

## DECISION OF THE SINGLE RESOLUTION BOARD

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| Date      | <b>24/04/2024</b>  |
| Title     | <b>Decision of the Single Resolution Board on the calculation of the restatements for the 2016-2023 ex-ante contribution periods</b> |
| Reference | <b>(SRB/ES/2024/13)</b><br><b>(Only the EN text is authentic)</b>  |

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### THE SINGLE RESOLUTION BOARD,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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<sup>1</sup>, and in particular Article 70(2) thereof,

Having regard to Council Implementing Regulation (EU) 2015/81 of 19 December 2014 specifying uniform conditions of application of Regulation (EU) No 806/2014 of the European Parliament and of the Council with regard to ex-ante contributions to the Single Resolution Fund<sup>2</sup> and in particular Article 5(1) thereof,

Having regard to Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to ex-ante contributions to resolution financing arrangements<sup>3</sup> and in particular Articles 13(3), 14(5) and 17 thereof,

Having regard to Commission Delegated Regulation (EU) 2017/747 of 17 December 2015 supplementing Regulation (EU) No 806/2014 of the European Parliament and the Council with regard to the criteria relating to the calculation of ex-ante contributions, and on the circumstances and conditions under which the payment of extraordinary ex post contributions may be partially or entirely deferred<sup>4</sup>, and

Having regard to the Decisions of the Executive Session of the Board on the calculation of 2016 to 2023 ex-ante contributions to the Single Resolution Fund, in particular

- Decision of 15 April 2016 on the calculation of 2016 ex-ante contributions (SRB/ES/SRF/2016/06);  
Decision of 20 May 2016 on the adjustment of the 2016 ex-ante contributions supplementing the Decision of 15 April 2016 (SRB/ES/SRF/2016/13);

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<sup>1</sup> OJ L 225, 30.7.2014, p.1.

<sup>2</sup> OJ L 15, 22.01.2015, p. 1.

<sup>3</sup> OJ L 11, 17.1.2015, p. 44.

<sup>4</sup> OJ L 113, 29.4.2017, p. 2.

- Decision of 11 April 2017 on the calculation of the 2017 ex-ante contributions (SRB/ES/SRF/2017/05);
- Decision of 12 April 2018 on the calculation of the 2018 ex-ante contributions (SRB/ES/SRF/2018/03);
- Decision of 16 April 2019 on the calculation of the 2019 ex-ante contributions (SRB/ES/SRF/2019/10);  
Decision of the Executive Session of the Board of 8 August 2022 (SRB/ES/2022/47);
- Decision of 15 April 2020 on the calculation of the 2020 ex-ante contributions (SRB/ES/2020/24) and  
Decision of the Executive Board of 7 December 2022 (SRB/ES/2022/80);
- Decision of 14 April 2021 on the calculation of the 2021 ex-ante contributions (SRB/ES/2021/22);
- Decision of 11 April 2022 on the calculation of the 2022 ex-ante contributions (SRB/ES/2022/18);
- Decision of 2 May 2023 on the calculation of the 2023 ex-ante contributions (SRB/ES/2023/23).

Having consulted the European Central Bank and national competent authorities, and in close cooperation with the relevant national resolution authorities,

WHEREAS:

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## 1. SUBJECT MATTER OF THE DECISION

1. According to Articles 67(4), 69 and 70 of Regulation (EU) No 806/2014, the Board annually calculates and raises ex-ante contributions from the institutions in scope of Article 2 of the same Regulation (“**institutions**”), until the target level referred to in Article 69(1) of that regulation is met.
2. According to Article 14(5) of Commission Delegated Regulation (EU) 2015/63, where the information or data submitted to the resolution authorities for the calculation of ex-ante contributions to the Single Resolution Fund (“**SRF**” or “**Fund**”) is subject to updates or corrections, such updates or corrections shall be submitted to the Single Resolution Board (“**SRB**” or “**Board**”) without undue delay.
3. According to Article 17(3) of Commission Delegated Regulation (EU) 2015/63, where the information submitted by the institutions to the Board is subject to restatements or revisions, the Board shall adjust the annual contribution of the concerned institutions in accordance with the updated information upon the calculation of the annual contribution of the concerned institutions for the following contribution period.
4. According to Article 17(4) of Commission Delegated Regulation (EU) 2015/63, any difference between the annual contribution calculated and paid on the basis of the information subject to restatements or revision and the annual contribution which should have been paid following the adjustment of the annual contribution shall be settled in the amount of the annual contribution due for the following contribution period. That adjustment is made by decreasing or increasing the contributions to the following contribution period.
5. According to Article 3(1), point (6) of Commission Delegated Regulation (EU) 2015/63, ‘contribution period’ means ‘calendar year’.
6. The restatement procedure, as outlined in the aforementioned provisions, is designed to guarantee accurate calculation of contributions. Simultaneously, it upholds legal certainty and fair treatment for all contributing institutions, ensuring a level playing field. In order to ensure that contributions are proportionate, that the calculation is correct and accurate, and that any errors in the input data<sup>5</sup> are corrected, institutions are allowed and, at the same time, requested to correct or update the information on the basis of which their past contributions had been calculated by the Board.
7. The present decision (the “**Decision**”) is limited only to the calculation of the difference referred to under Article 17(4) of Commission Delegated Regulation (EU) No 2015/63 for restating institutions (“**Difference**”). It does not have the purpose or the effect to alter the previous decisions on ex-ante contributions adopted by the Board.
8. For the purpose of the present Decision, the Difference is calculated as follows:

$$\text{Difference}^6 = \text{adjusted annual contribution} - \text{original annual contribution}$$

<sup>5</sup> For the past cycle 2016-2023, the SRB performed checks on the input data that are limited to automated cross-checks against available databases and previous submissions, or to immediately identifiable clerical mistakes. It should be noted that **the decision at stake should not be understood as a confirmation of the accuracy of the institutions data or their contributions.**

<sup>6</sup> Where the information submitted by the institutions to the Board in the context of the present Decision had already been restated or revised in any prior contribution period(s), the corresponding amounts already previously calculated, raised or reimbursed were taken into account when calculating the Difference for the purposes of present Decision, to avoid raising or reimbursing twice the same amounts in different restatement processes. Therefore, Annex I to this Decision, where relevant, also presents the aggregate amount of the differences calculated in previous contribution periods. This amount is equal to the sum of any differences referred  
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where:

the **original annual contribution** is the annual contribution calculated and paid by a restating institution on the basis of the information initially submitted by the institution for the purpose of the calculation of the relevant ex-ante contribution;

the **adjusted annual contribution** is the annual contribution which should have been paid by a restating institution based on the restated or revised information submitted by the institution for the purpose of the present Decision.

9. The present Decision concerns the institutions that submitted requests for restatement by 31 December 2023<sup>7</sup> that had not been processed in any of the previous contribution periods (“**restating institutions**”). The present Decision does not affect the contributions duly paid by institutions in any previous contribution periods. The present Decision has also no impact on the determination of the annual target levels determined in the respective SRB’s decisions on ex-ante contributions of any previous contribution periods.
10. For the purpose of the calculation of the Difference, the Board adjusts a restating institution’s original annual contribution only with regard to the restated or revised information of that institution. As such, the calculation of the adjusted annual contribution, for each restating institution, is based on the exact same assumptions, information and methodology that the Board has relied upon for the calculation of the original annual contribution for the contribution periods 2016-2023, respectively, which are hereby confirmed. However, to avoid double counting, where the information submitted by the institutions to the Board in the context of the present Decision had already been subject to restatements or revision in any prior contribution period(s), the Difference takes account of any corresponding previous adjustments.
11. The above applies also to the situation of each restating institution individually and independently. The Board calculates each restating institution’s adjusted annual contribution by taking into account (a) that restating institution’s restated individual data, and (b) the input data, as originally reported, by all other institutions in scope for the relevant 2016-2023 contribution periods<sup>8</sup>. In other words, the restated data of the other restating institutions is not taken into account for the calculation, within this Decision, of each restating institution’s adjusted annual contribution, to ensure equitable conditions for all institutions in scope of ex-ante contributions.

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to under Article 17(4) of Commission Delegated Regulation (EU) No 2015/63 that had been calculated (and then raised or reimbursed) in any previous contribution periods pursuant to restatements or revisions.

<sup>7</sup> The institutions that submitted restatements following ADVE and AA processes were provided individual deadlines to submit their restatements.

<sup>8</sup> The institutions in scope of a given contribution period were identified as follows:

- a. For restatements or revisions of the information relevant for contribution periods 2016-2020:
  - i. when the restating institution was authorised in one of the nineteen Member States that joined the Single Resolution Mechanism in 2016 (“**Original Member States**”), the calculation is based on the information submitted only by the institutions that, at the time, were authorised in the Original Member States;
  - ii. when the restating institution was authorised in one of the two Member States that joined the Single Resolution Mechanism in 2020 (“**Adhering Member States**”), the calculation is based on the information submitted by all institutions authorised in the Original Member states *and* by all the institutions authorised in the Adhering Member State in which the restating institution was authorised;
- b. For restatements or revisions of the information relevant for contribution periods 2021-2023, the calculation is based on the information submitted by all institutions authorised in the Original Member States and the Adhering Member States, irrespective of the place of establishment of the restating institution.

## 2. PROCEDURE

12. By 31 December 2023<sup>9</sup>, the restating institutions submitted to the Board a number of requests for restatements of the information relevant for the calculation of their past ex-ante contributions to the SRF. As per the Board's instructions, the restating institutions filed restatement requests via the respective National Resolution Authorities ("NRA") and submitted the corresponding data reporting forms ("DRFs") accordingly amended. The restatement requests were submitted by the institutions either on their own initiative, or following the invitation by the Board in cases where the Board found the originally submitted information to be incorrect in the context of ex-post checks<sup>10</sup> ("Additional Verification Exercise" or "ADVE") or during the additional assurance process<sup>11</sup> ("AA").
13. A total of 236 restatement requests were submitted. The number of restating institutions is 148. In particular, among the restatement requests received,
- 2 concerned the DRF of the 2016 contribution period,
  - 7 concerned the DRF of the 2017 contribution period,
  - 13 concerned the DRF of the 2018 contribution period,
  - 16 concerned the DRF of the 2019 contribution period,
  - 28 concerned the DRF of the 2020 contribution period,
  - 25 concerned the DRF of the 2021 contribution period,
  - 48 concerned the DRF of the 2022 contribution period,
  - 97 concerned the DRF of the 2023 contribution period.
14. In light of the principle of good administration and with a view to upholding an effective dialogue with the concerned institutions, prior to the Board taking its final decision, it is appropriate for the Board to provide an opportunity to the concerned institutions to express their comments through a consultation process. In early March 2024, the NRAs provided advance notifications to the restating institutions established in their respective Member States that they would be given the opportunity to review a preliminary version of the restatement Decision of the Board prior to its adoption and to make their views known on such decision.
15. The consultation took place between 18 March and 2 April 2024. 30 institutions participated in the consultation.
16. The present Decision includes the following annexes: Annex I (the Harmonised Annex) to this Decision provides (i) the details of the calculation of the adjusted annual contribution and the Difference for each contribution period subject to restatements, including the common data points relevant for that calculation and (ii) an overview of all Differences (summed up per contribution period of all restating institutions over the periods 2016 - 2023), as well as the final amount to be paid or reimbursed in 2024. Since the input data is different for each restating institution, the resulting (adjusted) common data points<sup>12</sup> are not the same for all restating institutions. As such, the common data points were determined for each restating institution individually, as they are specific to the concerned restatement. The common data points have thus been provided in each of the Harmonised Annexes individually, and not in a single document common to all restating institutions. Annex II to this Decision outlines the evaluation of the comments

<sup>9</sup> The institutions that submitted restatements following ADVE and AA processes were provided individual deadlines to submit their restatements.

<sup>10</sup> ADVE is an ex-post verification of the data submitted by the institutions for the purpose of the calculation of their contributions. It is conducted by the SRB to ensure that all the data relied upon to calculate contributions is correct. This verification is done based on a specific sample of institutions and specific sample data.

<sup>11</sup> AA is an additional data verification process conducted by independent auditors on the basis of agreed upon procedures and with regard to data points that are specifically computed and reported for the sole purpose of calculating contributions to the SRF.

<sup>12</sup> Target levels, BAC denominators, Sum of Risk Adjusted BACs, maximum FCI, minimum FCI and binning thresholds and statistics, where applicable.

submitted in the consultation. Annexes IIIa to IIIf to this Decision address the comments that could not be addressed in Annex II without breaching the duty to ensure confidentiality and are only provided to the Institutions concerned.

17. Further to its adoption, the Board will communicate the restatement Decision and the annexes thereto to the NRAs, which will, in turn, notify it individually to all the institutions concerned.
18. Pursuant to Article 67(4) of Regulation (EU) No 806/2014, the amounts to be collected or reimbursed as a result of the restatements would be accordingly transferred by the NRAs to the SRF or by the SRB to the relevant National Resolution Arrangements. However, the additional collection from, and the reimbursement to, the institutions concerned will be subject to the applicable national law.

### 3. DESCRIPTION OF THE RESTATEMENT CALCULATION METHODOLOGY

19. For the purpose of the calculation of the Difference, the calculation of the adjusted annual contribution is performed by the Board, based on the exact same steps taken, technical discretion exercised and information relied upon by the Board, when originally calculating ex-ante contributions in the respective past contribution periods, with the exception of the data of the restating institution (see Recitals 8 to 11). The methodology of the calculation of the adjusted annual contribution is presented in the following Recitals.

