 2019 reflect the financial position of the SRB at 31 December 2019, 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 2019, after the collection of *ex ante* contributions, administrative contributions and IPCs, there was a significant increase in the total assets/liabilities from EUR 25.00 billion to EUR 32.93 billion. The increase in total assets could be explained by the increase in the volume of cash held at bank (EUR 4.13 billion) and also by the increase of the amount invested in AFS financial assets of EUR 3.78 billion.

The *ex ante* contributions to the SRF collected in 2019 gave rise to revenues of EUR 7.03 billion. After deduction of the eligible expenditure of maintaining these funds in the national central banks accounts (EUR 72.56 million) and taking into account the financial revenues from the portfolio of investments (EUR 32.16 million), the accounting result of the year was EUR 6.99 billion, which increased the SRB's net assets to EUR 29.19 billion.

On the administrative side of the final accounts 2019, the SRB invoiced and collected from the banking institutions EUR 88.82 million after making use of unspent funds accumulated in previous financial periods amounting to EUR 30.37 million. In order to balance the total administrative and operational expenses of the year, the revenues from administrative contributions recognised in 2019 were EUR 69.37 million. Therefore, there are no net assets arising from the SRB's administrative activities.

In 2019, 65 % of SRB administrative expenses was linked to staff, while 21 % was related to other significant administrative expenses (rent and IT-related costs).

In addition, in 2019, the total operational expenses represented 13 % of total costs, a further reduction from 2018 when operational costs were at 15 % of the total costs.

The 'Statement of financial position' as at 31 December 2019 and the 'Statement of financial performance' for 2019 can be found in Annex 6. The SRB financial statements of 2019 will be available on the SRB website in the third quarter of 2020.

### 5.3.4. Procurement

The SRB's annual procurement plan for the year 2019 was prepared in accordance with the general procurement provisions contained in the EU financial regulation. The reporting period of this procurement 'screening' is from 1 January to 31 December 2019.

A more detailed account of the 2019 procurement procedures can be found in Annex 7.

- ▶ The SRB successfully procured all the necessary services and goods requested by the different units throughout the year;
- ▶ The three open procedures launched in 2018 were successfully awarded;
- ▶ The SRB launched two open procedures, over 50 negotiated procedures, 11 re-openings of competition under the SRB framework contracts and over 250 specific contracts/order forms were completed and verified;

- ▶ The SRB signed various MoUs and service-level agreements with the Commission and other public entities;
- ▶ The SRB further improved the templates and digitalisation of its procedures.

## 5.4. Internal legal advice and litigation

The SRB's legal service is an internal department of the SRB reporting directly to the 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 major activities and areas of responsibility of the SRB.

In 2019, 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 cases, matters regarding the SRF, international and interinstitutional cooperation and resource management. The SRB legal service also provided advice related to the various legislative revisions.

As regards its role of managing the litigation proceedings before the General Court, the legal service is involved in the drafting and preparation of the written statements required by the courts of the Court of Justice of the European Union in cooperation with external counsel, as well as in preparing the related oral hearings.

As regards the litigation cases pending before the courts of the Court of Justice in 2019, they include the following:

1. 104 legal actions concerning the decisions taken in the context of the resolution of BPE brought by former shareholders and creditors of the bank against, inter alia, the SRB are pending before the General Court and the Court of Justice.
  - (a) 101 cases concern the SRB's resolution decision. Of those 101 cases, the General Court has identified and selected six pilot cases, five involving the SRB as a defendant (in the sixth case the SRB is acting as an intervener), to proceed to the second round of written procedure and oral hearing. With regard to the remaining cases, these have been suspended pending a final determination in those sixth 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;
  - (b) 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.
2. Several legal actions concerning the calculation of the *ex ante* contributions to the SRF were brought by banks against the SRB.
  - (a) 12 legal actions were brought against the 2016 *ex ante* contribution decision. One of them has been withdrawn, in three cases the General Court has annulled the decision

as far as it concerns the applicants, and eight cases have been dismissed of which two are currently under appeal before the Court of Justice;

- (b) Three legal actions were brought against the 2017 *ex ante* contribution decision which are currently pending before the General Court;
  - (c) Six legal actions were brought against the 2018 *ex ante* contribution decision which are currently pending before the General Court;
  - (d) 11 legal actions were brought against the 2019 *ex ante* contribution decision which are currently pending before the General Court.
3. Two legal actions concerning the decision of the SRB not to adopt a resolution scheme in respect of ABLV Bank, AS brought by the bank itself and a former shareholder of that bank are pending before the General Court;
  4. A legal action concerning the decision of the SRB not to adopt a resolution scheme in respect of PNB Banka brought by the bank and by shareholders of that bank is pending before the General Court;
  5. Five legal actions concerning decisions taken by the SRB under the public access to documents and/or access to files regime under Regulation (EU) No 806/2014 and Regulation (EC) No 1049/2001.

## 5.5. Governance

### 5.5.1. Corporate Secretariat

The Secretariat to the Board continued to mature as an organisational unit working on issues of both internal and external governance related to decision-making and interactions with other EU bodies. It has contributed to supporting resolution planning cycle and the related decision-making processes. Overall, the Secretariat has organised 35 in-person meetings and 401 written procedures of the Board in its different compositions.

### 5.5.2. Compliance

The compliance team leveraged its experience in order to provide guidance and support to the SRB in its various daily activities.

For this purpose, the team developed further compliance policies and guidance in key topics, while it continued to conduct its regular activities *inter alia* by providing advice on ethical and compliance matters, monitoring the reporting obligations of staff members, raising awareness and managing the compliance risks.

### 5.5.3. Internal control standards

The internal control standards (ICs) 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 Organizations' 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 2019, 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 in order to define the internal control framework, foster clear accountability of the management team, and ensure 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 are currently being developed.

#### 5.5.4. Internal Audit

Internal Audit provides 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 further defined in 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 2019, Internal Audit focused on four assurance audits:

- ▶ Audits on the resolution planning process and project management of the R4Crisis project were completed; and
- ▶ Audits on the recruitment process and crisis readiness were in the final reporting stage at the year-end.

Internal Audit monitors the implementation of the recommendations from its assurance audits through follow-up audits. In 2019, Internal Audit followed up previous audits on procurement, administrative and Fund *ex ante* contributions as well as the outsourcing of Fund investments.

In 2019, the number of staff in the internal audit function increased to three, with a further increase expected in 2020.

#### STATUS OF INTERNAL AUDIT RECOMMENDATIONS

In 2019, Internal Audit issued nine recommendations, for which management has prepared action plans. Including recommendations from previous years' audits, 17 recommendations, of which eight are high priority, remain for further internal discussions.

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

Ten recommendations were closed in 2019.

### 5.5.5. External Audit

Every year, the annual accounts are audited by an independent external auditor. In 2019, the external auditor issued their unqualified audit report on the reliability of the SRB's 2018 final annual accounts.

In addition, the European Court of Auditors (ECA) reports on the annual accounts of the SRB 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 2019, the ECA published its audit report on the annual accounts of the SRB for the financial year 2018 <sup>(20)</sup>. The findings invited the SRB to improve its:

- ▶ budget planning, implementation and reporting by introducing differentiated budget appropriations;
- ▶ evaluations/assessments in order to avoid any dependency on an IT contractor which would not allow it in the future to choose alternative solutions in a competitive manner;
- ▶ IT contracts to avoid any confusion between the procurement of IT services and of interim workers;
- ▶ contracts with interim workers by including all the information required by law.

