



2016 Contributions to the SRF

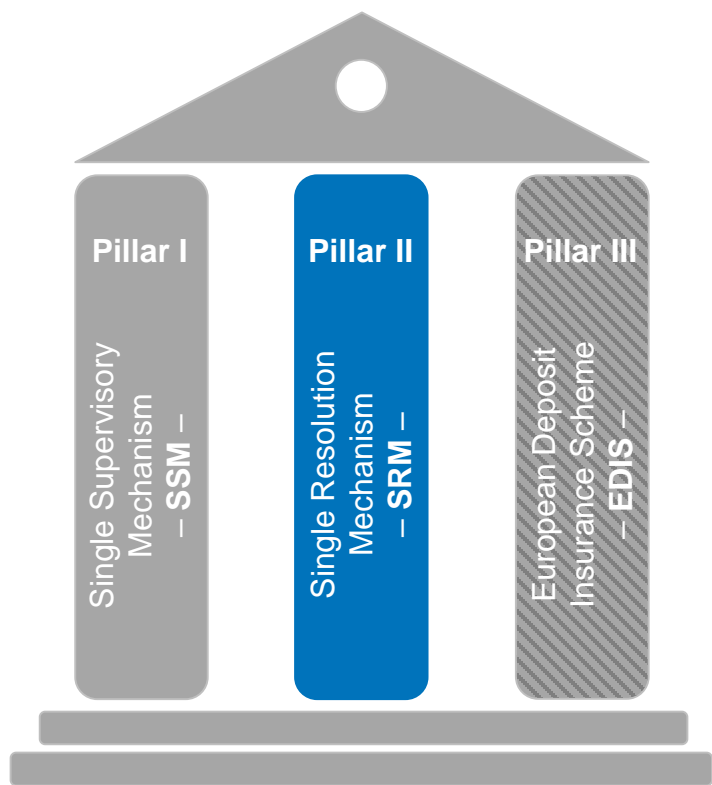
6 July 2016, Brussels

The Single Resolution Fund

Outline

1. Introductory Remarks on the Single Resolution Fund
2. 2016 ex-ante contributions: Main results
3. Methods applied
4. Differences between 2015 and 2016
5. Drivers of the results
6. Challenges for the SRB

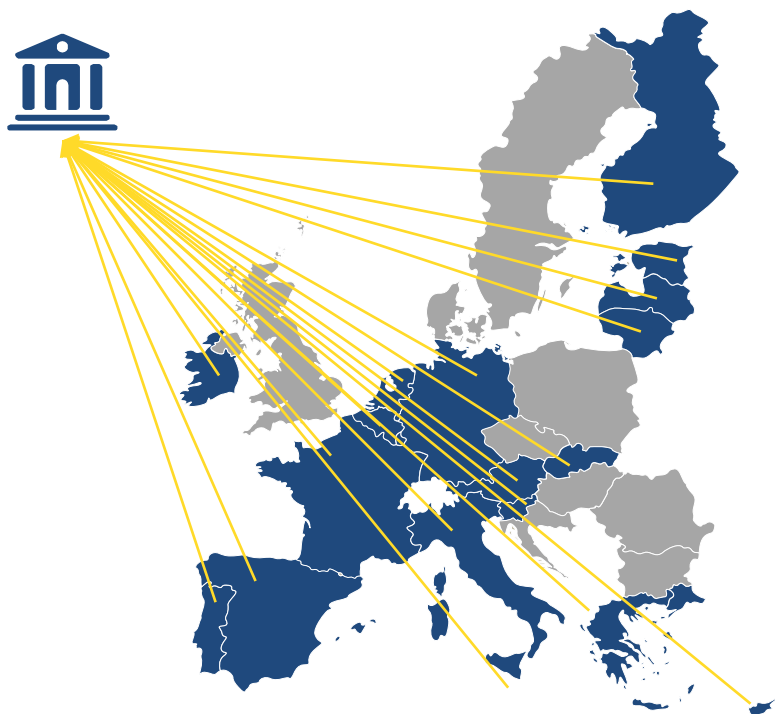
Three pillars of Banking Union



- The Single Resolution Fund ('The Fund') is an **essential element of the Single Resolution Mechanism** (SRM). The SRM manages resolution of credit institutions and certain investment firms within the 19 participating Member States.
- The Fund helps to establish a uniform administrative practice in the financing of resolution within the SRM.
- The Fund will be built up over eight years (2016-2023) and shall reach **at least 1%** of covered deposits.