#### 3.1. Steps of the restatement calculation methodology

##### 3.1.1. Target level

20. In any given year of the eight-year period from 2016 to 2023 (“**initial period**”), the Board determined the respective annual target level for each contribution period (2016-2023). The Board determined annual target levels by taking into account the following elements: (i) the requirement that the available financial means of the Fund should reach at least 1% of the amount of covered deposits of all credit institutions authorised in the participating Member States at the end of the initial period, in accordance with Article 69(1) of Regulation (EU) No 806/2014, and, therefore, the expected target level to be reached at the end of the initial period (31 December 2023); (ii) the requirement that ex-ante contributions should be spread out during the initial period as evenly as possible and taking into account the phase of the business cycle and the impact that these contributions may have on the financial position of contributing institutions, pursuant to Article 69(2) of Regulation (EU) No 806/2014; (iii) the available financial means already in the Fund; and (iv) the requirement that annual target levels should be set by reference to the average amount of covered deposits, calculated quarterly, held in the Participating Member States in the previous contribution period, pursuant to Article 4(2) of Commission Delegated Regulation (EU) No 2015/63.
21. Accordingly, based on the above elements (quantified in the table below), the Board, first, projected a rate of the expected further growth of covered deposits until the end of the initial period, taking into account the aggregate amount of covered deposits in the previous year. Based on this projection of the further growth of covered deposits, the Board estimated in each contribution period the final target level, i.e. 1% of the aggregate amount of covered deposits of all credit institutions authorised in all of the Member States participating in the Banking Union as of 31 December 2023.
22. Second, taking into account the available financial means in the Fund at the time and the remaining years left in the initial period to reach the expected final target level, the Board set the annual target levels by setting a coefficient at above 1%, that, if multiplied by (i) the average amounts of covered deposits, calculated quarterly, held in the Participating Member States in the previous contribution periods and (ii) by 1/8, would yield consecutive annual target levels that would allow the reaching of the projected final

target level, as estimated in each contribution period, and distribute those annual target levels as evenly as possible over the remaining years of the initial period. While setting the annual target levels, the Board also assessed the phase of the business cycle and the potential pro-cyclical impact that contributions may have on the financial position of contributing institutions in each of the eight contribution periods of the initial period.

**Table 1**

| <b>Contribution period</b> | <b>Covered deposits held in the Banking Union in the previous period (quarterly average data) (EUR bn)</b> | <b>Expected final target level (EUR bn)</b> | <b>Available financial means taken into account for annual target level setting (EUR bn)</b> | <b>Coefficient set</b> | <b>Annual target level</b> |
|----------------------------|--|---|--|------------------------|----------------------------|
| 2016                       | 5.339.158.631.521,81 <sup>13</sup>   | 56.0  | 0  | 1.05%                  | 7,007,645,704              |
| 2017                       | 5.456.615.955.020,07   | 58.5  | 10.8   | 1.05%                  | 7,161,808,441              |
| 2018                       | 5.633.571.271.262,73   | 65.3  | 17.4   | 1.15%                  | 8,098,258,702              |
| 2019                       | 5.783.019.302.931,56   | 65.3  | 24.9   | 1.15%                  | 8,313,090,248              |
| 2020                       | 6.198.571.448.571,73   | 72.5  | 32.8   | 1.25%                  | 9,685,267,888              |
| 2021                       | 6.688.993.903.739,10   | 75.2  | 42.1   | 1.35%                  | 11,287,677,213             |
| 2022                       | 7.126.786.910.732,04   | 80.0  | 52   | 1.60%                  | 14,253,573,821             |
| 2023                       | 7.339.364.226.282,56 <sup>14</sup>   | 77.6  | 65.9   | 1.28% <sup>15</sup>    | 11,702,958,514             |

23. Since the determination of the annual target levels is not in the scope of neither the restatement process nor this Decision, the Board relies on the annual target levels as established in the relevant contribution periods, which are hereby confirmed.

### 3.1.2. Specific adjustments in the initial period

24. The Board applied the methodology set out in Commission Delegated Regulation (EU) 2015/63 for the calculation of the individual annual ex-ante contributions. In order to take into account the specificities of a unified Fund with gradually mutualised national compartments allocated to the participating Member States, during the initial period, the ex-ante contributions are calculated in accordance with the adjusted methodology laid down in Article 8(1) of Council Implementing Regulation (EU) 2015/81.

25. In line with Article 8(1)(h) of Council Implementing Regulation (EU) 2015/81, during the initial period, the annual contributions shall be calculated in accordance with the following adjusted methodology:

<sup>13</sup> This relates to year-end data as quarterly average data was not available.

<sup>14</sup> This relates to year-end data used for setting the final target level as well as the annual target level 2023 based on the so-called “gap” approach (see footnote 15).

<sup>15</sup> In 2023, the coefficient was indicated only for comparability purposes, because the Board determined the 2023 annual target level as the difference between the expected target level on 31 December 2023 and the expected available net financial means in the Fund on 31 December 2023.



- The **National Base** or, in Annex I, “**BRRD**” is calculated in accordance with Article 103 of Directive 2014/59/EU and Article 4 of Commission Delegated Regulation (EU) 2015/63; and
- The **Banking Union Base** or, in Annex I, “**SRMR**”, is calculated in accordance with Articles 69 and 70 of the Regulation (EU) No 806/2014 and Article 4 of Council Implementing Regulation (EU) 2015/81.

26. The below table summarises the weights allocated to each calculation in the different contribution periods:

| Contribution period | BRRD   | SRMR   |
|---------------------|--------|--------|
| 2016                | 60%    | 40%    |
| 2017                | 40%    | 60%    |
| 2018                | 33.33% | 66.67% |
| 2019                | 26.67% | 73.33% |
| 2020                | 20%    | 80%    |
| 2021                | 13.33% | 86.67% |
| 2022                | 6.67%  | 93.33% |
| 2023                | 0%     | 100%   |

### 3.1.3. Steps of the calculation methodology

27. The calculation process follows a certain calculation methodology for each institution, depending on its size, in a sequential order as prescribed by the legal framework.
28. First, the Board determines the lump-sum (flat-rate) contributions for the following groups of entities:
- Small institutions that are paying a lump-sum contribution according to **Articles 10(1) to 10(6)** of the Commission Delegated Regulation (EU) 2015/63 (see Section 3.1.3.2 below);
  - Medium size institutions that are paying a lump-sum contribution for the first EUR 300,000,000.00 of total liabilities excluding own funds and covered deposits according to **Article 8(5)** of the Council Implementing Regulation (EU) 2015/81 (see Section 3.1.3.3 below);
29. The Board then subtracts the aggregate amount of lump-sum contributions due by the institutions listed in Recital 28 from the annual target level in order to set the specific target level that is required to determine the basic annual contribution of the institutions referred to in Recital 30.
30. Second, the Board determines the **annual contributions** of small institutions that provided sufficient evidence to the Board to determine both the basic annual contribution and the lump-sum contribution according to **Article 10(7)** of the Commission Delegated Regulation (EU) 2015/63, where after having compared both contributions:
- The institution is assigned to the lump-sum contribution, when it results in a lower contribution than the basic annual contribution (see Section 3.1.3.2.1 below).
  - The institution is assigned to the basic annual contribution, when it results in a lower contribution than the lump-sum contribution (see Section 3.1.3.2.2 below).

31. The Board then subtracts the overall amount of all lump-sum contributions from the annual target level in order to set the specific target level that is required to determine the basic annual contribution of the institutions referred to in Recital 32.
32. Third, the Board determines the basic annual contributions for the following groups of entities:
  - (a) **Mortgage credit institutions** financed by covered bonds which, according to the applicable national law, are not allowed to receive deposits according to Article 11 of the Commission Delegated Regulation (EU) 2015/63 (see Section 3.1.3.4 below);
  - (b) **Investment firms** which are authorised to carry out only limited services and activities, are not subject to, or may be exempted from, certain capital and liquidity requirements (see Section 3.1.3.5 below)
33. Fourth, in order to compare the institutions according to their riskiness, the SRB establishes bins for each risk indicator, in which institutions with similar risk profiles will be grouped (discretisation). The discretisation process leads to establishment of an optimal number of bins based on the number of risk-adjusted institutions and the skewness of the distribution of their data points. This allows the Board to define the common thresholds of each bin for each risk-indicator, as specified based on the ranking of the data of all institutions from the lowest to the highest, pursuant to the requirements set in Article 103(7) of Directive 2014/59/EU and Article 6 and Annex I, Step 2 of Commission Delegated Regulation (EU) 2015/63.
34. Fifth, the Board determines the **risk-adjusted contributions** according to Article 70(2)(b) of Regulation (EU) No 806/2014 (see Section 3.1.3.6 below) for the following two groups of institutions (risk-adjusted institutions):
  - (a) **Medium sized institutions** (1) whose total liabilities excluding own funds and covered deposits are greater than EUR 300,000,000.00 and whose total assets are equal to, or less than, EUR 1,000,000,000 or (2) whose total assets are greater than EUR 1,000,000,000 and equal to, or less than, EUR 3,000,000,000.00, are paying a risk-adjusted contribution for the remainder (above EUR 300,000,000.00) of their total liabilities excluding own funds and covered deposits (see Section 3.1.3.3 below);
  - (b) **Large institutions** whose total assets are above EUR 3,000,000,000 (see Section 3.1.3.6 below).
35. More concretely, in accordance with Article 9 of Commission Delegated Regulation (EU) 2015/63, for each risk-adjusted institution, the Board determines the risk-adjusted contribution by multiplying the basic annual contribution by the risk-adjustment multiplier. The risk-adjustment multiplier is determined by combining the risk indicators referred to in Article 6 of Commission Delegated Regulation (EU) 2015/63, in accordance with the formulas and procedures set out in Annex I of that Delegated Regulation.
36. In particular, in order to compare the risk-adjusted institutions according to their riskiness, the Board establishes bins for each risk indicator, in which risk-adjusted institutions with similar risk profiles will be grouped (discretisation) (see Recital 97 and Annex I with the details of the calculations). For each risk indicator, the discretisation process leads to the establishment of an optimal number of bins, based on the number of risk-adjusted institutions and the skewness of the distribution of their values for the concerned risk indicator. This allows the Board to define the common thresholds of each bin for each risk-indicator, as specified based on the ranking of the data of all risk-adjusted institutions from the lowest to

the highest, pursuant to the requirements set in Article 103(7) of Directive 2014/59/EU<sup>16</sup> and Article 6 and Annex I, Step 2 of Commission Delegated Regulation (EU) 2015/63.<sup>17</sup>

37. Considering that the thresholds of the risk bins determined by the Board for each risk indicator are the same for all risk-adjusted institutions, each risk-adjusted institution is assigned to the risk bin whose lower threshold is less than or equal to the institution's relevant data point, and whose higher threshold is greater than or equal to the institution's relevant data point.
38. Next, for each risk indicator and all risk-adjusted institutions, the institution's value for the concerned risk indicator is substituted by the number of the bin to which it is assigned. Subsequently, the number of the bin is rescaled and transformed, to obtain the institution's transformed rescaled indicator ("TRI") value for the concerned risk indicator (pursuant to the methodology set out in Annex I, Step 3 to 4 of Commission Delegated Regulation (EU) 2015/63).
39. For each risk-adjusted institution and for each risk pillar, the Board then calculates the weighted arithmetic average of the institution's TRIs of the risk indicators in the risk pillar, by applying the relative weights of the concerned risk indicators to the corresponding TRIs (pursuant to Article 7(1) of the Delegated Regulation and the methodology set out in Annex I, Step 5, No. 1 of Commission Delegated Regulation (EU) 2015/63).
40. Subsequently, the Board determines the institution's risk-adjustment multiplier by (i) applying the relative weight of each risk pillar to the weighted average of the determined TRIs as set out in Recital 39 (pursuant to Article 7 of the Commission Delegated Regulation (EU) 2015/63 and the methodology set out in Annex I, Step 5, No. 2 of that Delegated Regulation) and (ii) transforming and rescaling the latter weighted geometric average (pursuant to the methodology set out in Annex I, Step 5, No. 3 and Step 6, No. 1 of Commission Delegated Regulation (EU) 2015/63).
41. Next, for each risk-adjusted institution, the Board determines the risk-adjusted basic annual contribution by multiplying the basic annual contribution by the risk-adjustment multiplier (pursuant to Article 9(2) and Annex I, Step 6, No. 2 of Commission Delegated Regulation (EU) 2015/63).
42. Ultimately, and in accordance with Article 9(2), Annex I, Step 6, No. 2 of Commission Delegated Regulation (EU) 2015/63, the Board calculates the institutions' risk-adjusted individual contributions distributing the specific target level for these institutions among them on the basis of the ratio between their individual risk-adjusted basic annual contribution and the sum of all risk-adjusted basic annual contributions (see Section 3.1.3.6 below).

#### **3.1.3.1. Calculation of the basic annual contribution numerator**

43. The calculation of the contributions for individual institutions is based on two subsequent steps where:
  - a. a pro-rata contribution is calculated based on the individual institution's (adjusted) liabilities excluding own funds and covered deposits, with respect to the aggregate adjusted liabilities

<sup>16</sup> Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, OJ L 173 12.6.2014, p. 190.

<sup>17</sup> For more information on the statistical method of discretization see *JRC technical work supporting Commission second level legislation on risk based contributions to the (single) resolution fund, JRC Science and Policy Report, 2014*, p. 21-24, <https://publications.jrc.ec.europa.eu/repository/handle/JRC93669>.

excluding own funds less covered deposits, of all the institutions authorised in the territories of all the participating Member States (i.e., the basic annual contribution); and (when applicable)

- b. such contribution is additionally adjusted depending on the risk profile of the institution (“**risk-adjusted contribution**”).

