



2022
RESOLUTION PLANNING
CYCLE - BOOKLET
SINGLE RESOLUTION BOARD

Table of Contents



I.	Overview and cooperation	03
II.	SRB resolution planning approach	09
III.	Key elements of the 2022 resolution planning cycle	20
IV.	Assessing bank resolvability	25

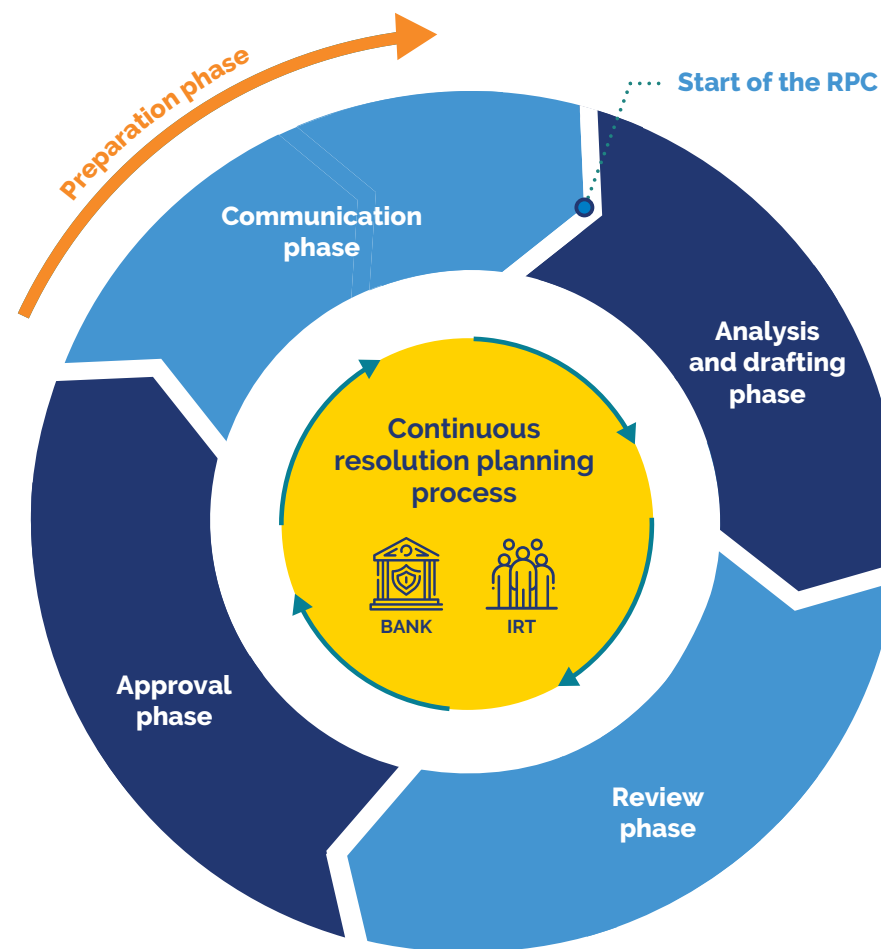


1

Overview
and
cooperation

1.1. The resolution planning cycle

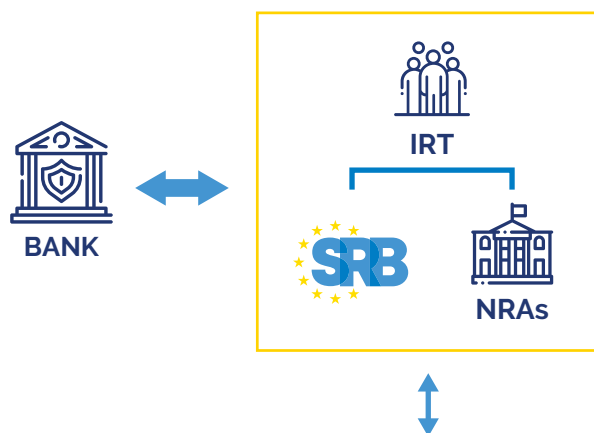
- ▶ The resolution planning cycle (RPC) is an **annual process based on four phases** leading to the approval of the updated resolution plan for each SRB bank. It includes the preferred resolution strategy, minimum requirements for own funds and eligible liabilities (MREL) and resolvability assessment.
- ▶ The SRB introduced the 12-month RPC for all the banks under its remit in 2020.
- ▶ It implements the requirements for the resolution planning of banks under direct remit of the SRB laid down in the SRMR and BRRD.



