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# EXECUTIVE SUMMARY ANNUAL REPORT 2023

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# EXECUTIVE SUMMARY ANNUAL REPORT 2023

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## EXECUTIVE SUMMARY SRB ANNUAL REPORT 2023

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# 1. Introduction



Dominique Laboureix,  
SRB Chair

The year 2023 was an important one for the Single Resolution Board (SRB) and the Single Resolution Mechanism (SRM) as we achieved key milestones in our short history: the Single Resolution Fund (SRF) reached its target level of EUR 78 bn and most of the banks under the SRB's remit met their Minimum Requirements for own funds and Eligible Liabilities (MREL) requirements. The 2023 Resolvability Assessment results also demonstrated significant progress in the development of banks' capabilities to support the successful execution of a resolution action in all areas of the Expectations for Banks (EfB).

As in previous years, we can be proud of the work achieved in 2023. I would like to thank once again SRB staff members and those of the National Resolution Authorities (NRAs) for their commitment and professionalism to contribute to the stability of our financial system.



## 2. Strategic review

The SRB has reached maturity by establishing its core policies, building the SRF, and working hard to define feasible resolution strategies for the banks. In organisational terms, the SRB grew in staff numbers and progressively enhanced its governance structure.

After eight years of build-up, in early 2023 the SRB initiated a strategic review to define its long-term goals and further strengthen cooperation with NRAs and other stakeholders to deliver on the Single Resolution Mechanism (SRM).

The strategic review followed an intense participatory approach including a series of consultations (e.g. with NRAs, industry and staff) and drafted, in close cooperation with dedicated SRM staff, the strategic objectives which resulted in the SRM Vision 2028.

This new strategy (SRM Vision 2028) is built around three chapters: (i) Core Business, (ii) Governance, organisation and tools, and (iii) Human Resources (HR).



### 3. SRB milestones in 2023

The SRB's mandate is proactive: rather than waiting for banks to fail, the SRB focuses on resolution planning and enhancing resolvability. Should a bank within the SRB's remit be failing or likely to fail and meet the criteria for resolution, the SRB will carry out the resolution through the application of resolution tools. The SRB is also in charge of the industry-funded SRF, established to provide ancillary financing to ensure the effective application of the resolution tools under strict conditions. In addition, the SRB oversees the consistent functioning of the SRM as a whole.

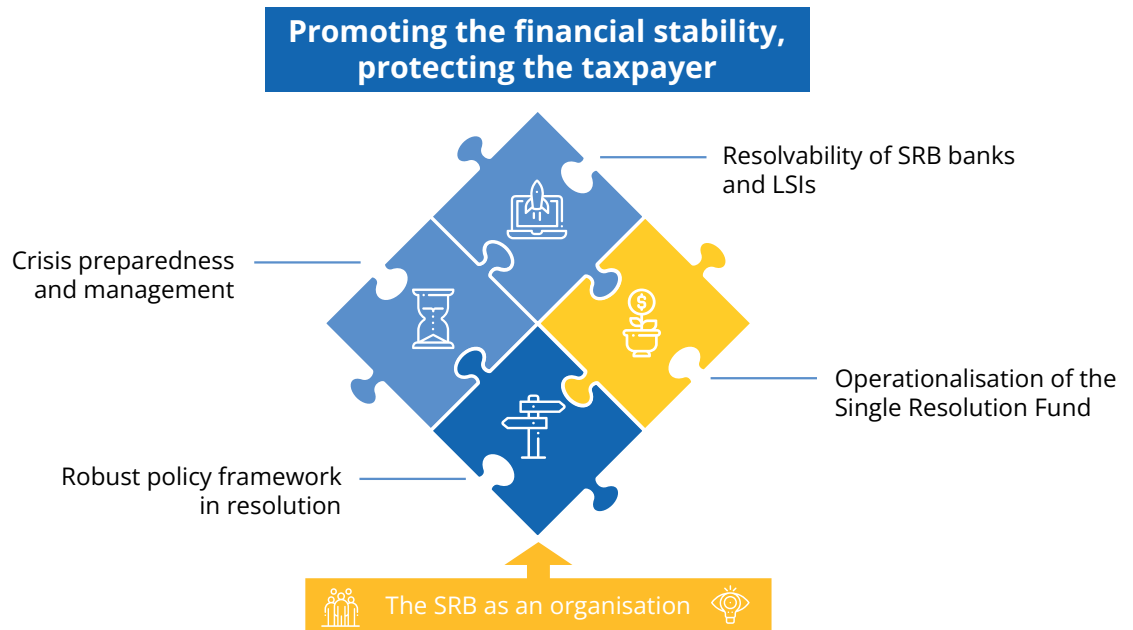
While the SRM Vision 2028 was prepared in a staggered way throughout 2023, and will be implemented in the course of the next five years, the SRB continued its usual operations in 2023 and achieved good results.