44. The basic annual contribution (“**BAC**”) numerator is the starting point for the calculation of an institution’s annual ex-ante contribution. The Board takes into account the size of the institutions, and where relevant, the risk adjustment methodology for the basic annual contributions described in Article 5 of the Commission Delegated Regulation (EU) 2015/63.<sup>18</sup>

45. Depending on the calculation method described in the Section 3.1.3 above applicable to the institution, the (adjusted) size is determined in the following way:

| Type of calculation method                                   | Calculation and adjustment of the BAC numerator                           |
|--|---|
| Lump-sum   | $TL - OF - CD$  |
| Article 10(7) of Delegated Regulation                        | $TL - OF - CD - deductions - ONBS + \max[LR; 0.75 \times (ONBS + OFFBS)]$ |
| Mortgage credit institutions                                 |   |
| Investment firms with limited services and activities        |   |
| Article 8(5) of Council Implementing Regulation (EU) 2015/81 |   |
| Risk-adjusted institutions                                   |   |

Where:

- *TL* refers to Total Liabilities;
- *OF* refers to Own Funds;
- *CD* refers to Covered Deposits;
- *Deductions* refers to exclusions described in Article 5(1) of Commission Delegated Regulation (EU) 2015/63;
- *ONBS* is the accounting value of liabilities arising from derivative contracts booked on-balance sheet;
- *LR* refers to on- and off-balance sheet liabilities arising from derivative contracts valued in accordance with the leverage ratio methodology;
- *OFFBS* is the accounting value of liabilities arising from derivative contracts held off-balance sheet.

46. The basic annual contribution is then calculated in accordance with the following formula:

$$target \times \frac{B_n}{\sum_{p=1}^N B_p}$$

Where:

- **Target** refers to the relevant target level for the calculation methodology;
- **B<sub>n</sub>** (BAC numerator) refers to the amount of total liabilities (excluding own funds) less covered deposits of institution *n* adjusted in accordance with Article 5 of Commission Delegated Regulation (EU) 2015/63 (floored at 0<sup>19</sup>);

<sup>18</sup> Article 5 of Commission Delegated Regulation (EU) 2015/63 provides that the basic annual contribution shall be calculated by excluding certain liabilities.

<sup>19</sup> In the calculation, the B<sub>n</sub> cannot be valued below zero in order to avoid obtaining negative amounts.

- The **BAC denominator** (sum of  $B_p$ , with  $p=1,\dots,N$ ) represents the sum of total liabilities (excluding own funds) less covered deposits, as adjusted in accordance with Article 5 of Commission Delegated Regulation (EU) 2015/63 of all the institutions involved.

### 3.1.3.2. Contributions of small institutions

47. According to Article 10 of the Commission Delegated Regulation (EU) 2015/63, the Board calculates pro-rata contributions based on the individual institution’s adjusted liabilities excluding own funds and covered deposits. The final amount of the contributions is calculated based on two different methodologies, respectively set forth under:

- (a) Articles 10(1) to (6) of the Commission Delegated Regulation (EU) 2015/63 for small institutions paying flat-rate contributions; and
- (b) Article 10(7) of the Commission Delegated Regulation (EU) 2015/63 for small institutions paying other than flat-rate contributions.

48. The details on the calculation methodology of these institutions are provided in the sections below.

#### 3.1.3.2.1. Small institutions paying a flat-rate contribution

49. Paragraphs (1) to (6) of Article 10 of the Commission Delegated Regulation (EU) 2015/63 provide different lump-sum contributions (ranging from EUR 1,000 to EUR 50,000) determined in accordance with the criteria set out in the table below.

| Total liabilities excluding own funds and covered deposits | Total assets             | Lump-Sum contribution |
|--|--------------------------|-----------------------|
| ≤EUR 50,000,000.00   | <EUR<br>1,000,000,000.00 | EUR 1,000.00          |
| >EUR 50,000,000.00 ≤EUR 100,000,000.00                     |                          | EUR 2,000.00          |
| >EUR 100,000,000.00 ≤EUR 150,000,000.00                    |                          | EUR 7,000.00          |
| >EUR 150,000,000.00 ≤EUR 200,000,000.00                    |                          | EUR 15,000.00         |
| >EUR 200,000,000.00 ≤EUR 250,000,000.00                    |                          | EUR 26,000.00         |
| >EUR 250,000,000.00 ≤EUR 300,000,000.00                    |                          | EUR 50,000.00         |

#### 3.1.3.2.2. Small institutions paying other than a flat-rate contribution

50. In accordance with Article 10(7) of Commission Delegated Regulation (EU) 2015/63, when a small institution provides sufficient evidence that the lump-sum amount would be higher than the basic annual contribution, the Board applies the lower amount.

51. For this assessment, the Board takes into account only the information provided by the institution. Subsequently, the Board performs a comparative calculation, where, first, the institution is assigned to the lump-sum method and, second, the institution is assigned to the basic calculation method. The calculation leading to a smaller amount is retained and set as the final contribution for the institution.

52. When performing the comparative calculation, the basic annual contribution is determined as follows:

$$BAC_n = Target_1 * \frac{B_n}{\sum_{p=1}^{N_1} B_p}$$

Where:

- **BAC<sub>n</sub>** is the basic annual contribution (“**BAC**”) of institution *n*;
- **Target<sub>1</sub>** is the annual target adjusted to exclude the contributions of:
  - institutions paying the lump-sum amount in accordance with Articles 10(1) to (6) of Commission Delegated Regulation (EU) 2015/63 (Section 3.1.3.2.1, Recital 49)<sup>20</sup>; and
  - the EUR 50,000 paid by institutions subject to Article 8(5) of Council Implementing Regulation (EU) 2015/81 (Section 3.1.3.3);
- **B<sub>n</sub>** (“**BAC numerator**”) corresponds to the total liabilities (excluding own funds) less covered deposits, as adjusted in accordance with Article 5 of Commission Delegated Regulation (EU) 2015/63 of institution *n* (floored at 0<sup>21</sup>);
- $\sum_{p=1}^{N_1} B_p$  (sum of B<sub>p</sub>, with p=1,...,N<sub>1</sub>) is the BAC denominator (“**BAC denominator**”). It represents the sum of total liabilities (excluding own funds) less covered deposits, as adjusted in accordance with Article 5 of Commission Delegated Regulation (EU) 2015/63 of all the institutions involved, excluding (i) the amounts accounted for the lump-sum calculation method in accordance with Article 10(1) to 10(6) of Commission Delegated Regulation (EU) 2015/63 and (ii) the first EUR 300,000,000.00 of total liabilities excluding own funds and covered deposits of the institutions paying the partial lump-sum contribution in accordance with Article 8(5) of Council Implementing Regulation (EU) 2015/81.

53. The comparative calculation for mortgage credit institutions is adjusted in line with Article 11 of Commission Delegated Regulation (EU) 2015/63. For credit mortgage institutions, the comparative calculation is equal to 50% of the BAC:

$$BAC_n = Target_1 * \frac{B_n}{\sum_{p=1}^{N_1} B_p} * \frac{1}{2}$$

54. The target amount (*Target<sub>1</sub>*) and the BAC denominator ( $\sum_{p=1}^{N_1} B_p$ ) (re)calculated by the Board are provided in the institutions’ individual Harmonised Annex (Annex I to this Decision). For all small institutions that provided sufficient evidence that the lump-sum amount would be higher than the BAC, the Board applied the lower amount in accordance with Article 10(7) of Commission Delegated Regulation (EU) 2015/63.

### 3.1.3.2.3. Small institutions with a risk profile disproportionate to their size

55. Pursuant to Article 10(8) of Commission Delegated Regulation (EU) 2015/63, the Board may adopt a reasoned decision determining that an institution has a risk profile that is disproportionate to its small size and apply Articles 5 to 9 thereof to that institution. That decision shall be based on the following criteria:

- (a) the business model of an institution;
- (b) the information reported by that institution pursuant to Article 14 of Commission Delegated Regulation (EU) 2015/63;

<sup>20</sup> This includes investment firms with limited services and activities that pay lump-sum contribution and not basic annual contribution.

<sup>21</sup> In the calculation, B<sub>n</sub> cannot be less than zero, in order to avoid obtaining negative contribution amounts.

- (c) the risk pillars and indicators referred to in Article 6 of Commission Delegated Regulation (EU) 2015/63;
- (d) the assessment of the competent authority as regards the risk profile of that institution;

56. The below table summarises, for each contribution period in scope of this restatement Decision, whether the Board had designated any institution as having a risk profile that was disproportionate to their small size.

| Contribution period | Were there any Institutions qualifying under Article 10(8)? |
|---------------------|---|
| 2016                | Yes   |
| 2017                | No  |
| 2018                | No  |
| 2019                | Yes   |
| 2020                | Yes   |
| 2021                | Yes   |
| 2022                | No  |
| 2023                | No  |

None of the restating institutions has ever been qualified as having a risk profile that was disproportionate to their small size under Article 10(8) of Commission Delegated Regulation (EU) 2015/63.

### 3.1.3.3. Medium size institutions paying a partial lump-sum contribution

57. Article 8(5) of Council Implementing Regulation (EU) 2015/81 provides a calculation of the contributions to be paid by institutions, (1) whose total liabilities excluding own funds and covered deposits are greater than EUR 300,000,000.00 and whose total assets are equal to, or less than, EUR 1,000,000,000 or (2) whose total assets are greater than EUR 1,000,000,000 and equal to, or less than, EUR 3,000,000,000.00. Such institutions pay a lump-sum of EUR 50,000 for the first EUR 300,000,000.00 of total liabilities excluding own funds and covered deposits. For the remaining total liabilities, institutions' contributions were calculated in accordance with the risk-adjusted regime of the Commission Delegated Regulation (EU) 2015/63.

### 3.1.3.4. Mortgage credit institutions

58. Mortgage credit institutions financed by covered bonds that are not paying contributions under Article 10 of the Commission Delegated Regulation (EU) 2015/63 are subject to a specific calculation of contributions. In accordance with Article 11 of Commission Delegated Regulation (EU) 2015/63, for such institutions, the contribution amount is equal to 50% of the BAC:

$$BAC_n = Target_2 * \frac{B_n}{\sum_{p=1}^{N_2} B_p} * \frac{1}{2}$$

Where:

- **BAC<sub>n</sub>** is the basic annual contribution of institution *n*;
- **Target<sub>2</sub>** is the annual target adjusted to exclude the contributions of:

- institutions paying the lump-sum amount in accordance with Articles 10(1) to 10(6) of Commission Delegated Regulation (EU) 2015/63 (Section 3.1.3.2.1, Recital 49)<sup>22</sup>;
- the EUR 50,000 paid by institutions paying the partial lump-sum amount in accordance with Article 8(5) of Council Implementing Regulation (EU) 2015/81 (Section 3.1.3.3);
- institutions paying the lump-sum amount following the analysis performed in accordance with Article 10(7) of Commission Delegated Regulation (EU) 2015/63 (Section 3.1.3.2.2).
- $B_n$  corresponds to the total liabilities (excluding own funds) less covered deposits, as adjusted in accordance with Article 5 of Commission Delegated Regulation (EU) 2015/63 of institution  $n$  (floored at 0<sup>23</sup>);
- $\sum_{p=1}^{N_2} B_p$  (sum of  $B_p$ , with  $p=1, \dots, N_2$ ), the BAC denominator, represents the sum of total liabilities (excluding own funds) less covered deposits, as adjusted in accordance with Article 5 of Commission Delegated Regulation (EU) 2015/63 of all the institutions involved, excluding (i) the amounts accounted for the lump-sum calculation method in accordance with Article 10(1) to (6) of Commission Delegated Regulation (EU) 2015/63, (ii) the first EUR 300,000,000.00 of total liabilities excluding own funds and covered deposits of the institutions paying the partial lump-sum and (iii) the amounts accounted for the lump-sum amount of small institutions that opted for Article 10(7) of Commission Delegated Regulation (EU) 2015/63.

59. The target amount ( $Target_2$ ) and the BAC denominator ( $\sum_{p=1}^{N_2} B_p$ ) (re)calculated by the Board are provided in the institutions' individual Harmonised Annex (Annex I to this Decision).

### 3.1.3.5. Investment firms with limited services and activities

60. Since certain investment firms, which are authorised to carry out only limited services and activities, are not subject to, or may be exempted from, certain capital and liquidity requirements, the Commission Delegated Regulation (EU) 2015/63 does not apply to them<sup>24</sup>. In order to be, nevertheless, able to calculate the required contribution for these institutions, the Board defined the following methodology:

- (a) For those investment firms, whose total liabilities less own funds less covered deposits are less than or equal to EUR 300,000,000.00, the methodology of Article 10 of Commission Delegated Regulation (EU) 2015/63 is used, without, however, applying the maximum amount (EUR 1,000,000,000.00) on the total assets.
- (b) For other investment firms, the contribution amount is equal to the BAC:

$$BAC_n = Target_2 * \frac{B_n}{\sum_{p=1}^{N_2} B_p}$$

Where:

- $BAC_n$  is the basic annual contribution for institution  $n$ ;
- $Target_2$  is the annual target adjusted to exclude the contributions of:
  - institutions paying the lump-sum amount in accordance with Article 10(1) to 10(6) of Commission Delegated Regulation (EU) 2015/63 (Section 3.1.3.2.1, Recital 49);

<sup>22</sup> This includes investment firms with limited services and activities that pay lump-sum contribution and not basic annual contribution.