IRT: Internal Resolution Team

1.2. Cooperation on resolution planning

The SRB is the central resolution authority within the Banking Union. Together with the national resolution authorities (NRAs) it forms the Single Resolution Mechanism (SRM).



The SRB closely collaborates with the NRAs of the 19 eurozone countries, Bulgaria and Croatia.

For each bank under direct SRB remit, an IRT has been jointly established and is led by the SRB.

Contact details of the 21 NRAs in the Banking Union:

<https://www.srb.europa.eu/en/national-resolution-authorities>



This is not an exhaustive overview, for some countries other authorities (e.g. national central bank) are also directly involved in resolution planning activities.

1.3. Cooperation on resolution planning

The SRB works in close cooperation with the resolution authorities in the EU outside the Banking Union and other resolution authorities worldwide.

Resolution colleges, European resolution colleges and Crisis management groups



For banking groups with subsidiaries in non-Banking Union EU jurisdictions, the SRB works jointly with the relevant NRAs in **Resolution colleges (RCs)** in preparing and adopting the group resolution plan and MREL decisions.



For third-country banking groups with relevant presence in the EU, the SRB establishes **European resolution colleges (ERCs)** and contributes to the update and further operationalisation of the groups' resolution planning.



The SRB sets up **Crisis management groups (CMGs)** for the global systemically important banks (G-SIBs) in its remit, conducting an annual resolvability assessment process (RAP), and preparing the RAP letters for the Financial Stability Board (FSB).

Statistics



Number of banks under SRB remit		115
thereof	Banks with RC	17
	Banks without RC	83
	Banks with European resolution college	9
	Host cases ¹	6 ²

In addition, the **SRB has established 7 CMGs** for G-SIBs located in the EU Banking Union.

- Direct coverage of all systemically important and cross border institutions represents approx. 90% of Banking Union total assets in 2020³.

	BE	BG	DE	EE	IE	EL	ES
Number of banks	7	1	21	2	6	4	10
	FR	HR ⁴	IT	CY	LV	LT	LU
Number of banks	12	0	13	3	3	2	4
	MT	NL	AT	PT	SI	SK ⁴	FI
Number of banks	3	7	8	3	3	0	3

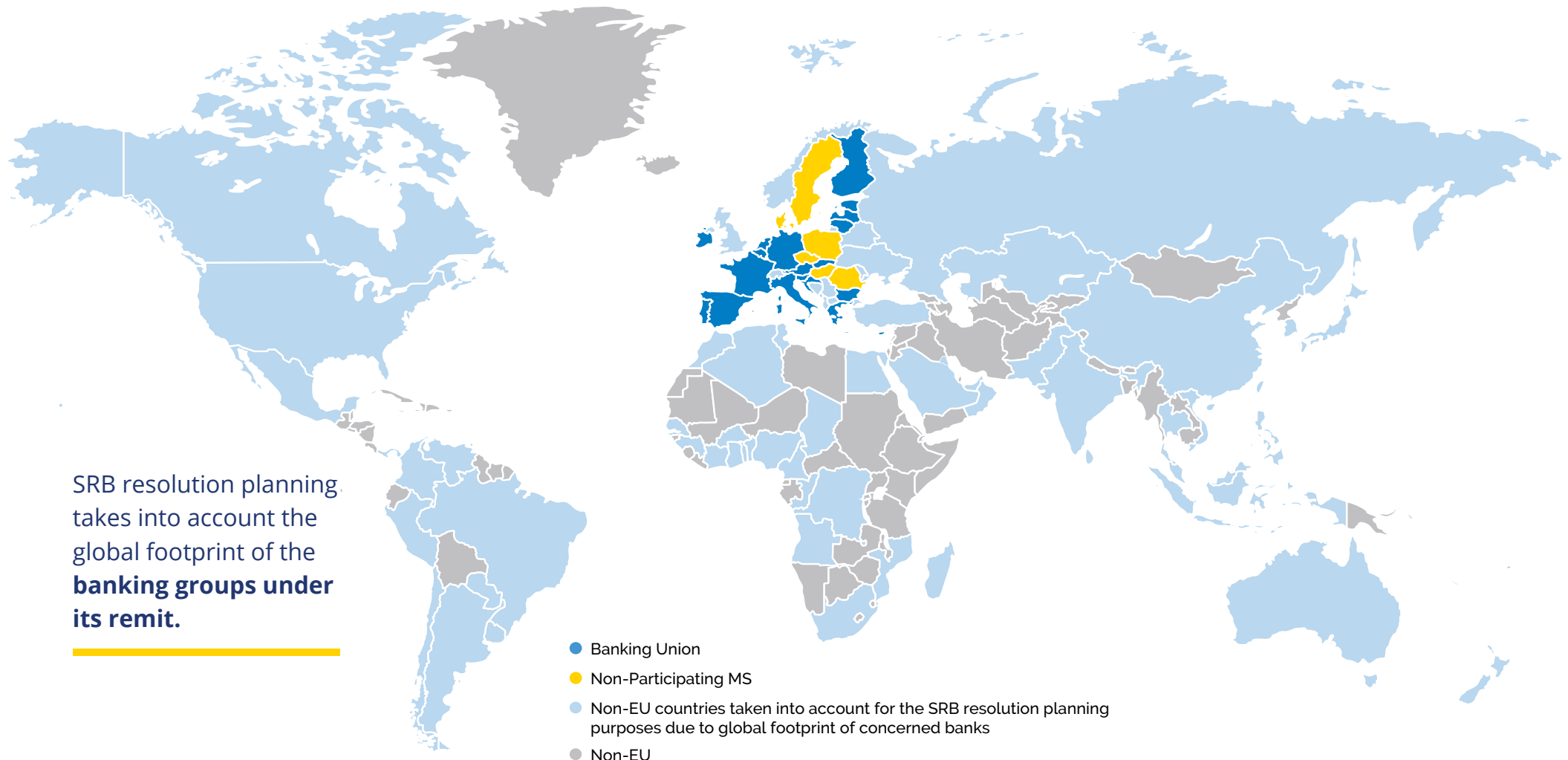
¹ Banks for which the SRB acts as a host resolution authority and not as the group level resolution authority.

