

SRB MREL Dashboard – Q2.2022

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The minimum requirement for own funds and eligible liabilities (MREL) dashboards are based on bank data reported to the Single Resolution Board (SRB) and cover entities under the SRB's remit¹. The first section of the dashboard focuses on the evolution of MREL targets for resolution entities and non-resolution entities², the level and the quality of stock of MREL instruments and shortfalls in Q2.2022. The second section highlights recent developments in the cost of funding and provides an overview of gross issuances of MREL instruments in Q2.2022³.

In Q2.2022, banks reported a reduction of the MREL shortfall including the Combined Buffer Requirement (CBR) against final (2024) targets for both resolution and non-resolution entities. As for MREL gross issuances reported during the quarter, their level decreased compared to the previous quarter while remaining broadly in line with the level of the same quarter last year.

1. MREL monitoring Q2.2022

1.1. MREL targets for resolution entities

The average MREL final target (2024) for resolution entities under the SRB remit stood at 23.2% of the Total Risk Exposure Amount (TREA) corresponding to EUR 1,736 bn. When considering the CBR in addition to the risk-based MREL, the final target was equal to 26.4% or EUR 1,970 bn. Both targets remained stable compared to Q1.2022⁴ (cf. Chart 1). The final subordination target⁵ amounted to 19.1% TREA⁶ or EUR 1,431 bn, decreasing marginally from Q1.2022 where it stood at 19.4% TREA or EUR 1,442 bn.

Looking at the MREL targets by different categories of banks, G-SIIs, Top Tier and non-Pillar 1 banks registered levels of MREL target including the CBR respectively equal to 27%, 25.8% and 25.1% TREA, while for the ten Other Pillar 1 banks the MREL target level was 27.9% TREA. For the latter category, the MREL

¹ The detailed scope is provided in the methodological annex.

² Resolution entities are entities for which an external MREL target was set at consolidated level of the resolution group. Non-resolution entities are entities that are not themselves resolution entities for which an internal MREL target was set at individual level or sub-consolidated level, where applicable.

³ This publication is based on the templates received as per the Commission Implementing Regulation (EU) 2021/763, COREP templates, the SRB proprietary database built upon quarterly reporting received from banks under the SRB remit and SRB staff computations (cf. methodological annex for further details). The data in this publication is provided for information purposes only. This document shall neither be binding nor construed as constituting a commitment by the SRB on how it will exercise its tasks and shall be without prejudice to any stance that the SRB may take with respect to the subject of this publication. The SRB shall not be held liable for any use of the data therein.

⁴ In percentage of TREA, the average MREL final target decreased marginally (by 0.1% TREA), while it was unchanged when considering the CBR. In absolute amount, the target was up by 0.3% or by 0.7% when including the CBR.

⁵ All references to the subordination targets/shortfalls in the Section 1 consider the CBR in addition to the risk-based MREL.

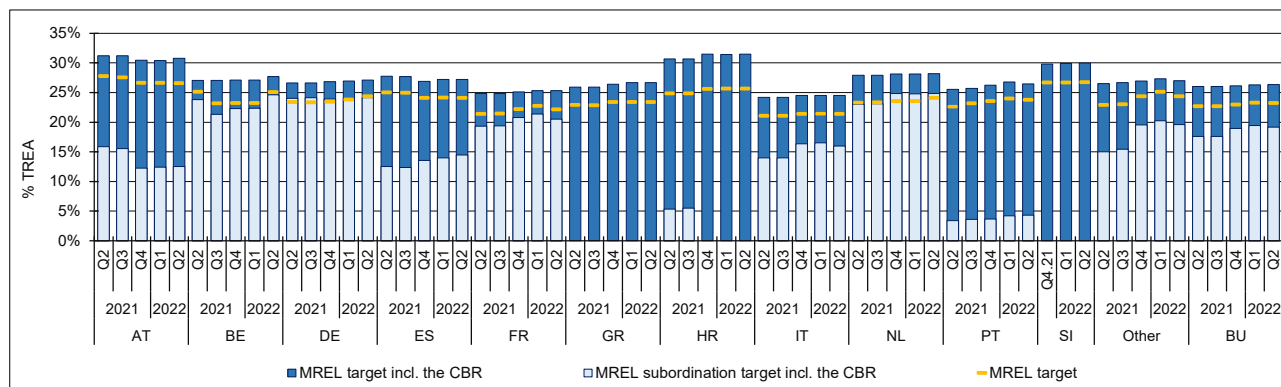
⁶ The average subordinated target is calculated over the full sample. When considering only the banks with the MREL subordination target, the average target including the CBR was equal to 21.1% TREA; down by 0.3% TREA compared to Q1.2022.

requirements in most cases were almost fully subordinated due to 8% TLOF adjustment⁷ and lower risk density of the banks (cf. Chart 2).

When analysing targets by the resolution strategy, the MREL target for resolution entities under a SPE strategy, adopted for the large majority of banks under the SRB remit, was on average equal to 25.8% TREA. For resolution entities under a MPE strategy the MREL average target was instead equal to 29.9% TREA, in light of additional safeguards (add-on) needed to minimise the risks of financial contagion between resolution groups pertaining to the same banking groups⁸. Among different resolution tools, banks under bail-in tool registered a target of 26.5% TREA, compared to 23.5% TREA for banks under a transfer tool (cf. Chart 3), that takes into account the potentially lower recapitalisation need when a bank is to be resolved.

The average MREL intermediate target (2022) reached 21.9% TREA (25.1% TREA when including the CBR)⁹ and 18.1% TREA for the subordination target¹⁰.

Chart 1: MREL final target (of which subordination¹¹) for resolution entities by country, % TREA¹²



⁷ As per Article 12c (4) SRMR.

⁸ The assumption of the MPE strategy is that each part of the banking group (resolution groups) can be resolved credibly and feasibly without creating an adverse effect to the other resolution groups of the same banking group.

⁹ A reduced sample for average intermediate targets was considered.

¹⁰ Same as for footnote 6. when considering only the banks with an intermediate MREL subordination target, the average target was equal to 20.4%.

¹¹ The specific level of subordination targets varies across countries and is driven by a variety of factors, in particular: (i) the risk density, (ii) the share of Pillar 1 banks and (iii) NCWO risk and adjustments. As a result, some banks - such as those in GR and SI - are not subject to subordination requirements.

¹² As a result of the evolution of scope in the 2021 RPC, SI is now represented by three institutions. Consequently, starting from Q4.2021 figures for the country are presented on charts and tables across the Dashboard. For the previous quarters, the country was grouped as "Other".