In 2019, the ECA also published a special report <sup>(21)</sup> on the contingent liabilities of 2018 with two recommendations:

- ▶ When assessing the likelihood of an outflow of economic resources as a result of legal proceedings, the SRB should include adequate reasons and supporting arguments per individual case;
- ▶ If the probability of an outflow of resources cannot be estimated due to legal proceedings against *ex ante* contributions, then an outflow cannot be excluded and a contingent liability should be disclosed.

<sup>(20)</sup> Annual report on EU agencies for the financial year 2018 (<https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=51302>).

<sup>(21)</sup> 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 2018 (<https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=52425>).

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## 6. APPEAL PANEL

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According to Article 85 SRMR, the SRB in 2015 established an Appeal Panel for the purpose of deciding on appeals submitted against certain decisions issued by the SRB. The Panel became fully operational on 1 January 2016. Pursuant to Article 85(3) SRMR the Board's decisions that can be contested in front of the Appeal Panel are referring to the areas of MREL determination, impediments to resolution, simplified obligations for some institutions, decisions taken by the Board in view of requests for public access to documents as well as to the contributions by institutions to the administrative expenditures of the Board.

The Appeal Panel is composed of five Members and two Alternates who are fully independent in relation to the Board. The current two Alternates were appointed by the SRB in 2019 following a public call for expression of interest.

The Panel is supported in its activity by a Secretariat which is also performing independent tasks as the Data Protection Office of the SRB. The Secretariat is covering various aspects from case management to operational support of the members. In the course of 2019, the Panel continued to deal with appeals related to the SRB's confirmatory decisions refusing access to documents related to resolution of BPE in June 2017. A large number of these appeals were received towards the end of 2018 and dealt with in 2019, when additional appeals came in the course of the year.

Two joint hearings of the Parties took place in Brussels in April 2019 respectively. Following these hearings, the Panel rendered its decisions <sup>(22)</sup> either dismissing the cases or remitting the appealed decision to the Board.

In light of the experience accumulated over the last four years and in a continuous effort to improve the appeal process, the Panel decided to review its Rules of Procedure. The process was kick-started at the end of 2019 with the aim of adopting the new Rules of Procedure by mid-2020.

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<sup>(22)</sup> <https://srb.europa.eu/en/content/cases>

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## 7. DECLARATION OF ASSURANCE

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

Declare that the information contained in this report gives a true and fair view <sup>(23)</sup>.

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

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, 29 June 2020.

**Elke König**

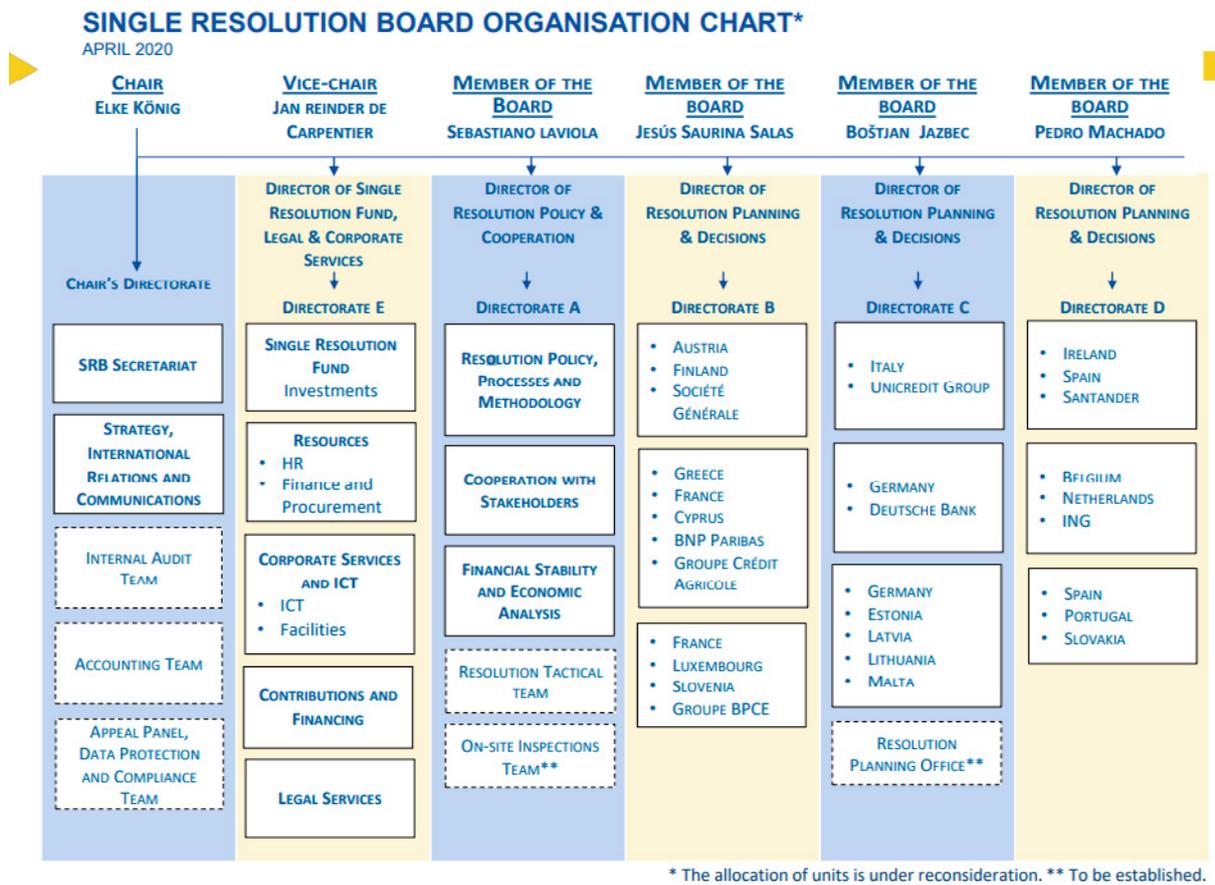
Chair of the Single Resolution Board

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<sup>(23)</sup> Fair view in this context means a reliable, complete and correct view on the state of affairs in the service.

# ANNEXES

## Annex 1: Organisational chart



## Annex 2: Annual report on public access to documents in 2019

This annual report on access to documents is drawn up in accordance with Article 17(1) of Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (**'Transparency Regulation'**)<sup>(24)</sup>. It covers the period from 1 January 2019 to 31 December 2019 and is based on statistical data – summarised below.

The SRB is subject to the Transparency Regulation when handling applications for public access to documents held by it, pursuant to Article 90(1) of Regulation (EU) No 806/2014.

The practical arrangements for the application of the Transparency Regulation by the SRB are laid down in SRB Decision of 9 February 2017 on public access to the Single Resolution Board documents (SRB/ES/2017/01), adopted in accordance with Article 90(2) of Regulation (EU) 806/2014<sup>(25)</sup>.

### ACCESS TO SRB DOCUMENTS IN 2019

In 2019, the SRB received 79 initial applications and 17 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.

In the majority of these 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).

It is also noted that some of the requests concerned documents which do not exist or are not in the possession of the SRB. Thus, the SRB informed the applicants accordingly.