² There are three subsidiaries of one banking group classified as host case.

³ Source: ECB Statistical Data Warehouse.

⁴ Number 0 is due to the fact that the respective banks are subsidiaries of groups under SRB remit.

1.4. Global presence of banking groups under SRB remit*





2

SRB
resolution
planning
approach

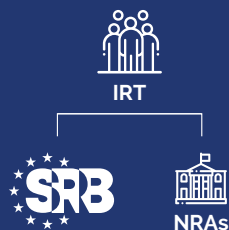
2.1. Analysis and Drafting phase

IRTs at the SRB

During the RPC, the IRTs:

- ▶ Further update and operationalise the resolution plans;
- ▶ Determine MREL;
- ▶ Conduct the resolvability assessment for each SRB bank.

The resolution planning cycle is led by IRTs, composed of staff at the SRB and the NRAs



Content of the resolution plan

Chapter 1:

Management Summary

Key elements of the resolution plan and material changes to the previous resolution plan.

Chapter 2:

Strategic business analysis

Overview of the group's structure, financial position, business model and business lines, critical functions, internal and external interdependencies, critical and essential services and FMIs.

Chapter 3:

Preferred resolution strategy

Assessment on whether the resolution objectives are best achieved by winding up the bank under normal insolvency or resolving it. The preferred resolution strategy is developed, including the use of appropriate resolution tools and powers and MREL is determined.

Chapter 4:

Financial and operational continuity

Assessment of the financial and operational prerequisites to ensure continuity in resolution and achieve the resolution objectives.

Chapter 5:

Governance, information and communication

Governance arrangements and the Management Information Systems (MIS) to ensure timely, up-to-date and accurate information, communication framework and cooperation with authorities.

Chapter 6:

Conclusion of the assessment of resolvability

Assessment of current group's resolvability progress and identification of priorities for the next year. It also identifies appropriate measures to address or remove impediments where relevant.

Introduction to resolution planning



Download the Introduction to Resolution Planning



Information used for resolution planning

The IRTs update and enrich yearly the resolution plans based on the currently available data:

- ▶ **Information provided by supervisory authorities**
(e.g. COREP, FINREP, ICAAP, ILAAP).
- ▶ **Information provided by the banks**
 - SRB resolution data reports;
 - Quarterly updates from banks on the areas of closer monitoring established in the SRB priority letters;
 - Other general deliverables requested in the annual SRB priority letters;
 - Bank specific information and bank analyses requested by the IRTs.
- ▶ **Information provided by other public authorities**
 - The IRTs also use as input the outcome of the assessment of the **recovery plans** prepared by the banks and shared by the European Central Bank (ECB) with the SRB. The assessment of the IRTs is focused to identify any actions in the recovery plans which may adversely impact the resolvability of the banks.

