

SRB Bi-annual reporting note to Eurogroup – November 2025

This Eurogroup reporting note provides an update on the resolvability and operational readiness of banks under the SRB's remit and outlines the ongoing work to further enhance their resolvability.

The note also covers various simplification workstreams and recent developments related to Crisis Management and Deposit Insurance (CMDI) and the completion of the Banking Union.

1. MREL and resolvability update

To be resilient, banks need to be resolvable. Overall, resolvability across the Banking Union is improving. Banks are better prepared than in the past to face an existential crisis. The SRB and the National Resolution Authorities (NRAs) have also steadily enhanced their resolution capabilities.

1a. MREL and cross-border bail-in execution

To be resolvable, banks must be able to absorb losses and recapitalise after resolution. This is ensured by imposing a minimum requirement for own funds and eligible liabilities (MREL). All banks under the SRB's remit have now reached full MREL compliance¹. Smaller banks, known as less significant institutions (LSIs) and under the remit of NRAs, are also well advanced.

In practice, these MREL buffers are designed to shield depositors and taxpayers from bearing bank losses. Adequate MREL resources translate into a more resilient economy and a fairer financial sector, where banking sector losses are not collectivised.

Beyond requiring banks to build up MREL capacity, the SRB also expects them to be ready to deploy it through the write-down, conversion and bail-in of these instruments. Part of this effort involves ensuring that bail-in is recognised globally, as investors are global. This is why the SRB is an active promoter and participant in a Financial Stability Board (FSB) task force dedicated to streamlining cross-border bail-in execution.

1b. 2025 Resolvability assessment results

Beyond MREL, the 2025 resolvability assessment shows that banks have reached an advanced stage in all key areas of the Expectations for Banks². These expectations define the capabilities that banks must have to be resolvable. The findings are based on the SRB's resolvability assessment methodology, specifically designed to track progress in implementing these expectations.

In the meantime, the SRB has taken decisive action to modernise its resolvability assessment methodology in two strategic ways, scheduled for implementation from 2026.

First, the SRB, after thoroughly consulting with the industry, has published a clear set of steady-state capabilities that banks are expected to consistently maintain over time to remain resolvable³. These expectations are generally not new, but intensify the focus on the possible transfer of a failing bank and on

¹ In aggregate terms, the total MREL shortfall against final targets, including the CBR, of resolution entities stood at EUR 0.3 bn (corresponding to less than 0.01% TREA). All entities which had to comply with their final MREL targets as of 1 January 2024 continue to meet their requirements. The MREL shortfall is attributed to banks under transitional period to meet its final target

² Source : <https://www.srb.europa.eu/en/content/expectations-banks>

³ Source: <https://www.srb.europa.eu/en/content/resolvability-self-assessment>

banks' preparedness to rapidly deliver the data necessary for valuation. In this regard, establishing a reliable valuation is key to enabling, for instance, the sale of a failing entity to a healthy competitor.

In this sense, additional guidance issued to clarify pre-existing high-level requirements – such as on testing or valuation methodologies – should not be mistaken for new requirements. Rather, these are necessary clarifications to make the system fully operational in practice.

To ensure an orderly transition, the SRB has adopted a phased implementation approach, granting banks adequate time to meet its enhanced expectations.

Second, the SRB has incorporated the systematic testing of all key capabilities into its methodology (see also the section below on testing), rolling over a three-year cycle in line with the EBA Guidelines⁴.

Together, these enhancements – embedding a proportionate approach as far as necessary – will strengthen the flexibility of resolution strategies while reinforcing the overall resilience of the banking sector. The new resolvability assessment methodology will be implemented as from 2026.

1c. Testing and on-site inspections

Resolvability needs to be verified.

Banks began testing key resolvability areas as early as 2022. This year, the SRB published its Operational Guidance on Resolvability Testing for Banks, following a comprehensive and insightful public consultation. This document – which implements the revised EBA Guidelines on resolvability – outlines expectations regarding testing methodologies, internal governance, test environments, and the execution and follow-up of tests, among other aspects.

In practice, this guidance aims to provide greater visibility and clarity to banks, thereby making testing activities more efficient and effective.

In line with this guidance, the SRB has established its first multi-annual testing programmes, to be implemented by banks from 2026 to 2028. These programmes cover all planned tests over a three-year period and are updated annually on a rolling basis. They include both bank-led and authority-led tests – such as deep dives – as well as common testing priorities defined by the SRB to enhance preparedness in key resolvability areas across all SRB banks.

From 2026 onward, SRB banking groups are therefore expected to conduct tests in a consistent and harmonised manner, focusing on common resolvability capabilities – for example, arrangements to operationalise bail-in execution and Management Information Systems (MIS) for Operational Continuity in Resolution.

Like the testing exercises described above, on-site inspections (OSIs) are another tool to evaluate banks' resolvability and crisis readiness. In September 2024, the SRB adopted its OSI Guidance and carried out four OSIs during 2025, targeting different jurisdictions and resolvability aspects. Six additional OSIs will be performed in 2026, with the programme continuing thereafter. In this context, the SRB and the ECB work closely together to avoid overlaps and mitigate the burden for the inspected entities.

⁴ EBA Guidelines on improving resolvability (EBA/GL/2023/05)

As OSIs are by nature an intrusive tool to evaluate banks' capabilities, the SRB strives to keep them focused, time-limited, and coordinated with the Single Supervisory Mechanism.

2. Simplification at the SRB

The SRB is also working on simplifying its core activities⁵. This effort follows a three-pronged approach:

First, simplifying procedures that fall fully within the SRB's remit. Resolution planning, the SRB's main activity, is a case in point. Planning is now becoming more streamlined and targeted. One practical outcome for banks (and for authorities) is that some key deliverables, such as playbooks, communication plans and other reports, will no longer need to be updated every year, as these are already mature documents.