<sup>(24)</sup> OJ L 145, 31.5.2001, p. 43.

<sup>(25)</sup> 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 and amending Regulation (EU) No 1093/2010, OJ L 225, 30.07.2014, pp. 1-90.

## Annex 3: 2019 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 (8) (2)-(4)	Cancelled (1)-(2)
A-1100	Basic salaries	27 217 500	24 799 117.53	91.11%	27 217 500	24 799 117.53	91.11%	0	2 418 382.47
A-1101	Family allowances	2 083 000	2 024 263.94	97.18%	2 083 000	2 024 263.94	97.18%	0	58 736.06
A-1102	Expatriation and foreign residence allowances	3 453 000	3 168 463.52	91.76%	3 453 000	3 168 463.52	91.76%	0	284 536.48
A-110	<b>Sum:</b>	<b>32 753 500</b>	<b>29 991 844.99</b>	<b>91.57%</b>	<b>32 753 500</b>	<b>29 991 844.99</b>	<b>91.57%</b>	<b>0</b>	<b>2 761 655.01</b>
A-1111	Seconded national experts	1 860 000.00	1 040 521.75	55.94%	1 860 000	1 040 521.75	55.94%	0	819 478.25
A-1112	Trainees	150 000.00	143 620.80	95.75%	150 000	143 620.80	95.75%	0	6 379.20
A-111	<b>Sum:</b>	<b>2 010 000</b>	<b>1 184 142.55</b>	<b>58.91%</b>	<b>2 010 000</b>	<b>1 184 142.55</b>	<b>58.91%</b>	<b>0</b>	<b>825 857.45</b>
A-1130	Insurance against sickness	1 119 000	846 227.20	75.62%	1 119 000	846 227.20	75.62%	0	272 772.80
A-1131	Insurance against accidents and occupational disease	107 000	95 086.26	88.87%	107 000	95 086.26	88.87%	0	11 913.74
A-1132	Unemployment insurance	324 000	291 046.28	89.83%	324 000	291 046.28	89.83%	0	32 953.72
A-1133	Constitution or maintenance of pension rights	5 119 000	4 563 024.52	89.14%	5 119 000	4 563 024.52	89.14%	0	555 975.48
A-113	<b>Sum:</b>	<b>6 669 000</b>	<b>5 795 384.26</b>	<b>86.90%</b>	<b>6 669 000</b>	<b>5 795 384.26</b>	<b>86.90%</b>	<b>0</b>	<b>873 615.74</b>
A-1140	Childbirth grants and death allowances	2 000	1 388.17	69.41%	2 000	1 388.17	69.41%	0	611.83
A-1141	Travel expenses for annual leave	426 000	386 824.49	90.80%	426 000	386 824.49	90.80%	0	39 175.51
A-1142	Shiftwork and standby duty	36 000	34 724.55	96.46%	36 000	34 724.55	96.46%	0	1 275.45
A-1149	Other allowances and grants	16 000	0	0%	16 000	0	0%	0	16 000
A-114	<b>Sum:</b>	<b>480 000</b>	<b>422 937.21</b>	<b>88.11%</b>	<b>480 000</b>	<b>422 937.21</b>	<b>88.11%</b>	<b>0</b>	<b>57 062.79</b>
A-1150	Overtime	0	0	0%	0	0	0%	0	0
A-115	<b>Sum:</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>
A-1200	Recruitment expenses	312 000	175 157.93	56.14%	312 000	130 740.40	41.90%	44 417.53	136 842.07
A-1201	Installation resettlement, daily subsistence allowances, removal and travel expenses	1 048 000	644 089.16	61.46%	1 048 000	644 089.16	61.46%	0	403 910.84
A-120	<b>Sum:</b>	<b>1 360 000</b>	<b>819 247.09</b>	<b>60.24%</b>	<b>1 360 000</b>	<b>774 829.56</b>	<b>56.97%</b>	<b>44 417.53</b>	<b>540 752.91</b>
A-1300	Missions duty travel expenses and ancillary expenditure	40 000	11 326.57	28.32%	40 000	10 326.57	25.82%	1 000	28 673.43
A-130	<b>Sum:</b>	<b>40 000</b>	<b>11 326.57</b>	<b>28.32%</b>	<b>40 000</b>	<b>10 326.57</b>	<b>25.82%</b>	<b>1 000</b>	<b>28 673.43</b>
A-1400	Restaurants and canteens	25 000	6 497.47	25.99%	25 000	3 767.85	15.07%	2 729.62	18 502.53

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)	Cancelled (1)-(2)
A-140		25 000	6 497.47	25.99%	25 000	3 767.85	15.07%	2 729.62	18 502.53
A-1410	Medical service	68 000	67 679	99.53%	68 000	32 200	47.35%	35 479	321
A-141	<b>Sum:</b>	<b>68 000</b>	<b>67 679</b>	<b>99.53%</b>	<b>68 000</b>	<b>32 200</b>	<b>47.35%</b>	<b>35 479</b>	<b>321</b>
A-1420	Social contacts between staff	40 000	33 300.36	83.25%	40 000	14 084.46	35.21%	19 215.90	6 699.64
A-1421	Special allowances for disabled and assistance grants	0	0	0%	0	0	0%	0	0
A-1422	Early childhood centres and schooling	757 500	757 500	100.00%	757 500	635 252.68	83.86%	122 247.32	0
A-142	<b>Sum:</b>	<b>797 500</b>	<b>790 800.36</b>	<b>99.16%</b>	<b>797 500</b>	<b>649 337.14</b>	<b>81.42%</b>	<b>141 463.22</b>	<b>6 699.64</b>
A-1500	Further training and language courses for staff	840 000	488 425.13	58.15%	840 000	435 376.98	51.83%	53 048.15	351 574.87
A-150	<b>Sum:</b>	<b>840 000</b>	<b>488 425.13</b>	<b>58.15%</b>	<b>840 000</b>	<b>435 376.98</b>	<b>51.83%</b>	<b>53 048.15</b>	<b>351 574.87</b>
A-1600	Administrative assistance from Community institutions	618 000	618 000	100.00%	618 000	517 662.36	83.76%	100 337.64	0
A-1601	Interim services	1 306 000	1 032 458	79.05%	1 306 000	947 457.85	72.55%	85 000	273 542
A-160	<b>Sum:</b>	<b>1 924 000</b>	<b>1 650 457.85</b>	<b>85.78%</b>	<b>1 924 000</b>	<b>1 465 120.21</b>	<b>76.15%</b>	<b>185 337.64</b>	<b>273 542.15</b>
A-1700	Representation expenses	15 000	1 000	6.67%	15 000	160	1.07%	840	14 000
A-170	<b>Sum:</b>	<b>15 000</b>	<b>1 000</b>	<b>6.67%</b>	<b>15 000</b>	<b>160</b>	<b>1.07%</b>	<b>840</b>	<b>14 000</b>
	<b>TOTAL TITLE I</b>	<b>46 982 000</b>	<b>41 229 742.48</b>	<b>87.76%</b>	<b>46 982 000</b>	<b>40 765 427.32</b>	<b>86.77%</b>	<b>464 315.16</b>	<b>5 752 257.52</b>