As established in the SRB's Multi-annual Programme 2021-2023, the organisation's priorities until the end of the reporting year were:

1. strengthening the resolvability of SRB banks and Less Significant Institutions (LSIs);
2. fostering a robust resolution framework;
3. preparing and carrying out crisis management;
4. operationalising the SRF;
5. establishing and strengthening the SRB as an organisation.

**Figure 1. The SRB's mandate and areas of work**



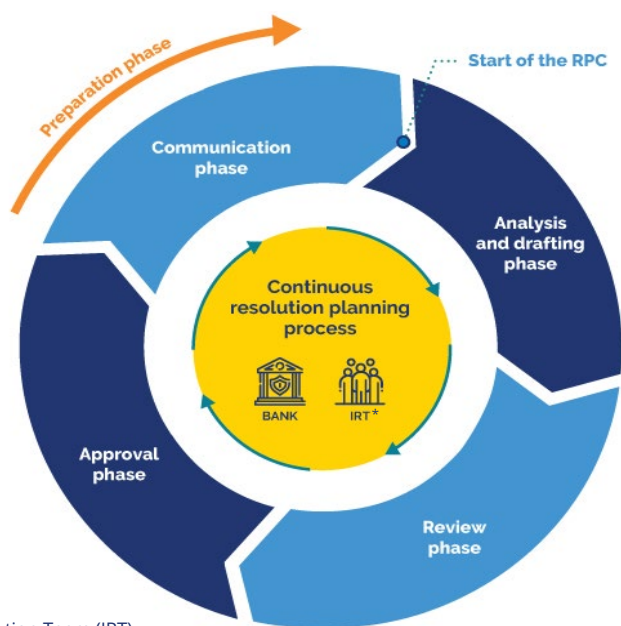
### 3.1 Strengthening the resolvability of SRB banks and Less Significant Institutions

In order to organise the resolution planning activities and achieve resolvability of SRB banks and LSIs, the SRB performs an annual Resolution Planning Cycle (RPC) for SRB banks consisting of updating the resolution plans, issuing relevant MREL decisions and assessing the resolvability of institutions; and oversees the LSIs, all in close cooperation with NRAs.

In terms of strengthening the resolvability of banks, the SRB completed its third 12-month Resolution Planning Cycle (RPC) covering all banks under the SRB remit. All the banks with targets by 1 January 2024 reached their final MREL.



**Figure 2. Resolution Planning Cycle**



\* Internal Resolution Team (IRT)

The focus of LSI oversight in 2023 progressively shifted to operationalisation, testing and crisis preparedness. This message was also delivered in a dedicated report, which was published for the first time on the SRB website. In addition, LSI coverage with resolution plans increased in 2023 approaching completion (99.5% coverage).

The SRB published its second resolvability assessment confirming that banks have made material progress in all areas of the EfB and that the smaller banks are reducing the gap with the largest ones. In parallel, and to enhance the approach to quality control, the SRB initiated a pilot peer review exercise, on top of the regular quality review process in 2023, to better understand the heat-map progress scores and to identify possible improvements for the SRB resolvability assessment methodology.

As the phase-in of the expectations approached its end, the SRB increased its focus on more structured resolvability testing by banks. While the implementation of fully-fledged on-site inspections is yet to be realised, the implementation of deep-dives is well advanced.

Strategic area of operation	Main activities contributing into areas of operation
<b>Strengthening the resolvability of SRB banks and less significant institutions</b>	● Resolution Planning Cycle and progress on implementation of EfB
	● Minimum Requirements for own funds and Eligible Liabilities
	● Deep dives and on-site inspections
	● Resolvability assessment and heat map
	● Less significant institutions resolution planning

Legend ● Achieved ● Partially achieved ● Ongoing ● Some progress needed  
● Substantial progress needed

## 3.2 Fostering a robust resolution framework

The SRB promotes a robust resolution framework in the Banking Union by developing policies for resolution, contributing to the policy debate to upgrade the existing framework and the legislation that may affect it, as well as adopting and publishing guidance that operationalises the legislation.

