

Annex 1 – Assessment grid for a comparative analysis of recovery and resolution plans

This document presents an assessment grid for conducting a comparative analysis of recovery and resolution plans for a sample of institutions. The grid includes a list of questions grouped around the five key areas of focus for the work on analysing the links between recovery and resolution planning. The questions intend to examine existing practices in recovery and resolution planning, without implying that there are legal obligations to include in these plans all information related to interlinkages.

Introductory question: Are the reference dates (understood as the year of submitting the plans and the date of financial data referred to in the plans) the same in recovery and resolution plans? If not, please provide the reference dates.

1. Common elements between recovery and resolution plans

Objectives: (i) to identify common elements between recovery and resolution plans; and (ii) to verify their level of consistency.

1.1. Critical functions

- Is the identification of CFs performed and described in both recovery and resolution plans? Is the identification of CFs performed and described at the same level of aggregation (i.e. consolidated level, CBL level, individual entity level, etc.)?
- Are there any discrepancies in the number and type of CFs identified between recovery and resolution plans? Are there other major discrepancies in the identification of CFs including the level of detail provided in relation to their identification? If yes, please summarise the key discrepancies.
- Are the CFs identified in both plans in accordance with the key aspects of impact and substitutability pursuant to Commission Delegated Regulation (EU) 2016/778? Are any quantitative thresholds used to substantiate the assessment/identification of CFs in recovery and resolution plans?
- Does the identification of CFs rely on the same relevant criteria/indicators in both plans? If not, please summarise the key discrepancies.
- Do recovery and resolution plans mention that a CA and an RA, based on their judgement, requested that an institution introduce changes to CFs identified in the recovery plan/information submitted to the RA, respectively? If yes, are there any differences in the judgements made by the CA and the RA?
- Is there any information provided in the resolution plan explaining discrepancies between the CFs identified and relevant information included in recovery and resolution plans (e.g. additional CFs identified by an RA based on its overview of the whole financial sector)?

- Does the resolution plan include any direct references to parts of a recovery plan in the area of CFs? Does the recovery plan refer to information reported to RAs while describing the CFs? If yes, please specify what references are provided.

1.2. Core business lines

- Is the identification of CBLs performed and described in both recovery and resolution plans?
- Are there any discrepancies in the number of CBLs identified between the recovery and resolution plans? Are there other major discrepancies in the identification of CBLs including the level of detail provided in relation to their identification? If yes, please summarise the key discrepancies.
- Are the CBLs identified in both plans in accordance with the criteria and indicators pursuant to Commission Delegated Regulation (EU) 2016/778? Does the identification of CBLs rely on the same relevant criteria/indicators in the two plans? If not, please summarise the key discrepancies.
- Is there any information provided in the resolution plan explaining discrepancies between the CBLs identified and described in the recovery and resolution plans?
- Does the resolution plan include any direct references to parts of a recovery plan in the area of CBLs? Do both plans make references to the same source documentation while describing the CBLs? If yes, please specify what kind of references are made.

1.3. Description of an institution/group and its entities

- Are the institution/group and its entities described in both recovery and resolution plans? If yes, are they described with the same level of detail? Are the descriptions of the institution/group in recovery and resolution plans broadly aligned (e.g. business lines, financial information)? If not, please summarise the key discrepancies.
- In the case of a group, are the same entities identified and covered in both documents? If not, do you see any reason for this, e.g. is the analysis based on the same definition/assumptions (e.g. criteria and thresholds used for the identification of MLEs) in both plans or are there any timing issues?
- Is there any explanation provided in the resolution/recovery plan for discrepancies between information on the institution/group in both plans?
- Does the resolution plan include any direct references to parts of a recovery plan in the area of the description of the institution/group? Do both plans make references to the same source documentation? If yes, please specify what kind of documentation.

1.4. Mapping of critical functions, core business lines and group entities

- Is the mapping of CFs, CBLs and group entities provided in both recovery and resolution plans?
- Is the mapping of CFs, CBLs and entities presented in both types of plans consistent in terms of contents, level of detail and presentation? If not, please summarise the key discrepancies.