**TITLE II: ADMINISTRATIVE EXPENDITURE**

Budget line	Budget line description	Commitments appropriations transaction amount (1)	Executed committed amount (2)	Committed % (2)/(1)	Payments appropriations transaction amount (3)	Executed payments amount (4)	% Paid (4)/(3)	Carried over RAL (8) (2) (4)	Cancelled (1)-(2)
A-2000	Rental costs	3 094 806.63	3 058 415.22	98.82%	3 094 807	3 058 415.22	98.82%	0	36 391.41
<b>A-200</b>	<b>Sum:</b>	<b>3 094 806.63</b>	<b>3 058 415.22</b>	<b>98.82%</b>	<b>3 094 806.63</b>	<b>3 058 415.22</b>	<b>98.82%</b>	<b>0</b>	<b>36 391.41</b>
A-2010	Insurance	10 000	10 000	100%	10 000	4 386.20	43.86%	5 613.80	0
<b>A-201</b>	<b>Sum:</b>	<b>10 000</b>	<b>10 000</b>	<b>100%</b>	<b>10 000</b>	<b>4 386.20</b>	<b>43.86%</b>	<b>5 613.80</b>	<b>0</b>
A-2020	Maintenance and cleaning	787 299	787 298.79	100%	787 299	608 319.57	77.27%	178 979.22	0
<b>A-202</b>	<b>Sum:</b>	<b>787 299</b>	<b>787 298.79</b>	<b>100%</b>	<b>787 299</b>	<b>608 319.57</b>	<b>77.27%</b>	<b>178 979.22</b>	<b>0</b>
A-2030	Water, gas, electricity, heating	200 000	143 550.77	71.78%	200 000	112 607.33	56.30%	30 943.44	56 449.23
<b>A-203</b>	<b>Sum:</b>	<b>200 000</b>	<b>143 550.77</b>	<b>71.78%</b>	<b>200 000</b>	<b>112 607.33</b>	<b>56.30%</b>	<b>30 943.44</b>	<b>56 449.23</b>
A-2040	Fitting out premises	255 193	255 193.37	100%	255 193	58 527.60	22.93%	196 665.77	0
<b>A-204</b>	<b>Sum:</b>	<b>255 193</b>	<b>255 193.37</b>	<b>100%</b>	<b>255 193</b>	<b>58 527.60</b>	<b>22.93%</b>	<b>196 665.77</b>	<b>0</b>
A-2050	Security and surveillance of the building	1 029 701	1 029 701.21	100%	1 029 701	882 214.62	85.68%	147 486.59	0
<b>A-205</b>	<b>Sum:</b>	<b>1 029 701</b>	<b>1 029 701.21</b>	<b>100%</b>	<b>1 029 701</b>	<b>882 214.62</b>	<b>85.68%</b>	<b>147 486.59</b>	<b>0</b>
A-2100	ICT equipment – Hardware and software	2 682 100	2 211 978.09	82.47%	2 682 100	1 551 634	57.85%	660 344.09	470 121.91
A-2101	ICT maintenance	846 000	727 778.13	86.03%	846 000	652 453.54	77.12%	75 324.59	118 221.87
A-2103	Analysis programming technical assistance and other external services for the administration of the agency	1 710 000	1 534 706.07	89.75%	1 710 000	543 572.52	31.79%	991 133.55	175 293.93
A-2104	Telecommunication equipment	1 294 000	1 001 732.19	77.41%	1 294 000	423 669.52	32.74%	578 062.67	292 267.81
<b>A-210</b>	<b>Sum:</b>	<b>6 532 100</b>	<b>5 476 194.48</b>	<b>83.84%</b>	<b>6 532 100</b>	<b>3 171 329.58</b>	<b>48.55%</b>	<b>2 304 864.90</b>	<b>1 055 905.52</b>
A-2200	Technical equipment and installations	40 000	3 730.82	9%	40 000	2 730.82	6.83%	1 000	36 269
<b>A-220</b>	<b>Sum:</b>	<b>40 000</b>	<b>3 730.82</b>	<b>9%</b>	<b>40 000</b>	<b>2 730.82</b>	<b>6.83%</b>	<b>1 000</b>	<b>36 269</b>
A-2210	Furniture	100 000	50 171.66	50.17%	100 000	38 155.20	38.16%	12 016.46	49 828.34
<b>A-221</b>	<b>Sum:</b>	<b>100 000</b>	<b>50 171.66</b>	<b>50.17%</b>	<b>100 000</b>	<b>38 155.20</b>	<b>38.16%</b>	<b>12 016.46</b>	<b>49 828.34</b>
A-2250	Documentation and library expenditure	1 285 600	521 294.25	40.55%	1 285 600	382 527.24	29.75%	138 767.01	764 305.75
<b>A-225</b>	<b>Sum:</b>	<b>1 285 600</b>	<b>521 294.25</b>	<b>40.55%</b>	<b>1 285 600</b>	<b>382 527.24</b>	<b>29.75%</b>	<b>138 767.01</b>	<b>764 305.75</b>
A-2300	Stationary and office supplies	70 000	43 885.14	62.69%	70 000	31 108.11	44.44%	12 777.03	26 114.86
<b>A-230</b>	<b>Sum:</b>	<b>70 000</b>	<b>43 885.14</b>	<b>62.69%</b>	<b>70 000</b>	<b>31 108.11</b>	<b>44.44%</b>	<b>12 777.03</b>	<b>26 114.86</b>
A-2320	Bank and other financial charges	5 000	2 000	40%	5 000	578.10	11.56%	1 422	3 000
<b>A-232</b>	<b>Sum:</b>	<b>5 000</b>	<b>2 000</b>	<b>40%</b>	<b>5 000</b>	<b>578.10</b>	<b>11.56%</b>	<b>1 422</b>	<b>3 000</b>
A-2330	Legal expenses	30 000	15 000	50%	30 000	6 702	22%	8 298	15 000
<b>A-233</b>	<b>Sum:</b>	<b>30 000</b>	<b>15 000</b>	<b>50%</b>	<b>30 000</b>	<b>6 702</b>	<b>22%</b>	<b>8 298</b>	<b>15 000</b>

Budget line	Budget line description	Commitments appropriations transaction amount (1)	Executed committed amount (2)	Committed % (2)/(1)	Payments appropriations transaction amount (3)	Executed payments amount (4)	% Paid (4)/(3)	Carried over RAL (8) (2)-(4)	Cancelled (1)-(2)
A-2350	Miscellaneous insurance	5 000	810.09	16.20%	5 000	810.09	16.20%	0	4 189.91
A-2351	Administrative translations and interpretation costs	50 000	5 150	10.30%	50 000	5 150	10.30%	0	44 850
A-2352	Transportation and removal expenses	62 300	48 186.19	77.35%	62 300	43 790.23	70.29%	4 396	14 113.81
A-2353	Business consultancy	300 000	109 562	36.52%	300 000	47 086	15.70%	62 476.40	190 438
A-2354	General meetings expenditure	20 000	2 767.43	13.84%	20 000	1 941.60	9.71%	826	17 232.57
A-2355	Publications	20 000	1 000	5%	20 000	75	0%	925	19 000
A-2356	Other administrative expenditure	20 000	1 195	5.98%	20 000	1 058	5.29%	137	18 805
A-235	<b>Sum:</b>	<b>477 300.00</b>	<b>168 670.71</b>	<b>35.34%</b>	<b>477 300</b>	<b>99 910.81</b>	<b>20.93%</b>	<b>68 759.90</b>	<b>308 629.29</b>
A-2400	Postage and delivery charges	60 000	39 234.40	65.39%	60 000	28 387.52	47.31%	10 846.88	20 765.60
A-240	<b>Sum:</b>	<b>60 000</b>	<b>39 234.40</b>	<b>65.39%</b>	<b>60 000</b>	<b>28 387.52</b>	<b>47.31%</b>	<b>10 846.88</b>	<b>20 765.60</b>
A-2410	Telecommunication charges	930 000	359 305.10	38.63%	930 000	100 335.19	10.79%	258 969.91	570 694.90
A-241	<b>Sum:</b>	<b>930 000</b>	<b>359 305.10</b>	<b>38.63%</b>	<b>930 000</b>	<b>100 335.19</b>	<b>10.79%</b>	<b>258 969.91</b>	<b>570 694.90</b>
	<b>TOTAL TITLE II</b>	<b>14 907 000</b>	<b>11 963 645.92</b>	<b>80.26%</b>	<b>14 907 000</b>	<b>8 586 235.11</b>	<b>57.60%</b>	<b>3 377 410.81</b>	<b>2 943 354.08</b>