Chart 2: MREL final target (of which subordination) for resolution entities by bank category, % TREA

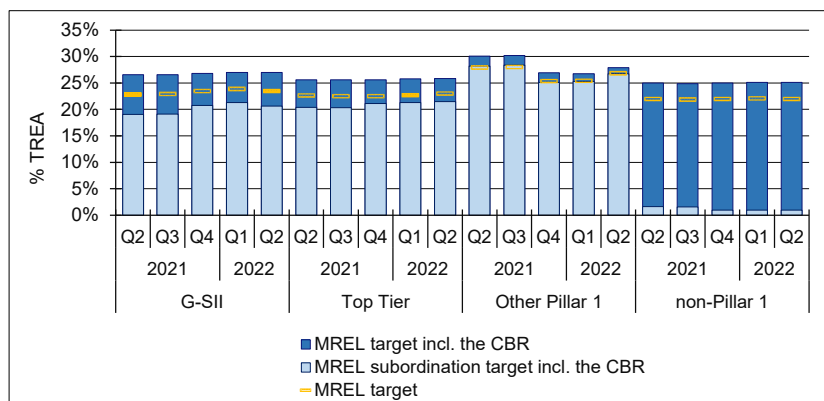
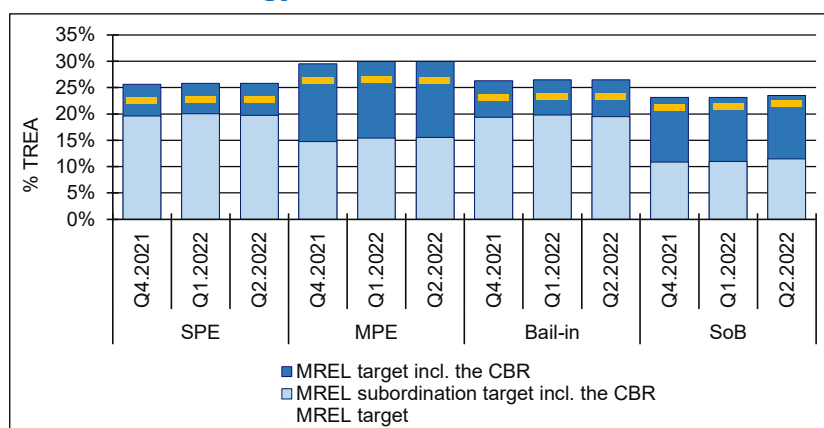


Chart 3: MREL final target (of which subordination) for resolution entities by preferred resolution strategy and tool, % TREA



1.2. MREL instruments of resolution entities

The stock of MREL - own funds and eligible liabilities - was broadly stable compared to the previous quarter while being slightly above the level of the second quarter of last year. Specifically, the MREL outstanding stock stood at EUR 2,318 bn, up by EUR 38.3 bn (or 1.7%) from Q1.2022 and up by EUR 102.5 bn (or 4.6%) year-on-year¹³. In line with the trend observed for the overall MREL stock, the level of the subordinated capacity was overall stable amounting to EUR 1,965 bn, increasing by EUR 29.2 bn (or 1.5%) from Q1.2022 (cf. Chart 4).

In percentage of TREA, Top-Tier, G-SII and non-Pillar 1 banks registered a MREL stock respectively equal to 32.3%, 30.8% and 24.1%, while for the category of Other Pillar 1 banks this ratio was equal to 45.5% (cf. Chart 5). Overall, some heterogeneity was observed in the MREL composition across different banks. On average, senior non-preferred liabilities accounted for 19% of the overall MREL outstanding stock of banks in scope, with a substantial variation across different categories of banks. Senior bonds represented 16% of the overall

¹³ When considering the same sample of banks, the stock of MREL-eligible liabilities and own funds rose by 3.0% or EUR 65.8 bn year-on-year.

MREL stock, ranging from 14% for G-SII banks to 22% for Other Pillar 1 banks. Non-covered non-preferred deposits accounted for less than 1% of the overall MREL outstanding stock (cf. Charts 6-7).

Analysing the maturity profile of MREL-eligible instruments, around 49% of them were of perpetual nature, 37% with residual maturities between two and 10 years, around 7% with residual maturities above 10 years and also 7% maturing between one and two years. This latter amount varied from 5% for non-Pillar 1 banks to 9% for Top Tier and Other Pillar 1 banks (cf. Charts 8-9).

Around 18.5% of the overall MREL stock was composed by instruments issued under non-EU law, 95% of which governed by either US or UK law. Across all jurisdictions, eligible liabilities accounted for around two-thirds of all third country instruments. Shares of Tier 2 and AT1 instruments were equal to 20% and 10% of total contracts under non-EU law, respectively; both mostly under UK and US law (cf. Charts 10-11).

Chart 4: MREL-eligible liabilities (of which subordinated) and own funds of resolution entities by country, % TREA

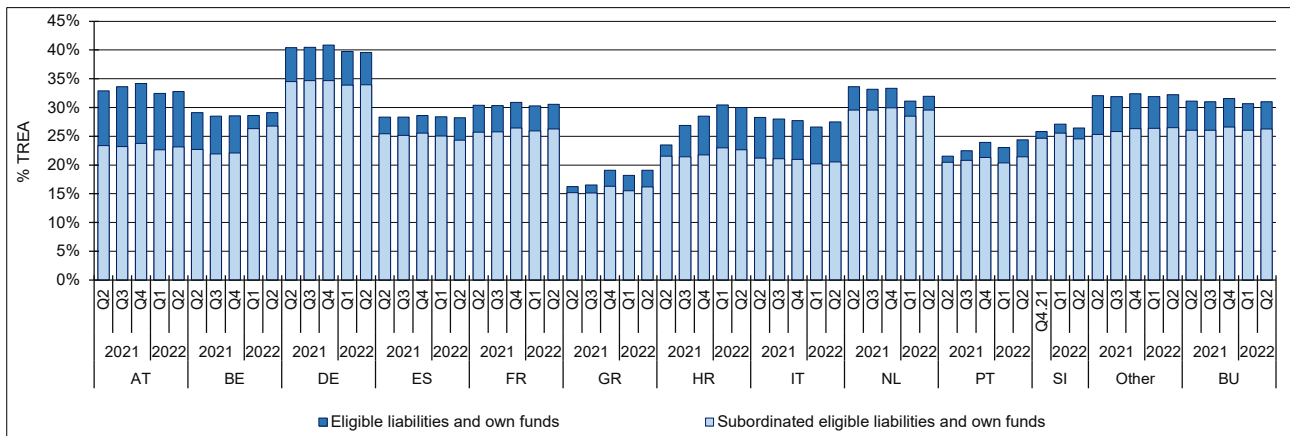


Chart 5: MREL-eligible liabilities (of which subordinated) and own funds by bank category, % TREA