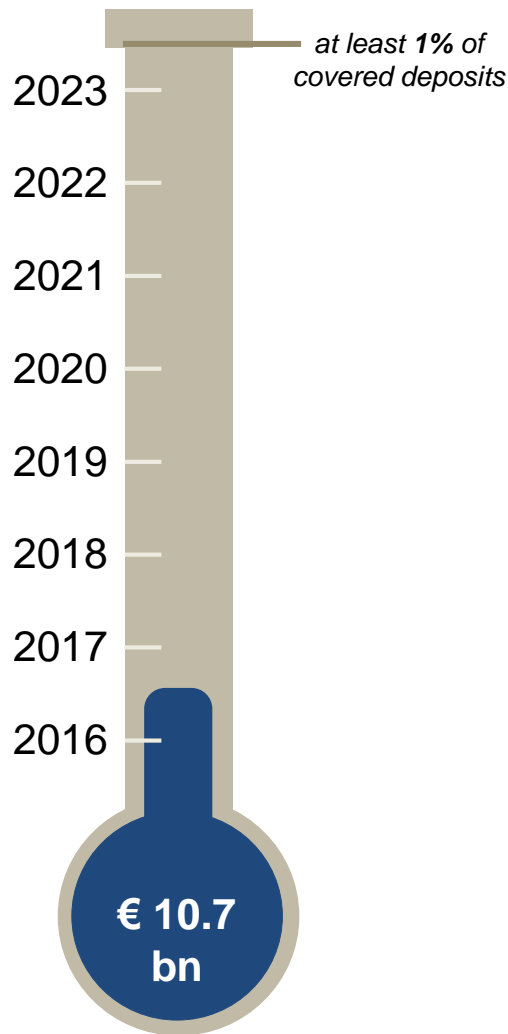
The Single Resolution Fund

Contributions to the Single Resolution Fund ("Fund")



- The Fund is financed by **ex-ante contributions** paid annually at individual (solo) level by all credit institutions and some investment firms established in the 19 Member States participating to the SRM. In 2016, **3762 institutions** are in the scope of the Fund.
- The SRB is responsible for the calculation of the ex-ante contributions. The National Resolutions Authorities (NRAs) are responsible for the collection and transfer of contributions from the entities located in their respective territories to the Fund.
- Where the available financial means are insufficient to cover the losses or costs incurred by the use of the Fund, **additional ex-post contributions** shall be collected.

How much does the Fund collect each year?