**TITLE III: OPERATIONAL EXPENDITURE \*THE ZERO AMOUNTS REPRESENT THE CANCELLED PAYMENT APPROPRIATIONS OF THE DIFFERENTIATED BUDGET LINES THAT ARE NOT CARRIED OVER.**

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)*	Cancelled (1)-(2)
B3-100	Governance	160 000	108 000	67.50%	160 000	93 178.49	58.24%	14 821.51	52 000
B3-101	Support activities to the Fund	3 476 000	2 220 687.12	63.89%	3 476 000	1 631 642.05	46.94%	0	1 844 357.95
B3-102	Resolution Readiness	880 000	77 480	8.80%	880 000	0	0%	0	880 000
B3-103	Resolution Framework	245 000	2 247	0.92%	245 000	2 247	0.92%	0	242 752.83
B-310	<b>Sum:</b>	<b>4 761 000</b>	<b>2 408 414.29</b>	<b>50.59%</b>	<b>4 761 000</b>	<b>1 727 067.71</b>	<b>36.28%</b>	<b>14 821.51</b>	<b>3 019 110.78</b>
B3-111	Communication	1 843 000	1 755 958.13	95.28%	1 843 000	1 203 104.62	65.28%	0	639 895.38
B3-112	Missions	1 338 000	916 678.91	68.51%	1 338 000	866 678.91	64.77%	50 000	421 321.09
B3-113	Operational ICT	3 350 084	3 295 460.55	98.37%	3 350 084	2 387 412.77	71.26%	0	962 671.26
B3-114	Computing and telecommunications machinery equipment	0	0	0%	0	0	0%	0	0
B3-115	IT services: consulting software development and support	3 379 916	3 379 915.97	100.00%	3 379 916	809 739.81	23.96%	0	2 570 176.16
B-311	<b>Sum:</b>	<b>9 911 000</b>	<b>9 348 013.56</b>	<b>94.32%</b>	<b>9 911 000</b>	<b>5 266 936.11</b>	<b>53.14%</b>	<b>50 000</b>	<b>4 594 063.89</b>
B3-200	Appeal Panel	1 000 000	323 159.64	32.32%	1 000 000	243 159.64	24.32%	80 000	676 840.36
B3-201	Communications during crisis	1 000 000	0	0%	1 000 000	0	0%	0	1 000 000
B3-202	Contingency for the Fund	3 000 000	0	0%	3 000 000	0	0%	0	3 000 000
B3-203	Legal and Litigation	22 000 000	9 001 714.21	40.92%	22 000 000	1 822 848.10	8.29%	0	20 177 151.90
B3-204	Consultancy and advice	15 000 000	5 794 826	38.63%	15 000 000	1 547 826	10.32%	0	13 452 174
B3-205	Crisis contingency	325 000	3 295.80	1.01%	325 000	795.80	0.24%	2 500	321 704.20
B-320	<b>Sum:</b>	<b>42 325 000</b>	<b>15 122 995.85</b>	<b>35.73%</b>	<b>42 325 000</b>	<b>3 614 629.74</b>	<b>8.54%</b>	<b>82 500.00</b>	<b>38 627 870.26</b>
	<b>TOTAL TITLE III</b>	<b>56 997 000</b>	<b>26 879 423.70</b>	<b>47.16%</b>	<b>56 997 000</b>	<b>10 608 633.56</b>	<b>18.61%</b>	<b>147 321.51</b>	<b>46 241 044.93</b>

**TOTAL SRB BUDGET PART I 2019**

BL	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 (C8) (2)-(4)	CANCEL AMOUNT (1)-(2)
	<b>TOTAL SRB BUDGET PART I 2019</b>	<b>118 886 000</b>	<b>80 072 812.10</b>	<b>67.35%</b>	<b>118 886 000</b>	<b>59 960 295.99</b>	<b>50.44%</b>	<b>3 989 047.48</b>	<b>54 936 656.53</b>

**BUDGET IMPLEMENTATION 2019-PART II-SINGLE RESOLUTION FUND  
BUDGET EXECUTION/FUND SOURCE R0-ASSIGNED REVENUE-2019**

Budget lines	Budget available at 01/01/2019	Final appropriations (1)	Committed before 2019	Total committed in 2019(2)	% Committed on appropriation (2)/(1)	Total paid (3)	% Paid on appropriation (3)/(1)	CARRY OVER COM APPROPRIATION (1)-(2)	CARRY OVER PAY APPROPRIATION (1)-(3)
B4-000 Usage of the Fund within Resolution schemes		5		5	100%	4	80%	0	1
B4-010 Investments	22 026 895 764.81	29 028 388 351.13	0	0	0%	0	0%	29 028 388 351.13	29 028 388 351.13
B4-011 Investment returns	39 147 231.61	228 979 451.73	14 791 673.47	83 792 698.81	36.59%	69 001 025.34	30.13%	145 186 752.92	159 978 426.39
B4-031 Bank fees and charges	0	6 629.60	459.60	4 922.60	74.25%	4 028.10	60.76%	1 707	2 601.50
B4-032 Commitment fees on bridge financing arrangements									
<b>TOTAL SRB BUDGET PART II</b>	<b>22 066 042 996.42</b>	<b>29 257 374 437.46</b>	<b>14 792 133.07</b>	<b>83 797 626.41</b>	<b>0.29%</b>	<b>69 005 057.44</b>	<b>0.24%</b>	<b>29 173 576 811.05</b>	<b>29 188 369 380.02</b>

**INSCRIPTION TITLE IX-BUDGETARY RESULT OF YEAR N (SRB FINANCIAL REGULATION ARTICLE 18)**

BL	Budget lines	Commitments appropriations	Commitments established	% Committed	Payments appropriations	Payments executed	Paid %	Carried over commitment appropriations	Carried over payments appropriations
B9-000	Balancing from the reserve	50 417 898.57	0	0%	50 417 898.57	0	0%	50 417 898.57	50 417 898.57