<sup>23</sup> In the calculation,  $B_p$  cannot be less than zero, in order to avoid obtaining negative contribution amounts.

<sup>24</sup> See Recital 3 of Commission Delegated Regulation (EU) 2015/63.



- the EUR 50,000 paid by institutions paying the partial lump-sum amount in accordance with Article 8(5) of Council Implementing Regulation (EU) 2015/81 (Section 3.1.3.3);
- institutions paying the lump-sum amount following the analysis performed in accordance with Article 10(7) of Commission Delegated Regulation (EU) 2015/63 (Section 3.1.3.2.2).
- $B_n$  (BAC numerator) represents total liabilities (excl. own funds) less covered deposits, as adjusted in accordance with Article 5 of Commission Delegated Regulation (EU) 2015/63 of institution  $n$  (floored at 0<sup>25</sup>);
- $\sum_{p=1}^{N_2} B_p$  (sum of  $B_p$ , with  $p=1, \dots, N_2$ ), the BAC denominator, represents the sum of total liabilities (excluding own funds) less covered deposits, as adjusted in accordance with Article 5 of Commission Delegated Regulation (EU) 2015/63 of all the institutions involved excluding (i) the amounts accounted for the lump-sum calculation method in accordance with Article 10(1) to (6) of Commission Delegated Regulation (EU) 2015/63, (ii) the first EUR 300,000,000.00 of total liabilities excluding own funds and covered deposits of the institutions paying the partial lump-sum and (iii) the amounts accounted for the lump-sum amount of small institutions that opted for Article 10(7) of Commission Delegated Regulation (EU) 2015/63.

61. The target amount ( $Target_2$ ) and the BAC denominator ( $\sum_{p=1}^{N_2} B_p$ )<sup>26</sup> recalculated by the Board are provided in the institutions' individual Harmonised Annex (Annex I to this Decision).

### 3.1.3.6. Risk-adjusted institutions

62. In accordance with Article 70(2)(b) of Regulation (EU) No 806/2014 a risk adjusted contribution is based on the criteria laid down in Article 103(7) of Directive 2014/59/EU. Such contribution is additionally adjusted depending on the risk profile of the institution.

63. The calculation of risk-adjusted contributions can be divided into the following steps:

- 1) According to Articles 4(1), 14(1) and Annex II of Commission Delegated Regulation (EU) 2015/63 and Article 6 of Council Implementing Regulation (EU) 2015/81, the Board **collects the information** provided by the institutions through the NRAs for each respective contribution period.
- 2) According to Article 69(1) and 70(2) of Regulation (EU) No 806/2014, Article 4(2) of Commission Delegated Regulation (EU) 2015/63 and Article 4 of Council Implementing Regulation (EU) 2015/81, the Board sets the target level for the annual contribution during each respective contribution period.
- 3) According to Article 70(2)(a) of Regulation (EU) No 806/2014, Articles 4(2) and 5 of Commission Delegated Regulation (EU) 2015/63, the Board calculates – based on the individual data of each institution – **the individual basic annual contribution** (See Section 3.1.3.1 above).
- 4) According to Article 103(7) of Directive 2014/59/EU and Article 6 and Annex I, Step 2 of Commission Delegated Regulation (EU) 2015/63 in order to rank institutions according to their riskiness, for each continuous risk indicator, **the bins are established, in which institutions with similar risk profile are grouped**. The common thresholds of each bin are defined based on the ranking of the data (the raw indicators) of all institutions from the lowest to the highest (see Section 3.1.3.6.2, Recitals 97 to 100 below).

<sup>25</sup> In the calculation,  $B_n$  cannot be less than zero, in order to avoid obtaining negative contribution amounts.

<sup>26</sup> Note that the same target and BAC denominator are used to determine the contributions of the mortgage credit institutions and the investment firms with limited services and activities.

- 5) According to Article 70(2)(b) of Regulation (EU) No 806/2014, the Board **calculates the risk-adjustment to the BAC** (see Section 3.1.3.6.2., Recital 112 below).
- 6) According to Article 9(2), Annex I, Step 6, No. 2 of Commission Delegated Regulation (EU) 2015/63, the Board **sums up all risk-adjusted basic annual contributions to get a common denominator** that is used to calculate the share of the remaining target level to be paid by each risk-adjusted institution (see Section 3.1.3.6.2, Recital 114 below).
- 7) According to Article 9(2), Annex I, Step 6, No. 2 of Commission Delegated Regulation (EU) 2015/63, the Board calculates the individual contributions distributing the (remaining) target level among all (risk-adjusted) institutions on the basis of the ratio between their individual risk-adjusted basic annual contribution and the sum of all risk adjusted basic annual contributions (see Section 3.1.3.6.2., Recital 113 below).

### 3.1.3.6.1. Rescaling of the weight of risk-indicators

64. Given that certain risk indicators were not applied in certain contribution periods, among others due to (i) the non-availability of sufficiently harmonised data and (ii) the fact that required data points were not included in the applicable supervisory reporting requirements for the relevant reference year, the same risk-indicators should not be applied when calculating the restating institutions' adjusted annual contribution for those contribution periods, as this Decision is based on the same assumptions, information and methodology relied upon when originally calculating contributions in the relevant contribution periods.
65. For each contribution period, the below table provides an overview of the risk indicators that were not applied:

| Contribution Period | Risk indicators <sup>27</sup> not taken into account  |
|---------------------|---|
| 2016                | Liquidity Coverage Ratio; Own funds and eligible liabilities held by the institution in excess of MREL; Net Stable Funding Ratio; Share of interbank loans and deposits in the European Union; Complexity and resolvability |
| 2017                | Liquidity Coverage Ratio; Own funds and eligible liabilities held by the institution in excess of MREL; Net Stable Funding Ratio; Share of interbank loans and deposits in the European Union; Complexity and resolvability |
| 2018                | Own funds and eligible liabilities held by the institution in excess of MREL; Net Stable Funding Ratio; Share of interbank loans and deposits in the European Union; Complexity and resolvability                           |
| 2019                | Own funds and eligible liabilities held by the institution in excess of MREL; Net Stable Funding Ratio; Complexity and resolvability  |
| 2020                | Own funds and eligible liabilities held by the institution in excess of MREL; Net Stable Funding Ratio; Complexity and resolvability  |

<sup>27</sup> As referred to and determined in accordance with Article 6 and Annex I Step 1 of Commission Delegated Regulation (EU) 2015/63.

|      |  |
|------|--|
| 2021 | Own funds and eligible liabilities held by the institution in excess of MREL; Net Stable Funding Ratio; Complexity and resolvability |
| 2022 | Own funds and eligible liabilities held by the institution in excess of MREL; Net Stable Funding Ratio; Complexity and resolvability |
| 2023 | Own funds and eligible liabilities held by the institution in excess of MREL; Complexity and resolvability                           |

66. In each contribution period, in accordance with Article 20(1) of Commission Delegated Regulation (EU) 2015/63, where a risk indicator is not applied, the weight of the other available risk indicators shall be rescaled proportionally to their weight as provided for in Article 7 of Commission Delegated Regulation (EU) 2015/63 so that the sum of their weight is 1. The weight of the pillar within the risk indicator is also rescaled accordingly.
67. In neither of the 2016-2023 contribution periods, the MREL-risk indicator was applicable within the ‘Risk exposure’ pillar as referred to in Article 6(1)(a) of Commission Delegated Regulation (EU) 2015/63 (“**Risk Pillar I**”). Taking this into account, the Board applied the following weights for the indicators in Risk Pillar I and the following weights of Risk Pillar I:

| Pillar                     | Indicators     | Weights of indicators in Pillar 2016-2023 | Weight of the Pillar in 2016 - 2017 | Weight of the Pillar in 2018 | Weight of the Pillar in 2019 - 2023 |
|----------------------------|----------------|---|-------------------------------------|------------------------------|-------------------------------------|
| PILLAR I:<br>Risk exposure | Leverage ratio | 1/3 = 33.3(3)%                            | 5/7 = 71.43 %                       | 5/9 = 55.5(5)%               | 50%                                 |
|                            | CET1 ratio     | 1/3 = 33.3(3)%                            |                                     |                              |                                     |
|                            | TRE/TA         | 1/3 = 33.3(3)%                            |                                     |                              |                                     |

68. The ‘Stability and variety of sources of funding’ pillar as referred to in Article 6(1)(b) of Commission Delegated Regulation (EU) 2015/63 (“**Risk Pillar II**”) consists of two risk indicators: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Depending on the applicability of the risk indicators, the Board applied the following weights for the risk indicators in Risk Pillar II (“NA” if the risk indicator was not applicable in the respective contribution period(s)) and the following weights of Risk Pillar II:

| Pillar   | Indicators | Weights of indicators in Pillar in 2016 - 2017 | Weights of indicators in Pillar in 2018 - 2022 | Weights of indicators in Pillar in 2023 | Weight of the Pillar in 2016-2017 | Weight of the Pillar in 2018 | Weight of the Pillar 2019 - 2023 |
|--|------------|--|--|---|-----------------------------------|------------------------------|----------------------------------|
| PILLAR II:<br>Stability and variety of source of funding | LCR        | NA   | 100 %  | 50%                                     | NA                                | 2/9 = 22.2(2)%               | 20%                              |
|  | NSFR       | NA   | NA   | 50%                                     |                                   |                              |                                  |

69. The ‘Importance of an institution to the stability of the financial system or economy’ pillar as referred to in Article 6(1)(c) of Commission Delegated Regulation (EU) 2015/63 (“**Risk Pillar III**”), consists of only one individual risk indicator, ‘Share of interbank loans and deposits in the European Union’. The Board applied the following weight for the risk indicator in Risk Pillar III (“NA” if the risk indicator was not applicable in the respective contribution period(s)) and the following weights of Risk Pillar III:

| Pillar   | Indicator   | Weights of indicators in Pillar in 2016-2018 | Weights of indicators in Pillar in 2019-2023 | Weight of the Pillar 2016-2018 | Weight of the Pillar 2019-2023 |
|--|---|--|--|--------------------------------|--------------------------------|
| PILLAR III: Importance of an institution to the stability of the financial system or economy | Share of interbank loans and deposits in the European Union <sup>28</sup> | NA   | 100%   | NA                             | 10%                            |

70. The ‘Additional risk indicators to be determined by the resolution authority’ pillar as referred to in Article 6(1)(d) and 6(5) of Commission Delegated Regulation (EU) 2015/63 (“**Risk Pillar IV**”) consists of three risk indicators, which are:

- (a) Trading activities, off-balance sheet exposures, derivatives and complexity and resolvability,
- (b) Membership in an IPS, and
- (c) Extent of previous extraordinary public financial support.

71. When determining the various risk indicators in Risk Pillar IV (as referred to in Article 6(5) of Commission Delegated Regulation (EU) 2015/63), the Board relied to the extent possible on the available assessments conducted by supervisory authorities, in line with Article 6(9) of Commission Delegated Regulation (EU) 2015/63, in order to limit the administrative burden for both institutions and resolution authorities.

*The probability of an institution entering resolution and the consequent probability of making use of the Fund*

72. Pursuant to Article 6(5), second sub-paragraph, of Commission Delegated Regulation (EU) 2015/63, when determining the three risk indicators in the ‘Additional risk indicators to be determined by the resolution authority’ pillar, the Board must take into account two criteria: the importance of those indicators in the light of the probability that the institution concerned would enter resolution and of the consequent probability of making use of the resolution financing arrangement where the institution would be resolved.

73. The way in which the two criteria under the second sub-paragraph of Article 6(5) of Commission Delegated Regulation (EU) 2015/63 must be assessed in the context of each of the three indicators in

<sup>28</sup> Essentially the Board, for simplicity reasons, in the binning process presents the nominal values of the sum of the interbank deposits and loans in the European Union of each institution concerned by the risk adjusted calculation (see in Annex I). The institutions are not in a position to provide the Board with the respective ratio directly. The Board notes that from the arithmetic formula it is clear that dividing all the data points by the same denominator does not influence the binning process. In addition, such ratio, based on a very large denominator, would yield very small values. In this regard, the Board noted that, due to machine precision limitations, the discretisation process remains computationally more stable and comprehensible, while yielding the exact same binning, when using the nominal (instead of percentage) values of interbank loans and deposits. In addition, such approach enables the institutions to orientate themselves better in the binning based on the original input data they provided to the Board in their DRFs. Therefore, the additional transformation into the ratio was not necessary.

Risk Pillar IV is further specified in Paragraphs 6, 7 and 8 of Article 6 of Commission Delegated Regulation (EU) 2015/63, respectively.

74. The Board took into account the probability of an institution entering into resolution and the probability of the use of the Fund for the resolution of that institution by devising the risk indicators in Risk Pillar IV based on the sub-indicators set forth in Paragraphs 6, 7 and 8 of Article 6 of Commission Delegated Regulation (EU) 2015/63, and based on the fact that all of the indicators on risk exposure and funding together measure the probability of an institution entering into resolution. This is the reason why the creation of a specific indicator was considered unnecessary by the delegated legislator<sup>29</sup>. Both elements, in fact, are already implied and reflected in the notion of ‘risk profile’ as defined in Article 103(7) BRRD. Within the Banking Union resolution framework, the probability of an institution entering into resolution and that of it using the Fund are overall assessed in light of the nature of an institution’s business model, shareholding structure, legal form, risk profile, size, legal status and interconnectedness to other institutions or to the financial system in general, the scope and complexity of its activities or whether it exercises any investment services or activities and whether its failure and subsequent winding up under normal insolvency proceedings would be likely to have a significant negative effect on financial markets, on other institutions, on funding conditions, or on the wider economy.
75. Within Risk Pillar IV, the probability to enter resolution and that of use of the Fund are further specified by the assessment of the importance of the institutions’ trading activities, their off-balance sheet exposures and their amounts of derivatives in relation to certain elements describing their business activities<sup>30</sup> as well as taking into account whether an institution is a member of an IPS or whether it benefited previously from extraordinary public financial support.
76. Given that the delegated legislator specified the probability to enter resolution and that of the use of the Fund as a ‘meta’ notion of the assessment of the risk profile of the institution rather than as an additional, independent data point, it would not be appropriate for the Board to develop a separate sub-indicator in that regard.