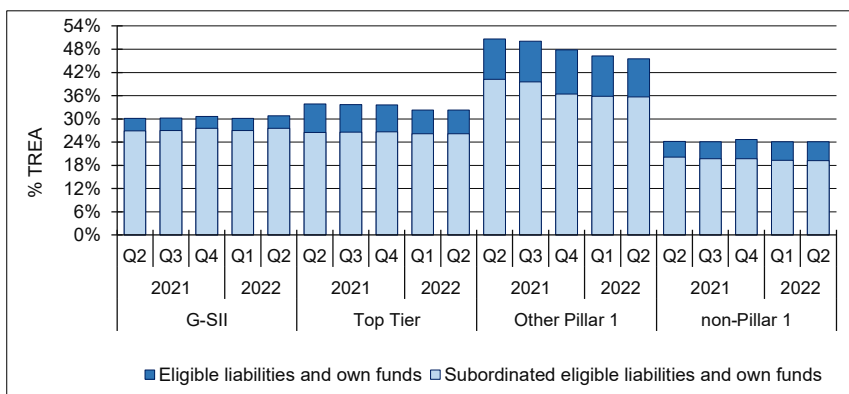


Chart 6: MREL composition by country as of 30 June 2022^{14,15}

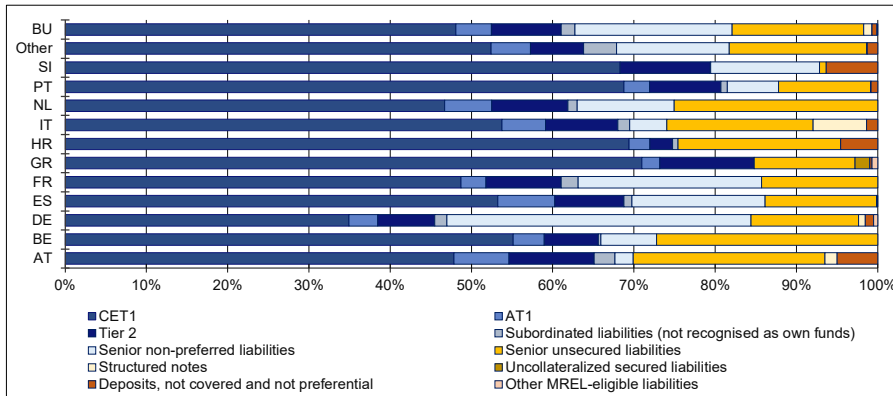


Chart 7: MREL composition by bank category as of 30 June 2022

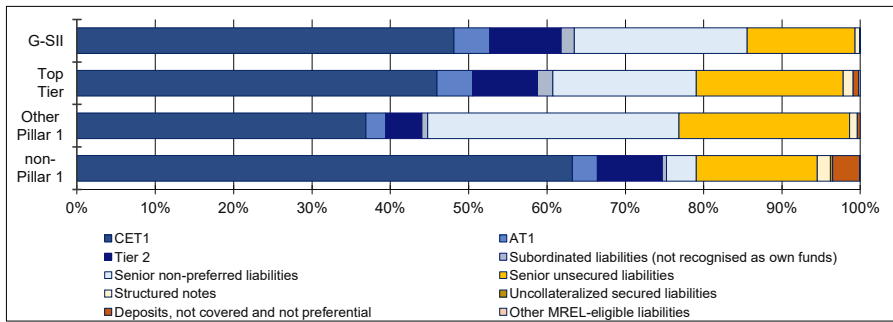
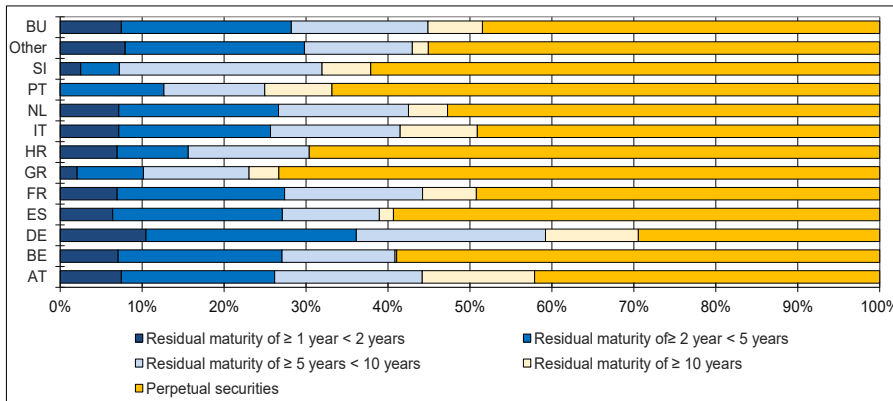


Chart 8: Maturity concentration of MREL-eligible instruments by country as of 30 June 2022



¹⁴ Uncollateralised secured liabilities can be recognised as MREL-eligible (i) for, and limited to, the amount exceeding the value of the collateral by which it is secured (i.e. the uncovered amount of the secured liabilities) and (ii) providing they meet all the other conditions defined in both the CRR Articles 72a to 72c and the SRMR Article 12c (1-3).

¹⁵ Some MREL-eligible liabilities are structurally subordinated because they are issued by a resolution entity that is a clean holding company. As a result, for some holding companies – for instance those in BE and NL – senior debt instruments are considered as part of the subordinated capacity.

Chart 9: Maturity concentration of MREL-eligible instruments by bank category as of 30 June 2022

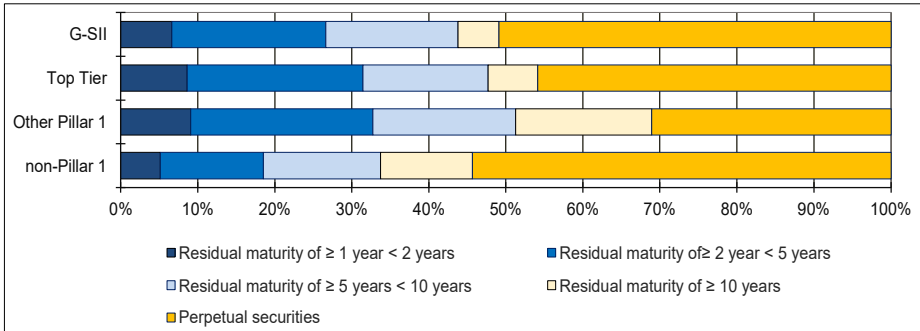


Chart 10: MREL composition - instruments under EU law vs instruments under non-EU law as of 30 June 2022

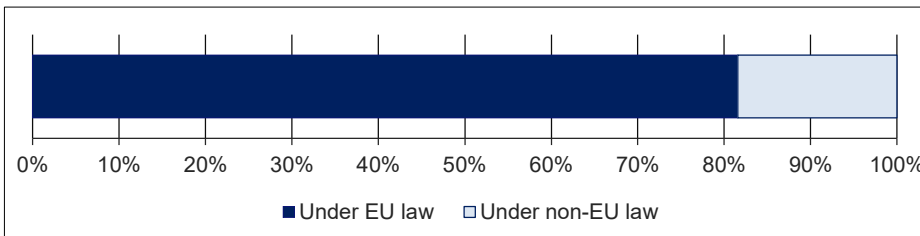
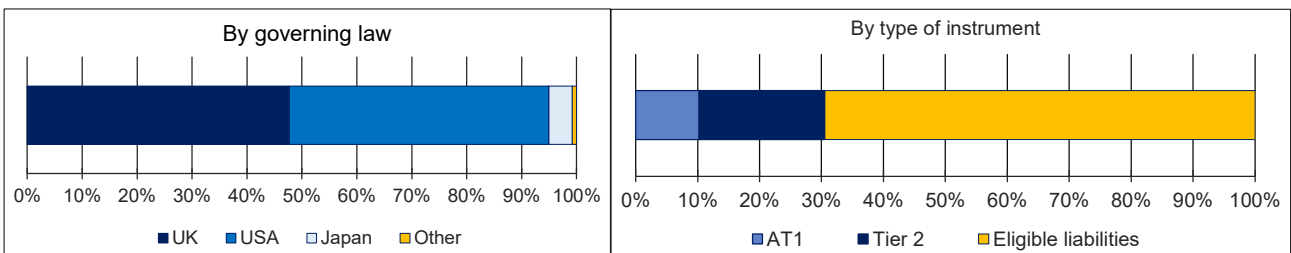


Chart 11: Instruments governed by third country law in the MREL stock as of 30 June 2022¹⁶



¹⁶CET1 instruments were not shown on the chart as the instruments accounted for less than 0.01% of the overall MREL stock under third country law.