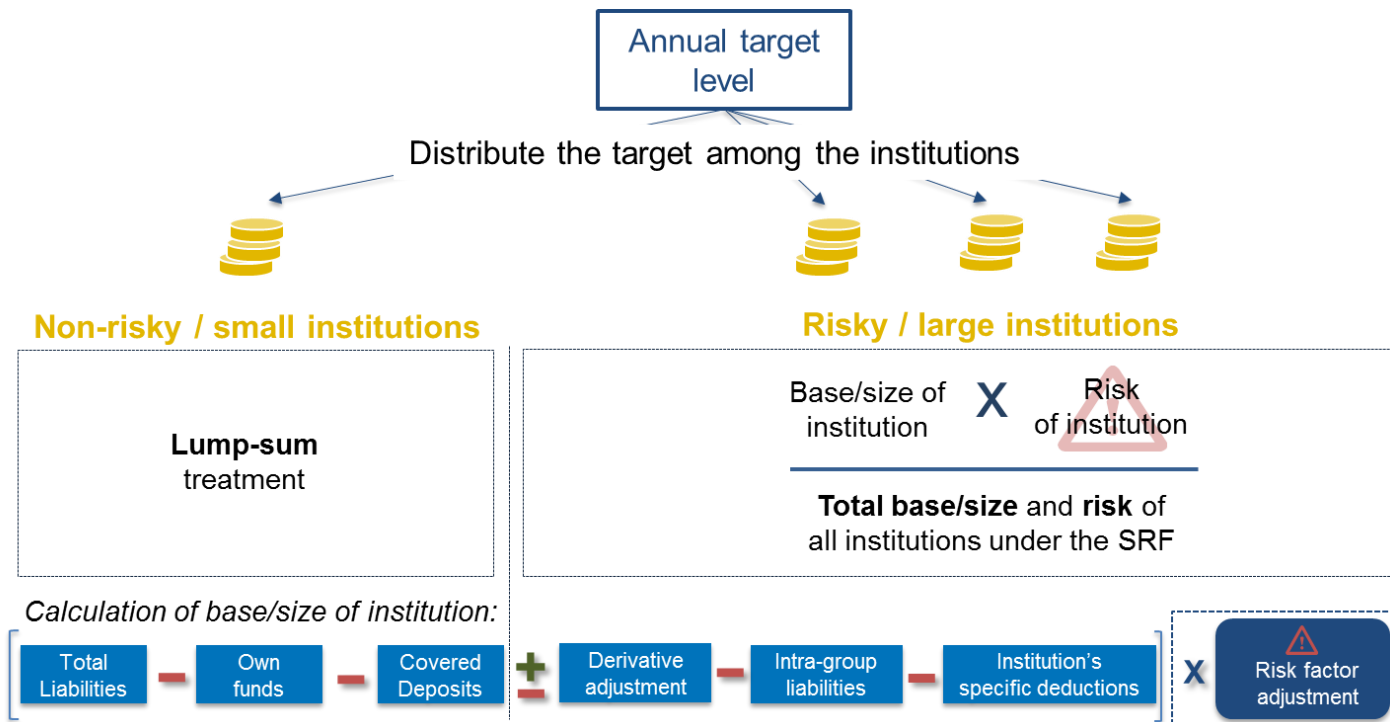


By 1 January 2024, the available financial means of the Fund shall reach **at least 1 % of the amount of covered deposits** of all credit institutions authorised in all of the participating Member States.

- In January 2016, the NRAs transferred **€ 4.3 bn** of **2015 ex-ante contributions** to the SRF
- By 30 June 2016, the NRAs transferred **€ 6.4 bn** of **2016 ex-ante contributions** to the SRF (after deduction of 2015 contributions)
- Each year, the SRF collects roughly one eighth of the final target.

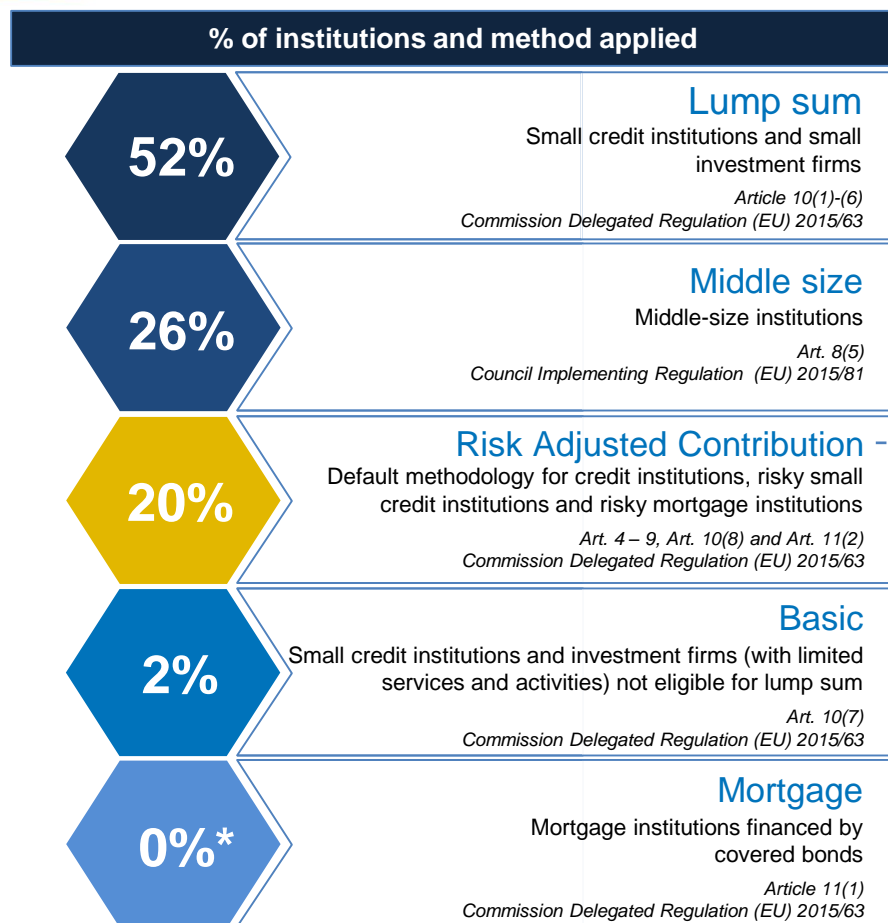
How is the contribution for the individual institution calculated?