## Annex 4: 2019 establishment plan

	2019		2018	
	TA planned	Actual	TA planned	Actual
AD16	0	0	0	0
AD15	0	0	0	0
AD14	0	0	0	0
AD13	6	0	3	0
AD12	6	4	9	4
AD11	10	4	8	2
AD10	12	11	16	12
AD9	60	21	35	13
AD8	70	52	67	42
AD7	56	47	50	32
AD6	65	74	60	91
AD5	30	70	30	53
<b>Total AD</b>	<b>315</b>	<b>283</b>	<b>278</b>	<b>249</b>
AST11	0	0	0	0
AST10	0	0	0	0
AST9	0	0	0	0
AST8	0	0	0	0
AST7	4	0	3	0
AST6	7	0	3	0
AST5	10	2	8	0
AST4	16	15	13	11
AST3	14	24	17	26
AST2	6	2	2	1
AST1	2	1	2	4
<b>Total AST</b>	<b>59</b>	<b>44</b>	<b>48</b>	<b>42</b>
AST/SC6	0	0	0	0
AST/SC5	0	0	0	0
AST/SC4	2	0	2	0
AST/SC3	12	0	12	0
AST/SC2	7	4	3	2
AST/SC1	5	19	7	22
<b>Total AST/SC</b>	<b>26</b>	<b>23</b>	<b>24</b>	<b>24</b>
<b>Grand Total</b>	<b>400</b>	<b>350</b>	<b>350</b>	<b>315</b>
CA	0	0	0	0
SNE	35	22	35	19

## Annex 5: Staff numbers by nationality and gender

Staff numbers by nationality at the end of 2019

Nationality	2019		2018	
	Staff	in %	Staff	in %
AT	4	1.1 %	5	1.6 %
BE	40	11.4 %	39	12.4 %
BG	13	3.7 %	11	3.5 %
CY	3	0.9 %	2	0.6 %
CZ	3	0.9 %	3	1.0 %
DE	27	7.7 %	23	7.3 %
DK	1	0.3 %	1	0.3 %
EE	0	0.0 %	0	0.0 %
EL	32	9.1 %	29	9.2 %
ES	35	10.0 %	33	10.5 %
FI	3	0.9 %	4	1.3 %
FR	35	10.0 %	32	10.2 %
HR	6	1.7 %	6	1.9 %
HU	3	0.9 %	4	1.3 %
IE	6	1.7 %	5	1.6 %
IT	54	15.4 %	43	13.7 %
LT	3	0.9 %	4	1.3 %
LU	1	0.3 %	0	0.0 %
LV	3	0.9 %	3	1.0 %
MT	2	0.6 %	2	0.6 %
NL	7	2.0 %	7	2.2 %
PE	1	0.3 %	0	0.0 %
PL	17	4.9 %	16	5.1 %
PT	9	2.6 %	8	7.3 %
RO	24	6.9 %	23	0.3 %
SE	2	0.6 %	1	0.6 %
SI	4	1.1 %	2	1.0 %
SK	3	0.9 %	3	1.9 %
UK	9	2.6 %	6	1.0 %
<b>Total</b>	<b>350</b>	<b>100 %</b>	<b>315</b>	<b>100 %</b>

Staff numbers by gender

In 2019 the SRB employed 158 female and 192 male Temporary Agents on 31 December 2019.

Gender	2019	
	Number	in %
Male	192	54.9 %
Female	158	45.1 %

## Gender distribution by grade

Grade/ Gender	%		Number		
	Female	Male	Female	Male	Total
AD 12	0 %	100 %	0	4	4
AD 11	25 %	75 %	1	3	4
AD 10	18 %	82 %	2	9	11
AD 9	43 %	57 %	9	12	21
AD 8	38 %	62 %	20	32	52
AD 7	40 %	60 %	19	28	47
AD 6	49 %	51 %	36	38	74
AD 5	31 %	69 %	22	48	70
AST 5	100 %	0 %	2	0	2
AST 4	73 %	27 %	11	4	15
AST 3	54 %	46 %	13	11	24
AST 2	100 %	0 %	2	0	2
AST 1	100 %	0 %	1	0	1
AST-SC2	100 %	0 %	4	0	4
AST-SC1	84 %	16 %	16	3	19
<b>Total</b>	<b>45.1 %</b>	<b>54.9 %</b>	<b>158</b>	<b>192</b>	<b>350</b>

## Annex 6: Final accounts 2019

## STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

(EUR)

Description	2019	2018	Variation
<b>NON-CURRENT ASSETS</b>	<b>10 087 874 557.10</b>	<b>6 414 795 177.58</b>	<b>3 673 079 379.52</b>
Intangible fixed assets	4 163 596.42	1 893 309.66	2 270 286.76
Tangible fixed assets	2 401 022.26	2 014 645.40	386 376.86
Available for sale financial assets (non-current)	10 081 309 938.42	6 410 887 222.52	3 670 422 715.90
Long-term pre-financing	0.00	0.00	0.00
Long-term receivables	0.00	0.00	0.00
<b>CURRENT ASSETS</b>	<b>22 838 681 282.01</b>	<b>18 588 621 194.24</b>	<b>4 250 060 087.77</b>
Available for sale financial assets (current)	1 051 468 273.79	937 368 284.82	114 099 988.97
Short-term pre-financing	35 000.00	6 704.50	28 295.50
Short-term receivables	15 534 534.64	15 996 771.82	-462 237.18
Cash and cash equivalents	21 771 643 473.58	17 635 249 433.10	4 136 394 040.48
<b>TOTAL ASSETS</b>	<b>32 926 555 839.11</b>	<b>25 003 416 371.82</b>	<b>7 923 139 467.29</b>
<b>NET ASSETS</b>	<b>29 191 715 238.95</b>	<b>22 072 693 630.29</b>	<b>7 119 021 608.66</b>
Accumulated reserves	22 052 522 355.46	15 348 724 427.05	6 703 797 928.41
Economic outturn of the year (Fund)	6 990 255 990.56	6 703 797 928.41	286 458 062.15
Economic outturn of the year (administrative)	0.00	0.00	0.00
Fair value revaluation reserve	148 936 892.93	20 171 274.83	128 765 618.10
<b>NON-CURRENT LIABILITIES</b>	<b>3 721 548 253.96</b>	<b>2 913 706 454.02</b>	<b>807 841 799.94</b>
Provisions for risks and charges	0.00	0.00	0.00
Long-term liabilities from SRB specific activities (IPC)	3 608 670 158.27	2 819 882 321.00	788 787 837.27
Other long-term liabilities	112 878 095.69	93 824 133.02	19 053 962.67
<b>CURRENT LIABILITIES</b>	<b>13 292 346.20</b>	<b>17 016 287.51</b>	<b>-3 723 941.31</b>
Provisions for risks and charges (short-term)	0.00	0.00	0.00
Payables	13 292 346.20	17 016 287.51	-3 723 941.31
<b>TOTAL RESERVES AND LIABILITIES</b>	<b>32 926 555 839.11</b>	<b>25 003 416 371.82</b>	<b>7 923 139 467.29</b>

## STATEMENT OF FINANCIAL PERFORMANCE FOR 2018

(EUR)