*The “trading activities, off-balance sheet exposures, derivatives and complexity and resolvability”-indicator*

77. The Board decided to determine the first indicator of Pillar IV, i.e., “trading activities, off-balance sheet exposures, derivatives and complexity and resolvability” (the **“First Additional Indicator”**), as a continuous variable, within the meaning of point 5 of Step 2 of Annex I to the Commission Delegated Regulation (EU) 2015/63, in light of the nature of this indicator. A binary indicator would not have adequately reflected, in the view of the Board, the nuances of the elements that the sub-indicator sets forth under Article 6(6) of Commission Delegated Regulation (EU) 2015/63 are meant to represent.
78. The First Additional Indicator is characterised by a certain degree of aggregation in relation to several elements describing the institutions’ business activities. According to Article 6(6)(a)(i) to (iii) and Article 6(6)(b)(i) and (ii) of Commission Delegated Regulation (EU) 2015/63, certain elements are bound to increase the risk profile of an institution, while others to decrease it.
79. The distribution mechanism in the calculation methodology requires that all values used in the calculation are set based on accurate, comparable and reliable data relative to all institutions in scope. The Board also took into account the lack of data required for the indicator “complexity and resolvability”. The data required for the indicator “complexity and resolvability” was not available in a harmonised form for all

<sup>29</sup> See in particular Recital 14 to the BRRD Directive.

<sup>30</sup> Like balance sheet size, the level of own funds or riskiness of the exposures.

institutions in the participating Member States. Accordingly, these sub-indicators were not applied within Risk Pillar IV.

80. Taking into account the above, the Board developed three main groups of sub-indicators referring to “trading activities”, “off-balance sheet exposures” and “derivatives”, whose importance is assessed in relation to three common elements: the balance sheet size, represented by total assets<sup>31</sup>, own funds, represented by CET1 capital<sup>32</sup>, and the riskiness of exposures, represented by total risk exposure<sup>33</sup>. The Board selected the data points total assets, CET1 capital and total risk exposure, because they were considered to be the most standardised, appropriate and comparable data points among those included in the supervisory reporting.
81. As regards the ‘overall business model’, it contributes to the development of the sub-indicators ‘trading activities’ and ‘derivatives’ in different ways. For the sub-indicator ‘trading activities’, the necessity to take account of the ‘overall business model’ led the Board to select the ‘risk exposure amount for market risks on traded debt instruments and equity’<sup>34</sup> as the supervisory data point quantifying the notion of trading activities. In the context of ‘trading activities’, the ‘overall business model of the institution’ is reflected by the minimum amount of capital that institutions must hold for supervisory purposes to cover for the specific risk of their trading activities. In other words, the ‘overall business model’ constitutes the numerator of the mathematical formula of the sub-indicator ‘trading activities’. As a result, the more the business model of a bank is focused on trading (debt instruments and equity), the higher is its risk profile, the higher is its numerator.
82. For the sub-indicator ‘derivatives’, the necessity to take into account the ‘overall business model’ led the Board to select ‘derivative exposure’ as the supervisory data point quantifying the amount of derivatives<sup>35</sup>. In this sense, the derivative exposure is a measure of the potential loss of an institution in the event of a severe adverse (economic) scenario. Even in the context of ‘derivatives’, the business model constitutes part of the numerator of the mathematical formula of the sub-indicator ‘derivatives’. Overall, the business models of the institutions with a higher derivatives exposure will naturally result in an increased risk profile and a higher numerator. No other available supervisory data point reflects to the same extent the institutions’ overall business model in the context of First Additional Indicator, in such a way that the sub-indicator ‘derivatives’ would imply an increase in the risk profile of an institution, in accordance with Article 6(6)(a)(iii).
83. Consequently, the importance of an institution’s ‘trading activities’ is reflected in the ratio between its risk exposure amount for market risks on traded debt instruments and equity and (i) the ‘total assets’ held by the institution, (ii) the level of own funds, or (iii) its total risk exposure amount.

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<sup>31</sup> As determined for the purpose of the template F\_17.01;r370; c010 of Annex V of the Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Implementing Regulation (EU) No 680/2014 (“EU COREP FINREP Regulation”) OJ L 97, 19.3.2021, p. 1.

<sup>32</sup> As referred to in Article 50 of Regulation (EU) No 575/2013, and as determined for the purpose of the template1/CA1 of Annex I of EU COREP FINREP Regulation.

<sup>33</sup> As defined in Article 92(3) of Regulation (EU) No 575/2013 and as determined for the purpose of the template number 2/CA2 of Annex I of EU COREP FINREP Regulation. In simple terms it can be presented as a depiction of the sum of the credit, operational and market risk and the risk of a credit valuation adjustment.

<sup>34</sup> “Risk weighted assets for market risk” shall mean risk weighted assets for market risk of debt and equity instruments attributable to the trading book of each institution according to Chapter 2 of Title IV of Part Three of the Regulation (EU) No 575/2013 of Regulation (EU) No 575/2013.

<sup>35</sup> “Derivative exposure” shall mean derivatives used for the calculation of the leverage ratio according to the applicable provisions in the respective contribution period and calculated according to Article 429(6-8) of Regulation (EU) No 575/2013.

84. As regards ‘off balance-sheet exposures’, the Board requested institutions to report their off-balance sheet nominal amounts<sup>36</sup> included in the existing supervisory reporting requirements for the reference period. The importance of off-balance sheet exposures is reflected in the ratio between the nominal amount of an institution’s off-balance sheet nominal amount and (i) the ‘total assets’ held by the institution, (ii) the level of own funds, or (iii) its total risk exposure amount.
85. Finally, the importance of the amount of derivatives was reflected in the ratio between ‘derivatives exposure’, reduced by 50% of the amount of derivatives which are cleared through a central counterparty, in accordance with Article 6(6)(b)(i) of Commission Delegated Regulation (EU) 2015/63, and (i) the ‘total assets’ held by the institution, (ii) the level of own funds, and (iii) its total risk exposure.
86. In light of the above, for the determination of Risk Pillar IV the Board took the elements provided in Article 6(6) of Commission Delegated Regulation (EU) 2015/63 into account in the following way:
- (a) With regard to “trading activities”, the sub-indicators are as follows:
    - (i) risk weighted assets for market risk divided by total assets;
    - (ii) risk weighted assets for market risk divided by CET1 capital;
    - (iii) risk weighted assets for market risk divided by total risk exposure.
  - (b) With regard to “off-balance sheet exposures”, the sub-indicators are as follows:
    - (i) off-balance sheet nominal amount divided by total assets;
    - (ii) off-balance sheet nominal amount divided by CET1 capital;
    - (iii) off-balance sheet nominal amount divided by total risk exposure.
  - (c) With regard to “derivatives”, the sub-indicators are as follows:
    - (i) derivatives exposure divided by total assets;
    - (ii) derivatives exposure divided by CET1 capital;
    - (iii) derivatives exposure divided by total risk exposure.
87. In accordance with Article 6(6)(b)(i) of Commission Delegated Regulation (EU) 2015/63, the fact that the derivatives held by an institution are cleared through a central counterparty (“**CCP**”) entails a decrease of its risk profile. CCP-cleared derivatives, in fact, imply smaller counterparty and operational risk compared to OTC-traded derivatives. However, CCP-cleared derivatives are not risk-free from a resolution perspective. For example, the intensified interconnection inherent to the CCP may, under certain circumstances, lead to the amplification of stress, pro-cyclicality and acceleration of contagion. The reduction of the risk profile of an institution should reflect both the risk-mitigation and the risk-enhancement components of CCPs<sup>37</sup>. Consequently, only 50% of the exposure to CCP-cleared derivatives is taken into account in the calculation of ex-ante contributions.<sup>38</sup>

*The ‘Membership in an Institutional Protection Scheme’-indicator*

<sup>36</sup> “Off-balance sheet nominal amount” shall mean the off-balance sheet nominal amount included in the reporting template for the leverage ratio. The off-balance sheet nominal amount is determined as the sum of the amounts reported in rows 100, 140, 150 and 160, and in the column 070 of the template C 40.00, as defined in Annex X of the EU COREP FINREP Regulation.

<sup>37</sup> In this context the Board also took into account the existence of statutory risk management requirements for CCP which help decrease but cannot negate risk associated with CCP-cleared derivatives.

<sup>38</sup> It is noted that the Commission Delegated Regulation (EU) 2015/63 when giving the discounts for the decrease in the risk profile uses the notion of 50% as appropriate. See e.g. Article 11(1) of the Commission Delegated Regulation (EU) 2015/63 as well as p. 18 of thereof the Commission Staff Working Document, Estimates of the Application of the Proposed Methodology for the Calculation of Contributions To Resolution Financing Arrangements Accompanying the document Commission Delegated Regulation supplementing Directive 2014/59/EU of the European Parliament and the Council of 15 May 2014 with regard to ex ante contributions to resolution financing arrangements, {C(2014) 7674}. Strasbourg, SWD(2014) 327/2, part 1/3.

88. The **second indicator** of Pillar IV is ‘Membership in an Institutional Protection Scheme’ (“**IPS membership**”). Pursuant to the second sub-paragraph of Article 6(5) and Article 6(7) of Commission Delegated Regulation (EU) 2015/63, the Board had to assess institutions’ probability of entering resolution and that of the use of the Fund in the context of the IPS membership, based on (a) whether the amount of funds which are available without delay for both recapitalisation and liquidity funding purposes in order to support the affected institution in case of problems is sufficiently large to allow for a credible and effective support of that institutions, and (b) the degree of legal or contractual certainty that the available funds will be fully utilized before any extraordinary public support may be requested.
89. Based on the above, the Board decided not to determine the IPS membership as a continuous variable within the meaning of point 5 of Step 2 of Annex I of the Commission Delegated Regulation (EU) 2015/63, but as a binary indicator. The Board considered that a binary indicator would better reflect the reality of an institution’s membership in an IPS, since an institution is either a member of an IPS or it is not. Moreover, based on Article 6(9) of Commission Delegated Regulation (EU) 2015/63, the Board considered that an (alternative) differentiation between the economic and contractual capacities of IPSs should not be pursued as it could not have relied on any available assessment from the competent authorities that could be considered as reliable and harmonised as that performed under Article 113(7) of Regulation (EU) No 575/2013. Consequently, the IPS membership was determined as a binary indicator.
90. Therefore, the Board’s assessment of both elements under Article 6(7)(a) and (b) of Commission Delegated Regulation (EU) 2015/63 relied on the evaluation performed by the national competent authorities. In a first step, the Board considered as IPS members, for the purpose of the IPS membership, all institutions that are member of an IPS to which the permission under Article 113(7) of Regulation (EU) 575/2013 was granted by the relevant national competent authority. In fact, such permission can only be granted if, *inter alia*, “*the arrangements ensure that the institutional protection scheme is able to grant support necessary under its commitment from funds readily available to it*”, as per Article 113(7)(b) of Regulation (EU) 575/2013, and “*there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities from the counterparty to the institution*”, as per Article 113(6)(e) of Regulation (EU) 575/2013, as referred to by Article 113(7)(a) of the same Regulation. The Board considered that the above-mentioned conditions and those respectively set forth under Article 6(7)(a) and (b) of Commission Delegated Regulation (EU) 2015/63 are qualitatively equivalent. In the second step, the Board further verified the economic and legal reliability of the IPS by relying on the assessment performed by the NRAs as to the fact that the conditions under Article 6(7)(a) and (b) of Commission Delegated Regulation (EU) 2015/63 are met. All institutions whose IPS were assessed positively in both steps were considered IPS members for the purpose of the indicator IPS membership. Otherwise, the Board considered the relevant institutions as not benefiting from their membership in an IPS for the purposes of calculating ex-ante contributions and treated them as institutions that did not indicate to be members of an IPS in their DRF.
91. Only after the above assessment was finalised, the Board proceeded to the application of Article 7(4) of Commission Delegated Regulation (EU) 2015/63.

*The ‘extent of previous extraordinary public financial support’-indicator*

92. The **third indicator** of Pillar IV, i.e., the ‘extent of previous extraordinary public financial support’, was determined by the delegated legislator as a binary indicator, as specified in Article 6(8) of Commission Delegated Regulation (EU) 2015/63. In order to ensure consistency with other data points, the two years



period referred to in Article 6(8)(a) of Commission Delegated Regulation (EU) 2015/63 is taken into account and thus the reference point depends on the period restated<sup>39</sup>.

