

DECISION OF THE SINGLE RESOLUTION BOARD

Date	11/04/2022
Title	Decision on the calculation of the 2022 ex-ante contributions to the Single Resolution Fund
Reference	SRB/ES/2022/18 (Only the English text is authentic)

TABLE OF CONTENTS

1.	PROCEDURE.....	3
2.	SCOPE OF THE CALCULATION.....	5
3.	REPORTING REQUIREMENTS	6
4.	DATA REPRESENTATION, VERIFICATION AND ADDITIONAL ASSURANCE	9
5.	ANNUAL TARGET LEVEL.....	10
5.1	Evolution of the total amount of covered deposits.....	10
5.2	Projected evolution of covered deposits.....	11
5.3	Analysis of the relevant indicators.....	12
5.4	Setting the annual target level	15
6.	CALCULATION METHODOLOGY	16
6.1	Description of the calculation process	16
6.1.1	Steps of the calculation process	16
6.1.2	Specific adjustments in the initial period	18
6.1.3	Calculation of the basic annual contribution numerator	19
6.2	Contributions of small institutions	20
6.2.1	Small institutions paying a flat-rate contribution.....	20
6.2.2	Small institutions paying other than a flat-rate contribution.....	21
6.3	Small institutions with a risk profile disproportionate to their size	22
6.4	Medium size institutions paying a partial lump-sum contribution	22
6.5	Mortgage credit institutions.....	22
6.6	Investment firms with limited services and activities.....	23
6.7	Risk-adjusted institutions.....	24
6.7.1	Balancing principles of confidentiality and transparency	25
6.7.2	Calculation methodology for risk-adjusted institutions	26
7.	PARTIAL DEDUCTION OF THE 2015 CONTRIBUTION.....	34
8.	NEWLY SUPERVISED INSTITUTIONS	34
9.	RESTATEMENTS AND REVISIONS	34
9.1	Assessment of the restated data.....	35
9.2	Recalculated amount and data adjustments on individual level	35
9.3	Restatements of out-of-scope institutions.....	39
10.	CALCULATION RESULTS.....	39
11.	IRREVOCABLE PAYMENT COMMITMENTS	39
12.	COMMUNICATION.....	42

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 1093/2010¹, 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 Fund²,

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 arrangements³, as amended by Commission Delegated Regulation (EU) 2016/1434⁴,

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 deferred⁵, and

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

1. PROCEDURE

1. Each year, pursuant to Article 70(2) of the Regulation (EU) No 806/2014 the Single Resolution Board (“**Board**”) calculates and determines the annual ex-ante contributions that shall be raised from entities referred to in Article 2 of the Regulation (EU) No 806/2014 (“**institutions**”) by the National Resolution Authorities (“**NRAs**”) and transferred to the Single Resolution Fund (“**Fund**”).
2. In accordance with Article 4 of Commission Delegated Regulation (EU) 2015/63, the calculation of the ex-ante contributions is based on the data provided by the institutions pursuant to Article 14 of that Delegated Regulation.
3. Each NRA provided the Board with a list of institutions from their respective jurisdictions, which have been assessed to be within the scope of the obligation to pay ex-ante contributions to the Fund for the 2022 contribution period.
4. By letter of 16 September 2021, the Board provided the institutions, via the NRAs, with the Data Reporting Form (“**DRF**”) that they would have to use to submit their own data relevant for the calculation of the 2022 ex-ante contributions to the Fund, in accordance to Article 14(2) of Commission Delegated Regulation (EU) 2015/63. The DRF contains all the definitions and instructions concerning the data to be used for the calculation of ex-ante contributions. Together with the DRF, the Board provided institutions with

¹ OJ L 225, 30.7.2014, p.1.

² OJ L 15, 22.01.2015, p. 1.

³ OJ L 11, 17.1.2015, p. 44.

⁴ OJ L 223, 30.8.2016, p. 1.

⁵ OJ L 113, 29.4.2017, p. 2

additional general guidance on the structure of the DRF, the calculation of the Basic annual contributions, deductions and risk adjustments, as well as additional specific guidance concerning intragroup deductions, IPS deductions and derivatives adjustments. In the same letter, the Board informed the institutions about the overall timeline of the 2022 contributions cycle and provided further details of some key elements of the 2022 contributions cycle, such as the additional assurance requirements and the consultation process as part of the decision making process for the 2022 contribution cycle.

5. The institutions were required to provide the NRAs with the input information necessary under Annex II to Commission Delegated Regulation (EU) 2015/63, as identified within the DRF, by 31 January 2022 in accordance with Article 14(4) of the Commission Delegated Regulation (EU) 2015/63. On the same day, the NRAs provided to the Board the information they received from an overall number of 2.896 institutions.
6. In February 2022, the Board performed preliminary checks on the data received and, where necessary, addressed specific remarks to the concerned institutions via the relevant NRA in order to definitively identify the correct data set to rely on for the purpose of this decision. The Board also received some comments and remarks from certain institutions and, where appropriate, asked for additional information.
7. In February 2022, the Board received from the Deposit Guarantee Schemes (“**DGSs**”) the information concerning the average amount of covered deposits that each credit institution held in the previous year, calculated quarterly, as well as information concerning the use of extraordinary public financial support from the European Commission’s Directorate-General for Competition.
8. Based on the data collected by the end of February 2022, the Board performed a preliminary calculation for the determination of the 2022 ex-ante contributions. In particular, the Board identified the intermediate results concerning all the common data points established equally for all institutions in the calculation process, including the target level and the thresholds of the bins to be used for each risk indicator.
9. The Board organised a consultation as part of the decision-making process for the 2021 contributions cycle. This provided in-scope institutions with the opportunity to comment, prior to the adoption of the decision on ex-ante contributions for that cycle, on aspects of the decision-making process that they considered pertinent. The organisation of this consultation process was broadly welcomed by the industry. Consequently, the Board decided to provide in-scope institutions with the same opportunity to comment on any aspect of the 2022 decision-making cycle that they consider pertinent.
10. In September 2021, the **NRAs** provided advance notification to the institutions established in their respective Member States that they would be given the opportunity to review and comment upon a preliminary version of the decision of the Board on the determination of the 2022 ex-ante contributions to the Fund prior to its adoption. As was the case for the 2021 contribution period, in light of the principle of good administration and with a view to upholding an effective dialogue, prior to the Board taking its final decision, it is deemed appropriate for the Board to provide an opportunity to the Institutions to express their comments through a consultation process.
11. The consultation process itself was launched on 3 March 2022 and closed on 17 March 2022. A total of 60 institutions participated by providing comments on 14 different topics. After careful consideration of all submissions received, the Board concluded that the comments did not lead to a different conclusion for the ex-ante contributions for the 2022 contribution cycle than that set out in the preliminary version of the decision shared with the institutions or the individual calculation results. This applies notwithstanding the outbreak of war in Ukraine and the resulting uncertainties for the future economic development, which the Board took into account for the purposes of the final decision for the 2022 contribution cycle. An evaluation of the submissions made in the consultation on the 2022 ex-ante contributions to the Fund is set out in Annex III that forms an integral part of this Decision.

12. On 14 March 2022, the Board launched the consultation with the National Competent Authorities (“**NCAs**”) and the European Central Bank (“**ECB**”) among other to verify the data submitted by the institutions. The Board took note of the outcome of the consultation and of the comments received.
13. Further to its adoption, the Board will communicate the present decision determining the 2022 ex-ante contributions to the Fund and Annexes thereto to the NRAs, which in turn will notify it individually to all the institutions concerned.

2. SCOPE OF THE CALCULATION

14. In accordance with Articles 2, 67(4) and 70 of Regulation (EU) No 806/2014, the following categories of entities are to contribute to the Fund:
 - (a) Credit institutions as defined in Article 4(1)(1) of Regulation (EU) No 575/2013⁶, including central bodies and their affiliated institutions, not including the entities referred to in Article 2(5) of Directive 2013/36/EU⁷, and
 - (b) Investment firms as defined in Article 4(1)(2) of Regulation (EU) No 575/2013, provided that:
 - (i) they are subject to the initial capital requirement laid down in Article 28(2) of Directive 2013/36/EU; and
 - (ii) they are covered by the consolidated supervision of the parent undertaking carried out by the ECB in accordance with Article 4(1)(g) of Council Regulation (EU) No 1024/2013⁸.
15. The Board should determine whether an entity has an obligation to contribute to the Fund in the 2022 contribution period on the basis of its active status as credit institution or investment firm on 1 January 2022. In accordance with Article 12(2) of Commission Delegated Regulation (EU) 2015/63, the change of status of an institution during the contribution period does not have an effect on the annual contribution to be paid by that institution for that year.
16. For this purpose, as mentioned in Recital 3 above, each NRA provided the Board with a list of institutions in its respective jurisdiction which had been assessed to be within scope of the obligation to pay ex-ante contributions to the Fund. This list was the subject of further verifications with NCAs and the ECB in order to confirm the status of entities as credit institutions, and with the European Securities and Market Authority (“**ESMA**”) to confirm the status of entities as investment firms. The status of ‘institution’ has been established by the Board for each entity based on the above.
17. For the cases in which the qualification of entities as credit institutions or investment firms was relevant for calculation of their individual ex-ante contributions, the Board relied on the definitions provided in the relevant legal framework and applied the pertinent provisions accordingly. Therefore, the Board refrained from applying provisions which are aimed at certain situations only to situations that, however comparable,

⁶ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012. OJ L 176, 27.6.2013, p. 1.

⁷ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC. OJ L 176, 27.06.2013, p. 338.

⁸ Council Regulation (EU) 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions. OJ L 287, 29.10.2013, p. 63.

did not satisfy all the conditions laid down in those provisions, when such an interpretation would be incompatible with the wording of the law.

3. REPORTING REQUIREMENTS

18. In accordance with Article 4 of Commission Delegated Regulation (EU) 2015/63, the calculation of the ex-ante contributions is based on data provided by the institutions pursuant to Article 14 of that Delegated Regulation. Institutions are therefore required to provide at least the following information prescribed in Annex II to Commission Delegated Regulation (EU) 2015/63:

- (a) Total Assets as defined in Article 3(12);
- (b) Total Liabilities as defined in Article 3(11);
- (c) Liabilities covered by points (a), (b), (c), (d), (e) and (f) of Article 5(1);
- (d) Liabilities arising from derivatives contracts;
- (e) Liabilities arising from derivatives contracts valued in accordance with Article 5(3);
- (f) Covered deposits;
- (g) Total Risk Exposure;
- (h) Own funds;
- (i) Common Equity Tier 1 Capital Ratio;
- (j) Eligible liabilities;
- (k) Leverage Ratio;
- (l) Liquidity Coverage Ratio;
- (m) Net Stable Funding Ratio;
- (n) Interbank loans;
- (o) Interbank deposits.

19. Where the information set out in Annex II to the abovementioned Regulation has been included in the supervisory reporting requirements laid down by Commission Implementing Regulation (EU) No 680/2014⁹, or, where applicable, by any other supervisory reporting requirement applicable to the institutions under national law, this information is to be provided as reported by the institution in the latest

⁹ Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council. OJ L 191, 28.6.2014, p. 1.

relevant supervisory report to the competent authority pertaining to the reference year¹⁰ of the annual financial statement referred to in Article 14(1) of Commission Delegated Regulation (EU) 2015/63¹¹.

20. In accordance with Articles 14(2) and 16 of Commission Delegated Regulation (EU) 2015/63, institutions and DGS are required to report to the Board, among other information, the amount of covered deposits held¹². As regards the 2022 contribution period:
 - (a) DGSs provided the Board with the information on the average amount of covered deposits for the previous year, calculated quarterly¹³, of all their member credit institutions. This information enabled the Board to determine the annual target level and, where applicable, the basic annual contribution of each institution.
 - (b) Institutions provided the Board, via their NRAs, with the average amount of their covered deposits for the reference year, calculated quarterly. This information enabled the Board to deduct such amount from institutions' total liabilities in accordance with Article 70(1) of Regulation (EU) No 806/2014.
21. Annex II to Commission Delegated Regulation (EU) 2015/63 does not contain the data required for the calculation of Risk Pillar IV ("Additional risk indicators determined by the resolution authority") since these indicators are to be determined by the resolution authority. Consequently, in accordance with Article 6(5) of Commission Delegated Regulation (EU) 2015/63, the Board determined the applicable sub-indicators (see Section 6.7.2 below) and, where applicable, reflected this in the reporting requirements.