Description	2019	2018	Variation
<b>OPERATING REVENUES</b>	<b>7 099 366 716.32</b>	<b>6 019 807 052.62</b>	<b>1 079 559 663.70</b>
Non-exchange revenues from Fund contributions	7 030 648 096.64	6 753 926 199.99	276 721 896.65
Other non-exchange revenues from administrative contributions	68 688 453.10	59 789 574.53	8 898 878.57
Other exchange operating revenue	535.08	5 539.82	-5 004.74
Other administrative revenue	29 631.50	27 207.73	2 423.77
<b>OPERATING EXPENSES</b>	<b>-68 655 674.41</b>	<b>-53 788 735.44</b>	<b>-14 866 938.97</b>
Administrative expenses	-60 382 717.36	-50 816 237.98	-9 566 479.38
All staff expenses	-39 078 227.70	-33 137 124.94	-5 941 102.76
Fixed asset-related expenses	-2 642 309.19	-2 144 990.89	-497 318.30
Other administrative expenses	-18 662 180.47	-15 534 122.15	-3 128 058.32
Operational expenses	-8 272 957.05	-8 931 052.08	658 095.03
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>	<b>7 030 711 041.91</b>	<b>5 966 018 317.18</b>	<b>1 064 692 724.73</b>
Financial revenues	32 167 521.43	12 796 298.77	19 371 222.66
Financial expenses	-72 622 572.78	-62 999 602.37	-9 622 970.41
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>	<b>6 990 255 990.56</b>	<b>5 915 815 013.58</b>	<b>1 074 440 976.98</b>
Extraordinary gains	0.00	0.00	0.00
Extraordinary losses	0.00	0.00	0.00
<b>SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>6 990 255 990.56</b>	<b>5 915 815 013.58</b>	<b>1 074 440 976.98</b>

## Annex 7: Procurement procedures launched in 2019

Types of procurement procedures launched in 2019	No
Open	2
Restricted	0
Low-value and middle value negotiated procedures (1 000 > 14 999)	24
Low-value and middle value negotiated procedures (15 000 > 144 000)	4
Special negotiated procurement under Art. 11	24
Reopening procedures under SRB Framework Contracts SRBOP12015 Lot 1, SRBOP52017 and SRBOP22018	8

### DETAILED PRESENTATION OF THE 2019 PROCUREMENT PROCEDURES

#### OPEN PROCEDURES

CONTRACT NUMBER	SUBJECT	STATUS
SRB/OP/1/2019	SELECTION OF BANKS FOR THE EXECUTION OF PAYMENTS IN EUR MAINLY WITHIN THE SEPA AREA	Cancelled
SRB/OP/2/2019	PROVISION OF ANALYSIS OF FINANCIAL STATEMENTS AND ACCOUNTING ADVICE	Evaluation ongoing

#### LOW-VALUE AND MIDDLE VALUE NEGOTIATED PROCEDURES

	CONTRACT NUMBER	SUBJECT	STATUS	AWARDED CEILING (EUR)
EUR 15 000 > 144 000	SRB/NEG/6/2019	PROVISION OF ACCESS TO CREDIT DEFAULT SWAP DATA	AWARDED	€ 100 000
	SRB/NEG/30/2019	WEB USABILITY STUDIES FOR SRB INTRANET & PUBLIC	AWARDED	€ 93 020
	SRB/NEG/50/2019	OCCUPATIONAL HEALTH & SAFETY RISK ASSESSMENT	LAUNCHED	N/A
	SRB/NEG/63/2019	PROVISION OF LEGAL SERVICES	LAUNCHED	N/A

## SPECIAL NEGOTIATED PROCEDURES

	CONTRACT NUMBER	JUSTIFICATION	SUBJECT	STATUS	AWARDED AMOUNT
Art. 11.a (a) to (f), (g), (h) (i)	SRB/NEG/5/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 58 000
	SRB/NEG/7/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 38 000
	SRB/NEG/9/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 22 000
	SRB/NEG/10/2019	11.1.b	Financial times	Awarded	€ 48 170
	SRB/NEG/11/2019	11.1.i	Provision of professional legal services	Awarded	€ 1 000 000
	SRB/NEG/12/2019	11.1.b	Beck-online subscription	Awarded	€ 49 050
	SRB/NEG/13/2019	11.1.i	Provision of analysis of financial statements and accounting advice	Awarded	€ 550 000
	SRB/NEG/14/2019	11.1.i	Provision of advice financial	Awarded	€ 2 745 000
	SRB/NEG/15/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 250 000
	SRB/NEG/23/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 100 000
	SRB/NEG/24/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 72 000
	SRB/NEG/25/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 119 000
	SRB/NEG/27/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 73 000
	SRB/NEG/28/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 200 000
	SRB/NEG/29/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 98 000
	SRB/NEG/31/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 100 000
	SRB/NEG/32/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 145 000
	SRB/NEG/33/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 48 000
	SRB/NEG/34/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 100 000
	SRB/NEG/43/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 150 000
	SRB/NEG/45/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 240 000
	SRB/NEG/55/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 145 000
	SRB/NEG/61/2019	11.1.c	Provision of banking services	Awarded	N/A
	SRB/NEG/62/2019	11.1.h	Provision of professional legal services for litigation	Awarded	€ 100 000

## REOPENING OF COMPETITION RELATED TO RESOLUTION

CONTRACT NUMBER	SUBJECT	STATUS	AWARDED AMOUNT
SRB/OP/1/2015 LOT 1	PROVISION OF ANALYSIS OF FINANCIAL STATEMENTS & ACCOUNTING ADVICE - SC 8	AWARDED	€ 660 000
SRB/OP/1/2015 LOT 1	PROVISION OF ANALYSIS OF FINANCIAL STATEMENTS & ACCOUNTING ADVICE - SC 9	AWARDED	€ 330 000
SRB/OP/2/2018	PROVISION OF ADVICE & ASSISTANCE FOR ECONOMIC AND FINANCIAL VALUATION - SC 1	AWARDED	€ 1 750 000
SRB/OP/5/2017	PROVISION OF LEGAL ADVICE - SC 5	AWARDED	€ 500 000
SRB/OP/5/2017	PROVISION OF LEGAL ADVICE - SC 6	AWARDED	€ 75 000
SRB/OP/5/2017	PROVISION OF LEGAL ADVICE - SC 7	AWARDED	€ 120 000