*The weight of the Risk Pillar IV-indicators*

93. Risk Pillar IV weighs 20% in the risk-adjustment methodology. Article 7(4) of Commission Delegated Regulation (EU) 2015/63 specifies that, within Risk Pillar IV, the First Additional Indicator and the IPS membership each weigh 45%, while ‘extraordinary public financial support’ weighs 10%. Being that the First Additional Indicator is a composite one, the Board had to specify how to distribute its weight among its sub-indicators. In order to ensure predictability and even distribution among the sub-indicators, the SRB assigned to each sub-indicator a weight of 5%. As there is no direct (economical, nor statistical) evidence that one of the above 9 ratios has substantially more weight than the others in the determination of an institution’s risk profile, the Board has decided to equally weigh each of the sub-indicators. Taking this into account, the Board applies the following weights for the indicators within Risk Pillar IV and the following weights of Risk Pillar IV:

| Pillar                                | (Sub) indicator  | Formula   | Weights of (sub) indicators in Pillar <sup>40</sup> | Weight of the Pillar in 2016 - 2017 | Weight of the Pillar in 2018 | Weight of the Pillar in 2019 - 2023 |
|---------------------------------------|--|---|---|-------------------------------------|------------------------------|-------------------------------------|
| PILLAR IV: Additional risk indicators | Trading activities   | Risk weighted assets for market risk divided by Total Assets        | 5%  | 2/7 = 28.57%                        | 2/9 = 22.2(2)%               | 20%                                 |
|                                       |  | Risk weighted assets for market risk divided by CET1                | 5%  |                                     |                              |                                     |
|                                       |  | Risk weighted assets for market risk divided by total risk exposure | 5%  |                                     |                              |                                     |
|                                       | Off-balance sheet exposures                                    | Off-balance sheet nominal amount divided by Total Assets            | 5%  |                                     |                              |                                     |
|                                       |  | Off-balance sheet nominal amount divided by CET1                    | 5%  |                                     |                              |                                     |
|                                       |  | Off-balance sheet nominal amount divided by total risk exposure     | 5%  |                                     |                              |                                     |
|                                       | Derivatives  | Derivatives exposure divided by Total Assets                        | 5%  |                                     |                              |                                     |
|                                       |  | Derivatives exposure divided by CET1                                | 5%  |                                     |                              |                                     |
|                                       |  | Derivatives exposure divided by total risk exposure                 | 5%  |                                     |                              |                                     |
|                                       | Membership in an Institutional Protection Scheme <sup>41</sup> |   | 45%   |                                     |                              |                                     |

<sup>39</sup> The assessment whether an institution has used extraordinary public financial support in the reference year was assisted by the information received from the institution and the European Commission’s Directorate-General for Competition.

<sup>40</sup> In accordance with Article 7(4) of Commission Delegated Regulation (EU) 2015/63, the relative weight of each indicator that resolution authorities shall assess to determine the ‘Additional risk indicators to be determined by the resolution authority’ pillar shall be the following: (a) trading activities and off-balance sheet exposures, derivatives, complexity and resolvability: 45%; (b) Membership in an Institutional Protection Scheme: 45%; (c) Extent of previous extraordinary public financial support: 10%. The Board assigned to each of the nine sub-indicators under (a) an equal weight of 5%.

<sup>41</sup> Pursuant to the last sentence of Article 7(4) of Commission Delegated Regulation (EU) 2015/63, with respect to the risk indicator “Membership in an Institutional Protection Scheme”, an additional transformation was performed.

|  |   |     |  |  |  |
|--|---|-----|--|--|--|
|  | Extent of previous extraordinary public financial support | 10% |  |  |  |
|--|---|-----|--|--|--|

94. The selection of uniform and coherent supervisory data points reported by each institution across the participating Member States for the indicators under Pillar IV ensures statistical coherence, a maximum degree of comparability and a level playing field for all institutions across the Banking Union.

### 3.1.3.6.2. Calculation steps

95. The Board calculated the adjusted annual contribution of restating institutions to which the risk methodology applies following the steps of the procedure as described in Annex I to Commission Delegated Regulation (EU) 2015/63.

#### STEP 1 – Calculation of the raw risk indicators

96. In **Step 1**, the raw indicators for each of the indicators mentioned above were calculated based on the individual information submitted by the institutions via their DRFs.

#### STEP 2 – Calculation of the “bins” for each raw risk indicator

97. In **Step 2** the discretisation procedure was applied to all the continuous risk indicators. This procedure started with determining a number of “bins” per risk indicator, in accordance with the specific formula laid down in Annex I to Commission Delegated Regulation (EU) 2015/63.

98. Institutions were then assigned to one of these bins according to the value of the raw risk indicators. Institutions with the lowest values of the raw risk indicators were assigned to the first bin and institutions with the highest values were assigned to the last bin.

99. To avoid distortions and to ensure that the application of Step 2, No. 3 is in line with the principle of equal treatment, the bins were composed in such a way as to avoid a situation whereby institutions with the same value for a certain raw risk indicator would be classified in different bins. If after Step 2 institutions with the same raw risk indicator had been initially classified in different bins, then all the institutions sharing this value of risk indicator were regrouped and were all assigned to the least risky bin containing this risk indicator’s value to ensure that institutions with the same raw indicator are treated equally.

100. This uniform “binning” process conducted by the Board, and based on the raw indicator data of all risk adjusted institutions, leads to common data points (the thresholds of the risk bins) used for the assignment of all institutions to a particular risk bin. The thresholds (minimum value and maximum value) of the raw indicators for each of the risk bins for each of the risk indicators are presented in Annex I to this Decision. An institution is assigned to a bin if the value of the risk indicator is in between the minimum and maximum value of that given bin. The bin number ( $I_{ij}$ ) (“**Discretised Indicator**”) is then used in Step 3.

#### STEP 3 – Calculation of the Rescaled Indicator for each bin number

101. In **Step 3**, the Discretised Indicators, of any risk indicator, are rescaled within the range from 1 to 1000 (“**Rescaled Indicator**” or “**RI**”):

$$RI_{ij,n} = (1000 - 1) * \frac{I_{ij,n} - \min I_{ij,n}}{\max I_{ij,n} - \min I_{ij,n}} + 1$$

The minimum risk bin ( $\min I_{ij,n}$ ) and maximum risk bin ( $\max I_{ij,n}$ ) for each risk indicator are common data points used for determining the RI. All raw indicators that have been assigned to the same risk bin are assigned the same RI. The minimum and maximum risk bin for each of the risk indicators are presented in the institutions' individual Harmonised Annexes (Annex I to the Decision).

*STEP 4 – Transformation of Rescaled Indicators (inclusion of sign)*

102. In **Step 4** of the calculation, either a negative (“-”) or a positive (“+”) sign is assigned to each risk indicator, when applied. For the risk indicators with a negative sign: the lower is the bin, the higher is the risk profile. For risk indicators with a positive sign, the opposite is true. For the calculation of the ex-ante contributions the following signs have been assigned (when applicable):

| Pillar  | Indicator   | Sign |
|---|---|------|
| PILLAR I:<br>Risk exposure  | Leverage ratio  | -    |
|   | CET1 ratio  | -    |
|   | TRE/TA  | +    |
| PILLAR II:<br>Stability and variety of funding  | Net Stable Funding Ratio  | -    |
|   | Liquidity Coverage Ratio  | -    |
| PILLAR III:<br>Importance of an institution to the stability of the financial system or economy | Share of interbank loans and deposits in the European Union         | +    |
| PILLAR IV:<br>Additional risk indicators  | Risk weighted assets for market risk divided by Total Assets        | +    |
|   | Risk weighted assets for market risk divided by CET1                | +    |
|   | Risk weighted assets for market risk divided by total risk exposure | +    |
|   | Off-balance sheet nominal amount divided by Total Assets            | +    |
|   | Off-balance sheet nominal amount divided by CET1                    | +    |
|   | Off-balance sheet nominal amount divided by total risk exposure     | +    |
|   | Derivatives exposure divided by Total Assets                        | +    |
|   | Derivatives exposure divided by CET1                                | +    |
|   | Derivatives exposure divided by total risk exposure                 | +    |
|   | Membership in an Institutional Protection Scheme                    | -    |
| Extent of previous extraordinary public financial support                                       | +   |      |

103. Based on the above signs, each RI (as determined in Step 3) is transformed into the Transformed Rescaled Indicator (“TRI”), for which it generally holds that a lower value for the TRI corresponds to a higher risk:

$$TRI_{ij,n} = \begin{cases} RI_{ij,n} & \text{if sign} = '-' \\ 1\,001 - RI_{ij,n} & \text{if sign} = '+' \end{cases}$$

104. Pursuant to the last sentence of Article 7(4) of Commission Delegated Regulation (EU) 2015/63, when applying the indicator “IPS membership”, the resolution authority should also take into account the relative weight of the indicator “Trading activities and off-balance sheet exposures, derivatives, complexity and

resolvability” in order to diversify the impact for each IPS member of its participation in an IPS, depending on additional factors that specifically relate to its riskiness. In order to achieve this objective in a proportionate manner, it is appropriate for the Board to apply an adjustment process to the IPS membership based on the weight of the First Additional Indicator, taking into account the overall weight of the Risk Pillar IV (i.e. 20%) in the adjustment methodology. The Board opted to carry out the adjustment based on a relative comparison, similar to the discretisation, in order to ensure consistency within the calculation methodology.

105. In direct application of the requirement to take into account the relative weight of the indicator “Trading activities and off-balance sheet exposures, derivatives, complexity and resolvability”, the Board ranked risk-adjusted institutions that are members of an IPS (“**risk-adjusted IPS members**”) according to the equally weighted arithmetic average of the TRI values of the nine numeric indicators of Risk Pillar IV. For this purpose, the Board equally distributed the entire population<sup>42</sup> of risk-adjusted institutions in three bins according to their riskiness – low, medium, and high – so as to confer full benefit to institutions in the “lowest risk” bin and to gradually reduce the weight of the risk indicator ‘IPS membership’ within Risk Pillar IV for risk-adjusted IPS members in the other two bins.
106. When establishing the number of bins to which institutions are distributed, the Board took into account the following elements. First, that the reduction of the risk-adjustment factor of IPS members, as a result of the application of the risk indicator ‘IPS membership’, is not the only benefit that those institutions derive from their membership in an IPS: IPS members already benefit significantly from the deduction of their intra-IPS liabilities from their BAC under Article 5(1)(b) of Commission Delegated Regulation (EU) 2015/63. Second, the indicator ‘IPS membership’ is devised in such a way that, even the riskiest risk-adjusted IPS members gain more than half of the maximum benefit that their membership in an IPS could afford them. Third, the distribution of risk-adjusted IPS members in three categories – low, medium, high risk – is an intuitive solution for an additional ranking and provides sufficient granularity for the purpose of the risk adjustment process. In light of the foregoing, the Board considered it appropriate and proportionate to limit the number of bins to three. Distributing institutions in three bins according to their riskiness allows for a sufficiently comprehensive consideration of their specificities – which are, in any case, more widely considered within the indicator ‘Trading activities and off-balance sheet exposures, derivatives, complexity and resolvability’ –, while ensuring the proportionality of the benefit they gain from their membership in an IPS.
107. In fact, the weight of the ‘IPS membership’ indicator within Risk Pillar IV (45%) of risk-adjusted IPS members in the “medium risk” bin and the “highest risk” bin is reduced by, respectively, 10 and 20 percentage points compared to the risk-adjusted IPS members in the “lowest risk” bin. In other words, the ‘IPS membership’ adjusted TRI of risk-adjusted IPS members in the least risky bin was not adjusted (adjustment factor 9/9), and therefore the value of their ‘IPS membership’ adjusted TRI is equal to 1000

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<sup>42</sup> The ‘performance’ of risk-adjusted IPS members in the context of the indicator “trading activities, off-balance sheet exposures, derivatives, complexity and resolvability” was compared to that of all risk-adjusted institutions, and not only to that of other risk-adjusted IPS members. In fact, the adjustment under the second sub-paragraph of Article 7(4) of the Commission Delegated Regulation (EU) 2015/63 is intended to modulate the benefit that IPS members derive from their IPS membership for the purpose of ex-ante contributions based on the assessment of their relative riskiness compared to that of all other risk-adjusted institutions. This is confirmed, first, by the fact that the indicator “trading activities, off-balance sheet exposures, derivatives, complexity and resolvability” is applicable to the entire population of risk-adjusted institutions and, second, by the fact that the IPS membership, although at the end benefitting only risk-adjusted IPS members, is applicable and applied to all risk-adjusted institutions. Risk-adjusted institutions that are not risk-adjusted IPS members, in fact, receive an IPS membership TRI of 1, i.e., which is the minimum possible value. Considering that the IPS indicator is applicable to all risk-adjusted institutions and that the lack of an IPS membership negatively impacts the risk assessment of risk-adjusted institutions that are not IPS members, such institutions must also be included in the additional weighing required by the second sub-paragraph of Article 7(4) of Commission Delegated Regulation (EU) 2015/63. Therefore, the assessment of the ‘riskiness’ of a risk-adjusted IPS member under the second sub-paragraph of Article 7(4) of the Commission Delegated Regulation (EU) 2015/63 must be carried out by comparison with the entire category whose ‘riskiness’ was assessed with the indicator “trading activities, off-balance sheet exposures, derivatives, complexity and resolvability”.