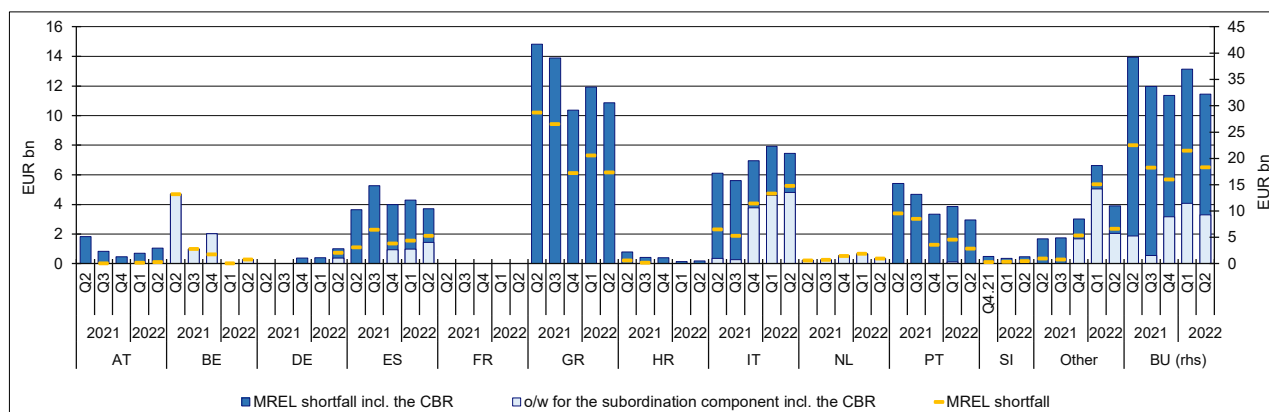
1.3. Shortfalls of resolution entities

The MREL shortfall against the final 2024 targets¹⁷ amounted to EUR 18.3 bn (or EUR 32.2 bn when considering the CBR), in reduction compared to Q1.2022 (by EUR 3.2 bn and EUR 4.7 bn, respectively). Year-on-year, the overall shortfall in absolute value decreased by EUR 4.2 bn (or EUR 7 bn when considering the CBR¹⁸). The corresponding value of the MREL shortfall in percentage of TREA was equal to 0.2% TREA (0.4% TREA when considering the CBR). The subordination shortfall reached the value of EUR 9.3 bn (corresponding to 0.1% TREA), decreasing by EUR 2.2 bn from Q1.2022 (cf. Charts 12-13 and Table 1).

When considering the CBR, 34 banks (or around 40% of the sample) reported a shortfall with a substantial degree of variation among them. For 13 out of the 34 banks, the transitional period has been extended, ending, in most cases, in 2024-2025. Other Pillar 1 banks were the only category of banks reporting an overall increase in the shortfall (including the CBR) over the quarter. Such evolution can be attributed, among other factors, to the increased MREL targets (cf. Section 1.1) not yet mirrored by a corresponding increase in the MREL stock. The share of non-Pillar 1, Top Tier and Other Pillar 1 banks in the total shortfall (including the CBR) respectively accounted for 62.5%, 32.7% and 4.8% of the total shortfall. When considering the CBR, non-Pillar 1 banks remained the entities with the highest shortfall in percentage of TREA (2.7%), followed by Other Pillar 1 (1.2%) and Top Tier (0.3%) banks (cf. Chart 14).

With respect to the intermediate MREL targets including CBR, nearly all resolution and non-resolution entities were compliant in July 2022. The SRB is strictly monitoring the very few shortfall cases and requiring banks to address them adequately.

Chart 12: MREL shortfalls (of which subordination) against final targets of resolution entities by country, EUR bn



¹⁷ For some entities, the transitional period ends after 1 January 2024, as per Article 12k (1) and (4) SRMR.

¹⁸ When considering the same sample of banks, year-on-year, the MREL shortfall decreased by around EUR 5 bn, and by EUR 8 bn when including the CBR.

Chart 13: MREL shortfalls (of which subordination) against final targets of resolution entities by country, % TREA

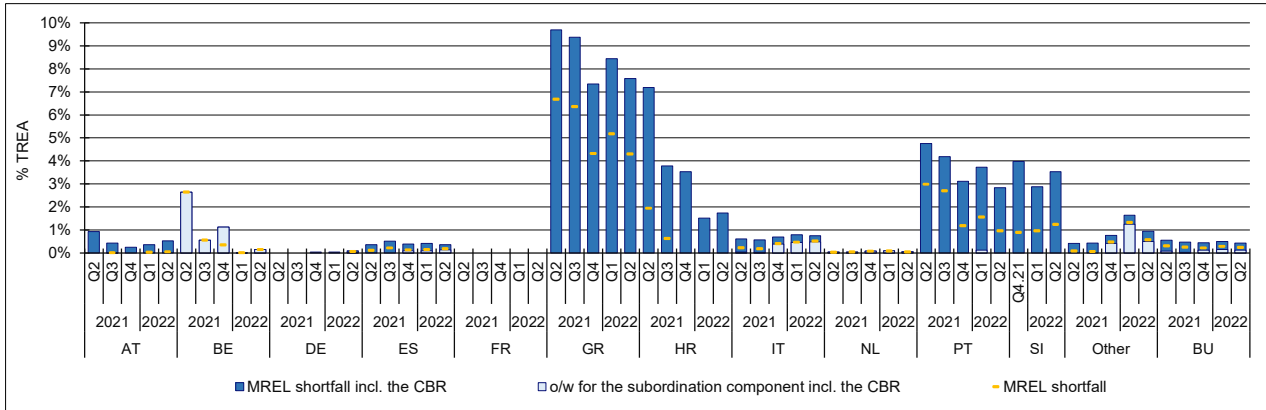
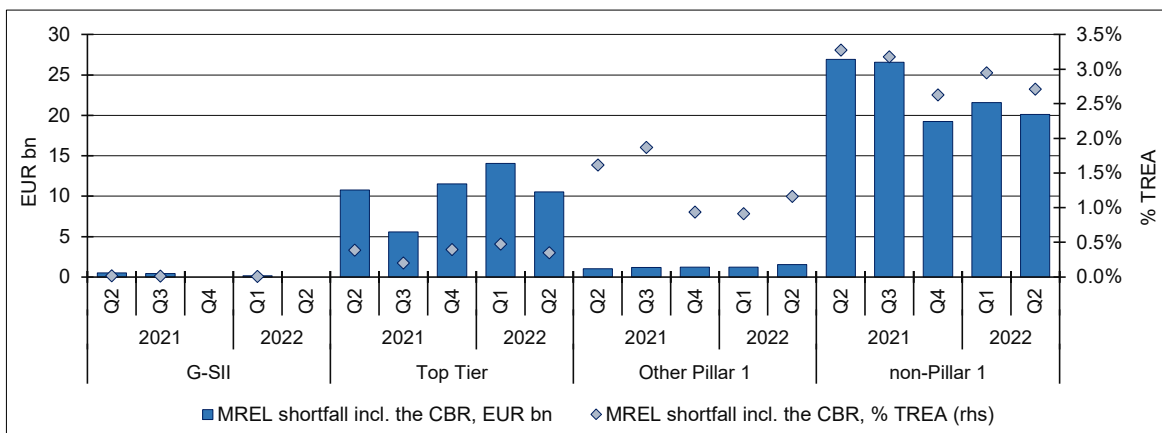