2.3. Review phase

The review phase consists of:

- ▶ **SRB quality assurance,**
and
- ▶ **ECB consultation.**

SRB quality assurance:

Centralised internal process conducting a systematic quality review of resolution plans combining vertical and horizontal checks. This fosters harmonised practices for SRB banks and allows systematic benchmarking.

2.4. Approval phase



The **decision-making process for resolution plans** is different for banks without subsidiaries or significant branches in non-participating Member States compared to those with subsidiaries or significant branches in non-participating Member States, for which a RC is established.

Where there is no RC:

after the review phase, the resolution plan, MREL determination and resolvability assessment are submitted for approval by the SRB Board in its Extended Executive Session (ExExS).

For banks with a RC:

a joint decision should be sought in the RC within 4 months. This involves preparing joint decision timetables and written arrangements to ensure smooth and efficient functioning of the RC.



The **approval phase** includes:

- ▶ concluding joint decisions of **RCs** (if applicable);
- ▶ substantive impediments to resolvability (if applicable); and
- ▶ the final approval of the resolution plans and MREL decisions by the **the SRB Board in its ExExS**, composed of the Chair and Vice-Chair and four full-time Board Members, as well as the representatives of the relevant NRA for each specific SRB banking group.

For MREL:

- ▶ the **right to be heard process (RTBH)** with banks

The SRB:

- 1.** Develops a detailed planning of the approval steps for each resolution plan, MREL determination and resolvability assessment;
- 2.** Prepares harmonised decision templates to ensure consistency and level playing field across banking groups in the SRB's remit;
- 3.** Ensures transparency vis-a-vis other authorities acting as observers in the approval process.

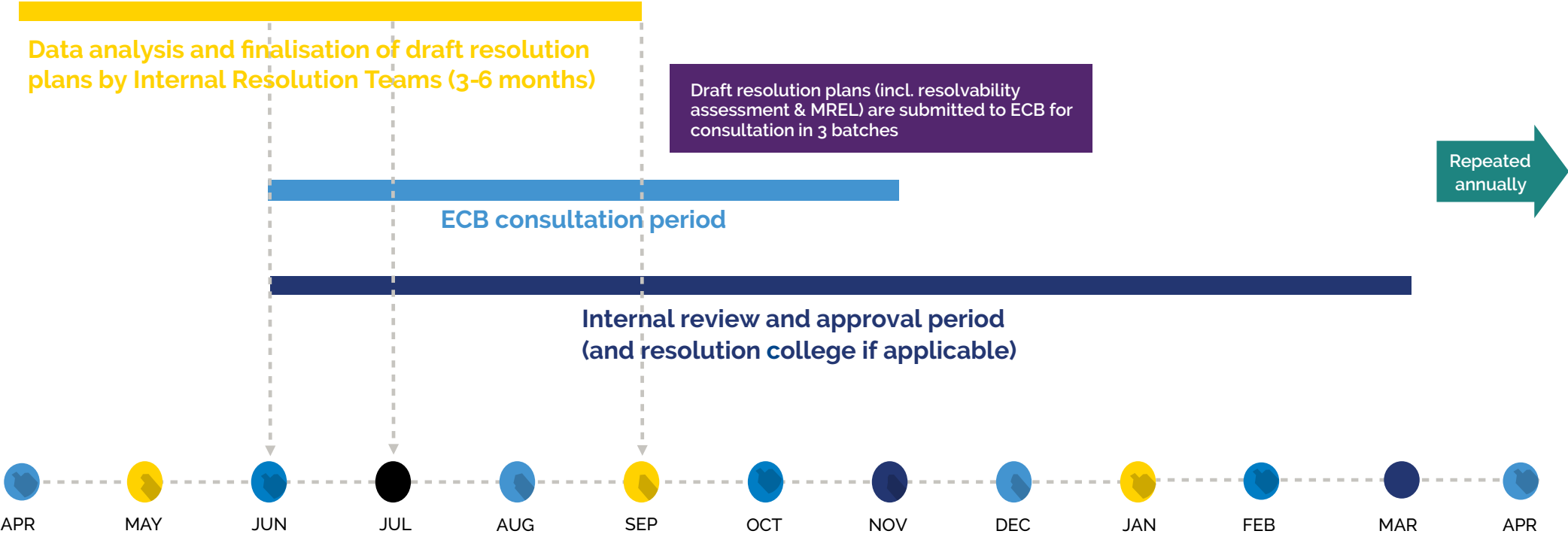
2.5. Communication phase

Once the resolution plans and MREL decisions are approved by the SRB ExExS, the SRB shares a summary of the plan with the bank and communicates the MREL decision to the NRA, which will implement it vis-à-vis the bank. For RC banks, the SRB communicates the Joint Decisions to the resolution college.