As such, the SRB integrated and updated existing policies and complemented them with guidance and internal tools to continue improving resolution plans and bank resolvability. With liquidity in resolution being one priority in 2023, the SRB published an operational guidance note on the measurement and reporting of the liquidity situation in resolution and performed for the first time a joint European Central Bank (ECB) and SRB liquidity exercise which will be used to perform their banks' resolvability assessment in early 2024.

The quality of resolution plans has improved with each resolution planning cycle (RPC) supported by internal quality control. This work will continue in 2024, incorporating the lessons learned from RPC 2023. The SRB worked on back-up options for its resolution strategies, such as further analysis on transfer strategies for larger banks and the combination of tools. The SRB actively contributed to ongoing important regulatory files, such as the Crisis Management and Deposit Insurance (CMDI) review and continued expanding its coordination with EU agencies and institutions, and third-country authorities.



In 2023, the SRB continued its work towards wider transparency of and predictability in its policies. As one step in this direction, in 2023, the SRB published a list with all public consultations and regular requests to banks under its remit planned for 2024. This disclosure marks an important milestone in the SRB’s efforts to cater to the industry’s wish for more predictability and transparency. It also allows banks to better allocate resources and anticipate workload throughout the year.

The SRB engaged closely with the European Parliament, the Council of the European Union and the European Commission to contribute to the progress of relevant regulatory and policy files. The SRB also maintained regular coordination and collaboration with the Single Supervisory Mechanism (SSM), the ECB, in particular, the European Banking Authority (EBA) and the European Systemic Risk Board (ESRB), and strengthened its cooperation with the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA).

In light of this year’s continuous and uncertain geopolitical developments, international cooperation continued to be essential for the SRB. In 2023, the SRB concluded four bilateral cooperation agreements bringing the total number to 18. This confirms the strong commitment of the SRB and third-country authorities to strengthening resolvability by enhancing communication and international cooperation. In addition, the SRB maintained bilateral relations and participated in various multilateral fora, workshops, seminars and technical meetings with NRAs. The SRB also continued to contribute to the work of the Financial Stability Board (FSB).

Strategic area of operation	Main activities contributing into areas of operation
<b>Fostering a robust resolution framework</b>	● Development and dissemination of SRB policies
	● Contributions to external policy and regulatory activity
	● Quality assurance of resolution plans
	● Cooperation and international relations
Legend ● Achieved ● Partially achieved ● Ongoing ● Some progress needed ● Substantial progress needed	

## 3.3 Preparing and carrying out crisis management

In 2023, the SRB continued developing procedures, tools, templates and specific Information Communication Technology (ICT) solutions for crises, and enhancing internal and external crises management processes. Furthermore, it organised dry-run exercises and collected key lessons learned from the recent crises, such as flexibility that resolution authorities need in the choice of which resolution tool to use depending on the situation.

**Figure 3. Main phases in the resolution process**





In 2023, the SRB enhanced its crisis preparedness and management through the establishment of a dedicated Crisis Preparedness and Management Unit (CPMU). The unit works in cooperation with resolution units and was newly established in 2023 in order to strengthen further the SRB's crisis readiness capabilities in a coordinated and centralised manner.

During the year, the CPMU prepared a stock taking exercise of all National Handbooks with the creation of jurisdictional working groups involving SRB teams and NRA representatives.

It also conducted preparatory work for a renewed bail-in calculator, and supported a joint testing exercise involving the SRB and NRAs to retrieve lessons learned and foster the definition of further improvement measures.

In addition, the SRB also continued to closely monitor the impact of the instability following Russia's invasion of Ukraine in the financial sector, as well as other turbulent developments in the financial sector stemming from the banking turmoil in the United States and Switzerland. The SRB, in collaboration with other authorities, monitored potential developments to ensure it was ready to take action if the situation arose. Following the March 2023 cases, the SRB undertook analysis on the lessons learned, and any potential implications for the SRB's own approach to crisis management. In 2023, no bank under SRB direct remit was resolved. There was one LSI crisis, in which the SRB collaborated closely with the responsible NRA.