Table 1. Q2.2022 key MREL metrics for resolution entities¹⁹

Country	MREL final target incl. the CBR	MREL final subordination target incl. the CBR	Stock of MREL instruments at 30/06/2022		Gross issuances during Q2.2022		Net issuances during Q2.2022		MREL shortfall incl. the CBR against final targets			
	%TREA	%TREA	EUR mn	%TREA	EUR mn	%TREA	EUR mn	%TREA	EUR mn	%TREA	o/w for the subordination component	
											EUR mn	%TREA
AT	30.80%	12.52%	66,028	32.78%	1,463	0.73%	908	0.45%	1,045	0.52%	0	0.00%
BE	27.72%	24.60%	52,309	29.15%	990	0.55%	-296	-0.17%	269	0.15%	269	0.15%
DE	27.10%	24.17%	415,518	39.58%	12,588	1.20%	3,092	0.29%	999	0.10%	371	0.04%
ES	27.24%	14.46%	295,625	28.19%	9,857	0.94%	4,161	0.40%	3,709	0.35%	1,438	0.14%
FR	25.30%	20.53%	787,755	30.57%	20,355	0.79%	8,202	0.32%	0	0.00%	0	0.00%
GR	26.66%	0.00%	27,366	19.09%	493	0.34%	1,646	1.15%	10,853	7.57%	0	0.00%
HR	31.48%	0.00%	3,077	30.02%	1	0.01%	10	0.10%	178	1.74%	0	0.00%
IT	24.52%	15.99%	276,274	27.51%	7,058	0.70%	6,697	0.67%	7,448	0.74%	4,826	0.48%
NL	28.19%	24.87%	232,636	31.91%	7,199	0.99%	8,488	1.16%	342	0.05%	342	0.05%
PT	26.46%	4.31%	25,478	24.40%	1,100	1.05%	1,556	1.49%	2,961	2.84%	0	0.00%
SI	29.98%	0.00%	3,552	26.45%	100	0.74%	64	0.48%	474	3.53%	0	0.00%
Other	27.02%	19.60%	132,814	32.20%	6,067	1.47%	3,722	0.90%	3,909	0.95%	2,048	0.50%
BU	26.36%	19.15%	2,318,431	31.02%	67,271	0.90%	38,252	0.51%	32,188	0.43%	9,295	0.12%

Chart 14: MREL shortfall against final targets of resolution entities by bank category



¹⁹ Net issuances are calculated as the difference between the outstanding amount in Q2.2022 and Q1.2022.

1.4. MREL targets and shortfalls of non-resolution entities

The MREL final target (2024) for non-resolution entities in scope amounted to EUR 481.3 bn (EUR 532.3 bn when including the CBR), corresponding to 21.8% TREA (24.1% TREA when including the CBR); both targets rose compared to Q1.2022 (cf. Chart 15). Considering the CBR on top of the risk-based MREL, the average intermediate target (2022) was equal to EUR 454.6 bn or 21.7% TREA.

The MREL shortfall against final targets stood at EUR 13.4 bn (corresponding to 0.6% TREA), remaining broadly stable compared to the previous quarter. When considering the CBR, the MREL shortfall against final targets continued decreasing over the quarter²⁰, reaching the value of EUR 17.1 bn (corresponding to 0.8% TREA, cf. Charts 16-17). Around one-fifth of the non-resolution entities showed a shortfall against their final MREL targets, about one-third when including the CBR; both percentages decreased in comparison with Q1.2022. Ten non-resolution entities accounted for around 80% of the overall shortfall including the CBR.

Chart 15: MREL final target for non-resolution entities by country, % TREA

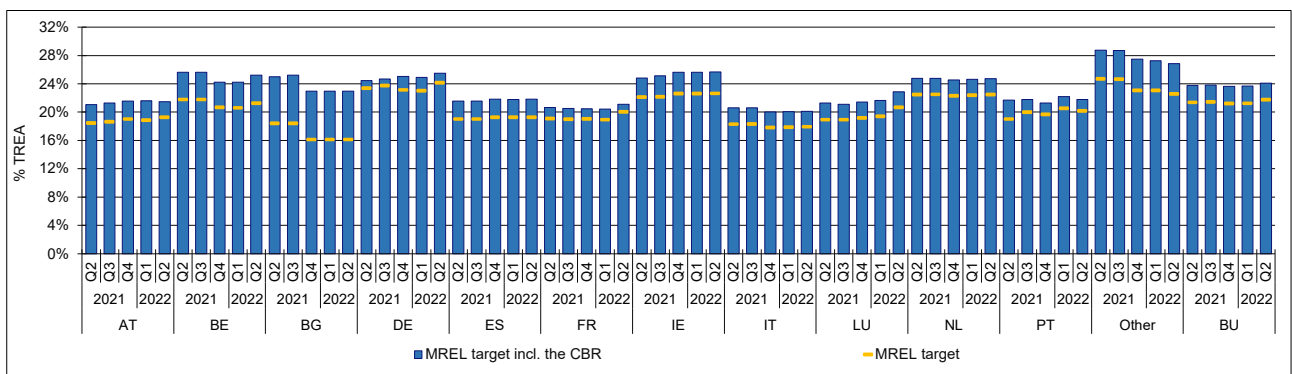
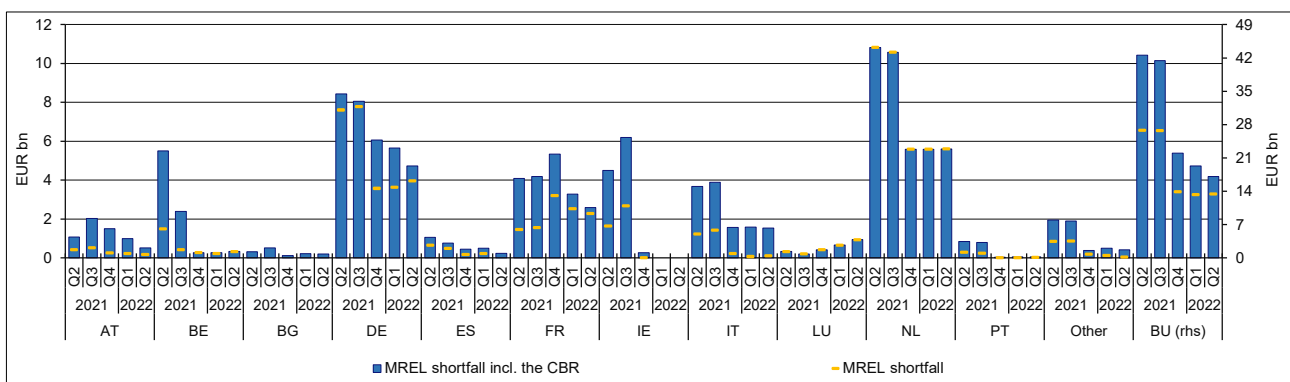
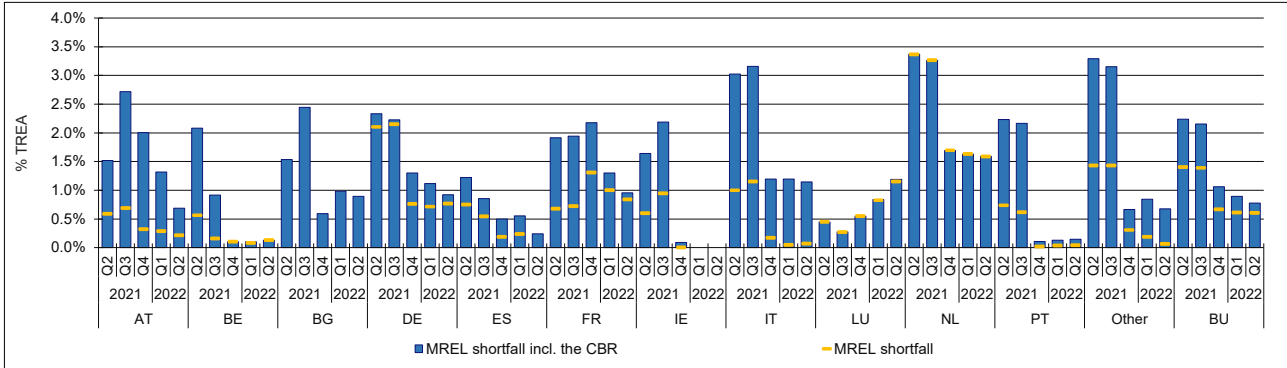


Chart 16: MREL shortfall against final targets of non-resolution entities by country, EUR bn



²⁰ When considering the CBR, the MREL shortfall decreased by EUR 2.2 bn or by 11.3% with respect to Q1.2022.