2.6. Timeline

12-month RPC



2.7. 2021 resolution planning cycle

- ▶ Between April 2020 and March 2021, the SRB updated, further operationalised and approved **104 resolution plans**⁵.
- ▶ The IRTs continued to monitor progress on **MREL build-up**, in view of banks' compliance with the interim targets as of 1 January 2022.
- ▶ Banks continued their gradual phasing-in of the SRB **Expectations for Banks (EfB)*** in order to become fully resolvable by end 2023, among others, through three common priorities for the 2021 RPC:
 - **Liquidity and funding in resolution:** banks had to build up their capability to estimate liquidity and funding needs in resolution.
 - **MIS capabilities for valuation data:** banks had to conduct a self-assessment and report to the IRTs laying down how they would close existing gaps.
 - **Bail-in operationalisation:** all banks for which resolution is the preferred strategy had to prepare full bail-in playbooks and to conduct a self-assessment of their bail-in data capabilities.



Download the EfB

*The **EfB** sets out the capabilities the SRB expects banks to demonstrate that they are resolvable. The EfB is phasing-in gradually and banks are expected to have built up their capabilities on all aspects by the end of 2023, except where indicated otherwise.

⁵ The number of resolution plans is lower than the number of banks under SRB remit (slide 7) since several institutions are subsidiaries of another SRB banking group under the direct remit of the SRB. Furthermore, over time, the numbers on the different categories might be subject to changes e.g. derived from mergers and acquisitions, on-/offboardings etc.

2.8. The impact of the Covid-19 pandemic

- ▶ Despite the pandemic and related challenges, IRTs, with the collaboration of banks, successfully implemented the 2021 RPC.
- ▶ In 2021, no relief measures were necessary and the entire scope of resolution planning was implemented as planned.
- ▶ Generally, banks were able to keep up with all resolution planning activities based on the adjusted work environment and proper resolution work programmes.





3

Key elements
of the 2022
resolution
planning cycle

3.1. Resolution planning approach in 2022

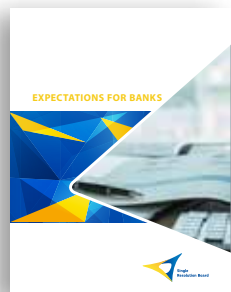
General policy implementation milestones in 2022

- ▶ Updating the **SRB polices and operational guidance documents**, among others, taking into account the experience gained (see next page).
- ▶ Conducting **close monitoring of resolvability** and preparation of the **substantive impediments** procedure for those banks which show insufficient progress towards achieving resolvability in line with the EfB.
- ▶ Conducting ongoing **MREL monitoring** to ensure build-up towards the final targets by the 1 January 2024 general deadline, as well as monitoring the 2022 intermediate targets.
- ▶ To further develop **deep-dive assessments**, paving the way for conducting future on-site inspections.
- ▶ Start of the **preparation of the 2023 RPC**, taking into account that 2023 is the final year for all SRB banks to be fully resolvable, in line with the EfB; banks will receive bank-specific 2023 SRB priority letters in September 2022.

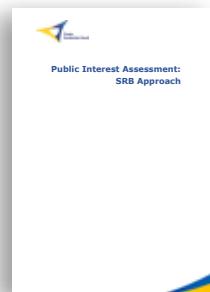
3.2. Key elements of the 2022 RPC

Key policies and guidance documents

KEY POLICIES



- Expectations for Banks
- Upcoming: 2022 MREL policy

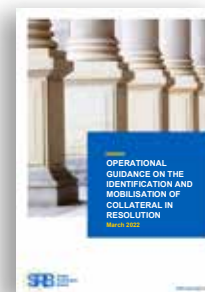


- Public Interest Assessment (published 28 June 2019)
- Addendum from May 2021

OPERATIONAL GUIDANCE



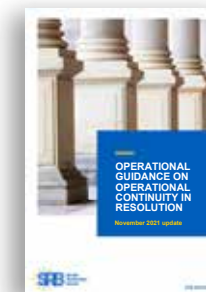
- Valuation framework (published 25 June 2021)



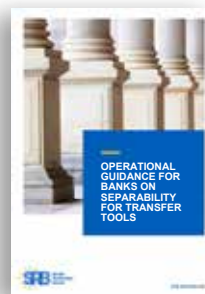
- Guidance on on the identification and mobilisation of collateral in resolution (published 17 March 2022)