In calculating the ex-ante contributions, the SRB applies the methodology as set out in the **Commission Delegated Regulation (EU) 2015/63** and **Council Implementing Regulation (EU) 2015/81**

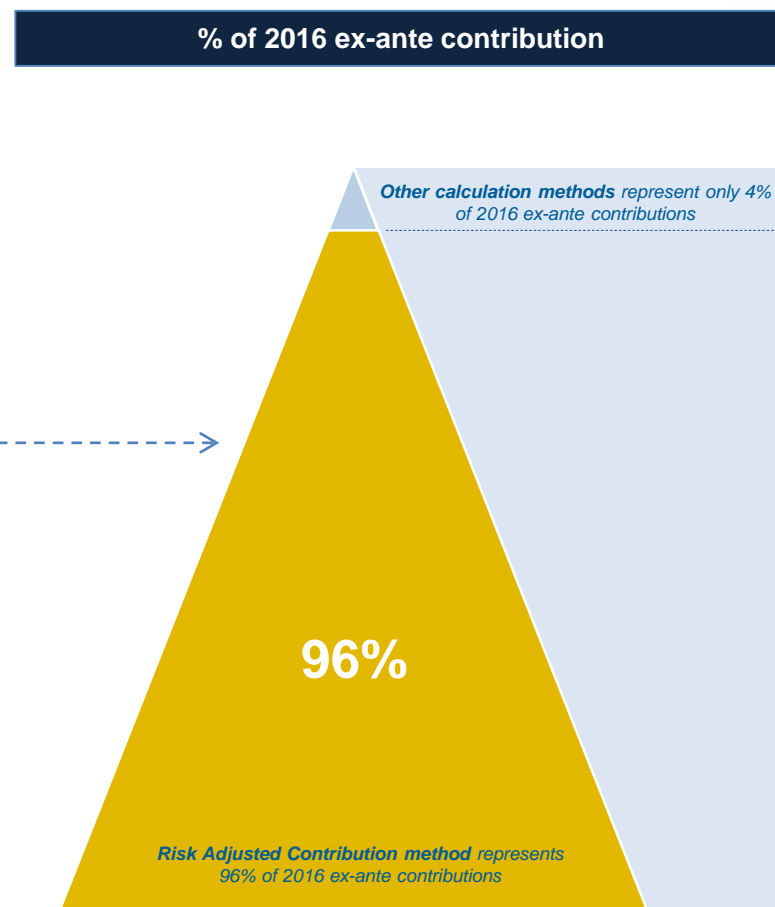


Contributions to the Fund take into account the **annual target level** as well as the **size** and the **risk profile** of institutions.

For how many institutions is each method applied?




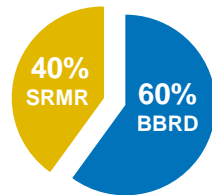
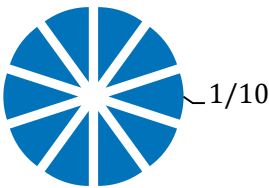
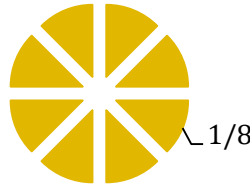
* 14 mortgage institutions are in the SRF scope



Risk Adjusted Contribution calculation method was applied to 20% of institutions that represent 96% of total 2016 ex-ante contributions



What is the difference between 2015 and 2016 calculations?

	2015 ex-ante contributions	2016 ex-ante contributions
Reference date for calculation	2013 data	2014 data
Annual target level	<p>BRRD (100%) = 1% * covered deposit /10</p>  <p>100% BRRD</p>	<p>BRRD (60% weight) = 1.05% * covered deposit /8 SRMR (40% weight) = 1.05% * covered deposit /8</p>  <p>40% SRMR 60% BRRD</p>
Reference date for Target level	Total amount of covered deposits in 2014	Total amount of covered deposits in 2015
Length of transitional period	<p>Under BRRD the target of 1% is to be reached in 10 years</p>  <p>1/10</p>	<p>Under SRMR the target of 1% is to be reached in 8 years*</p>  <p>1/8</p>
Calculation method	National Resolution Authorities were fully responsible for the calculation of ex-ante contributions	Ex-ante contributions were calculated by the Single Resolution Board based on a common approach for all the Member States