Chart 17: MREL shortfall against final targets of non-resolution entities by country, % TREA



2. Market activity and cost of funding

2.1. Market access and MREL issuances

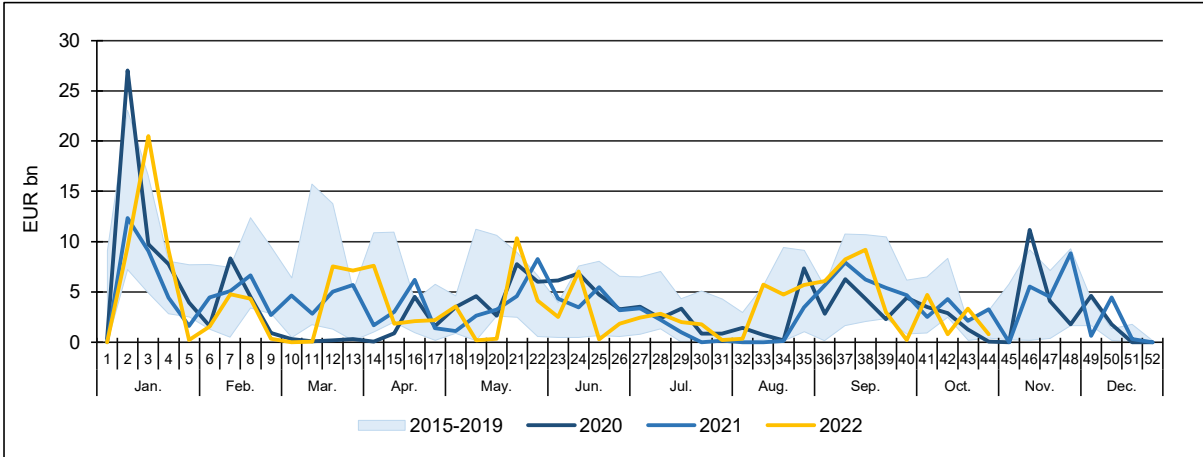
Issuers' preference towards secured funding during the first half of Q2.2022 contributed to the overall low activity reported in unsecured funding primary markets, compared to the same period of 2020-2021. Resuming in mid-May, issuance levels dropped again at the end of June amid concerns about investors' appetite and overall market conditions. In July 2022, unsecured bond issuance activity continued at moderate levels. Uncertainty over the future monetary policy stances of the European Central Bank (ECB) and the worsened economic outlook, coupled with the seasonality effect, had an impact on issuance. By contrast, unusually elevated market activity on unsecured bank funding markets was registered during August, driven by temporarily improved market sentiment until the end of the month. The volume of bond issuance during the first half of September was broadly at similar levels as during the same period of 2021 and it diminished throughout October (cf. Chart 18).

Despite the uncertain market environment, banks under the SRB's remit managed to issue MREL-eligible instruments during the second quarter of 2022 amounting to EUR 67.3 bn (corresponding to 0.9% TREA). While decreasing compared to Q1.2022 (by around 20% or EUR 16.7 bn), the issuance level remained broadly stable with respect to the same period of 2021 (down by 3% or EUR 2.1 bn, cf. Charts 19-20). Overall, issuance volume in the first half of 2022 was at high levels (equal to EUR 151.3 bn), broadly in line with the same period of 2021 (up by around 4% or EUR 6 bn).

Issuers' focus shifted towards senior bonds in Q2.2022, accounting for 41% of total issuances. Senior bond issuances were on average predominant for all banks but Top Tier, for which the level of senior bonds and senior non-preferred issuances were broadly in line. Overall, issuance volume of senior non-preferred accounted for 31% of total issuances, declining largely compared to Q1.2022 (cf. Chart 21).

The majority of G-SII banks showed reduced activity compared to the first quarter of 2022, accounting for 41% of the total issuances (compared to 61% of the total in Q1.2022), while Top Tier banks reported an increased primary market activity compared to Q1.2021, issuing the highest proportion of MREL instruments in Q2.2022 (accounting for 52% of the total). As for non-Pillar 1 banks, around half of the banks in scope also managed to issue MREL-eligible instruments during the quarter. Overall, the share of issuances from banks with total assets below EUR 100 bn (i.e. Other Pillar 1 and non-Pillar 1 banks) accounted for 7% of the total, remaining unchanged compared to Q1.2022 (cf. Chart 22).

Chart 18: Gross bond issuances volume of Banking Union banks (weeks start on Wednesdays and end on Tuesdays)