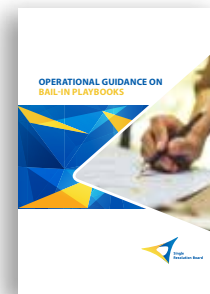
- Guidance on solvent wind-down (published 1 December 2021)



- Operational guidance for operational continuity in resolution (published 29 November 2021)



- Operational guidance for banks on separability for transfer tools (published 26 October • 2021)



- Operational guidance on Bail-in implementation (first published 10 August 2020 and to be updated in 2022)



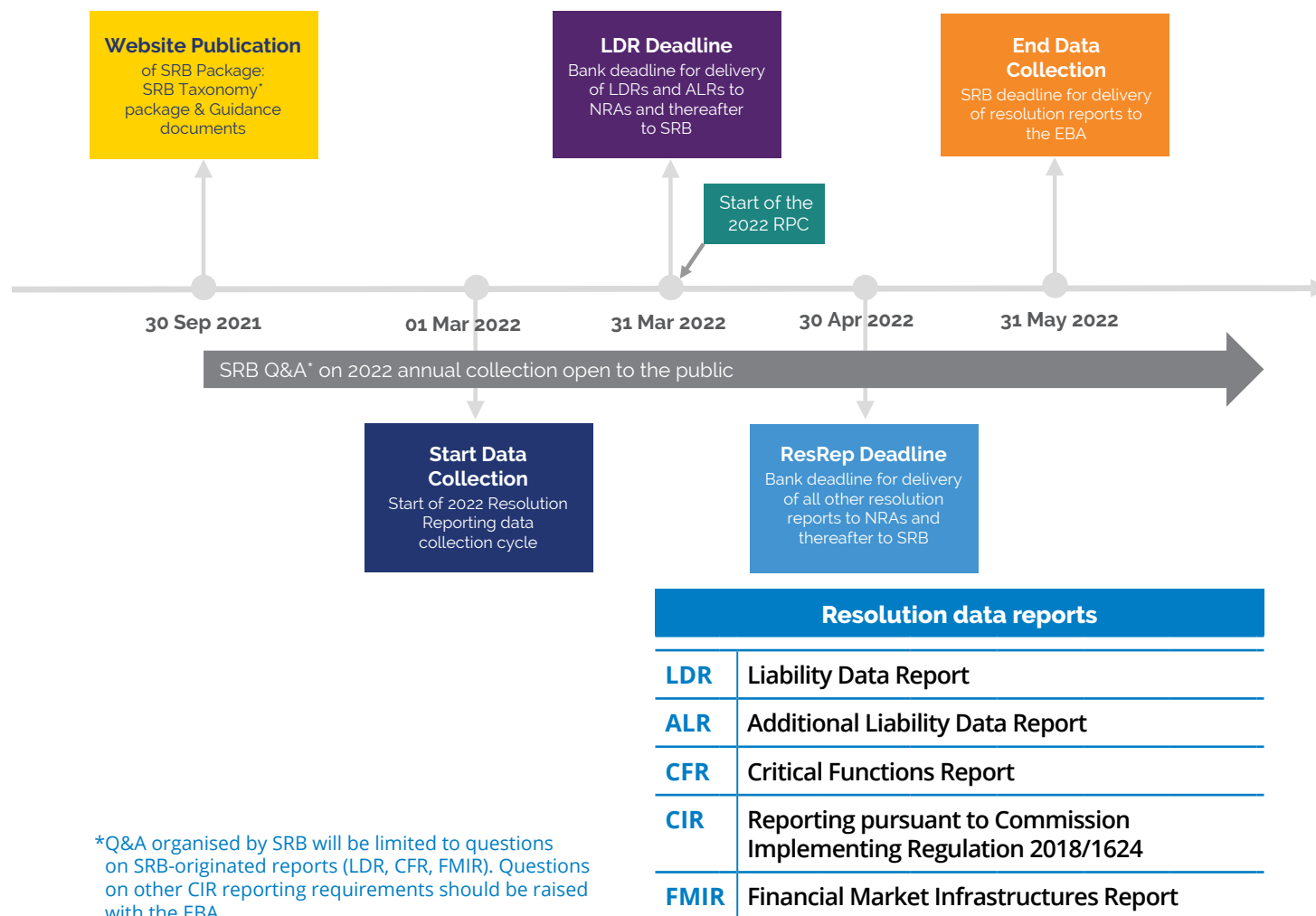
- Guidance on liquidity and funding in resolution (published 30 April 2021)