## Annex 8: Summary of the Key Performance Indicators from the 2019 SRB work programme

Number	The SRB's Key Performance Indicators for 2019	Target	Value	Comments
<b>STRENGTHENING RESOLVABILITY FOR ALL BANKS</b>				
1	Substantially enhance resolution plans for banking groups under the direct remit of the SRB covered by resolution colleges, including binding MREL targets at consolidated level and at material entity level.	100 %	100 %	The SRB has substantially enhanced resolution plans of banking groups with resolution colleges including MREL targets at consolidated level and at material entity level.
2	Substantially enhance resolution plans for banking groups under the direct remit of the SRB not covered by resolution colleges, including binding MREL targets at consolidated level and at material entity level.	90 %	90 %	The SRB has substantially enhanced resolution plans of banking groups without resolution colleges including MREL targets at consolidated level and at material entity level.
3	Substantially enhance resolvability assessments for banking groups under the direct remit of the SRB, through dialogue with banking groups on measures to remove impediments.	100 %	100 %	Yearly working priorities for enhancing resolvability have been communicated in writing to all banks and banks' implementation programmes are being monitored by IRTs in dialogue with the banks on a continuous basis.
4	Assessment of draft resolution decisions submitted by NRAs concerning LSIs under their direct competence.	100 %	100 %	The responsible unit completed the assessment of all draft resolution decisions submitted by NRAs concerning LSIs under their direct competence.
<b>ESTABLISHING A ROBUST RESOLUTION FRAMEWORK</b>				
5	Completing the policy framework regarding resolution planning for banking groups under the direct remit of the SRB and update and publication of the resolution planning manual.	100 %	100 %	All policy work prioritised for 2019 has been delivered through the adoption of the Resolution Planning Manual and the development of the SRB <i>Expectations for Banks</i> document.
6	Accession to CoAgs concerning non-EU G-SIBs also established in the BU and conclusion of bilateral MoUs with non-participating Member States.	100 %	Ongoing	Accession to CoAgs concerning non-EU G-SIBs: In 2019, the SRB launched the process for negotiations with some third-country authorities. Negotiations are expected to advance in 2020.  Arrangements with non-participating MS: the SRB continued negotiating with the ECB-SSM a draft template for these MoUs. Following an agreement, the SRB-ECB template MoU will be submitted to the supervisory and resolution authorities of non-participating Member States.
7	Actively participate in relevant European and international fora (in particular the EBA and the FSB) to enrich SRB policy work and share SRB policy stances.	Attendance of 90 %	100 %	SRB representatives participated in 100 % of EBA meetings where it is represented (six Board of Supervisors and five Resolution Committee meetings as well in all relevant subgroups). Regarding the work within the FSB, the SRB participated and actively contributed in all two meetings and two conference calls of the Resolution Steering Group and the relevant sub-groups.
8	Number of resolution-related trainings offered to SRB staff.	15	24	In 2019, SRB carried out 24 full-day (or longer) events. In addition, a number of shorter workshops, info-sessions, were delivered on resolution related topics.
<b>CARRYING OUT EFFECTIVE CRISIS MANAGEMENT</b>				
9	Steering coordination in view of the finalisation of national handbooks on crisis management.	100 %	Ongoing	The SRB continued to coordinate NRAs' work in completing and updating national handbooks on crisis management, with one physical meeting of the dedicated experts' network being held in September 2019.
10	Fully-fledged dry-run exercise for relevant SRB staff and NRAs within the BU or NRAs within non-participating Member States to test the deliverables of the Crisis Readiness Project.	1 exercise	1 exercise	The SRB held a 'fully fledged' dry-run in December 2019, with the active participation of four Banking Union NRAs and other external stakeholders (e.g. ECB, EC and EBA). The objective of the dry-run was to test procedures and communication in crisis.

Number	The SRB's Key Performance Indicators for 2019	Target	Value	Comments
<b>OPERATIONALISING THE SRF</b>				
11	Implementation of the Investment Plan 2019 and preparation of the 2020 Plan.	By Q3	By Q3	The SRB continued investments in securities in 2019 and implemented the Investment Plan 2019 in several instalments. Equally, the Investment Plan for 2020 was prepared on time by Q3 2019.
12	Further enhancement of the preparedness for possible <i>ex post</i> financing situation.	By Q4	By Q4	The key elements on the operationalisation of the Common Backstop were discussed with the Member States and the ESM. The SRB also engaged with credit rating agencies exploring the feasibility of an external rating for possible <i>ex post</i> financing situations.
<b>ESTABLISHING A LEAN AND EFFICIENT ORGANISATION</b>				
13	Implementation of the ICT programme in line with the ICT steering committee.	100 %	100 %	The ICT steering committee agreed and adopted an ICT programme, which was fully implemented accordingly in 2019.
14	Building and Facilities availability	98.2 %	100 %	The building and facilities of the SRB did not experience an outage in 2019.
15	Timely handling of all compliance requests and requests for legal advice.	90 %	91.9 %	The relevant teams provided guidance and advice within the time limit of 2 weeks for 97.4 % of compliance requests and 86.4 % of requests for legal advice.
16	Timely payment of invoices	95 %	99.25 %	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.
17	Launching recruitment procedures to realise 2019 Establishment Plan of 400 statutory staff.	100 %	98 %	The finalised or ongoing selections covered 98 % of establishment plan in 2019. Two selections covering the remaining 2 % were launched at the beginning of 2020.

## Annex 9: Members of the Plenary Session

### MEMBERS OF THE PLENARY SESSION AT 31 DECEMBER 2019

ROLE	NAME	AUTHORITY
Chair	Elke KÖNIG	SRB
Vice-Chair	Timo LÖYTTYNIEMI	SRB
Full-time board member	Sebastiano LAVIOLA	SRB
Full-time board member	Antonio CARRASCOSA	SRB
Full-time board member	Boštjan JAZBEC	SRB
Full-time board member	Dominique LABOUREIX	SRB
Member appointed by participating MS representing the NRA	Romain STROCK	Luxembourg — Commission de Surveillance du Secteur Financier
Member appointed by participating MS representing the NRA	Nicole STOLK-LUYTEN	Netherlands — De Nederlandsche Bank
Member appointed by participating MS representing the NRA	Dana MEAGER	Slovakia — Slovak Resolution Council
Member appointed by participating MS representing the NRA	Aldo GIORDANO	Malta — Malta Financial Services Authority
Member appointed by participating MS representing the NRA	Riin HEINASTE	Estonia — Finantsinspeksioon (Estonian Financial Supervision and Resolution Authority)
Member appointed by participating MS representing the NRA	Klaus KUMPFMÜLLER	Austria — Austrian Financial Market Authority
Member appointed by participating MS representing the NRA	Tuija TAOS	Finland — Finnish Financial Stability Authority
Member appointed by participating MS representing the NRA	Thorsten PÖTZSCH	Germany — Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)
Member appointed by participating MS representing the NRA	Luis Augusto Maximo DOS SANTOS	Portugal — Banco de Portugal
Member appointed by participating MS representing the NRA	Marko BOSNJAK	Slovenia — Banka Slovenije
Member appointed by participating MS representing the NRA	Frédéric VISNOVSKY	France — Autorité de contrôle prudentiel et de résolution
Member appointed by participating MS representing the NRA	Jaime PONCE HUERTA	Spain — FROB (Spanish Executive Resolution Authority)
Member appointed by participating MS representing the NRA	Steven VANACKERE	Belgium — National Bank of Belgium
Member appointed by participating MS representing the NRA	Michalis STYLIANOU	Cyprus — Central Bank of Cyprus
Member appointed by participating MS representing the NRA	Vasileios MADOUROS	Ireland — Central Bank of Ireland
Member appointed by participating MS representing the NRA	Tomas GARBARAVIČIUS	Lithuania — Bank of Lithuania
Member appointed by participating MS representing the NRA	Maria MAVRIDOU	Greece — Bank of Greece
Member appointed by participating MS representing the NRA	Enzo SERATA	Italy — Banca d'Italia — Resolution Unit
Member appointed by participating MS representing the NRA	Jelena LEBEDEVA	Latvia — Financial and Capital Market Commission
Observer in accordance with Article 3.2 of RoP of Plenary Session	Jesus SAURINA	Spain — Banco de España — (Spanish Preventive Resolution Authority)
Observer	Kerstin AF JOCHNICK	European Central Bank
Observer	Olivier GUERSENT	European Commission — DG Financial Stability, Financial Services and Capital Markets Union
Observer	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 teams (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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