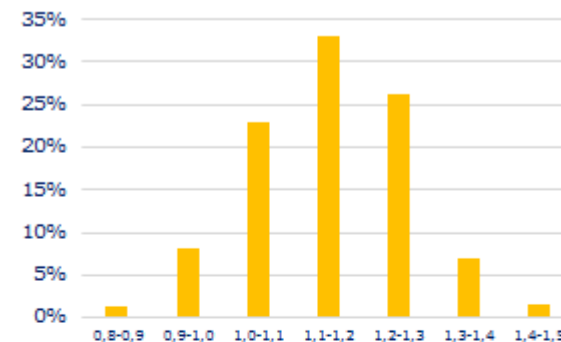
* The ex-ante contributions collected in 2015 and transferred to the SRF will be deducted from the contributions during the transitional period, Art. 8(2) Council Implementing Regulation

What are the results for the risk adjustment (SRM calculation)?

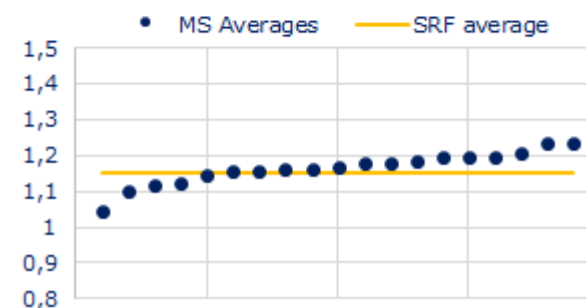
The risk adjustment factor (RAF) takes values between 0.8 and 1.5. The riskier the institution the larger the RAF. Within this interval most institutions are near the middle of this interval (1.15).

- More than 80% of the institutions have a risk adjustment factor between 1.0 and 1.3.
- The (unweighted) **average of all risk adjustment factors is 1.153** which almost coincides with the middle of the interval. The weighted average is 1.228.
- There are no substantial differences in the general level of riskiness of institutions between Member States.

Distribution of the Risk adjustment



Averages of the RAF per MS (anonymous, sorted, all SRM calculation)



Data restatements and revisions

- Where information or data submitted is subject to updates or corrections, it should be submitted to the resolution authorities without delay.
- The SRB will adjust the annual contribution in accordance with the updated information of that institution for the following contribution period.

IPS mistreatment

- The SRB detected a mistreatment of the risk factor “IPS membership” in the calculations of 2016 ex-ante contributions.
- Due to the nature of calculations, affected institutions are all the institutions whose contributions are calculated with the risk adjusted method.
- The average effect for the affected institutions is 0.68% of the amounts invoiced overall, although this varies per institution.
- Individual discrepancies will be adjusted during the 2017 ex-ante contributions cycle. In cases where the national law in any Member State requires a different approach or individual institutions request an earlier settlement of the difference, the NRA may take such an approach and/or settle the differences earlier.

KEY FACTS – 2016 EX-ANTE CONTRIBUTIONS

TARGET AND AMOUNT COLLECTED

- The 2016 target level is based on 1.05% of covered deposits.
- In 2016, the amount of ex-ante contributions collected by the SRF at the end of June is €6.4bn, which takes into account a 1/8 deduction of 2015 contributions.
- 88.8% of the contributions were provided by paid-in contributions (€5.68bn) and 11.2% were provided as irrevocable payment commitments (€721 million euros).

SCOPE

- In 2016, 3,762 institutions are within the scope of the SRF.
- 52% have paid lump sum contributions (small institutions).
- 26% are medium size institutions (total asset below €3bn).

BIGGEST CONTRIBUTORS

- 20% of institutions represent 96% of the total 2016 ex-ante contributions.
- The 20 largest banking groups at group level will contribute 62% of the total 2016 ex-ante contributions.

MUTUALISATION PATH

- According to the Intergovernmental Government Agreement (IGA), in 2016, all of the financial means available in the affected national compartment may be used in a first step, and 40% of the financial means available in the other compartments may be used in a second step.

2017 PROCESS

- The 2017 contribution cycle has already started in cooperation with NRAs. The SRB is taking the initiative to organise workshops and seminars with industry to increase the level of understanding behind of complex calculations.



Thank you!