Non-reported risk indicators

22. The Board has, during the course of the 2022 ex-ante contribution cycle, monitored the availability and reliability of the data required for the implementation of each of the risk indicators identified in Article 6 of the Commission Delegated Regulation (EU) 2015/63. As a rule, these risk indicators must be applied on the basis of accurate and harmonised data that permits the precise calculation of the relative risk position of each institution in a way that does not create a risk of compromising the calculation exercise as a whole. This requires that the underlying data points used for application of each of the risk indicators be available in harmonised and up-to-date format.
23. As this was not the case for all risk indicators for the 2022 ex-ante contribution period, the Board therefore concluded that it was not feasible to include the following risk indicators for the 2022 contributions cycle:
 - (a) Net Stable Funding Ratio ("**NSFR**");
 - (b) Own funds and eligible liabilities held by the institution in excess of 'Minimum Requirement for own funds and Eligible Liabilities' ("**MREL**");

¹⁰ Institutions had to provide the Board with their latest approved annual financial statements, which were available, at the latest, on the 31 December of the year preceding the contribution period, together with the opinion submitted by the statutory auditor or audit firm. For the newly supervised institutions, for which such data was not available, the Board requested the institution to report the most appropriate data instead.

¹¹ Pursuant to Article 14(3) of Commission Delegated Regulation (EU) 2015/63.

¹² 'Covered deposits' means the deposits referred to in Article 6(1) of Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (OJ L 173, 12.6.2014, p. 149), excluding temporary high balances as defined in Article 6(2) of that Directive.

¹³ For the purposes of this decision "the average amount of covered deposits in the previous year, calculated quarterly" means that the value of the end of each quarter is taken into account and the average is calculated as the sum of the quarter-end values for each of the quarter divided by four. In case of mergers, only the data of the institution remaining in scope of Regulation (EU) No 806/2014 in the current contribution period is taken into account for this calculation.

(c) Complexity and resolvability.

24. The reasons why these risk indicators have not been included in the ex-ante calculation process for the current cycle are addressed below.

Net Stable Funding Ratio (NSFR)

25. Article 6(3)(a) of Commission Delegated Regulation (EU) 2015/63 provides for the inclusion of the NSFR as a risk indicator in the 'Stability and variety of sources of funding' pillar. A 100% NSFR standard reporting only became applicable as a substantive prudential requirement in June 2021¹⁴. Prior to this date, no binding harmonised NSFR standard was available throughout the EU and the Board was therefore unable to identify proxies at national level.¹⁵ Therefore, and for the 2022 ex-ante contributions cycle, institutions were unable to provide relevant NSFR data (i.e. for the year 2020)¹⁶ to permit the proper application of this indicator. Such data will only be available for the 2023 ex-ante contribution cycle. Based on the above, the Board found that it was not possible to use the NSFR risk indicator for the 2022 ex-ante contributions cycle.

Minimum Requirement for own funds and Eligible Liabilities (MREL)

26. Article 6(2)(a) of Commission Delegated Regulation (EU) 2015/63 provides for the inclusion of the following risk indicator in the risk exposure pillar: own funds and eligible liabilities held by the institution in excess of MREL. The Board has duly verified whether it is possible to apply this risk indicator for the 2022 contributions cycle.

27. The MREL risk indicator is intrinsically linked to the resolution planning exercise and depends on the specific MREL requirements implemented by the Board and NRAs in this regard for each institution. The reference date for the data required to apply the MREL indicator for the 2022 ex-ante contributions cycle is 31 December 2020. However, and because MREL related requirements have by-and-large been implemented in an incremental manner at the national level, the Board does not have data allowing for the implementation of this indicator at the level of each institution contributing to the Fund (and particularly Less Significant Institutions, including those subject to a risk-adjusted methodology for the purpose of calculating their ex-ante contributions) as it is required to do¹⁷.

28. Implementation of this MREL related risk indicators requires, first, that a binding MREL target has been set for the individual Institution and, second, that the scope of "eligible liabilities" is clearly defined such that the own funds and eligible liabilities held by the institution in excess of MREL can be established for all institutions subject to the risk adjustment. For 2020, MREL targets were not set for a number of Institutions. Moreover, the Board did not have accurate or harmonised data on own funds and eligible liabilities held by institutions in excess of MREL for the relevant reporting period. The Board assessed whether "proxy" MREL requirements could be used to substitute missing data for these institutions.

¹⁴ Regulation (EU) 2019/876 amends the CRR and introduces the so called 100% NSFR supervisory requirement to apply from 28 June 2021 onwards (Recitals 45-48, Articles 2(4) and 3(2) Regulation (EU) 2019/876).

¹⁵ The Board investigated whether the inclusion of NSFR as a risk indicator would be possible using (non-harmonized) NSFR data reported by Institutions under the respective national standards. This however was considered not to be feasible considering that, as a rule, risk indicators must be applied on the basis of accurate and harmonised data that permits the precise calculation of the relative risk position of each institution in a way that does not create a risk of compromising the calculation exercise as a whole.

¹⁶ Article 14.3 Delegated Regulation provides that regulatory data mentioned in Annex II to that Regulation (such as NSFR) has to be reported pertaining to the reference year of the annual financial statements referred to in Article 14.1, that is data for the year 2020 for the 2022 contribution cycle.

¹⁷ *In relation to the institutions under remit of NRAs, based on the 2020 SRB Annual Report the number of Less Significant Institutions (LSIs) covered by resolution planning in the 2020 LSI Resolution Planning Cycle reached 2 027, or 91.3% of the 2 220 LSIs for which resolution planning was required in the 2020 LSI RPC (according to data provided by the NRAs): https://www.srb.europa.eu/system/files/media/document/Annual%20Report%202020_Final_web.pdf.*

However, the Board considered that this was not feasible owing to the absence of harmonised data on own funds and eligible liabilities held by institutions in excess of MREL and considering the risk that the use of proxies could undermine the accuracy of the risk assessment process and, by implication, the results of the calculation exercise.

29. Based on the above, it is not possible for the 2022 ex-ante cycle to use the own funds and eligible liabilities held by the institution in excess of MREL risk indicator.

Complexity and resolvability

30. According to Article 6(6)(a)(iv) of Commission Delegated Regulation (EU) 2015/63, the Board must factor an increase in the risk profile of the institution due to the extent to which, in accordance with Chapter II of Title II of the Directive 2014/59/EU, the business model and organisational structure of an institution are deemed complex (“complexity”).
31. According to Articles 6(6)(b)(ii) Commission Delegated Regulation (EU) 2015/63, the Board must factor a decrease in the risk profile of the institution due to the extent to which, in accordance with Chapter II of Title II of the Directive 2014/59/EU, an institution can be resolved promptly and without legal impediments (“resolvability”).
32. The data required for the sub-indicators referred to in recitals above is not available in a harmonised form for all institutions in the participating Member States for the reference year 2020. Therefore, it is not possible for the 2022 ex-ante cycle to use the “complexity” and “resolvability” risk indicators.

4. DATA REPRESENTATION, VERIFICATION AND ADDITIONAL ASSURANCE

33. In line with Article 6 of Council Implementing Regulation (EU) 2015/81 and Article 14(6) of Commission Delegated Regulation (EU) 2015/63, the Board specified the data formats and representations to be used by institutions to report the information required for the purpose of the calculation of 2022 annual contributions within the DRF¹⁸.
34. The NRAs collected the relevant data from the institutions. During the data collection process, the NRAs were the first point of contact for communicating with institutions established in their respective territories. In accordance with Article 14(4) of Commission Delegated Regulation (EU) 2015/63, institutions were required to submit the data to the NRAs, which, in turn, transmitted the relevant data to the Board by 31 January 2022¹⁹.
35. For data that was not reported under the regular supervisory or accounting framework, but computed by the institutions solely for the purpose of calculating ex-ante contributions, the Board requested additional assurance. In particular, the scope of the additional assurance included covered deposits data (reported by institutions as deductions), data related to derivatives used in the adjustment of total liabilities as well as data on qualifying intragroup, Institutional Protection Scheme (“IPS”) and promotional loans liabilities and assets. The Board requested institutions that were part of a group that falls under the direct supervision of the ECB in accordance with Article 6(4) of Council Regulation (EU) No 1024/2013, to provide a report from an external auditor, unless they were subject to lump-sum payment. Some NRAs

¹⁸ This covers both the information referred to in Annex II to Commission Delegated Regulation (EU) 2015/63, and the information related to Risk Pillar IV: “Additional risk indicators determined by the resolution authority”.

¹⁹ All the data provided by Croatian institutions was, prior to being sent to the Board, converted from Croatian Kuna in euro by the Croatian NRA by applying the conversion rate as published by the ECB on 31 December 2020. All the data provided by the Bulgarian institutions was, prior to being sent to the Board, converted from Bulgarian lev in euro by the Bulgarian NRA by applying the fixed conversion rate published by the Bulgarian National Bank (Fixed exchange rate of 1 EUR = 1,95583 BGN).

further extended the scope of institutions and the data covered by the additional assurance requirement. Institutions were required to submit the additional assurance documents to the NRAs by 10 March 2022. By 31 March 2022, the NRAs presented to the Board an overview of the additional assurance documents provided by the institutions.

36. The Board, together with the NRAs, performed verifications on the data provided by the institutions. During the data verification process, and to the extent necessary, institutions were requested by the NRAs to correct and/or complete the data submitted.
37. The Board requested further information in a separate questionnaire sent to institutions via NRAs (when relevant) regarding the eligibility of institutions which requested a deduction related to promotional loans as provided in Article 5(1)(f) of the Commission Delegated Regulation (EU) 2015/63. The assessment of whether an institution has used extraordinary public financial support in the reference year was based on the information received from the institution and the European Commission's Directorate-General for Competition.

5. ANNUAL TARGET LEVEL

38. In accordance with Article 69 of Regulation (EU) No 806/2014 and Article 4 of Council Implementing Regulation (EU) 2015/81, in order to calculate ex-ante contributions the Board must set the annual target level for the 2022 ex-ante contributions period.
39. The determination of the annual target levels is dictated by the requirements that, at the end of the period of eight years from 1 January 2016 ("**initial period**"), 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, and that contributions should be spread out over the initial period as evenly as possible²⁰. In implementing the above, the Board should take due account of the phase of the business cycle and the impact that these contributions may have on the financial position of contributing institutions. Where covered deposits are expected to grow over time, setting the annual target level at 1% of the amount of covered deposits reported by the DGSs in the immediately preceding year would not be sufficient to ensure that the final target level will be reached (as required under Article 69(1) of Regulation (EU) No 806/2014). Therefore, due account should also be taken of the expected evolution of covered deposits during the remaining years of the initial period.
40. In line with the above, the Board determines the 2022 annual target level based on the expected target level to be reached at the end of the initial period. This assessment takes account of the expected evolution of the amount of covered deposits for the remaining two years of the initial period. The Board also takes into account the analysis of the relevant indicators related to the phase of the business cycle and the impact that pro-cyclical contributions may have on the financial position of the institutions²¹. The Board furthermore takes into account the fact that only one contribution cycle is left in the initial period after 2022, thus limiting the Board's options to spread out in time any effects on the final target level from the observed or expected evolution of covered deposits growth. The annual target level is set by determining a coefficient based on such analysis and on the financial means already available in the Fund, and by applying this coefficient to 1/8th of the total amount of covered deposits of the previous year as reported by the DGSs.