Source: Dealogic, SRB computations

Chart 19: MREL gross issuances by country, EUR bn

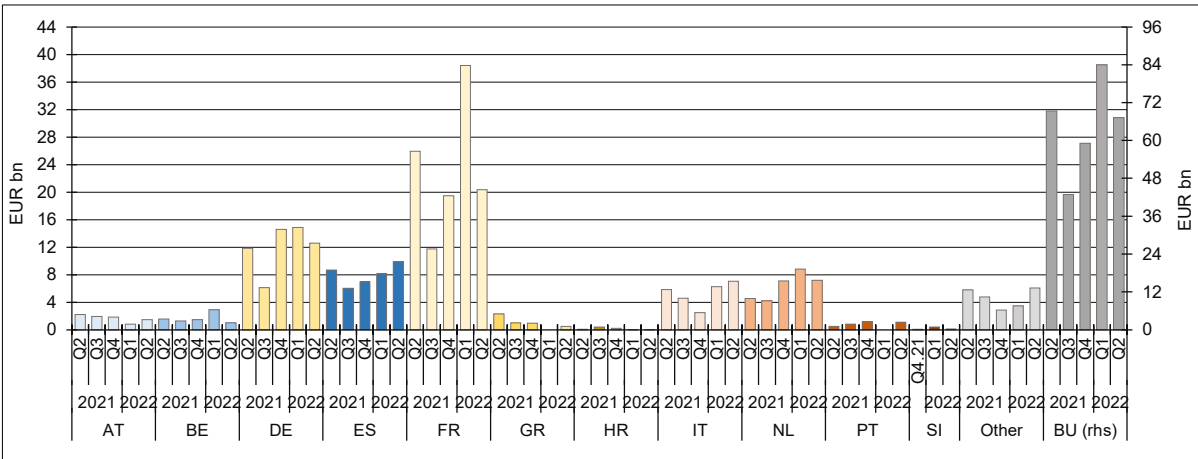


Chart 20: MREL gross issuances by country, % TREA

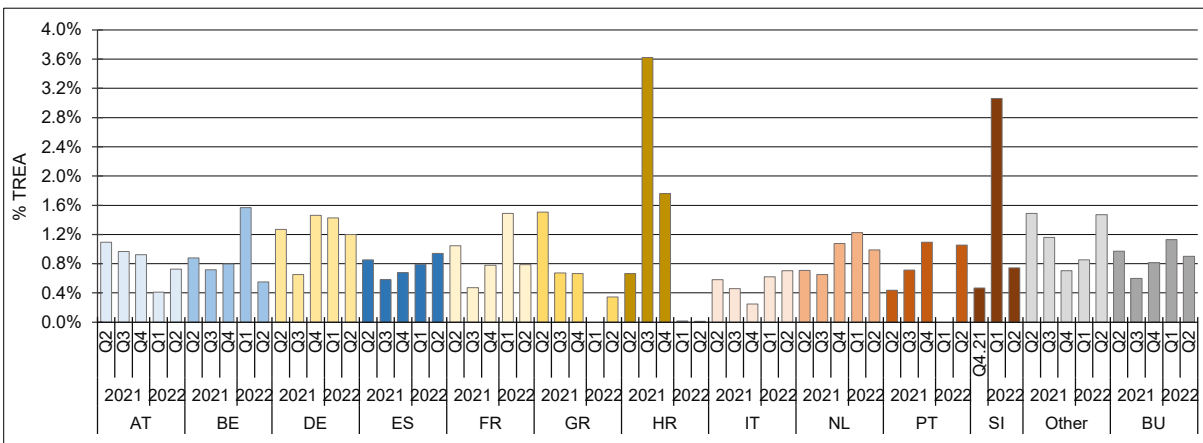


Chart 21: MREL gross issuances by type of instrument, EUR bn

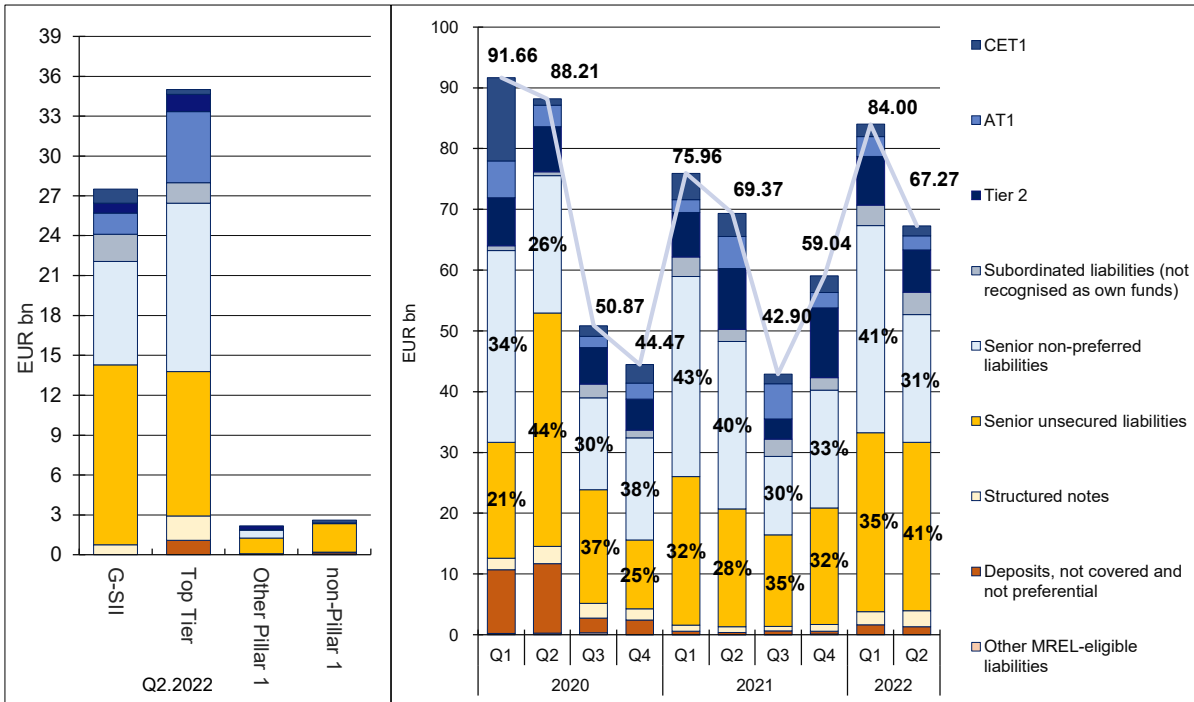
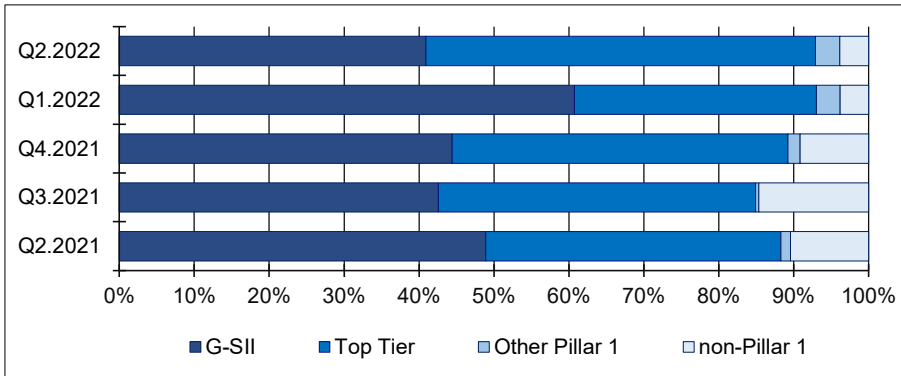


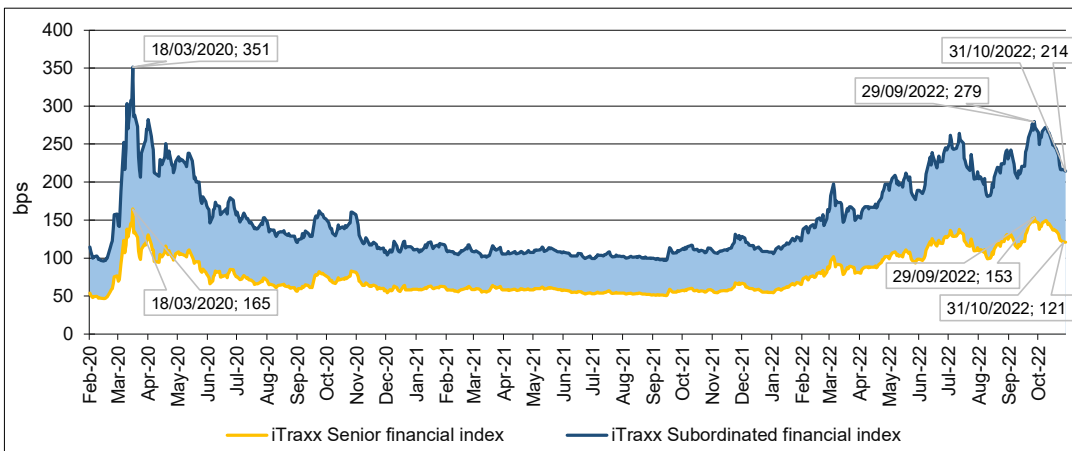
Chart 22: MREL gross issuances by bank category



2.2. Cost of funding

The market funding conditions deteriorated as a consequence of the war in Ukraine and high inflation rates, resulting in increased spreads on senior and subordinated debt over the second quarter of 2022. Both indexes observed hiccups during the first half of July and tightened markedly from mid-July to mid-August. Market sentiment worsened again starting from the second half of August, leading to a significant increase in spreads. At the end of September, iTraxx indexes on subordinated and senior financial debt registered the highest level since the beginning of the year, reaching 279bps and 153bps, respectively, but they tightened again throughout the month of October (cf. Chart 23).