In parallel, the SRB has enhanced stakeholder engagement and increased the transparency and predictability of its policies, including through public consultations and industry hearings. Going forward, the SRB is also committed to ensuring policy stability, as already implemented with MREL.

Second, the SRB is working with other authorities — such as the ECB and the EBA — to coordinate engagement with banks, avoid duplicate requests, and further harmonise reporting standards.

Third, the SRB actively supports the efforts of the European Commission and the EBA to simplify the regulatory framework. For instance, the SRB has identified several areas for legislators and regulators to explore:

- Less frequent reviews and updates of resolution plans, moving to a two- or three-year cycle, to reduce the burden on banks and allow a greater focus on riskier elements.
- Revising the prior-permission regime (CRR) to make authorisations for banks' early redemptions of MREL instruments more agile.
- Expanding the coverage and reducing the requirements for banks subject to 'simplified obligations', and making banks' MREL disclosures more proportionate.
- Revising certain requirements for data collection for the Single Resolution Fund (SRF) contributions and some resolution planning reports (e.g. on FMIs).

To some extent, some elements of this simplification work are already under way. For example, CMDI is expected to improve the so-called impracticability framework (BRRD Article 55), removing a substantial burden for banks and authorities without any impact on financial stability. This is a perfect example of helpful simplification.

3. Simplification in the Banking Union

Beyond CMDI, the SRB supports the ongoing debate to simplify the regulatory framework, subject to key principles.

First, simplification should not come at the expense of alignment with international standards such as the FSB's Key Attributes or the Basel framework. A trusted system relies on rules consistent with these global benchmarks. Moreover, simplification should not be understood as deregulation, as the impact on financial stability could be very severe.

⁵ For additional information on this topic please refer to SRB Board Member Karen Braun-Munzinger's blogpost "Bank resolution made simple: mission impossible?". <https://www.srb.europa.eu/en/content/bank-resolution-made-simple-mission-impossible>

Second, the main driver of a simpler and more competitive Banking Union is greater integration. Reducing fragmentation between jurisdictions — for instance, by overcoming barriers to the portability of Deposit Guarantee Scheme (DGS) funds or to group-level waivers — would strengthen efficiency across the Banking Union. Simplification should therefore go hand in hand with integration, not replace it.

Finally, micro- and macroprudential as well as resolution frameworks should be reviewed holistically. Going-concern and gone-concern requirements are two sides of the same coin: adjusting capital or Additional Tier 1 (AT1) rules affects resolution preparedness and MREL calibration. Any discussion on these topics should therefore take a system-wide view and preserve the resilience built so far.

Certainly, one of the most significant drivers of complexity in the system, from the SRB's perspective, is the sheer number and overlap of capital buffers. Too many decision-makers and potentially conflicting requirements weigh on banks' valuations without adding so much in terms of financial stability.

The SRB stands ready to support policymakers from the perspective of a resolution authority.

4. Crisis management and deposit insurance package

While much of the recent attention has focused on simplification initiatives, important progress has also been made in developing a stronger crisis management framework in Europe.

The agreement on the Crisis Management and Deposit Insurance (CMDI) framework marks a significant step forward in enhancing the Banking Union toolkit. The revised rules on the use of DGS funds in resolution will, under a still high number of conditions, allow us to mobilise these “rainy-day” funds to facilitate the sale of failing banks. When usable, this additional tool will help protect depositors in resolution, as it enables the use of DGS funds rather than deposits to finance the transfer of a failing bank.

CMDI also refines the hierarchy of creditors, clarifies the framework for the least-cost test, and incorporates several lessons learned from the first decade of SRMR implementation.

The SRB views CMDI as a step in the right direction.

5. A complete Banking Union for increased resilience and a simpler framework

The Banking Union remains one of Europe's most significant achievements in strengthening financial stability, yet its construction is still incomplete.

Even after CMDI, the legislative framework remains unfinished. Now that CMDI is nearing completion, the relaunch of the European Deposit Insurance Scheme (EDIS) — even in a gradual form — would significantly strengthen depositor confidence and ensure a level playing field across the Banking Union. Completing this third pillar would make the system more integrated and efficient, especially in times of stress. This reform would not impose any additional burden on the banking sector.

Furthermore, credible liquidity arrangements in resolution are indispensable. The ratification of the ESM Treaty revision, providing for the common backstop to the SRF, remains crucial. Beyond that, the establishment of a pre-agreed liquidity line for large, systemic banks would reinforce market confidence and resilience — and by doing so, actually reduce the likelihood of its use. These priorities are also recognised internationally, including by the FSB and in the IMF's Financial Sector Assessment Program (FSAP) reviews.

The SRB stands ready to assist Member States in advancing these discussions. A complete Banking Union — with effective funding mechanisms and common depositor protection — will deliver both resilience and simplicity, ensuring that Europe's financial system can support growth and stability in any environment.

6. Conclusions

In the ten years of existence of the Banking Union, Europe has developed a very resilient — and, more recently, profitable — banking sector.

This success was built on the lessons of the Great Financial Crisis and, notably, rests on the pillars of the Single Rulebook and the Banking Union — namely, the common supervisory and resolution frameworks.

We must continue to nurture this success by ensuring that the framework and its implementation remain up to date, simple, and effective in addressing any type of risk.

At the SRB, we remain vigilant to emerging risks while striving to implement the framework more effectively. It is worth recalling that the resolution framework is still relatively new and that the financial landscape is ever evolving. The nature, speed and intensity of the future crises will be different from those of the previous ones.

At the same time, we remain fully supportive of all legislative efforts aimed at improving the crisis management framework and completing the Banking Union as a genuine single market for banking services. Simplification can be one of these efforts when it translates into more Banking Union.