5.1 Evolution of the total amount of covered deposits

²⁰ Article 69(1) and (2) of Regulation (EU) No 806/2014.

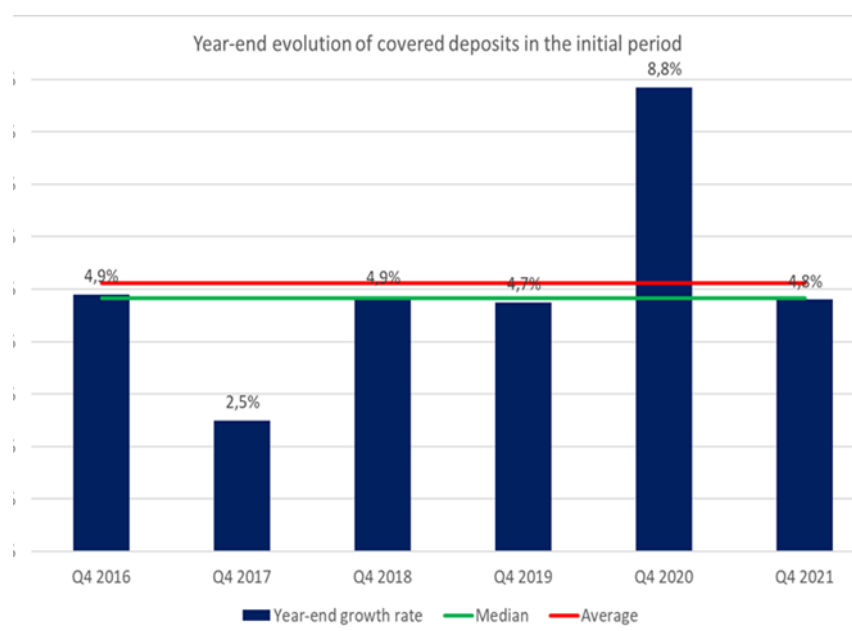
²¹ Commission Delegated Regulation (EU) 2017/747.

41. The Board analysed the evolution of the covered deposits data for the last six years as provided by the DGSs. The historical data suggests a constant growth trend during that period in the covered deposits of all credit institutions in the Member States participating in the Banking Union. After having shown early signs of acceleration in 2018, which were confirmed in 2019 (and amplified by a series of significant one-off events), covered deposits have continued to display high levels of growth in 2020 and in 2021. In particular, according to the data set provided by the DGSs with respect to the previous year, in 2021 the average amount of covered deposits, calculated quarterly, of all credit institutions in the participating Member States amounted to EUR 7126 billion²². This figure represents a growth of 6.5% vis-à-vis the yearly average of covered deposits calculated on a quarterly basis reported by the DGSs in 2020.

5.2 Projected evolution of covered deposits

42. In order to project the evolution of covered deposits, the Board first consulted the Joint Research Centre of the European Commission (“JRC”). The Board obtained from the JRC an assessment of the possible rate of growth of covered deposits in accordance with an econometric model based on historical data on total deposits and covered deposits. The model offers a series of scenarios projecting the growth rate of covered deposits and total deposits in the Banking Union during the remainder of the initial period. The Board assessed and took into account the JRC’s expert assessment of the evolution outlook for covered deposits after 2021, ranging from 4.68% to 5.29%.

43. The Board also assessed the evolution of covered deposits throughout the initial period, measured at year-end, and observed a six-year average of 5.1% and a median of 4.8%.



44. In the light of the above, and taking into account the analysis set out in section 5.3, the Board considers it unlikely that a strong deceleration of covered deposits growth rates will be observed in the remaining two years of the initial period. In particular, the Board does not see any indicators that would reasonably support an annual growth of covered deposits in 2022 and 2023 of lower than 5%.

²² The data provided by the Croatian DGS was, prior to being sent to the Board, converted from Croatian Kuna in euro by the Croatian DGS by applying the conversion rate as published by the ECB on 31 December 2021. The data provided by the Bulgarian DGS was, prior to being sent to the Board, converted from Bulgarian lev in euro by the Bulgarian DGS by applying the fixed conversion rate published by the Bulgarian National Bank (Fixed exchange rate of 1 EUR = 1,95583 BGN).

45. Based on an assumed growth rate of 5%, the Board also took note of the need to reach the final target level at the end of the initial period in 2023 of at least 1% of the amount of covered deposits of all credit institutions authorised in the participating Member States (see Table 1 [all amounts in euro]).²³

Table 1

Projected size of the SRF on the basis of CD growth assumptions				
CD growth assumption	YEAR END 21	YEAR END 22	YEAR END 23	Projected size of the Fund
4.5%	7.255.097.558.302	7.581.576.948.426	7.922.747.911.105	79.227.479.111
5.0%	7.255.097.558.302	7.617.852.436.217	7.998.745.058.028	79.987.450.580
5.5%	7.255.097.558.302	7.654.127.924.009	8.075.104.959.829	80.751.049.598

5.3 Analysis of the relevant indicators

46. In accordance with Article 69(2) of Regulation (EU) 806/2014 and Article 3 of Commission Delegated Regulation (EU) 2017/747, the Board also assessed the phase of the business cycle and the potential pro-cyclical impact the contributions may have on the financial position of contributing institutions by taking into account, jointly for all participating Member States, the following indicators:

Phases of the business cycle

47. In order to comply with the requirements of Article 69(2) of Regulation (EU) 806/2014 and Article 3 of Commission Delegated Regulation (EU) 2017/747, the Board relied on the economic growth forecast published by the European Commission Economic Forecast - Winter 2022²⁴ as well as the latest available forecast provided by the international economic organisation, such as ECB, IMF and OECD. Concretely, the assessment takes into consideration, inter alia, the data on the GDP Growth Forecast and Economic Sentiment Indicator from the European Commission as well as on GDP Growth from ECB's Macroeconomic Projections for the euro area. In addition, the Board took into account the economic outlook referred to by the ECB in its respective monetary policy decisions and macroeconomic projections of 10 March 2022²⁵ ("**ECB Statement**"), in particular as regards the consequences of the outbreak of the Russia-Ukrainian war at the end of February 2022.
48. According to the latest Commission forecast, the European economy entered 2022 in a weaker position than previously expected. This is mainly due to the fast resurgence in Covid-19 infections as from late October 2021, together with the appearance of a new and more contagious Covid-19 variant (Omicron). Despite the achievement of high vaccination rates in most of EU Member States ("**MS**"), in November 2021, several EU governments were forced to once again tighten containment measures and reintroduce mobility restrictions. These measures negatively affected economic activity across the EU, notably on the short-term outlook. In addition, and as from autumn 2021, rising energy prices and supply shortages have had a negative impact on the global economy as they have resulted in higher and more broad-based inflation than expected in the EU, in the US and many emerging market and developing economies. Therefore, the short-term economic outlook for the European economy remains affected by a high degree of uncertainty, notably with respect to evolution of the pandemic, supply bottlenecks and price developments.

²³ The amounts in the table reflect the assumed growth rates based on year-end amounts (and not amounts based on a quarterly average) given that the final target level to be reached will be verified versus the 2023 year end amount, as required by article 69(1) SRMR.

²⁴ European Commission Winter 2022 Economic Forecast.

²⁵ Please refer to <https://www.ecb.europa.eu/press/pressconf/2022/html/ecb.is220310~1bc8c1b1ca.en.html> and https://www.ecb.europa.eu/pub/projections/html/ecb.projections202203_ecbstaff-44f998dfd7.en.html

49. Nevertheless, benefiting from the strong rebound registered in 2021, the economic growth (in terms of output), is projected to surpass pre-pandemic level in all MS by the end of 2022. The Commission forecasts are overall in line with those provided by the EU and other international institutions (see Table 2). Overall, GDP is set to have increased by 5.3% both in the EU and in the euro area in 2021, even though large differences among MS still persist. Over the forecast horizon, economic growth is projected to drop to 4.0% in 2022 in both the EU and the euro area and to moderate further in 2023 (2.8% in the EU and 2.7% in the euro area. According to the ECB Statement, the euro area should still grow robustly in 2022 but the pace will be slower than that expected before the outbreak of the war in Ukraine. The projections for real GDP growth foresee the economy growing at 3.7% in 2022, 2.8% in 2023 and 1.6% in 2024. More specifically, euro area real GDP growth is set to remain subdued in Q1-2022 due to persistent supply disruptions, higher energy prices and the conflict in Ukraine. Economic growth is expected to pick up from Q2-2022 as a number of negative factors are likely to fade gradually, even though this increase is partially offset by the negative effects of the conflict in Ukraine. Compared with the December 2021 ECB projections, the growth outlook has been revised down by 0.5 percentage points for 2022 owing mainly to the impact of the war in Ukraine on energy prices, confidence and trade. The economic growth has been slightly revised downward by 0.1 percentage points in 2023, while it is unchanged in 2024.

Table 2: EA and EU GDP projections, % y-o-y change²⁶

<u>Real GDP Projections</u>		<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>COM (02/2022)</u>	<u>EA/EU</u>	<u>5.3 / 5.3</u>	<u>4.0 / 4.0</u>	<u>2.7 / 2.8</u>	<u>N/A</u>
<u>ECB (12/2021)</u>	<u>EA</u>	<u>5.1</u>	<u>4.2</u>	<u>2.9</u>	<u>1.6</u>
<u>ECB (03/2022)</u>	<u>EA</u>	<u>5.4</u>	<u>3.7</u>	<u>2.8</u>	<u>1.6</u>
<u>OECD (12/2021)</u>	<u>EA</u>	<u>5.2</u>	<u>4.3</u>	<u>2.5</u>	<u>N/A</u>
<u>IMF (01/2022)</u>	<u>EA</u>	<u>5.2</u>	<u>3.9</u>	<u>2.5</u>	<u>N/A</u>

50. Private consumption is expected to remain the main growth driver over the forecast horizon, also **benefiting from a large stock of accumulated savings**, sustained household incomes, improving labour market conditions as well as still favourable financing conditions for households and firms.

Financial position of institutions

51. In compliance with Article 3(1)(b) of Commission Delegated Regulation (EU) 2017/747, the Board has assessed certain indicators to identify the financial position of the contributing institutions.

52. According to latest EBA data²⁷, bank capital ratios remain well above the regulatory requirements (see Table 3) in the EU MS. The Tier 1 capital ratio reached 17.0% by end of Q3-2021. Total assets increased by more than 1% on a quarterly basis, driven by continued increasing cash balances (16.1% of total assets).

53. Asset quality has improved further, with EU banks on average reporting a lower ratio of non-performing loan (NPL) to 2.1% in Q3-2021. The decline in the ratio was driven by a 5% decrease in NPLs (EUR 419bn) and was broad based across sectors. More specifically, NPL ratio regarding the households' exposure declined to 2.5%, while the NPL ratio for loans towards NFCs to 4.2%. Furthermore, the ECB

²⁶ Source: European Commission Winter 2022 Economic Forecast, ECB Macroeconomic Projections (including 10 March 2022), OECD Economic Outlook, IMF World Economic Outlook Update and SRB compilation.

²⁷ EBA Risk Dashboard Q3 2021.

bank lending survey for Q1-2022 showed a solid demand for loans. The survey also indicates that banks tightened credit standards slightly for loans towards households, while they remained unchanged for corporate lending. Loan demand by enterprises was mainly driven by firms' financing needs for working capital, but also for fixed investment, which picked up significantly. For housing loans, credit standards remained unchanged while banks reported increasing demand. In the first quarter of 2022, euro area banks expect credit standards for loans to firms to remain broadly unchanged but to tighten for mortgage loans amid continued increase in demand from both household and corporate customers.