Strategic area of operation	Main activities contributing into areas of operation
<b>Preparing and carrying out crisis management</b>	● Crisis preparedness
	● Crisis response

Legend ● Achieved ● Partially achieved ● Ongoing ● Some progress needed  
● Substantial progress needed

## 3.4 Operationalising the Single Resolution Fund

Credit institutions and certain investment firms in the 21 participating Member States of the Banking Union contribute to the SRF. The end of 2023 marked the end of the so-called initial period, the period of eight years given by the Single Resolution Mechanism Regulation (SRMR) to build up the SRF to reach at least 1% of the total amount of covered deposits by the institutions concerned in all of the participating Member States. This meant that the SRB had a fully mutualised fund and all national compartments have been merged.

Based on this growth, 1% of covered deposits in the Banking Union amounts to EUR 75 billion. In 2023, the SRB focused on its priorities as stipulated in this year's work plan, such as further reinforcing the communication on the contributions calculation process to the industry and introducing improvements to the consultation process.

The European Stability Mechanism (ESM) Treaty revision is not yet ratified and, therefore, the Common Backstop is not yet in place but, with the objective of being fully operational, the Joint ESM-SRB team organised in 2023 a successful dry-run to test the operationalisation of the Common Backstop, which was completed in January 2024.

Strategic area of operation	Main activities contributing into areas of operation
<b>Operationalising the Single Resolution Fund</b>	● Contributions
	● Investment
	● Funding

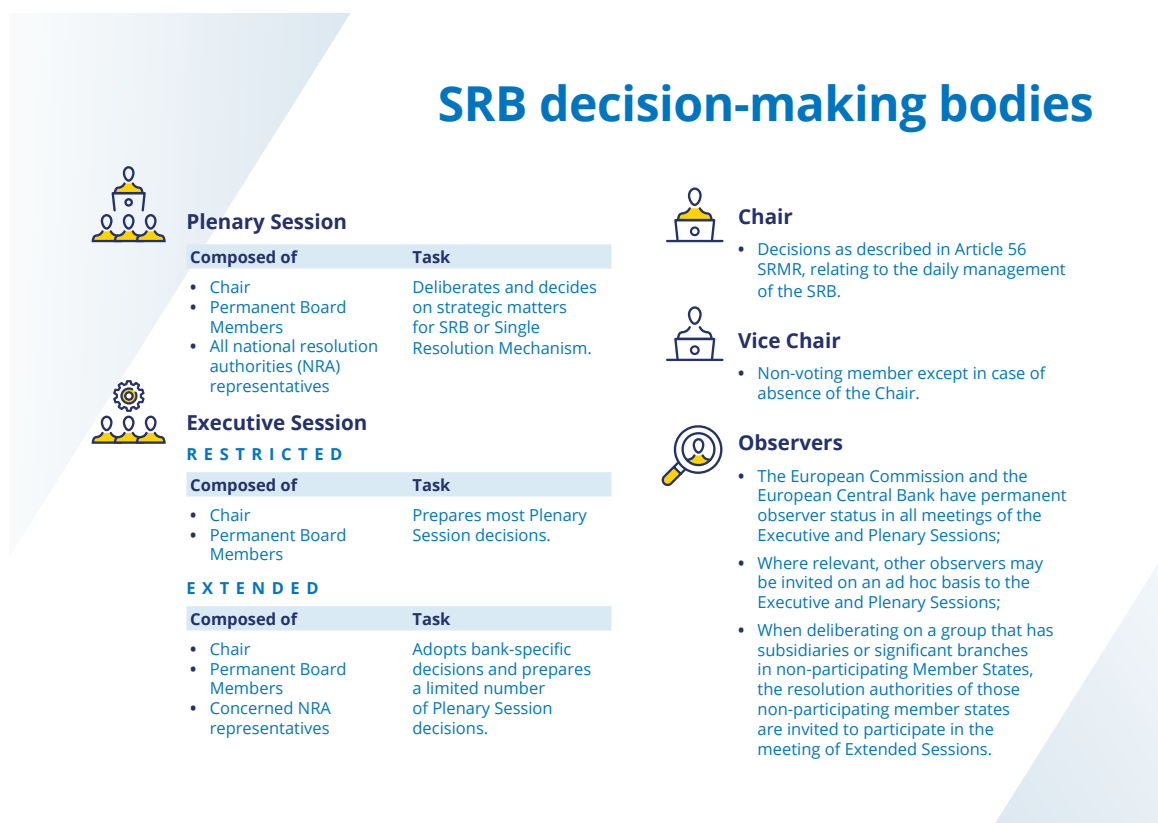
Legend ● Achieved ● Partially achieved ● Ongoing ● Some progress needed ● Substantial progress needed