3.3. Resolution planning approach in 2022

SRB work priorities in the 2022 RPC

- ▶ In the 2022 RPC, the SRB will focus its work with banks under its remit on **three common priorities**:
 - **Liquidity and funding in resolution:** banks must ensure to have the capabilities to mobilise collateral to maximise liquidity sources in resolution.
 - **Separability and business reorganisation plans:** banks have to provide additional reports on the potential reorganisation plans (required in the context of the open bank bail-in strategy) and on the transferability of parts of their business.
 - **Information systems and MIS capabilities for bail-in and valuation data:** all banks for which resolution is the preferred strategy are expected to conduct a bail-in dry-run and the self-testing exercise on MIS valuation by end 2022.
- ▶ The SRB communicated these common priorities, together with bank-specific priorities, to the bank through the **SRB priority letters** in September/October 2021.
- ▶ For those areas of resolvability where banks did not show sufficient progress in line with the EfB, the IRTs initiated **closer monitoring** based on dedicated reporting by the bank on a quarterly basis.

3.4. 2022 resolution reporting for banks



*Q&A organised by SRB will be limited to questions on SRB-originated reports (LDR, CFR, FMIR). Questions on other CIR reporting requirements should be raised with the EBA.

- The analysis and drafting phase formally starts with the submission by the banks of the SRB resolution data reports;
- The deadlines for the submission of the resolution data templates are indicated in the figure;
- Guidance documents and the Q&A tool are available on the [SRB website](#);
- The SRB continues collecting the MREL/TLAC quarterly report throughout the RPC.