54. Profitability stabilised at levels above pre-pandemic levels in Q3-2021. Return on equity (RoE) was reported at 7.7% at EU level. At the same time, the cost-to-income ratio slightly declined into 55.3%. The increased profitability was also supported by low impairments.
55. With regard to euro area banks, the data provided by the ECB²⁸ referring to Q3-2021 indicate that overall conditions in the banking sector have further improved over 2021, showing the resilience of the euro area banking sector vis-a-vis the COVID-19 shock (see Table 3 and Chart 1). Euro area banks are characterised by stronger capital ratios and liquidity buffers. The Tier 1 capital ratio increased at 16.9% by end of Q3-2021. The Liquidity Coverage Ratio (LCR) stood at 173.7%, with a slight increase compared to the previous quarter (172.2% in Q2-2021). Concerning profitability indicators, the average return on equity (RoE) raised to 6.9% in Q3-2021, from 2.1% in Q4-2020.

Table 3: Microeconomic indicators on the financial position of the institutions²⁹

	31/03/2019	30/06/2019	30/09/2019	31/12/2019	31/03/2020	30/06/2020	30/09/2020	31/12/2020	31/03/2021	30/06/2021	30/09/2021	31/12/2021
EBA Risk Dashboard: EU aggregate												
Profitability: Return on equity	6,77	7,02	6,56	5,74	1,29	0,49	2,48	1,95	7,65	7,39	7,71	n.a.
Profitability: Net interest income to total operating income	58,19	57,89	58,42	58,36	62,95	60,30	59,82	59,07	53,69	55,08	55,37	n.a.
Solvency: Tier 1 capital ratio	16,23	16,17	16,14	16,79	15,81	16,31	16,73	17,20	17,05	17,09	16,99	n.a.
Asset quality: NPL ratio	3,10	2,99	2,88	2,75	2,97	2,87	2,76	2,57	2,48	2,30	2,15	n.a.
ECB Supervisory data: SSM aggregate												
Profitability: Return on equity (RoE)	6,16	5,76	6,01	5,83	5,16	1,21	0,01	2,12	1,53	7,21	6,92	n.a.
Profitability: Net interest income to total income	58,82	58,26	57,99	58,43	58,55	61,37	59,18	58,77	57,89	52,67	53,92	n.a.
Solvency: CET1 ratio	14,40	14,35	14,33	14,37	14,90	14,41	14,89	15,20	15,65	15,48	15,60	n.a.
Solvency: Tier 1 ratio	15,60	15,60	15,55	15,58	16,08	15,64	16,13	16,50	16,98	16,77	16,87	n.a.
Asset quality: NPL ratio	3,81	3,68	3,56	3,41	3,22	3,05	2,94	2,82	2,63	2,54	2,32	n.a.
Liquidity coverage ratio	145,09	149,08	146,85	145,16	145,91	146,57	165,52	170,62	171,32	172,24	173,76	n.a.
ESRB Risk Dashboard: Euro area aggregate												
Changes in credit standards for loans to households (for house purchase)	-0,52	2,65	-0,84	-1,99	1,08	9,47	21,8	18	9	-2	-2	2
Changes in credit standards for loans to non-financial corporations	-0,63	-1,28	4,84	-1,86	1,23	4,28	1,35	14	13	7	-1	1

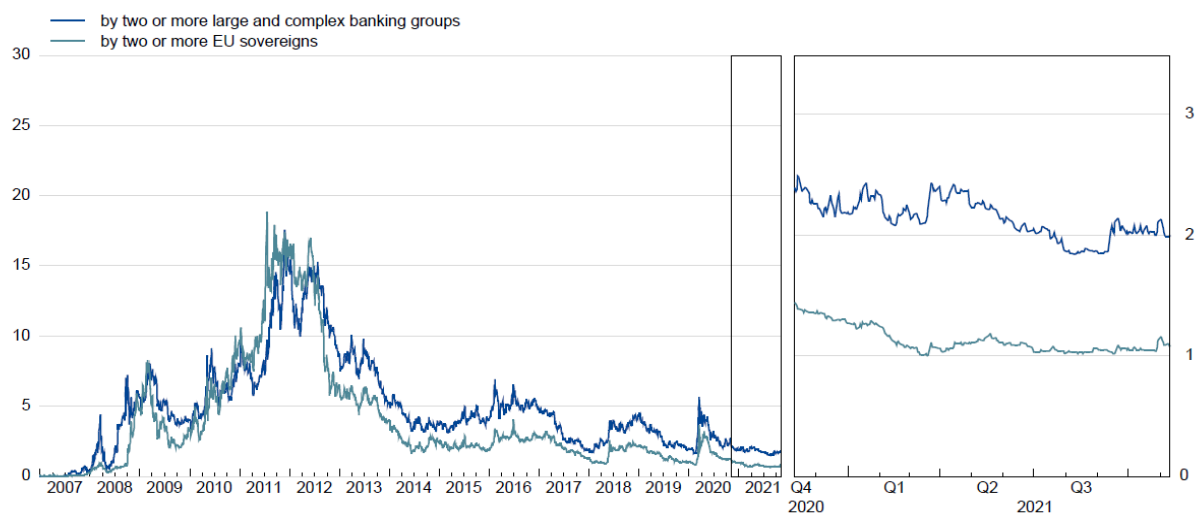
Chart 1 - Probability of a simultaneous default by two or more large complex banking groups of the participating Member States³⁰

²⁸ ECB data refers to the ECB Statistical Data Warehouse (<https://sdw.ecb.europa.eu/>)

²⁹ Source: EBA Dashboard, ECB SDW (for ESRB Dashboard and ECB supervisory statistics) and SRB compilation

Note 1: SM aggregate refers to all significant institutions at the highest level of consolidation within the Single Supervisory Mechanism (SSM). Note 2: The indicator "impaired loans and past-due loans to total loans" has been discontinued as of 2016 in EBA Risk Dashboard and it is therefore not reported in this table.

³⁰ Source: ESRB Risk Dashboard (Issue 34, December 2020)



Conclusions on the analysis of relevant indicators

56. The overall growth outlook for the EU and euro area **in the short term remains characterised by a high level of uncertainty**. Even though the impact of the COVID-19 pandemic on economic activity has lessened over time, the prospects for the economy will depend on the course of the Russia-Ukraine war and on the impact of economic and financial sanctions and other measures. Inflation has continued to rise because of unexpectedly high energy and food prices, and is expected to rise further in the near term.
57. **However, in the longer term, the EU and euro area are expected to continue to grow over the forecast horizon**, albeit at a slower pace than in 2021.
58. An important positive factor expected to support the growth in the EU and euro area, **and an element that is of direct relevance to the setting of the annual target level, is the evolution of the savings rate**. Over last two years, the EU has seen persistently higher precautionary savings as a result of the COVID-crisis. However, this tendency turned around as from the second half of 2021 and, following its recent steep drop, is set to continue throughout 2022. This recent development reflects a *temporary* unwinding of the excess household savings, which have accumulated since the start of the pandemic, supporting vigorous consumption growth. However, this effect is attenuated by the concentration of excess savings in wealthier and elderly households with a lower propensity to consume. **The household saving ratio is therefore set to stabilise towards the end of the projection horizon**.

5.4 Setting the annual target level

59. After careful consideration of all of the above factors, the Board concluded that, despite the deceleration of the growth rate of covered deposits observed in 2021 when compared to 2020, it is nonetheless reasonable to expect continued firm growth in covered deposit levels in the Banking Union over the remaining two years of the initial period, i.e. a growth rate at 5%. This is in line with what has been observed over the course of that initial period from 2016-2021 in terms of average growth (5.1%) and median growth (4.8%) (see Recital 43 above).
60. Based on this expected growth rate of 5% as the “middle case” assumption as indicated in Table 1, the target level of the Fund at the end of the initial period is expected to reach € 79.98bn. Based on the available financial means currently in the Fund (approximately €52bn), under the current circumstances, this requires that the Board collect €28bn to reach the final target level of at least 1% of the covered deposits held in the Banking Union at the end of 2023.

61. In addition, the Board took into account the fact that this amount is to be collected in the 2022 and 2023 ex-ante cycles together with the requirement under Article 69(2) of Regulation (EU) No 806/2014 that contributions be spread out as evenly as possible over the initial period. Given the fact that the 2022 cycle is the second last cycle of the initial period, the Board has limited ability to spread out in time the projected gap of €28bn between the financial means currently in the Fund (~€52bn) and the target level of ~€80 billion projected for the end of the initial period.
62. As a result, and having considered the available information and the analyses referred to in the previous paragraphs, in accordance with the criteria mentioned in Article 69(2) of Regulation (EU) No 806/2014 and in Article 3 of Commission Delegated Regulation (EU) 2017/747, the Board sets the total amount of contributions to the Fund for the 2022 ex-ante contribution period (the “annual target level”) at 1/8th of 1.6% of the covered deposits of all credit institutions authorised in the participating Member States in 2021 which translates into the amount of EUR 14.253.573.821,46:

$$Target_0 = Total\ covered\ deposits_{2021} * 0.016 * \frac{1}{8} = EUR [14,253,573,821.46]$$

63. Finally, when setting the annual target level, the Board took into account that the impact of the following factors on the available financial means of the Fund: the settlement, in the context of the current contribution period, of any differences arising as a result of restated data, a negative interest rate and disbursements made in conjunction with the administration of the Fund under Article 75(3) Regulation (EU) No 806/2014. Furthermore, half of the remaining 2015 ex-ante contributions (see section 7) is to be deducted from the amounts to be paid, which was also taken into account³¹.

6. CALCULATION METHODOLOGY

6.1 Description of the calculation process

6.1.1 Steps of the calculation process

64. The calculation process follows a certain calculation methodology for each institution, depending on its size, as prescribed by the legal framework in a chronological order.
65. 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 6.2.1 below);
 - Small institutions that provided sufficient evidence for 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 was assigned to the lump-sum contribution as it resulted in a lower contribution than the basic annual contribution (see Section 6.2.2 below);

³¹ More details on the impact are in the Annex II to this Decision - Statistics of the calculation in the summary and collective form, page 1, 6th column “2022 Final Amount Notified”.

- (c) 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 6.4 below).
66. The Board then subtracts the overall amount of lump-sum contributions to be collected from the annual target level in order to set the specific target level that the overall amount of risk-adjusted contributions would have to reach.
67. Second, the Board determines the **basic annual contributions** for the following groups of entities:
- (a) Small institutions that provided sufficient evidence for 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 was assigned to the basic annual contribution as it resulted in a lower contribution than the lump-sum contribution (see Section 6.2.1 below);
 - (b) 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 6.5 below);
 - (c) Investments 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 6.6 below).
68. Third, 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 common thresholds of each bin are defined 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/EU³² and Article 6 and Annex I, Step 2 of Commission Delegated Regulation (EU) 2015/63.
69. Fourth, the Board determines the **risk-adjusted contributions** according to Article 70(2)(b) of Regulation (EU) No 806/2014 (see Section 6.7 below) for the following groups of entities:
- (a) Medium sized institutions whose total assets are between EUR 1,000,000,000 EUR and 3,000,000,000.00 that 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 6.4 below);
 - (b) Large institutions whose total assets are above EUR 3,000,000,000.00 and their total liabilities excluding own funds and covered deposits are above EUR 300,000,000.00. (See Section 6.7 below)
70. More concretely, the Board calculates the risk-adjustment factor to the basic annual contribution as follows:
- (a) In accordance with Article 9(1) of Commission Delegated Regulation (EU) 2015/63, for each institution, the Board determines an individual risk-adjustment multiplier for each risk indicator. In particular, for each risk indicator, the Board places each institution in the relevant risk bin (see Recital

³² 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.

68 and Annex II). Considering that the thresholds of the risk bins determined by the Board for each risk pillars are the same for all risk-adjusted institutions, each institution is assigned to the risk bin whose lower threshold is equal to or lower than the institution's relevant data point, and whose higher threshold is equal to or higher than the institution's relevant data point;

- (b) The Board then calculates the institution's risk-adjustment multiplier for each risk pillar by applying the relative weight of each risk indicator to the risk-adjustment multipliers determined for each risk indicator (as described under (a)), pursuant to Article 7(1) of the Delegated Regulation and the methodology set out in Annex I, Step 3 to 5 of Commission Delegated Regulation (EU) 2015/63;
- (c) Finally, the Board determines the institution's risk-adjustment multiplier by applying the relative weight of each risk pillar to the risk-adjustment multipliers determined for each risk pillar (as described under (b)), pursuant to Article 7 of the Commission Delegated Regulation (EU) 2015/63 and the methodology set out in Annex I, Step 3 to 5 of that Delegated Regulation).