(maximum possible value); the ‘IPS membership’ adjusted TRI of risk-adjusted IPS members in the averagely risky and riskiest bins was adjusted by multiplying the value of “1000” by, respectively, the adjustment factors 7/9 and 5/9, and therefore, the value of their ‘IPS membership’ adjusted TRI is equal to, respectively, 777.7778 and 555.5556:

| Riskiness by reference to the 9 numerical risk indicators of Pillar IV | Adjustment factor | Adjusted Transformed Rescaled indicator |
|--|-------------------|---|
| Bin representing the highest risk profile                              | 0.5556 (5/9)      | 555.5556                                |
| Bin representing the medium risk profile                               | 0.7778 (7/9)      | 777.7778                                |
| Bin representing the lowest risk profile                               | 1 (9/9)           | 1000.0000                               |

108. Therefore, within Risk Pillar IV the IPS membership risk indicator weights 25%, 35% and 45% for risk-adjusted IPS members falling in the first, second and third bin respectively.

109. For institutions that are not or were not considered to be members of an IPS, (the weight of) the risk indicator “IPS membership” is not adjusted<sup>43</sup>. The value of their ‘IPS membership’ TRI is equal to 1.

110. With regard to the risk indicator “Extent of previous extraordinary public financial support”, for the institutions within the meaning of Article 6(8)(a) of Commission Delegated Regulation (EU) 2015/63 that have been put under restructuring after receiving any State or equivalent funds and are still within the restructuring or wind down period, the maximum value of 1000 in Step 3 was applied. The maximum value was not applied for institutions that are within the last two years of implementation of the restructuring plan. A minimum value of 1 was applied for such institutions.

*STEP 5 – Calculation of the Final Composite Factor*

111. In **Step 5** of the calculation, the TRIs and pillars are aggregated into one final composite risk indicator (“**FCI**”) in the following way:

- (a) a weighted arithmetic average of the TRIs assigned to each indicator within a given pillar is calculated for each Risk Pillar;
- (b) a composite indicator (“**CI**”) is computed as a weighted geometric average of the Risk Pillars. The geometric average is used to avoid any compensation effect between pillars.

The FCI is then defined as  $FCI = 1000 - CI$ , so that institutions with higher risk profiles will have a higher FCI (i.e. closer to 1000).

*STEP 6 – Calculation of the Risk Adjusted Contribution*

112. In **Step 6**, the Risk Adjustment Factor  $\tilde{R}$  is computed by rescaling the FCI over the range between 0.8 and 1.5 in accordance with Article 9(3) of Commission Delegated Regulation (EU) 2015/63. The calculation is based on a linear scale between the lowest (min.) and highest (max.) FCI of all risk-adjusted institutions. The lowest (min.) and highest (max.) FCI calculated by the Board are common data points which are the same for all risk-adjusted institutions. The risk adjustment multiplier of each institution is computed as follows:

$$\tilde{R}_n = (1.5 - 0.8) * \frac{FCI_n - \min FCI_n}{\max FCI_n - \min FCI_n} + 0.8$$

<sup>43</sup> For these institutions, the adjustment factor is equal to 1 (one). As explained above, the risk indicator is multiplied by adjustment factor. Thus, in this case, there was no actual adjustment of the risk indicator.

113. The final adjusted annual contribution is then computed in accordance with the formula set out under Step 6, paragraph 2 of Annex I to the Commission Delegated Regulation (EU) 2015/63:

$$c_n = Target_3 * \frac{\frac{B_n}{\sum_{p=1}^{N_3} B_p} * \tilde{R}_n}{\sum_{p=1}^{N_3} (\frac{B_p}{\sum_{q=1}^{N_3} B_q} * \tilde{R}_p)}$$

Where:

- $c_n$  is the annual contribution for institution  $n$ ;
- **Target<sub>3</sub>** is the annual target adjusted to exclude the contributions of:
  - institutions paying the lump-sum amount or the basic annual contribution in accordance with Article 10 of Commission Delegated Regulation (EU) 2015/63 (Section 3.1.3.2.1, Recital 49);
  - the EUR 50,000 paid by institutions paying the partial lump-sum amount in accordance with Article 8(5) of Council Implementing Regulation (EU) 2015/81 (Section 3.1.3.3);
  - contributions of mortgage credit institutions in accordance with Article 11 of Commission Delegated Regulation (EU) 2015/63 (Section 3.1.3.4); and
  - the contributions of certain investment firms which are authorised to carry out limited services and activities (Section 3.1.3.5).
- $B_n$  (BAC numerator) represents total liabilities (excl. own funds) less covered deposits, as adjusted in accordance with Article 5 of Commission Delegated Regulation (EU) 2015/63 of institution  $n$  (floored at 0<sup>44</sup>);
- $\tilde{R}_n$  is the risk adjusting multiplier for institution  $n$ .

114. The denominator of the formula  $(\sum_{p=1}^{N_3} (\frac{B_p}{\sum_{q=1}^{N_3} B_q} * \tilde{R}_p)) = \frac{\sum_{p=1}^{N_3} (B_p * \tilde{R}_p)}{\sum_{q=1}^{N_3} B_q}$  is composed of:

- (a) The **sum of risk adjusted BAC numerators**  $(\sum_{p=1}^{N_3} (B_p * \tilde{R}_p))$  which is the sum of the total liabilities (excluding own funds) less covered deposits, as adjusted in accordance with Article 5 of Commission Delegated Regulation (EU) 2015/63, of all risk-adjusted institutions (sum of  $B_p$ , with  $p=1, \dots, N_3$ ) multiplied by the risk-adjusted institutions' risk adjusting multiplier, provided in the institutions' individual Harmonised Annexes (Annex I of the Decision); divided by
- (b) the **BAC denominator**  $(\sum_{q=1}^{N_3} B_q = \sum_{p=1}^{N_3} B_p)$ <sup>45</sup> which is the sum of total liabilities (excluding own funds) less covered deposits, as adjusted in accordance with Article 5 of Commission Delegated Regulation (EU) 2015/63 of all risk-adjusted institutions (sum of  $B_q$ , with  $q=1, \dots, N_3$ ), provided in the institutions' individual Harmonised Annexes (Annex I of the Decision).

115. The target level and the two items (the sum of risk adjusted BAC numerators and the BAC denominator) necessary to compute the denominator of the formula in Annex I, Step 6, No. 2 of Commission Delegated Regulation (EU) 2015/63, calculated by the Board, are provided in the institutions' individual Harmonised Annexes (Annex I of the Decision).

<sup>44</sup> In the calculation,  $B_n$  cannot be less than zero, in order to avoid obtaining negative contribution amounts.

<sup>45</sup> The BAC denominator is used in both the numerator and the denominator of the formula to calculate the risk-adjusted contributions.

#### 4. BALANCING PRINCIPLES OF CONFIDENTIALITY AND TRANSPARENCY

116. In accordance with Article 339 of the Treaty on the Functioning of the European Union and Article 88 of Regulation (EU) No 806/2014, the Board is prohibited from disclosing institutions' confidential information received in connection with the performance of its functions under Regulation (EU) No 806/2014. To this end, institutions' business secrets – namely, all information about the institutions' business activities that, in case of disclosure to a competitor and/or wider public, could significantly harm the institutions' interests – are considered to be confidential information. In the context of the calculation of ex-ante contributions to the Fund, the individual information submitted by the institutions via their DRFs, which is then relied on for calculating their ex-ante contributions, is considered to be business secrets.
117. In line with the general principles of EU law, EU institutions and agencies must ensure that their decision-making processes conform to the highest possible degree of transparency and that their decisions are adequately reasoned. This requirement is considered on a case-by-case basis in light of the circumstances and the nature of the decision and must be balanced against all the countervailing principles and interests at stake.
118. In the context of the restatement Decision, the Board must, in accordance with the principles and requirements established by the legislator in Article 88 of Regulation (EU) No 806/2014, reconcile its duty to state adequate reasons with the requirement not to disclose institutions' confidential information. On the one hand, the Board is prohibited from disclosing the institutions' individual data points, which are at the basis of the calculations, in this Decision. On the other hand, the Board may disclose the institutions' aggregated and common data points without infringing the obligation to respect business secrets, as that data is in collective form, such that institutions concerned cannot be identified. Yet, disclosure of aggregated and anonymised data enables institutions to understand, in essence, how their individual situation was taken into account, for the purposes of calculating their ex-ante contributions, relative to the situation of all the other institutions contributing in a given period. For the purpose of the restatements: for any institution and any contribution period, the corresponding common data points (i) are recalculated and adjusted taking into account (only) the (corresponding) restatements and/or revisions provided by that institution and (ii) used only for the determination of the adjusted annual contribution of the latter. Since the input data is different for each restating institution, the resulting (adjusted) common data points are not the same for all restating institutions. As such, the common data points were determined for each restating institution individually, as they are specific to the concerned restatement. The common data points have thus been provided in each of the Harmonised Annexes (Annex I) individually, and not in a single document common to all restating institutions.
119. In line with the guidance provided in joined cases C-584/20 P and C-621/20 P by the Advocate General and by the Court of Justice, the Board displays in the individual Harmonised Annexes (Annex I) the following data points<sup>46</sup>:
- a) the amount of covered deposits, calculated quarterly, on a Banking Union Base and the restating institution's Member State Base for the relevant period, if applicable (Annex I to the Decision);

<sup>46</sup> Opinion of the Advocate General, joined cases C-584/20 P, *Commission v LBBW*, and C-621/20 P, *SRB v LBBW*, ECLI:EU:C:2021:330, paragraph 156. The data point – 'the amount of the aggregate liabilities (excluding own funds) of all the institutions authorised in the territories of all of the participating Member States' – mentioned by the AG in the Opinion is not provided in Annex I. It should be noted that such data point is, in practice, not used for the ex-ante contribution calculation and is not necessary for the institution seeking to recalculate its ex-ante contribution and to understand how, in essence, its individual situation was taken into account, for the purposes of the calculation exercise, relative to the situation of all the other institutions contributing in a given cycle. Instead of the total amount of liabilities (excluding own funds), this Decision discloses the amount of the aggregate liabilities (less own funds and covered deposits) of all the institutions authorised in the territories of all of the participating Member States in the 2016 cycle, which is the actual data point used in the calculation.

- b) the amount of the aggregate liabilities (less own funds and covered deposits), adjusted in accordance with Article 5 of Commission Delegated Regulation (EU) 2015/63, also known as 'BAC denominator', on a Banking Union Base and on the restating institution's Member State Base for the relevant period, if applicable (Annex I to the Decision);
- c) the total amount of the risk-adjusted annual contributions in the relevant period, also known as 'target level for risk-adjusted institutions', on a Banking Union Base and on the restating institution's Member State Base for the relevant period, if applicable (Annex I to the Decision);
- d) the boundaries of the bins, for each risk indicator, of each risk pillar on a Banking Union Base and the restating institution's Member State Base for the relevant period, if applicable (Annex I to the Decision).

120. The restatement Decision concerns the data provided by the institutions for the previous ex-ante contributions periods 2016-2023. The Board considers that the individual data points provided by the institutions must remain confidential irrespective of their age. In accordance with Article 88(5) of Regulation (EU) No 806/2014 the Board must ensure that the disclosure of any information does not contain confidential information, in particular, by assessing the effects that the disclosure could have on the public interest as regards financial, monetary or economic policy, on the commercial interests of natural and legal persons, as well as on the purpose of inspections, on investigations and on audits.

121. In that regard, it is observed that the Board is the central resolution authority for the Banking Union. It operates in a highly sensitive area involving many large, listed institutions that are of critical importance not only to individual Member States and their economies, but in many cases to the stability of the Banking Union as a whole. The data required for the recalculation of the annual contributions based on the new data provided by the institutions is equally specific and sensitive as it provides a full picture not only of individual institutions, but of the EU banking sector from a resolution perspective. Once disclosed to certain institutions, the Board cannot control the use or the disclosure of such datasets any further, with particular reference to access to document procedures under Regulation (EC) 1049/2001<sup>47</sup>. This dataset is such that it could be used to threaten the financial stability of the financial sector.

122. The above risk even remains regarding data that would be, at the point of its disclosure, more than five years old. As the business model, activities, type of clientele, etc. of banks are characterised by a short and medium-term stability, the assessment of the situation of EU institutions from a resolution perspective, which is reflected in the calculation of ex-ante contributions, also tends to remain stable. As a result, the relative position of one institution in comparison to its peers from a resolution perspective may remain largely the same over a period of time longer than five years. If the Board were to disclose the comprehensive dataset, this would give the institutions and potentially other market participants a detailed picture not only of individual institutions, but of the broader EU banking sector. Other market participants could use this information to engage in activities that might cause risks for the financial stability in the Banking Union.

123. If the Board was obliged to disclose these datasets, e.g., as a result of an access to documents procedure, after a certain time has passed, institutions and other market participants would gain access to a steadily growing data pool and could analyse these detailed datasets using forecasting algorithms or other tools to work out information that would be both useful and sensitive even on today's market. As mentioned above, the business model of most institutions may remain relatively static, and it is well conceivable that institutions that have been among the riskiest in 2016 may also be in that group in 2023.

<sup>47</sup> 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, OJ L 145, 31.5.2001, p. 43 to 48.



124. Considering all the above and weighing, in particular, the institutions' interest in obtaining a complete dataset to be able to recalculate their contributions in detail and considering the private and public interests as described above, the Board considers that the latter outweigh the former. There is an overriding public and private interest that the Board does not disclose a complete dataset comprising the whole EU banking sector subject to ex-ante contributions.

## 5. DATA CORRECTION / UPDATE AND CALCULATION OF THE DIFFERENCES

125. As mentioned in Recitals 7 and following, and pursuant to Article 17(3) of Commission Delegated Regulation (EU) 2015/63, this Decision aims solely to calculate the Difference (as defined in Recital 7). For this purpose, that calculation of the adjusted annual contribution is based on the same assumptions, information and methodology originally relied upon in the relevant contribution period (as confirmed and specified in the preceding Sections of this Decision), but based on each restating institution's corrected data.