4

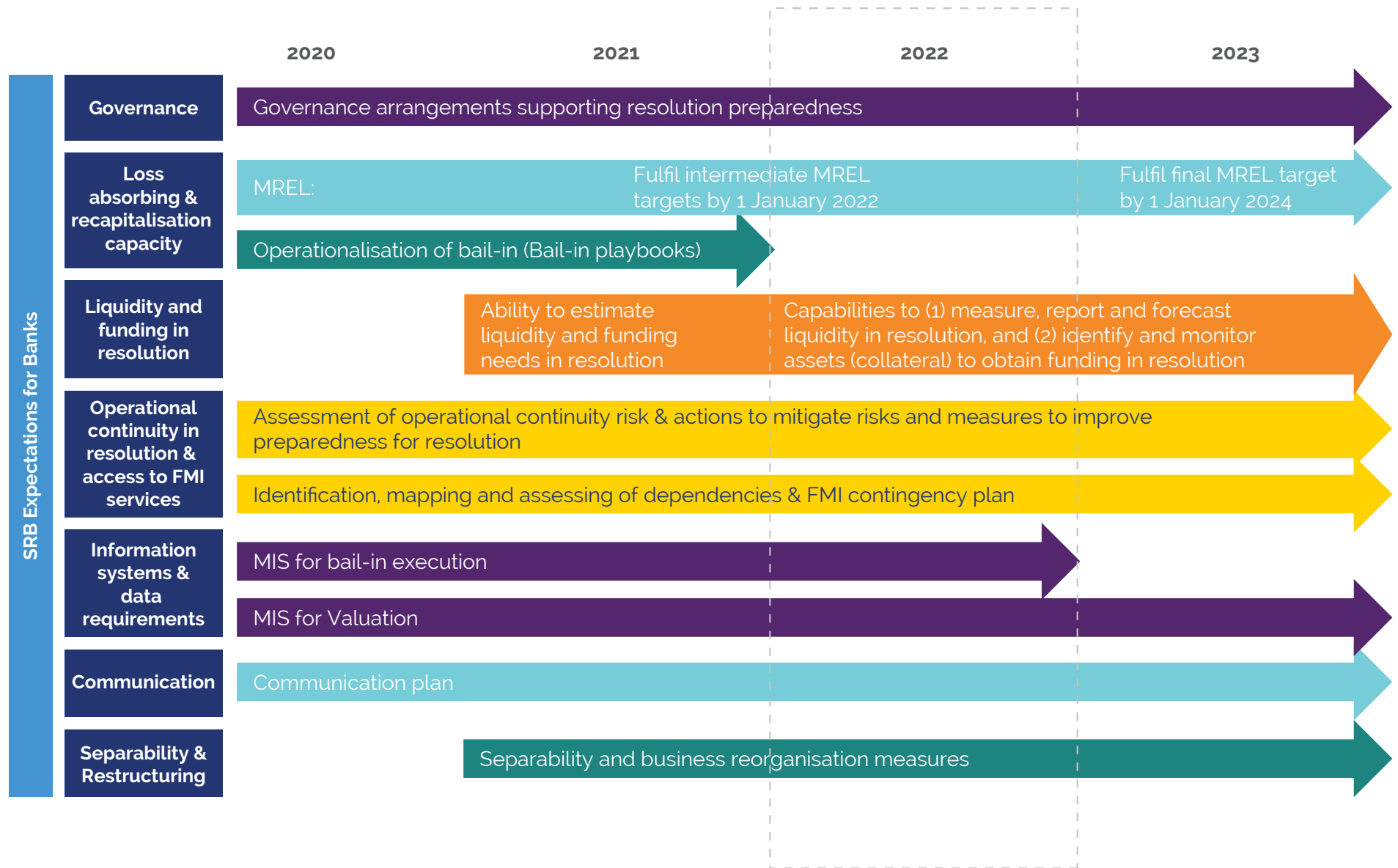
Assessing
bank
resolvability

4.1. Banks' resolvability: state of play

- ▶ The SRB **Multi-annual Work Programme 2021-2023 (MAP)** sets out the SRB's roadmap for achieving banks' resolvability over the next two years with the expectation that all SRB banks are fully resolvable by end 2023 at the latest.
- ▶ The MAP illustrates the expected build up of banks' capabilities through the 2021-2023 RPCs taking into account the SRB EfB' phase-in across the RPCs (*see next page*).
- ▶ The **SRB Work Programme 2022** is part of MAP and focus of the SRB during the 2022 RPC towards ensuring banks are fully resolvable by the end of 2023.
- ▶ In 2023, the SRB intends to publish the **SRB Multi-annual Work Programme 2024-2026**.



SRB Efb' phase-in across the RPCs





Resolvability monitoring

- ▶ Resolvability monitoring is an integral part of resolution planning. The SRB EfB set out the operational capabilities banks are expected to demonstrate to show they are resolvable and are being **gradually phased-in until 2023**. These expectations determine best practice and benchmarks for assessing resolvability according to common criteria across the Banking Union.
- ▶ IRTs base their resolvability assessment, among others, on a target/performance **comparison** of banks' multi-annual resolvability work programme and annual resolvability progress reports with the EfB and the annual SRB priority letter.
- ▶ In the **2022 priority letter to banks' CEOs**, the SRB identified areas of closer monitoring where banks did not demonstrate sufficient progress through the phase-in of the SRB EfB. Banks have to report on a quarterly basis on those.



Resolvability monitoring and substantive impediments

- ▶ Banks progress on resolvability is documented in the **resolvability assessment** and included in the resolution plans.
- ▶ The SRB is benchmarking banks' resolvability progress in a **heatmap**, which is a dedicated tool based on the **resolvability assessment** exercise.
- ▶ Depending on how significant the impediments are, the SRB will ask banks to address them:
 - Through dedicated corrective actions, under **close monitoring** by the IRTs, or
 - By starting the **formal procedure for addressing substantive impediments** to resolvability.

Abbreviations

ALR Additional Liability Data Report

BRRD Bank Recovery and Resolution Directive

CEO Chief Executive Officer

CFR Critical Functions Report

CIR Commission Implementing Regulation
2018/1624

CMG Crisis Management Group

COREP Common Reporting Framework

EBA European Banking Authority

ECB European Central Bank

EfB SRB Expectations for Banks

EU European Union

ExExS SRB Extended Executive Session

FINREP Financial Reporting Framework

FMI Financial Market Infrastructure

FMIR Financial Market Infrastructure Report

FSB Financial Stability Board

GLRA Group Level Resolution Authority

G-SIBs Global Systematically Important Banks

IRT	Internal Resolution Team
------------	--------------------------

JST	Joint Supervisory Team
------------	------------------------

LDR	Liability Data Report
------------	-----------------------

MAP	SRB Multi-annual Work Programme 2021-2023
------------	---

MIS	Management Information Systems
------------	--------------------------------

MREL	Minimum Requirements for own funds and Eligible Liabilities
-------------	--

NCA	National Competent Authority
------------	------------------------------

NRA	National Resolution Authority
------------	-------------------------------

RAP	Resolvability Assessment Process
------------	----------------------------------

RC	Resolution College
-----------	--------------------

RPC	Resolution Planning Cycle
------------	---------------------------

RTBH	Right To Be Heard
-------------	-------------------

SSM	Single Supervisory Mechanism
------------	------------------------------

TLAC	Total Loss-Absorbing Capacity
-------------	-------------------------------



Single Resolution Board
Treurenberg 22
1049 Brussels



srb.europa.eu