71. Fifth, the SRB multiplies each institution's basic annual contribution by its individual risk-adjusting multiplier (Article 9(2), Annex I, Step 6, No. 2 of Commission Delegated Regulation (EU) 2015/63), in order to obtain the risk-adjusted basic annual contribution for each institution.

72. 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 target level 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 6.7.2 below).

6.1.2 Specific adjustments in the initial period

73. 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.

74. For the 2022 contribution period, for all institutions:

- (a) 6.67% of the annual contributions were calculated in accordance with Article 103 of Directive 2014/59/EU and Article 4 of Commission Delegated Regulation (EU) 2015/63 ("**National Base**" or, in the annexes "**BRRD**"), and
- (b) 93.33% of the annual contributions were calculated in accordance with Articles 69 and 70 of Regulation (EU) No 806/2014 and Article 4 of Council Implementing Regulation (EU) 2015/81 ("**Banking Union Base**" or, in the annexes, "**SRMR**").

75. For the calculation of the part of the annual contributions falling into the National Base, only data from institutions that are authorised in the territory of that participating Member State are taken into account, while data from institutions that are authorised in the territories of other participating Member States are not considered. Consequently, the target used for this calculation is defined on a National Base taking into account only the covered deposits of the credit institutions in the relevant participating Member State. In the same way, the relative riskiness and the relative size of an institution are assessed only in

comparison with the riskiness and the size of institutions authorised in the territory of the same participating Member State.

76. For the calculation of the part of annual contributions in the Banking Union Base, data from all institutions authorised in the territories of all participating Member States are taken into account. Consequently, the annual target level is defined based on the covered deposits of all credit institutions established in the participating Member States, and the relative riskiness and size of the institutions are assessed in comparison with all such institutions. The methodology for calculating the contributions is the same for both calculations.

6.1.3 Calculation of the basic annual contribution numerator

77. 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 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
- (b) such contribution is additionally adjusted depending on the risk profile of the institution (“risk-adjusted contribution”).

78. 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 of the basic annual contributions described in Article 5 of the Commission Delegated Regulation 2015/63.³³

79. Depending on the calculation method described in the Section 6.1.1. 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	$TL - OF - CD - \text{deductions} - \text{ONBS} + \max[LR; 0.75 \times (\text{ONBS} + \text{OFFBS})]$
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;

³³ Article 5 of Commission Delegated Regulation (EU) 2015/63 provides that the basic annual contribution shall be calculated by excluding certain liabilities.

- *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.

80. 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_n** (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 0³⁴);
- 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.

6.2 Contributions of small institutions

81. 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:

- Articles 10(1) to (6) for small institutions paying flat-rate contributions; and
- Article 10(7) for small institutions paying other than flat-rate contribution.

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

6.2.1 Small institutions paying a flat-rate contribution

82. After determination of the BAC numerator as described in Section 6.1.3 above, the Board calculates the annual contributions of small institutions in accordance with Article 10 of the Commission Delegated Regulation (EU) 2015/63. For the small institutions within the meaning of this provision, the annual contributions consist of a lump-sum contribution, based only on their basic annual contribution numerator.

83. Articles 10(1) to (6) of the Commission Delegated Regulation (EU) 2015/63, provide different lump-sum amounts (ranging from EUR 1,000 to EUR 50,000). Based on the table below, the lump-sum contribution is determined.

Total liabilities excluding own funds and covered deposits	Total assets	Lump-Sum contribution
≤EUR 50,000,000.00	<EUR 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

³⁴ In the calculation, the B_n cannot be valued below zero in order to avoid obtaining negative amounts.

>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

6.2.2 Small institutions paying other than a flat-rate contribution

84. According 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.
85. For this assessment, the Board takes into account only the information provided by the institution in accordance with the data formats and representations referred to in Recital 33. Subsequently, the Board performed a comparative calculation, where, first, the institution was assigned to the lump-sum method and, second, the institution was assigned to the basic calculation method. The calculation leading to a smaller amount was retained and was set as the final contribution for the institution.
86. When performing the comparative calculation, the basic annual contribution was determined as follows:

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

Where

- **BAC_n** is the basic annual contribution for institution n;
- **Target₁** 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 6.2.1, recital 83)³⁵;
 - 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 6.4);
- **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 0³⁶);

The BAC denominator ($\sum_{p=1}^{N_1} B_p$, sum of B_p, with p=1,...,N₁) 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.

87. The target amount (*Target₁*) and the BAC denominator ($\sum_{p=1}^{N_1} B_p$) calculated by the Board are common data points which are the same for all small institutions that provided sufficient evidence that the lump-sum amount would be higher than the basic annual contribution, the Board applied the lower amount in accordance with Article 10(7) of Commission Delegated Regulation (EU) 2015/63. The relevant amounts calculated at both the National Base and the Banking Union Base, are provided in Annex II to the Decision.

³⁵ This includes investment firms with limited services and activities that pay lump-sum contribution and not basic annual contribution. Please refer to recital 94(a).

³⁶ In the calculation, the B_n cannot be valued below zero in order to avoid obtaining negative amounts.

6.3 Small institutions with a risk profile disproportionate to their size

88. 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 Article 5, 6, 7, 8 and 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;
 - (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;
89. The Board decided not to designate any institution in 2022 as having a risk profile that was disproportionate to its small size.

6.4 Medium size institutions paying a partial lump-sum contribution

90. Article 8(5) of Council Implementing Regulation (EU) 2015/81 provides a calculation of the contributions to be paid by mid-size institutions, whose total assets are above EUR 1,000,000,000.00 (and thus not eligible for the lump-sum contribution for small institutions), but 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 Commission Delegated Regulation (EU) 2015/63.

6.5 Mortgage credit institutions

91. Mortgage credit institutions financed by covered bonds that are not eligible for the lump-sum contribution 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 Basic Annual Contribution:

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

Where

- **BAC_n** is the basic annual contribution for institution n;
- **Target₂** 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 6.2.1, recital 83)³⁷;
 - 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 6.4);
 - institutions paying the lump-sum amount following the analysis performed in accordance with Article 10(7) of Commission Delegated Regulation (EU) 2015/63 (Section 6.2.2).

³⁷ This includes investment firms with limited services and activities that pay lump-sum contribution and not basic annual contribution. Please refer to recital 94(a).

- 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 0³⁸);

92. The BAC denominator ($\sum_{p=1}^{N_2} B_p$, sum of B_p , with $p=1, \dots, N_2$) 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, (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.

93. The target amount ($Target_2$) and the BAC denominator ($\sum_{p=1}^{N_2} B_p$) calculated by the Board are common data points which are the same for all mortgage credit institutions financed by covered bonds that are not eligible for the lump-sum contribution. The relevant amounts calculated at both National Base and Banking Union Base, are provided in Annex II to the Decision.

6.6 Investment firms with limited services and activities

94. 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, Commission Delegated Regulation (EU) 2015/63 does not apply to them.³⁹ In order to be able, nevertheless, 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 lump-sum 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 Basic Annual Contribution:

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

Where

- **BAC_n** is the basic annual contribution for institution n;
- **Target₂** 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 6.2.1, recital 83);
 - 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 6.4);
 - institutions paying the lump-sum amount following the analysis performed in accordance with Article 10(7) of Commission Delegated Regulation (EU) 2015/63 (Section 6.2.2).
- **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 0⁴⁰);

³⁸ In the calculation, the B_n cannot be valued below zero in order to avoid obtaining negative amounts.

³⁹ See Recital (3) of Commission Delegated Regulation (EU) 2015/63.

⁴⁰ In the calculation, the B_n cannot be valued below zero in order to avoid obtaining negative amounts.

95. The BAC denominator ($\sum_{p=1}^{N_2} B_p$, sum of B_p , with $p=1, \dots, N_2$) 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, (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.
96. The target amount ($Target_2$) and the BAC denominator ($\sum_{p=1}^{N_2} B_p$)⁴¹ calculated by the Board are common data points which are the same for all investment firms with limited services and activities that are not eligible for the lump-sum contribution. The relevant amounts calculated in respect of both the National Base and Banking Union Base are provided in Annex II to the Decision.

6.7 Risk-adjusted institutions

97. In accordance with Article 70(2)(b) 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 and Article 4 of Commission Delegated Regulation (EU) 2015/63 such contribution is additionally adjusted depending on the risk profile of the institution (“**risk-adjusted contribution**”).
98. Calculation of the ex-ante contributions to the risk-adjusted institutions can be divided into the following steps:
- 1) According to Articles 4(1), 14(1) and Annex II of the Commission Delegated Regulation (EU) 2015/63 and Article 6 of the Council Implementing Regulation (EU) 2015/81, the Board **collects the information** provided by the institutions through the NRAs by 31 January each year (See Section 4 above).
 - 2) According to Article 69(1) and 70(2) Regulation (EU) No 806/2014, Article 4(2) of the Commission Delegated Regulation (EU) 2015/63 and Article 4 of the Council Implementing Regulation (EU) 2015/81, the Board **sets the target level** for the annual contribution in line with Section 5 above.
 - 3) According to the Article 70(2)(a) of the Regulation (EU) No 806/2014, Articles 4(2) and 5 Commission Delegated Regulation (EU) 2015/63, the Board calculates – based on the individual data of each institution – the **individual basic annual contribution** (See Section 6.1.3 above).
 - 4) According to the Article 103(7) of Directive 2014/59/EU and Article 6 and Annex I, Step 2 of the Commission Delegated Regulation (EU) 2015/63 in order to rank institutions according to their riskiness, for each 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 institution’s raw indicators) of all institutions from the lowest to the highest (See section 6.7.2, recitals 118 - 121 below).
 - 5) According to the Article 70(2)(b) Regulation (EU) No 806/2014, the Board **calculates the risk-adjustment to the basic annual contribution** (See section 6.7.2, recitals 122 - 134 below).

⁴¹ 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.

- 6) According to the Article 9(2), Annex I, Step 6, No. 2 Commission Delegated Regulation (EU) 2015/63, the Board **sums all risk-adjusted basic annual contributions to get a common denominator** that is used to calculate the share of the target level to be paid by each institution (See section 6.7.2, recital 136 below).
- 7) According to Article 9(2), Annex I, Step 6, No. 2 Commission Delegated Regulation (EU) 2015/63, the Board **calculates the individual contributions distributing the target level among all 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 6.7.2, recital 135 below).

6.7.1 Balancing principles of confidentiality and transparency

99. In accordance with Article 339 of the Treaty on the Functioning of the European Union and Article 88 of the Regulation (EU) No 806/2014, the Board is prohibited from disclosing institutions' confidential information received in connection with the performance of its functions under the Regulation (EU) No 806/2014. To this end, institutions' business secrets – namely, all information about the institutions' business activity 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 Data Reporting Forms (see Section 4 above), which is then relied on for calculating their ex-ante contributions, is considered to be business secrets.
100. 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.
101. In the context of the decision on the ex-ante contributions to the Fund, 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, as that data is in collective form.
102. In particular, the calculation steps (1), (3), (5) and (7) combine each institution's individual data points (as submitted in the DRF) and common data points established or derived by the Board. Since these common data points (including the assigned risk bins for each risk indicator⁴²) are provided in this decision and/or in the Harmonised Annex to this decision and each institution is in possession of its individual data points, by combining these datasets, institutions have complete transparency as to the calculation of their BAC and individual risk-adjustment multipliers.
103. Calculation steps (2), (4) and (6) rely on all institutions' individual data collectively. They lead to common data points which the Board uses for all risk-adjusted institutions equally, in line with the principles of equal treatment, proportionality and transparency. The common data points – based on the (aggregated) data of all risk-adjusted institutions – apply in the same way to each and every institution. While the Board

⁴² The thresholds of the bins relating to the National Base (BRRD) were anonymised in such a way that the institutions to which the individual data points pertain cannot be identified.

is not in a position to disclose this confidential data input without breaching its obligation to respect professional secrecy under Article 88 of Regulation (EU) No 806/2014, this Decision describes in a transparent manner the calculation steps applied by the Board to compute these common data points. The results of the calculation for these common data points for the 2022 ex-ante contributions cycle are reported in Annex II to this Decision.