Chart 23: Cost of funding (iTraxx Europe Financials)



Source: Bloomberg Finance L.P., SRB computations

3. Methodological annex

Sub-Section	Sample	Reference Date	Data Sources
1.1 MREL targets for resolution entities 1.3 Shortfalls of resolution entities	Resolution groups under the SRB remit for which an external MREL target was set in 2021 Resolution Planning Cycle (RPC), excluding groups whose preferred strategy is liquidation.	Q2.2021 – Q2.2022	SRB MREL quarterly data collection, COREP and CIR MREL_TLAC report : template M 01.00 –Key metrics for MREL and TLAC (KM2)
1.2. MREL instruments of resolution entities (Charts 4-5)	Resolution groups under the SRB remit for which an external MREL target was set in 2021 Resolution Planning Cycle (RPC), excluding groups whose preferred strategy is liquidation.	Q2.2021 – Q2.2022	SRB MREL quarterly data collection, CIR MREL_TLAC report (M 01.00 –Key metrics for MREL and TLAC (KM2)
1.2. MREL instruments of resolution entities (Charts 6-7)		Q2.2022	CIR MREL_TLAC report: templates: i) M 02.00 – MREL and TLAC capacity and composition (resolution groups and entities) (TLAC1) and, ii) M 04.00 – Funding structure of eligible liabilities (LIAB-MREL)
1.2. MREL instruments of resolution entities (Charts 8-9)		Q2.2022	CIR MREL_TLAC report: template M 06.00 – Creditor ranking (resolution entity) (RANK)
1.2. MREL instruments of resolution entities (Charts 10-11)		Q2.2022	CIR MREL_TLAC report: template M 07.00 – Instruments governed by third country law (MTCI)
1.4. MREL targets and shortfalls of non-resolution entities	Non-resolution entities under the SRB remit for which an internal MREL target was set in 2021 RPC, excluding entities earmarked for liquidation. The sample of non-resolution entities for a country consists of subsidiaries of national and foreign banking groups domiciled in the country.	Q2.2021- Q2.2022	COREP and CIR MREL_TLAC report : template M 03.00 – Internal MREL and Internal TLAC (ILAC)
2.1. Market access and MREL issuances (Chart 18)	-	Until October 2022	Dealogic
2.1. Market access and MREL issuances (Charts 19-22)	MREL gross issuances: resolution groups under the SRB remit at each reference date (according the applicable legislation), excluding groups whose preferred strategy is liquidation.	Q1.2020– Q2.2022	SRB MREL quarterly data collection CIR MREL_TLAC report : template M 01.00 –Key metrics for MREL and TLAC (KM2)
2.2. Cost of funding	-	Until October .2022	Bloomberg Finance L.P.

Country	Number of Resolution groups		Number of Non-Resolution entities
	Q2.2021	Q1.2022 – Q2.2022	Q1.2022 – Q2.2022
AT	6	6	14
BE	3	3	6
BG	1	1	4
CY	2	2	2
DE	8	13	15
EE	1	1	2
ES	10	10	3
FI	2	2	2
FR	6	6	11
GR	4	4	-
HR	3	3	2
IE	2	2	11
IT	10	11	16
LT	1	1	2
LU	2	2	5
LV	1	1	2
MT	1	1	1
NL	4	4	4
PT	4	4	5
SI	2	3	2
SK	2	2	2
BU	75	82	111

The bank category, the preferred resolution strategy and tool considered in the analysis across different sections refer to the 2020 RPC (for metrics with reference date Q2.2022-Q3.2021) and 2021 RPCs (for metrics with reference date from Q4.2021 onwards) as per resolution plans. Other Pillar 1 Banks are banks chosen by the respective national resolution authority (NRA) which are not Top Tier Banks but are assessed as likely to pose a systemic risk in the event of failure.

3.1. MREL monitoring

The targets considered in the analysis are external (for resolution entities) and internal (for non-resolution entities) final and intermediate MREL targets (expressed as % TREA and % LRE) set by the SRB under the 2020 (for metrics with reference date Q2.2021-Q3.2021) and 2021 RPCs (for metrics with reference date from Q4.2021 onwards) as per official decisions. For resolution entities that fell in 2021 within the scope of subordination requirements (as per Article 12d (4) or (5) SRMR), the analysis considers the MREL targets applicable after the three years period as per Article 12k (4) SRMR. From Q2.2022 onwards, for resolution entities that applied for the ECB leverage relief measure and where any change in the LRE due to its discontinuation materially impacted their external MREL target, the analysis considers the notional targets that would have applied in the absence of the LRE relief measure in 2021 RPC, as per press release ([link](#)).

In order to maintain the consistent sample for all the graphs and calculations, the subordination target takes the value of zero for the entities with no subordination requirement. To obtain targets in EUR amounts, the targets set in the MREL decisions are multiplied by TREA and LRE at the respective reference date. The most stringent targets in EUR amounts are then expressed as percentages of TREA. Aggregated external MREL targets (% TREA) are the weighted average of targets of resolution entities in the same country. Aggregated internal MREL targets (% TREA) are the weighted average of targets of non-resolution entities in the same country. The CBR used in addition to the risk-based MREL is the CBR reported at respective reference date.

To monitor the level of MREL from Q1.2022 onwards of banks granted a permission to reduce eligible liabilities instruments (as per Article 78a(1) CRR), the analysis considers the stock of MREL-eligible liabilities and own funds as per CIR (EU) 2021/763 reduced by the amount of the unused predetermined amount of the General prior permission.

The level of the stock of MREL instruments is calculated over the sample of banks (resolution entities) described in the table above.

For resolution entities, MREL and subordination shortfalls are calculated with respect to the most stringent between the TREA-based target (excluding and including the CBR on top) and the LRE-based target. The amount of the MREL shortfall presented is the highest between MREL and subordination shortfalls (as defined above). MREL and subordination shortfalls (% TREA) are the weighted average of shortfalls of resolution entities in the same country. The average MREL shortfall (excluding and including the CBR on top) is calculated as the ratio between the aggregated shortfall and the aggregated TREA of all the resolution entities in scope. The results may be subject to changes in case of banks' resubmission of relevant reports.

For non-resolution entities, MREL shortfalls are calculated with respect to the most stringent between the TREA-based target (excluding and including the CBR on top, when applicable) and the LRE-based target. MREL shortfalls (% TREA) are the weighted average of shortfalls of non-resolution entities in the same country. The average MREL shortfall (excluding and including the CBR) is calculated as the ratio between the aggregated shortfall and the aggregated TREA of all the non-resolution entities in scope. The results may be subject to changes in case of banks' resubmission of relevant reports.

The net issuances presented in Table 1 are calculated as the difference between the level of the stock of MREL instruments in the current quarter-end and in the previous quarter-end, based on a common sample of banks.

3.2. Market activity and cost of funding

Between Q1.2020 and Q4.2020, MREL gross issuances are reported under BRRD1 framework, while from Q1.2021, data is reported under BRRD2 framework. Due to the evolution of scope of entities under the SRB remit, the sample of bank may vary across reporting quarters. Therefore, the comparison of MREL gross issuance levels across quarters should be taken as indicative due to the different reporting framework and the different samples. The results may be subject to changes in case of banks' resubmission of relevant reports.

The chart on cost of funding plots the iTraxx subordinated financial index (ticker ITRXEUE Curncy, 5y daily) and the iTraxx senior financial index (ticker ITRXESE Curncy, 5y daily), from Bloomberg. The iTraxx financials indexes are standardised credit derivatives used to hedge credit risk. Each index is composed of 25 investment-grade entities from the European financial sector.

3.3. Confidentiality criteria

Country data is presented only when there are at least three institutions in the same country. Countries that do not meet this criterion have been grouped and labelled in the charts and the table as "Other".

4. Abbreviations

AT1	Additional Tier 1
BRRD	Bank Recovery and Resolution Directive
BU	Banking Union
CBR	Combined Buffer Requirement
CET1	Common Equity Tier 1
CRR	Capital Requirements Regulation
G-SIIs	Globally Systematic Important Institutions
ECB	European Central Bank
LRE	Leverage Ratio Exposure Measure
MPE	Multiple Point of Entry
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NCWO	No Creditor Worse-Off
NRA	National Resolution Authority
RPC	Resolution Planning Cycle
SoB	Sale of Business
SPE	Single Point of Entry
SRB	Single Resolution Board
SRMR	Single Resolution Mechanism Regulation
TREA	Total Risk Exposure Amount