### 3.5 The SRB as an organisation

The final priority area is the consolidation of the SRB as an organisation. In 2023, support activities, such as budget and financial management returned almost to pre-Covid times. The budget execution decreased slightly compared to 2022 and the overall staffing level increased, almost reaching the Establishment Plan. Daily work continued, now fully adapted to hybrid modalities. The SRB continued implementing initiatives to respond to the evolving needs of the SRB and SRM. The SRB ICT team provided regular support to staff, continued developing applications, managed its data centres and focused on cybersecurity.

The SRB also continued to strengthen the SRB governance and decision-making processes, in particular, by optimising its processes for the adoption of decisions of various bodies.

Figure 4. SRB decision-making bodies



External visibility of the SRB increased throughout the year thanks to the proactive outreach in terms of communication. Two major events were organised, the SRB Legal Conference and the joint SRB-ECB seminar on CMDI, gathered audiences from a wide variety of backgrounds and promoted interesting discussions on resolution-related topics.

In terms of litigation proceedings, the SRB Legal Service represented the organisation in more than 250 pending litigation cases, as well as in the Appeal Panel.

The SRB also established a dedicated Risk Management, Control and Compliance (RMCC) unit to strengthen further an effective and efficient internal control and risk management system.

Finally, Human Resources continued efforts to recruit highly qualified staff, almost reaching the SRB's Establishment Plan, and with a notably lower vacancy rate compared to the previous year.





## 4. Key Performance Indicators covering the 2023 cycle

#	Priority area / indicator description	Target	Value 2023	
<b>Achieving resolvability of SRB banks and less significant institutions</b>				
1	Number of plans approved within the cycle in RPC 2022 and 2023	108 planned (2022) 99 planned (2023)	101 (2022) 52 (2023)	●
2	Number of quarterly MREL dashboards published	4	5	●
3	Number of banks assessed for resolvability and included in heat map as percentage of all banks under SRB remit	100 %	100 %	●
4	Number of deep dives/On-site inspections completed	15 deep dives	16 deep dives	●
5	Number of LSIs covered with resolution plans as percentage of the expected total	98 %	99.5 %	●
<b>Fostering a robust resolution framework</b>				
6	Number of expected policies published according to plan (as a percentage of the planned total)	100 %	100 %	●
7	Number of draft resolution plans reviewed for quality assurance (as a percentage of the total) within the RPC	100 %	100 %	●
8	Number of position statements on external policy and regulatory files produced by the SRB	2	4	●
9	Number of engagements with third-country authorities (beyond the FSB and Trilateral Principle Level Exercise (TPLE))	9	25	●
10	Number of new bilateral Cooperation Agreements (CoAg) for which negotiations have been concluded	3	4	●
<b>Carrying out effective crisis management</b>				
11	Number of centrally coordinated dry-runs carried out	2	2	●
12	Number of lessons learnt from crisis cases and dry runs that are addressed (as a percentage of the total) on an annual basis	70 %	70 %	●
<b>Operationalising the SRF</b>				
13	Increasing transparency: number of queries received during consultation that are replied to as a percentage of the total received	100 %	100 %	●
14	Liquidity of the SRF: number of days to liquidate the SRB portfolio	5 days	5	●
15	Number of dry-runs organised to test the SRF and additional funding procedures	2 (1 internal, 1 external)	2	●

#	Priority area / indicator description	Target	Value 2023	
<b>SRB as an organisation</b>				
16	Ratio between external and internal resources dedicated to specific ICT activities	1.45	1.82	●
17	Audience outreach with social media activities	>5 %	10 %	●
18	Number of staff positions in the establishment plan filled or covered by selection procedures (as a percentage of the total)	>99 %	99.7 %	●
19	Budget execution rate (in commitment appropriations and excluding Chapter 32, 'contingencies')	95 %	87 %	●
20	Payment of invoices within the deadlines	97 %	98 %	●
21	Number of legal advice requests replied to within time (as a percentage of the total number received)	>90 %	95.9 %	●
Legend ● Overachieved ● Achieved ● Partially achieved ● Ongoing ● Some progress needed ● Substantial progress needed				

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