6.7.2 Calculation methodology for risk-adjusted institutions

104. The basic annual contributions of the institutions to which the risk-adjusted methodology applies are further adjusted in proportion to their risk profile by applying a risk adjusting multiplier. Except as otherwise stated in Sections 6.2 to 6.6 the calculation of the risk-adjusting multiplier occurs pursuant to Articles 6 to 9 and Annex I of Commission Delegated Regulation (EU) 2015/63. The risk-adjusting multiplier is calculated separately on the Banking Union Base and the National Base, in accordance with the breakdown envisaged in the Implementing Regulation (EU) 2015/81.
105. Given that certain risk indicators were not applied, the weights of the available risk indicators were proportionally rescaled as referred to in Article 7 of Commission Delegated Regulation (EU) 2015/63, so that the sum of their weights is 100%.
106. As explained in Recitals 26 to 29 **Error! Reference source not found.**, MREL was not yet determined for all institutions in the participating Member States in 2020, the reference year used for the current cycle. Therefore, the risk indicator “own funds and eligible liabilities held by the institution in excess of MREL” is not 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:

Pillar	Indicator	Weights of indicators in Pillar	Weight of the Pillar
PILLAR I: Risk exposure	Leverage ratio	33.3(3)%	50%
	CET1 ratio	33.3(3)%	
	TRE/TA	33.3(3)%	

107. As explained in Recital 25, due to the unavailability of harmonised data, in accordance with Article 20(1) of Commission Delegated Regulation (EU) 2015/63, the Board did not apply the NSFR risk indicator within 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”). Taking this into account, the Board applied the following weight for the indicator in Risk Pillar II:

Pillar	Indicator	Weights of indicators in Pillar	Weight of the Pillar
PILLAR II: Stability and variety of source of funding	Liquidity Coverage Ratio	100%	20%

108. Risk Pillar III ‘Importance of an institution to the stability of the financial system or economy’, consists of only one individual risk indicator, ‘Share of interbank loans and deposits in the European Union’. The following weight was applied for this Pillar:

Pillar	Indicator	Weights of indicators in Pillar	Weight of the Pillar
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	100%	10%

109. When determining the various risk indicators in the ‘Additional risk indicators to be determined by the resolution authority’ pillar (as referred to in Article 6(1)(d) of Commission Delegated Regulation (EU) 2015/63 (“Risk Pillar IV”)), the Board had to take into account the importance of those indicators in the light of (a) the probability that the institution concerned would enter resolution and (b) the consequent probability of making use of the resolution financing arrangement where the institution would be resolved. Within the Banking Union resolution framework, these probabilities are considered by resolution authorities in light of the nature of an institution’s business, 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, whether it is a member of an institutional protection scheme or other cooperative mutual solidarity systems, 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. In doing so, the resolution authorities should take into account to a maximum extent the available assessments conducted by supervisory authorities in order to limit the administrative burden for both institutions and resolution authorities.

110. When determining the risk indicators of Risk Pillar IV in accordance with the Commission Delegated Regulation (EU) 2015/63, the Board had to take into account the above in the particular context of calculating contributions to the Single Resolution Fund. 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 took into account also the lack of harmonised data required for the sub-indicators “complexity” and “resolvability” (see Recitals 30-32), of which the assessment would be an integral part of (and starting point for) the probabilities referred to above. Finally, the Board considered the available data points, as reported by institutions in accordance with Annex II Commission Delegated Regulation (EU) 2015/63, and reflecting the outcome of former assessments by supervisory authorities.

111. Therefore, for the determination of Risk Pillar IV, it is appropriate for the Board to take the elements provided in Article 6(5) to 6(9) DR into account in the following way:

- (a) With regard to “trading activities”, the sub-indicators are as follows:
 - (i) risk weighted assets for market risk⁴³ divided by total assets;
 - (ii) risk weighted assets for market risk divided by CET1 capital⁴⁴;

⁴³ “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 the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (“CRR”) [OJ L 176, 27.6.2013, p. 1–337].

⁴⁴ “CET1 capital” as referred to in Article 50 of the CRR, and as determined for the purpose of the template 1/CA1 of Annex I of the Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (“EU COREP FINREP Regulation”) [OJ L 191, 28.6.2014, p. 1–1861].

(iii) risk weighted assets for market risk divided by total risk exposure⁴⁵.

(b) With regard to “off-balance sheet exposures”, the sub-indicators are as follows:

- (i) off-balance sheet nominal amount⁴⁶ 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 exposure⁴⁷ divided by total assets;
- (ii) derivatives exposure divided by CET1 capital;
- (iii) derivatives exposure divided by total risk exposure.

112. Derivatives that are cleared through a central counterparty (“**CCP**”) carry less risks compared to other derivatives. Accordingly, the assessment of the risk profile of an institution should reflect this by taking into account 50% of the exposure to derivatives cleared through a CCP.

113. As explained in Recitals 30 to 32, the data required for the sub-indicators “complexity” and “resolvability” are not available in a harmonised form for all institutions in the participating Member States for the reference year 2020. Accordingly, these sub-indicators cannot be applied within Risk Pillar IV. Taking this into account, the Board applies the following weights for the indicators within Risk Pillar IV:

Pillar	Indicator	Weights of indicators in Pillar ⁴⁸	Weight of the Pillar
PILLAR IV: Additional risk indicators	Risk weighted assets for market risk divided by Total Assets	5%	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 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 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 ⁴⁹	45%	

⁴⁵ “Total risk exposure” as defined in Article 92(3) of the CRR and as determined for the purpose of the template number 2/CA2 of Annex I of EU COREP FINREP Regulation.

⁴⁶ “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.

⁴⁷ “Derivative exposure” shall mean derivatives used for the calculation of the leverage ratio according to the applicable provisions in 2020 and calculated according to Article 429(6-8) of the CRR.

⁴⁸ 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%.

⁴⁹ 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. For further information, please see Recitals 128 to 132.

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

114. Pursuant to Article 6(7) of Commission Delegated Regulation (EU) 2015/63, when determining the indicator referred to in paragraph 5(b) (Membership in an Institutional Protection Scheme), the Board had to take into account (i) 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 institution and (ii) the degree of legal or contractual certainty that the funds referred to in the preceding point will be fully utilized before any extraordinary public support may be requested. The Board’s assessment of both elements relied on the evaluation performed by the national competent authorities for each IPS-member when conceding or denying the permission under Article 113(7) of Regulation (EU) 575/2013. When the evaluation of the national competent authorities resulted in the concession of the permission, the Board considered these institutions as benefiting from an IPS membership for the purposes of calculating ex-ante contributions and admitted them to the process of discretisation of that benefit pursuant to Article 7(4) of Commission Delegated Regulation (EU) 2015/63 (see Recitals 124 and 128-132). In the absence of such permission, the Board considered these institutions as not benefiting from their IPS membership for the purposes of calculating ex-ante contributions and treated them as those institutions that did not indicate an IPS membership in their data reporting form.

115. In relation to the risk indicator “Extent of previous extraordinary public financial support”, and in order to ensure consistency with other data points, the Board uses 2020 as the reference year for the 2022 ex-ante contributions period to determine the two year period referred to in Article 6(8)(a) of the Commission Delegated Regulation (EU) 2015/63⁵⁰.

116. The Board calculated the individual contributions of 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

117. 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 Data Reporting Forms.

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

118. In **Step 2** the discretisation procedure was applied to all the numerical 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.

119. 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.

120. The bins were composed in such a way as to avoid the 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.

⁵⁰ 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.

121. 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 calculated on both the Banking Union Base and National Base are presented in Annex II 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}) is then used in step 3.

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

122. In **Step 3**, all the raw risk indicators (now expressed with the bin numbers, I_{ij}) are rescaled by giving a Rescaled Indicator (“RI”) value within the range from 1 to 1000:

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

123. 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 the assignment of all institutions’ risk bin to a RI. All raw indicators that have been assigned to the same risk bin are assigned to the same RI. The minimum and maximum risk bin for each of the risk indicators calculated on both the Banking Union Base and the National Base are presented in Annex II to the Decision.

124. This step applies also to the discrete risk indicators “Institutional Protection Scheme (“IPS”) membership” and “Extent of previous extraordinary public financial support” that are assigned a value equal to 1 or 1000.

125. 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, considering the year 2020 as reference year for the application of this exemption. A minimum value of 0 was applied for such institutions.

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

126. In **Step 4** of the calculation, either a negative (“-”) or a positive (“+”) sign is applied to each risk indicator. For the risk indicators with a negative sign, the lower the bin the higher is the risk assessment. For risk indicators with a positive sign, the opposite is true. For the calculation of the 2022 ex -ante contributions the following signs were applied:

Pillar	Indicator	Sign
PILLAR I: Risk exposure	Leverage ratio	-
	CET1 ratio	-
	TRE/TA	+
PILLAR II: Stability and variety of funding	Liquidity Coverage Ratio	-

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	+
PILLAR IV: 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	+

127. The following transformation based on the above signs is applied to each RI resulting from Step 3, so that for all indicators a lower amount (Transformed Rescaled Indicator; “TRI”) corresponds to a higher risk:

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

128. Pursuant to the last sentence of Article 7(4) of Commission Delegated Regulation (EU) 2015/63, when applying the indicator “Membership in an Institutional Protection Scheme”, the resolution authority should take into account the relative weight of the indicator “Trading activities and off-balance sheet exposures, derivatives, complexity and resolvability” (risk indicators of Risk Pillar IV) in order to diversify the impact for each IPS member of its participation in an IPS depending on additional factors that relate to the riskiness of the institutions. In order to achieve this objective in a proportionate manner, it is appropriate for the Board to apply a binning process to the first risk indicator based on the weight of the second, taking into account the overall weight of the Risk Pillar IV (i.e., 20%) in the adjustment methodology.

129. In direct application of the requirement to take into account the relative weight of the nine numeric indicators in Risk Pillar IV, the Board ranked risk-adjusted institutions which are a member of an IPS according to the equally weighted arithmetic average of the TRI values of the nine numeric indicators of Risk Pillar IV. The Board equally distributed 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 the Risk Pillar IV for institutions in the other two bins.

130. When establishing the number of bins to which institutions are distributed, the Board took into account the following elements. First, 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, as per 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 institutions gain

more than half of the maximum benefit that their membership in an IPS could afford them. Third, the distribution of banks in three categories – low, medium, high risk – is an intuitive solution for an additional ranking. In light of the foregoing, the Board considered it appropriate and proportionate to limit the number of bins to three. On the one hand, 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.

131. In fact, the weight of their ‘IPS membership’ within Risk Pillar IV of institutions in the “medium risk” bin and the “highest risk” is reduced by, respectively, 10 and 20 percentage points compared to the institutions in the “lowest risk” bin. In other words, the IPS TRI of institutions in the least risky bin was not adjusted (adjustment factor 9/9), whilst the IPS TRI of institutions in the averagely risky and riskier bins was adjusted by multiplying the value of “1000” by, respectively, the adjustment factors 7/9 and 5/9:

Riskiness in terms of 9 numerical risk indicators of Pillar IV	Adjustment factor	Adjusted Transformed Rescaled indicator
Bin representing lowest risk profile	1 (9/9)	1000.0000
Bin representing medium risk profile	0.7778 (7/9)	777.7778
Bin representing highest risk profile	0.5556 (5/9)	555.5556

132. Therefore, the final TRI for the IPS is the result of the multiplication of the TRI with this adjustment factor, which corresponds to applying, to the IPS risk indicator, a weight of 45% (adjustment factor 1), 35% (adjustment factor 0.7778) or 25% (adjustment factor 0.5556) in the Risk Pillar IV. For institutions that are not members of an IPS, (the weight of) the risk indicator “membership in an Institutional Protection Scheme” is not adjusted⁵¹. Those institutions are assigned a TRI equal to 1.