126. Pursuant to Article 17(4) of Commission Delegated Regulation (EU) 2015/63, the Differences, which are calculated based on restated information submitted until 31 December 2023, are to be settled in the following contribution period, i.e., 2024<sup>48</sup>.

## 6. CALCULATION RESULTS

127. The details of the calculation of the Differences are set out separately for each institution falling within the scope of that calculation in Annex I to this Decision (the "**Harmonised Annexes**"). Each Harmonised Annex includes the corrected or updated input data submitted with the requests for restatement and then relied upon for the calculation of the Differences, on the Banking Union Base and the BRRD bases, if applicable, and sets out further details concerning the final amount to be paid (the sum of the Differences) by the restating institutions.<sup>49</sup>

128. In accordance with Article 5(2) of Council Implementing Regulation (EU) 2015/81, the Board communicates to each NRA only the part of the Harmonised Annex which concerns the restating institutions authorised in their jurisdiction. It also follows from the above that each restating institution may only be notified of the part of the Harmonised Annex that concerns that institution. The information contained therein is relevant for each restating institution to properly understand how the Difference was calculated.

## 7. IRREVOCABLE PAYMENT COMMITMENTS

129. According to Article 70(3) of Regulation (EU) No 806/2014, the available financial means to be taken into account in order to reach the target level of the Fund specified in Article 69(1) of Regulation (EU) No 806/2014 may include irrevocable payment commitments ("**IPCs**"). Article 70(3) of Regulation (EU) No 806/2014 also provides that IPCs must be fully backed by collateral of low-risk assets unencumbered by any third-party rights, at the free disposal of and earmarked for the exclusive use by the Board for the purposes specified in Article 76(1) of Regulation (EU) No 806/2014.

130. According to Article 13(3) of Commission Delegated Regulation (EU) 2015/63, the Board must specify the conditions and the means by which the payment of contribution should be effected and, in particular, the

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<sup>48</sup> If the information originally submitted for the purpose of the calculation of the ex-ante contribution in the relevant contribution periods has already been subject to restatements or revisions, the amounts reimbursed by the Board or to be paid by the institutions already take into account the results of those earlier restatements or revisions.

<sup>49</sup> All the transfers of the sums will be processed by the NRAs (payments and refunds) in compliance with the specifics of respective national legislation.

share of IPCs that each institution can use and the collateral thereto. Article 13(3) of Commission Delegated Regulation (EU) 2015/63 provides for the Board to accept collateral only of the kind and under conditions that allow for swift realisability including in the event of a resolution decision over the weekend and for a conservative valuation of the collateral to reflect significantly deteriorated market conditions.

131. Finally, according to Article 8(3) of Council Implementing Regulation (EU) 2015/81, the Board shall allow the use of IPCs upon institutions' request. That provision also stipulates that the Board allocates the use of IPCs evenly among those institutions requesting it. Article 8(3) of Council Implementing Regulation (EU) 2015/81 further provides that the allocated IPCs should not be less than 15% of the total payment obligations of the institution. It also requires that when calculating the annual contributions of each institution, the Board must ensure that, in any given year, the sum of those IPCs does not exceed 30% of the total amount of annual contributions raised in accordance with Article 70 of Regulation (EU) No 806/2014.
132. As mentioned in Recitals 9 and 10 above, the present Decision aims to calculate the Difference between the amounts that the restating institutions paid and those that they should have paid in the respective contribution periods. As a result of this calculation, either a reimbursement obligation is established for the Board or a payment obligation is established for the restating institutions. Thus, the Board is required to set the payment modalities for those restating institutions for which a payment obligation is established.
133. The Board considers that, also with respect to the payment modalities and by analogy, the present Decision should replicate to the extent possible the choices made in the previous contribution periods. This is also due to reasons of consistency intrinsic to the present Decision and with a view to offer restating institutions comparable conditions to those offered to other institutions that contributed in the corresponding contribution periods.
134. As such, since in all of the 2016-2023 contribution periods all institutions were provided with the possibility to enter IPCs for a share of their obligation, the restating institutions should be given the same possibility when restating the data used for the calculation of their 2016-2023 contributions. Subject to the principles described below, restating institutions may, upon request to the Board, enter into an IPC agreement ("IPCA") for the making of IPCs for the payment obligations resulting from restatements for the years 2016-2023 as set out in Annex I to this Decision.
135. In each contribution period from 2016 to 2023, the Board assessed the share of IPCs and the collateral to be accepted based on the specific circumstances related to the relevant contribution period. The overview of the IPC-related choices made in the 2016-2023 contribution periods is provided below:

| <b>Contribution period</b> | <b>Share of the payment obligation</b> | <b>Main elements taken into account for the share of IPCs, each contribution period</b>  | <b>Type of collateral</b> | <b>Main elements taken into account for the type of collateral</b>   |
|----------------------------|--|--|---------------------------|--|
| 2016                       | 15 %                                   | The very initial stage of the build-up phase of the Fund; the relatively high share of IPC accepted in the 2015 contribution period; the consideration that an increased reliance on IPCs would pose risks to the financial stability of banks in case of resolution action, due to the negative impact of calling IPCs on banks' profitability and capital. | Cash                      | In an environment of constantly growing covered deposits (and generally increasing contribution amounts), the following risks were taken into account and weighted, each year, when deciding |
| 2017                       | 15 %                                   |  | Cash                      |  |
| 2018                       | 15 %                                   | The economic situation in 2018: high global asset prices; concentration of risks and uncertainty associated to the Brexit  | Cash                      |  |

|      |      |  |      |   |
|------|------|--|------|---|
|      |      | negotiations, geopolitical tensions and global surge of nationalism. The Board also took into account that an increased reliance on IPCs would pose risks to the financial stability of banks in case of resolution action, due to the negative impact of calling IPCs on banks' profitability and capital.  |      | on the type of collateral to be accepted:<br>(i) only cash ensures immediate availability of the available financial means in the event of resolution with the use of the Fund, even over the resolution weekend;<br>(ii) cash does not require the liquidation of securities (pledged as alternative collateral);<br>(iii) cash entails no counterparty risk, liquidity risk, market risk, nor price risk;<br>(iv) cash does not require margin calls;<br>(v) cash does not require the implementation of collateral management processes (possibly prohibitive for small institutions). |
| 2019 | 15 % | The economic situation in 2019: concentration of concerns regarding the growth of the Euro Area's economy, caused by tensions on trade policies (U.S. and China); the overheating of the U.S. economy and faster-than-assumed monetary tightening; remaining downside risks related to the uncertain outcome of the Brexit negotiations. The Board also took into account that an increased reliance on IPCs would pose risks to the financial stability of banks in case of resolution action, due to the negative impact of calling IPCs on banks' profitability and capital.  | Cash |   |
| 2020 | 15 % | The economic situation in 2020: the slowdown of the economic growth of the Euro Area growth; uncertainty on US trade and economic policies; escalating geopolitical tensions (e.g., between the United States and Iran, sensitive situation in South America, etc.); deteriorating economic situation caused by the COVID-19 pandemic; a potential contraction of GDP and its consequences for the banks. The Board also took into account that an increased reliance on IPCs would pose risks to the financial stability of banks in case of resolution action, due to the negative impact of calling IPCs on banks' profitability and capital. | Cash |   |
| 2021 | 15 % | The economic situation in 2021: the ongoing COVID-19 pandemic and its impact on the real economy and financial markets; negative interest rates environment and its implications on the possible replenishment obligations. The Board also took into account that an increased reliance on IPCs would pose risks to the financial stability of banks in case of resolution action, due to the negative impact of calling IPCs on banks' profitability and capital.   | Cash |   |
| 2022 | 15 % | The economic situation in 2022: the rapid growth of the inflation in the Euro Area and a corresponding monetary tightening by the ECB; the impact of the Russian aggression of Ukraine on the real economy and the solvency and profitability of EU banks. The Board also took into account that an increased reliance on IPCs would pose risks to the financial stability of banks in case of resolution action, due to the negative impact of calling IPCs on banks' profitability and capital.  | Cash |   |

|      |        |   |      |  |
|------|--------|---|------|--|
| 2023 | 22.5 % | The economic situation in 2023: the improved economic outlook and reduction of direct contagion risk. The Board also took into account the available financial means already collected in the Fund and the fact that an increased reliance on IPCs would pose risks to the financial stability of banks in case of resolution action, due to the negative impact of calling IPCs on banks' profitability and capital. | Cash | The Board followed the same approach as in the previous contribution periods. The higher share of IPCs accepted also cautioned against accepting collateral other than cash. |
|------|--------|---|------|--|

136. Additionally, in each of the above contribution periods, the Board determined the share of IPCs to be accepted upon an institution's request, by reference to the **total payment obligation** due by each institution in the concerned contribution period, as per Article 8(3) of Council Implementing Regulation (EU) 2015/81. In this regard, the total payment obligation is the amount due by each institution, after taking into account all applicable adjustments, such as, but not limited to, the deduction of the share of 2015 ex-ante contributions and the differences due to the restatements processed in the concerned contribution period.

137. In light of the above considerations, the modalities of payment for the amounts due by way of restatements in 2024 are set out below.

138. *As to the share of the total payment obligation for which restating institutions are allowed to enter IPCs*, IPCs were accepted for 15% and 22.5% of institutions' total payment obligations in the 2016-2023 contribution periods. As such, the present Decision sets the share of IPCs to be accepted for the payment obligation subject to this Decision at 22.5%. This is in line with the considerations set in Recital 136 above and reflects the past choice made in 2023, to which the large majority of the restatement requests relate. Additionally, this is the most favourable choice among the ones operated by the Board in the initial period. Finally, this line is not called into question by the limited impact of the 2024 restatement Decision on the Fund<sup>50</sup>.

139. *As to the collateral*, in each of the 2016-2023 contribution periods, the Board accepted only cash collateral. Therefore, cash is the only form of collateral accepted in 2024, to back the IPCs that restating institutions should want to enter (when applicable).

## 8. COMMUNICATION

140. In accordance with Article 5(1) of Council Implementing Regulation (EU) 2015/81, the Decision is addressed to the NRAs and the Board communicates it to the relevant NRAs to the extent it concerns the institutions authorised in their respective jurisdictions.

141. Therefore, after receiving the communication from the Board, the relevant NRAs are expected to notify the Decision by transmitting the main body thereof together with its Annexes to the institutions concerned in English together with the courtesy translation provided by the Board.

<sup>50</sup> In fact, the amount concerned by the current restatement Decision stands at EUR 31 791, while the available financial means in the Fund currently stand at EUR 78 billion. 148 institutions are concerned by the present Decision, while contribution decisions adopted in the initial period concerned on average a few thousand institutions.

142. As the Decision is addressed to the relevant NRAs, and English is the language of communication agreed between the Board and the relevant NRAs in the Cooperation Framework<sup>51</sup> based on Article 81(4) of Regulation (EU) 806/2014, the Decision is adopted in English. In order to facilitate the process of notification of the Decision by the relevant NRAs to each of the institutions, the Board also provides, to the extent possible, its courtesy translation into the official language of the relevant Member State to each NRA. For the avoidance of doubt, only the English text is authentic.

HAS ADOPTED THIS DECISION:

*Article 1*

**Calculation**

The calculation of the difference between the adjusted annual contribution for the contribution periods 2016-2023 and the original annual contribution paid for these years by the restating institutions taking into account any previous adjustments, as set out in Annex I, is approved.

*Article 2*

**Share and collateral for Irrevocable Payment Commitments**

For the amounts payable to the Fund as set out in Annex I, institutions may, upon request to the Board and subject to the terms of an Irrevocable Payment Commitment Agreement to be concluded between the Board and the relevant institution, provide irrevocable payment commitments for an amount equal to 22.5% of their payment obligations for restated contributions for the years 2016-2023. The irrevocable payment commitments must be fully backed by collateral exclusively in the form of cash.

*Article 3*

**Communication**

This Decision is communicated to the following NRAs of the participating Member States to the extent it concerns the institutions authorised in their respective jurisdictions:

- Finanzmarktaufsicht (AT)
- National Bank of Belgium (BE)
- Българска народна банка, Комисия за финансов надзор (BG)
- Κεντρική Τράπεζα της Κύπρου (CY)
- Finantsinspeksioon, Tagastisfond (EE)
- Autorité de Contrôle Prudentiel et de Résolution (FR)
- Bundesanstalt für Finanzdienstleistungsaufsicht (DE)
- Central Bank of Ireland (IE)
- Banca d'Italia (IT)
- Finanšu un Kapitāla Tirgus Komisija (LV)
- Commission de Surveillance du Secteur Financier (LU)
- Malta Financial Services Authority (MT)
- De Nederlandsche Bank (NL)

<sup>51</sup> Decision of the Single Resolution Board of 17 December 2018 establishing the framework for the practical arrangements for the cooperation within the Single Resolution Mechanism between the Single Resolution Board and National Resolution Authorities (SRB/PS/2018/15).

- Banco de Portugal (PT)
- Banka Slovenije (SI)
- FROB, Banco de España, Comisión Nacional de Mercado de Valores (ES)

*Done in Brussels,*

*For the Single Resolution Board,*

*The Chair  
Dominique Laboureix*

## **Annexes**

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- Annex I. Results of the calculation with respect to the institutions concerned and set separately (per institution) in the Harmonised Annexes**
- Annex II. Evaluation of the comments submitted in the Consultation**
- Annexes IIIa-III f. Individual Notices on the evaluation of the submissions made during the Consultation that include confidential information (where applicable)**