STEP 5– Calculation of the Final Composite Factor

133. 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 would get a higher FCI (i.e. closer to 1000).

STEP 6– Calculation of the Risk Adjusted Contribution

134. 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

⁵¹ 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.

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 adjusting multiplier of each institution is computed as follows:

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

135. The final 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:

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

Where:

- **cn** is the annual contribution for institution n;
- **Target** 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 6.2.1, recital 83);
 - 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 6.4);
 - contributions of mortgage credit institutions in accordance with Article 11 of Commission Delegated Regulation (EU) 2015/63 (Section 6.5); and
 - the contributions of certain investment firms which are authorised to carry out limited services and activities (Section 6.6).
- **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 0⁵²);
- \tilde{R}_n is the risk adjusting multiplier for institution n.

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

- (a) The **sum of risk adjusted BAC numerators** $(\sum_{p=1}^N (B_p * \tilde{R}_p))$ 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 $p=1, \dots, N$) multiplied by the risk-adjusted institutions' risk adjusting multiplier; divided by
- (b) the **BAC denominator** $(\sum_{q=1}^N B_q = \sum_{p=1}^N B_p)$ ⁵³ 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 $q=1, \dots, N$).

137. Target 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 Delegated Regulation, calculated by

⁵² In the calculation, the B_n cannot be valued below zero in order to avoid obtaining negative amounts.

⁵³ The BAC denominator is used in both the nominator and the denominator of the formula to calculate the risk-adjusted contributions.

the Board, are common data points, which are the same for all institutions. The relevant amounts calculated on both the National Base and the Banking Union Base are provided in Annex II to the Decision.

7. PARTIAL DEDUCTION OF THE 2015 CONTRIBUTION

138. In accordance with Article 8(2) of Council Implementing Regulation (EU) 2015/81, the Board took into account the contributions raised by the participating Member States in accordance with Articles 103 and 104 of Directive 2014/59/EU and transferred⁵⁴ to the Fund by virtue of Article 3(3) of the Agreement on the Transfer and Mutualisation of Contributions to the Single Resolution Fund, by deducting them from the amount due from each institution for the 2022 cycle, on an institution-by-institution and linear basis. This means that in 2022, half of the remaining balance⁵⁵ is deducted from the amount of the 2022 ex-ante contribution due by the institutions concerned.
139. If an institution loses its banking authorisation due to a merger, the deduction (as referred to in Article 8(2) of Council Implementing Regulation (EU) 2015/81) is granted to the post-merger (absorbing) institution provided that the absorbing institution continues to pay ex-ante contributions to the Fund. If an institution splits during the initial period, it is asked to inform the Board about the suggested allocation of the deduction of the 2015 ex-ante contributions (as referred to in Article 8(2) of Council Implementing Regulation (EU) 2015/81) subject to the condition that indicated institution remains in scope of the requirement to pay ex-ante contributions.
140. Where the institution remains in scope to contribute to the Fund for the 2022 contribution period and the deduction of the 2015 contributions results in a negative remaining amount, the respective amount is settled with the institution in 2022.
141. Contributions raised in 2015 by the participating Member States but not transferred to the Fund were not taken into account by the Board for the calculation of ex-ante contributions in 2022.

8. NEWLY SUPERVISED INSTITUTIONS

142. In accordance with Article 12(1) of Commission Delegated Regulation (EU) 2015/63, the individual contribution amounts for the 2022 ex-ante contribution period include, where relevant, the 2021 ex-ante contributions of those institutions that became newly supervised in the year 2021. Where appropriate, the partial contributions for 2021 are determined by considering the amount of 2022 ex-ante contributions by reference to the number of full months of the contribution period for which the institution was supervised.

9. RESTATEMENTS AND REVISIONS

143. Articles 14(5) and 17(3) and (4) of Delegated Regulation 2015/63 require that, when calculating the contributions to be paid by each institution in a given contribution period, the Board take into account any restatement of data relating to previous contribution cycles made by institutions. To that end, individual contribution amounts should take into account, where relevant, the difference between (i) the annual contribution calculated and paid in the previous contribution periods on the basis of the information subject to restatements or revisions and (ii) the annual contribution which should have been paid following the restatement and/or revision.

⁵⁴ Not all participating Member States transferred those contributions to the Fund.

⁵⁵ The term "remaining balance" refers to the remaining part of 2015 ex-ante contribution not yet taken into account in the calculation of ex-ante contributions.

144. The methodology provided under Articles 14(5), 17(3) and 17(4) of Commission Delegated Regulation (EU) 2015/63 aims to ensure a balance between legal certainty and the accuracy and correctness of the calculation exercise. In order to ensure that the contributions are proportional, that the calculation is correct and accurate, and that possible oversights or errors in the input data are corrected, institutions are allowed to submit restatements and revisions of the data they had originally submitted via the DRF. In accordance with Article 14(5) of Commission Delegated Regulation (EU) 2015/63, in the event of updates or corrections to the data provided for the purpose of calculating the ex-ante contributions of a particular contribution period, such updates or corrections must be submitted to the resolution authority without any undue delay. In accordance with Article 17(3) of Commission Delegated Regulation (EU) 2015/63, any restated data received from NRAs prior to or on 31 December 2021 has been taken into account in the calculation exercise and in the determination of the amounts due for the 2022 contribution period as detailed in the following paragraphs. Restated data submitted by NRAs after that point in time will be taken into account in the forthcoming contribution period. Calculations that have been performed in the current cycle for specific banks in respect of restated data submitted by those banks prior to or on 31 December 2021 do not have any impact on the contributions determined for all other in-scope institutions.

9.1 Assessment of the restated data

145. The Board considers and treats as restatements both “foreseen restatements”, which are agreed upon between the Board and the affected institution as a consequence of ex-post checks performed by the Board on the data received in previous cycles, and “voluntary restatements”, where institutions restate data on their own initiative following discovery of errors.

146. In addition, in terms of the processing of restatements, a distinction is made between restatements relating to the 2015 ex-ante contribution period (for which the NRAs recalculate the ex-ante contribution and provide the Board with the relevant details) and restatements relating to the 2016, 2017, 2018, 2019, 2020 and 2021 contribution cycles.

147. For all restatements relating to cycles subsequent to 2015, the working procedure can be summarised as follows:

- i. The NRA informs the Board about restatements.
- ii. The Board invalidates the corresponding DRF and informs the NRA that the institution can submit the updated or corrected DRF.
- iii. The NRA sends the updated or corrected DRF to the Board.
- iv. The upload (step iii.) triggers the recalculation of the ex-ante contribution for the relevant contribution period.
- v. The difference between the recalculated ex-ante contribution and the original contribution is factored in (as an adjustment to the calculated ex-ante contribution of the restating entity or its legal successor) in the invoice of the following contribution period.

9.2 Recalculated amount and data adjustments on individual level

148. The contribution of an institution for the year to which a restatement applies is calculated by using the input data as originally provided by all of the institutions in scope of the relevant cycle, with the exception of the restated input data of the institution requesting the restatement, pursuant to Article 17(3) of Commission Delegated Regulation (EU) 2015/63. The amended data is taken into account in respect of such institution.

149. For institutions that are authorised in the Member States that joined the Banking Union in 2020, the scope of the calculation for their restatement related to the years 2016-2020 takes into account all the institutions

that were in scope of the relevant cycle (i.e. the original 19 Member States) including the other institutions from the Member State concerned. For institutions that are authorised in the Member States that joined the Banking Union in 2020, the scope of the calculation for their restatement related to the year 2021 takes into account all the institutions in scope of the Fund, i.e. from the 21 Member States.

150. The recalculated contribution is determined in accordance with the methodology described above (section 6). For risk-adjusted contributions, the risk indicators taken into account for the recalculated contribution are the same as the risk indicators applied in the respective contributions cycles.
151. Given that it has not been possible to apply certain risk indicators in the previous cycles, the weights of the available risk indicators are proportionally rescaled as referred to in Article 7 of Commission Delegated Regulation (EU) 2015/63, so that the sum of their weights is 100%. The table below summarises the differences in terms of indicators and weights for a given contribution cycle.

Cycle		2016 - 2017		2018		2019 - 2020 - 2021	
Pillar	Indicator	Weights of indicators in Pillar	Weight of the Pillar	Weights of indicators in Pillar	Weight of the Pillar	Weights of indicators in Pillar	Weight of the Pillar
PILLAR I: Risk exposure	Leverage ratio	33.3(3)%	71%	33.3(3)%	56%	33.3(3)%	50%
	CET1 ratio	33.3(3)%		33.3(3)%		33.3(3)%	
	TRE/TA	33.3(3)%		33.3(3)%		33.3(3)%	
PILLAR II: Stability and variety of source of funding	Liquidity Coverage Ratio	NA	NA	100%	22%	100%	20%
PILLAR III: Importance of an	Share of interbank loans and	NA	NA	NA	NA	100%	10%

institution to the stability of the financial system or economy	deposits in the European Union						
PILLAR IV: Additional risk indicators	Risk weighted assets for market risk divided by Total Assets	5%	29%	5%	22%	5%	20%
	Risk weighted assets for market risk divided by CET1	5%		5%		5%	
	Risk weighted assets for market risk divided by total risk exposure	5%		5%		5%	
	Off-balance sheet nominal amount divided by Total Assets	5%		5%		5%	
	Off-balance sheet nominal amount divided by CET1	5%		5%		5%	
	Off-balance sheet nominal amount divided by total risk exposure	5%		5%		5%	
	Derivatives exposure divided by Total Assets	5%		5%		5%	
	Derivatives exposure	5%		5%		5%	

	divided by CET1				
	Derivatives exposure divided by total risk exposure	5%	5%	5%	
	Membership in an Institutional Protection Scheme	45%	45%	45%	
	Extent of previous extraordinary public financial support	10%	10%	10%	

152. In order to take into account the specificities of the 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:

- The National Base (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 (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.

153. The below table summarises the weights allocated to each calculation in the different previous contribution cycles:

Contribution cycle	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%

154. The last step of the calculation in relation to restatements at individual level is to compute the data adjustment (i.e. the difference between the recalculated contribution and the already invoiced amounts). The data adjustment on individual level are calculated as follows:

$$\begin{aligned}
 & \text{Data adjustment}_{n,c,2022} \\
 &= \text{Recalculated amount}_{n,c} - \text{original calculated amount}_{n,c} \\
 &- \sum_{v=c+1:2021}^{2022} \text{Data adjustment}_{n,c,v}
 \end{aligned}$$

Where n is the institution that restates the data, c is the year for which the institution restates and $Data\ adjustment_{n,c,v}$ are the data adjustments invoiced in a given year v for a given cycle c . The calculation details of the recalculated amount and the data adjustment are provided in Annex I to this Decision, the individual Harmonised Annex for restatements. The adjustment resulting from the restatement is made in the 2022 contribution period by increasing or decreasing the contribution due for the year 2022.

9.3 Restatements of out-of-scope institutions

155. A legal entity whose ex-ante contributions have been duly received by the Fund, but which subsequently ceases to fall within the scope of the Regulation (EU) No 806/2014, has no right to the reimbursement of such duly paid contributions, pursuant to Article 70(4) of the Regulation (EU) No 806/2014. However, if such an entity ceases to be within the scope of the Regulation (EU) No 806/2014 following its amalgamation or merger with a second entity within the scope of the same Regulation, which is subject to the obligation to make ex-ante contributions to the Fund, the second entity can restate or revise data that the first entity had previously submitted, in accordance with Article 17(3) of Commission Delegated Regulation (EU) 2015/63.

10. CALCULATION RESULTS

156. On 14 March 2022, pursuant to Article 70(2) of the Regulation (EU) No 806/2014, the Board shared the preliminary results of the calculation of 2022 ex-ante contributions with the ECB and the NCAs.

157. The results of the calculation of the individual 2022 ex-ante contributions are set out separately for each institution falling within the scope of that calculation in the detailed documents attached to this Decision as Annex I ('Harmonised Annexes'). Each Harmonised Annex includes input data used in the calculation, the calculation details of the ex-ante contributions according to the National Base and the Banking Union Base and sets out further details concerning the final amount to be paid by the institutions. The Harmonised Annex also contains reference to the maximum amount of irrevocable payment commitments that each institution may avail itself of pursuant to Article 8(3) of Council Implementing Regulation (EU) 2015/81 (see Section 11 below).

158. In accordance with Article 5(1) of Council Implementing Regulation (EU) 2015/81, this 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.

159. In accordance with Article 5(2) of the Council Implementing Regulation (EU) 2015/81, the Board communicates to each NRA only the part of Annex I which concerns the institutions authorised in their jurisdiction. It also follows from the above that each institution may only be notified of the part of the Annex that concerns that institution. The information contained therein is sufficient for the institution to properly understand how its contribution was calculated. In addition, in order to allow a better understanding of how each institution compares to all other institutions and of the results of the binning process, the Board also provides additional statistics of the calculations in summary and collective form in Annex II to this Decision.

11. IRREVOCABLE PAYMENT COMMITMENTS

160. 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 of Regulation (EU) No 806/2014 may include irrevocable payment commitments ("IPCs") which are 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.

161. According to Article 8(3) of Council Implementing Regulation (EU) 2015/81, during the initial period, and under “*normal circumstances*”, the Board must allow the use of IPCs upon the request of an institution. That provision also stipulates that the Board allocate the use of IPCs “*evenly*” among those institutions requesting it. Article 8(3) of Council Implementing Regulation (EU) 2015/81 therefore requires that the Board takes an objective approach towards the use of IPCs in a given contributions cycle. Article 8(3) 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.
162. Taking into account the liquidity position of the Fund and the amount of irrevocable payment commitments outstanding, the Board considers that, for the purpose of calculating and collecting the 2022 ex-ante contributions to the Fund, “*normal circumstances*⁵⁶”, as referred to in Article 8(3) of Regulation (EU) 2015/81, apply. As such, and subject to the principles described below, institutions may, upon request to the Board, enter into an Irrevocable Payment Commitment Agreement (an “**IPCA**”) for the making of IPCs for the 2022 contributions cycle.
163. When considering the share of IPCs and the type of IPC collateral to be accepted in 2022, the Board has balanced the objectives of Article 70(3) of Regulation (EU) No 806/2014 when exercising its technical discretion in applying this provision. On the one hand, Article 70(3) of Regulation (EU) No 806/2014 provides that the available financial means to be taken into account to reach the target level of the Fund may include IPCs, thus offering institutions the possibility of an alternative payment modality for ex-ante contributions. On the other hand, allowing the use of IPCs could compromise the liquidity, integrity and operational capacity of the Fund. This is why Article 70(3) establishes a limit to the amount of contributions that can potentially be collected in that form in any given year. The potential risk posed by the use of IPCs in this regard is implicitly acknowledged under Article 7(1) of Council Implementing Regulation (EU) 2015/81, which requires unequivocally that recourse to this payment modality “*shall in no manner affect the financial capacity and the liquidity of the Fund.*”
164. The Board has given careful consideration to the amount of IPCs to accept for the 2022 contribution cycle. In this context, and considering the potential risk posed by the use of IPCs to the financial capacity and the liquidity of the Fund, the Board has taken specific account of the current climate of uncertainty in the participating Member States.
165. The first factor of uncertainty is linked to the risk that the recent and rapid growth in inflation in the euro area, even taken in isolation, could trigger a faster-than-anticipated change or tightening of monetary policy, with potential repercussions on market asset pricing, financing conditions and demand. The Board noted in this regard that the ECB announced its first policy changes on 10 March 2022 in the ECB Statement. Secondly, while the impact of the COVID-19 pandemic on economic activity has lessened over time, the prospects for the economy remain uncertain and will depend on the course of the war in Ukraine and on the impact of economic and financial sanctions and other related measures. The reliable sources currently available show that, even if the first round of risks posed to the EU banking system by the current geopolitical situation may not at this point be considered to pose a significant threat to financial stability in the short term, the second round effects are highly uncertain. Therefore it cannot be ruled out

⁵⁶ A potential absence of “normal circumstances” is evaluated by the Board at the time of calculating the ex-ante contributions to the Single Resolution Fund and implies at least the absence of any increased risk endangering the financial position and liquidity of the Single Resolution Fund.

that, in the longer term, the impact of the war in Ukraine on the real economy and, therefore, on the solvency and profitability of EU banks, as well as on financial stability will be severe⁵⁷. Thirdly, the Board also considered the potential implications on the institutions themselves, and specifically whether the call of IPCs, and the subsequent transfer of capital from the IPC banks to the Board, could have pro-cyclical effects on the positions of those banks because the full amount of such called IPCs would need to be reflected immediately in the banks' profit and loss statements. In this regard, the Board considers that any increase in the use by banks of IPCs poses an inherent risk to their financial stability given that, in the wake of a resolution action, IPCs that have been performed would have to be registered by those banks as losses for accounting purposes. These considerations are even more compelling in light of the circumstances characterising the 2022 contribution cycle, the severe impact of which on economic growth and financial stability cannot be ruled out.

166. In light of all of the above considerations and the specific circumstances of the 2022 cycle, the Board deems that accepting any higher share of IPCs than the minimum established by law would result in providing some sort of relief in times of relative good profitability of the banking industry but also in risking the exacerbation of possible pro-cyclical effects and/or contagion in future uncertain times. The Board has concluded that only a prudent approach towards the use of IPCs is warranted for the 2022 contribution period and that such approach is the most appropriate and proportionate. The Board has therefore decided to limit the amount of IPCs to 15% of the individual amounts of the 2022 ex-ante contributions.

167. The Board has also carefully considered the type of collateral to accept for IPCs. Article 70(3) of Regulation (EU) No 806/2014 provides that IPCs have to be fully backed by the collateral of low-risk assets unencumbered by any third-party rights. The Board considers, however, that acceptance of non-cash collateral in the phase of the gradual build-up of the Fund poses a number of potential risks when compared to cash collateral, including: (i) a potential reduction in the availability of financial means at times of closed or stressed and illiquid financial markets; (ii) additional operational challenges, including the swift "*realisability*" of collateral⁵⁸; (iii) the introduction of market and counterparty risk; (iv) potential fluctuation in the value of the collateral that are difficult to hedge against even under a conservative valuation approach; and, (v) possibly, exposure of institutions to margin calls depending on the evolution of the value of their collateral.

168. The Board considers that the liquidity, integrity and financial position of the Fund would be seriously compromised if any of the risks described above were to materialise, especially taking into account the current uncertainties for the future economic development due to the Russia-Ukraine war. Allowing such a situation to occur would not be in conformity with Article 7(1) of Regulation (EU) 2015/81 which, as noted above, requires unequivocally that the use of IPCs not impact, in any manner, the financial capacity and the liquidity of the SRF.

169. In addition, the Board is mindful of the fact that the choice regarding the form of collateral to accept should not undermine the level playing field between institutions.⁵⁹ The Board acknowledges in this regard that the potential costs associated with the provision of a collateral service could, in certain cases, even be prohibitive for small institutions.

⁵⁷ Reference is made, inter alia, to the assessment on the "Impact of the Russian invasion of Ukraine on the EU/EEA banking sector" within the EBA Risks Dashboard – Q4 2021, https://www.eba.europa.eu/sites/default/documents/files/document_library/Risk%20Analysis%20and%20Data/Risk%20dashboard/Q4%202021/1029360/EBA%20Dashboard%20-%20Q4%202021%20for%20publication.pdf

⁵⁸ Article 13(3) of Commission Delegated Regulation (EU) 2015/63 requires that the SRB 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".

⁵⁹ Recitals (3), (16) and (18) to Regulation (EU) No 806/2014 demonstrate the importance of ensuring a level playing field within the internal market in the context of establishing the Single Resolution Mechanism.

170. Finally, the use of non-cash collateral could risk compounding pro-cyclical effects by potentially accelerating the decline of an already disrupted securities market following a bank resolution action. This risk is particularly acute if, following a default by institutions on their IPCs, the Board were to be compelled to enforce the secured commitment by setting-off and then selling the non-cash collateral concerned.
171. In light of all of the above considerations, the Board has concluded that a prudent approach towards the type of collateral to accept for IPCs is warranted for the 2022 contribution period and that such approach is appropriate and proportionate. The Board has therefore decided to accept only IPC collateral in the form of cash for the current cycle.
172. In accordance with Article 8(2) of Council Implementing Regulation (EU) 2015/81, the Board took into account the contributions, raised by the participating Member States in accordance with Articles 103 and 104 of Directive 2014/59/EU and transferred to the Fund by virtue of Article 3(3) of the Agreement on the Transfer and Mutualisation of Contributions to the Single Resolution Fund, by deducting them from the amount due from each institution, on an institution-by-institution and linear basis. This deduction relates also to amounts provided by virtue of IPCs. The Board will continue to deduct the amount corresponding to the amount of IPCs provided for the contributions year 2015 from the amount of the annual contributions due by the institutions concerned.
173. Pursuant to the agreements entered into for the 2015 contribution cycle, the IPCs made for that year shall remain in place until such time as they are called by the Board in accordance with Article 7(2) of Council Implementing Regulation (EU) 2015/81.

12. COMMUNICATION

174. As this Decision is addressed to the NRAs, it is adopted in English. In order to facilitate the process of notification of this Decision by the NRAs to the institutions, the Board will also provide, to the extent possible, its courtesy translation into the official language of the relevant Member State to each NRA. For the avoidance of doubt, the English text is the only authentic text.
175. Therefore, after receiving the communication from the Board, the NRAs are expected to notify each institution authorised in their respective Member State of this Decision by transmitting the main text thereof together with an extract of the part of Annex I pertinent to the institution concerned and Annexes II and III, in their authentic language together with their courtesy translation provided by the Board.

HAS ADOPTED THIS DECISION:

Article 1
Calculation

The calculation of the individual annual ex-ante contributions to the Single Resolution Fund for the 2022 contribution period as set out in the Annex I is approved.

Article 2
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)
- Rahoitusvakausvirasto (FI)
- Autorité de Contrôle Prudentiel et de Résolution (FR)
- Bundesanstalt für Finanzdienstleistungsaufsicht (DE)
- Τράπεζα της Ελλάδος, Επιτροπή Κεφαλαιαγοράς (EL)
- Hrvatska narodna banka (HR)
- Hrvatska agencija za osiguranje depozita (HR)
- Central Bank of Ireland (IE)
- Banca d'Italia (IT)
- Finanšu un Kapitāla Tirgus Komisija (LV)
- Lietuvos bankas (LT)
- Commission de Surveillance du Secteur Financier (LU)
- Malta Financial Services Authority (MT)
- De Nederlandsche Bank (NL)
- Banco de Portugal (PT)
- Rada pre riešenie krízových situácií (SK)
- Banka Slovenije (SI)
- FROB, Banco de España, Comision Nacional de Mercado de Valores (ES)

Done at Brussels,

For the Single Resolution Board,

*Chair
Elke König*

Annexes

Annex I. Results of the calculation with respect to all institutions falling within the scope of calculation of the 2022 ex-ante contributions set separately (per institution) in the Harmonized Annexes

Annex II. Statistics of the calculations in summary and collective form

Annex III. Evaluation of the submissions made in the consultation on the 2022 ex-ante contributions to the Single Resolution Fund