1.5. Interconnectedness/interdependencies

- Is interconnectedness and are interdependencies (including identified critical shared services and intra-group support) described in recovery and resolution plans, respectively?
- Are descriptions of interconnectedness/interdependencies in recovery and resolution plans consistent in terms of the overall analysis outcome, entities/business areas affected, critical services identified and financial interdependences? If not, please summarise the key discrepancies.
- Does the resolution plan include any direct references to parts of a recovery plan in the area of interconnectedness/interdependencies (or does the recovery plan refer to information provided by an institution for resolution planning purposes)?
- Is there any explanation provided in the resolution plan for discrepancies between information on interconnectedness/interdependencies included in recovery and resolution plans?
- Do both plans make references to the same source documentation while describing interconnectedness/interdependencies? If yes, please specify what kind of documentation.

1.6. Use of central bank facilities

- Do recovery and resolution plans include an analysis of how and when standard CB facilities may be used?
- Are liquidity recovery options from a recovery plan also enlisted as options to ensure funding in resolution in a resolution plan? If yes, please list the overlapping liquidity recovery options.
- Do recovery and resolution plans identify and quantify which assets would be expected to qualify as collateral for using CB facilities?
- Does the resolution plan assume that the same assets will be utilised as collateral to finance resolution as might be encumbered during the implementation of a recovery plan?
- Is the asset encumbrance indicator included in the indicator framework of the recovery plan?
- Does a resolution plan make any distinction of the potential use of CB facilities **before** resolution, **in** resolution and **after** the event of resolution? If a reference to liquidity before resolution is made, is the information included in the resolution plan aligned with the information included in the recovery plan about the use of CB facilities as a recovery option (i.e. before resolution)?
- Does the recovery plan (or the resolution plan) include any analysis of the time foreseen to mobilise assets qualified for using as collateral in CB facilities (i.e. any analysis that allows to evaluate the capacity of mobilisation of those potential collaterals)?

2. Impact of recovery options on the institution's resolvability

- Objective: to understand whether recovery plans include information necessary for RAs to assess the impact of recovery options on resolvability.

2.1. General questions

- Does the recovery plan include an explicit description/explanation of recovery options' impact on CFs or other relevant elements for resolution planning purposes? Is the potential impact of

recovery options described in quantitative terms (e.g. also with regard to MREL amount) or only in a qualitative way?

- Does the recovery plan include information that might be useful to assess the impact of recovery options on resolvability? If yes, which information is provided?
- Does the resolution plan include an explicit statement/assessment of the impact of recovery options on resolvability?
- Where applicable, regarding specific recovery options such as solidarity mechanisms for institutions affiliated to a central body or group support in an Institutional Protection Scheme (IPS), how are these measures covered in both recovery and resolution plans?

3. Aspects of recovery plans of particular relevance for resolution plans

Objectives: to identify which elements of recovery plans could be beneficial to RAs when drafting resolution plans, as well as to understand why this information could be relevant and how it could be used by the RA.

3.1. Recovery/resolution scenarios

- Does the resolution plan include any description of scenarios used for the purpose of testing the preferred resolution strategy and variant resolution strategies? If yes, how many scenarios are included?
- Are there any references in the resolution plan to the recovery plan scenarios?
- Are there any similarities between the scenarios used for resolution and recovery planning purposes? Are similar levels of detail used to describe the scenarios in the recovery and resolution plans?
- How was the PONV from a resolution plan scenario(s) calibrated by the RA and how did the institution calibrate its near-default scenarios in its recovery plan?
- Does the resolution plan specifically rely on reverse stress testing to reach the PONV?

3.2. Management information system descriptions

- Do recovery and resolution plans include a description of MISs and their data capability including those for risk management, accounting, financial and regulatory reporting?
- Are the MIS descriptions included in both types of plans consistent? If not, please describe the discrepancies.
- Does the MIS description in the resolution plan refer to information in the recovery plan? If not done explicitly, does the resolution plan description leverage on information in the recovery plan?

3.3. Communication strategy

- Does the recovery plan include an identification of critical stakeholders for communication purposes (i.e. including the management, owners, staff, social partners, customers, media and the general public, depositors, shareholders, bondholders, counterparties, FMIs, regulatory authorities and other affected market participants)?

- Does the resolution plan refer to the abovementioned elements of the communication strategy in the recovery plan? If yes, are the descriptions consistent concerning the contents and the level of detail provided? Are the lists of key staff identical?
- Even if not, are there similarities and is there evidence of the resolution plan leveraging on information from the recovery plan?
- Are the same communication channels used in recovery and resolution planning for distributing information to the same stakeholders?

3.4. Recovery options (aspects other than options' impact on resolvability)

- Is there consistency between (i) the separability assessment in the resolution plan; and (ii) recovery options envisaging disposal of group entities in the recovery plan? In particular, does the separability assessment in the resolution plan define portfolios different from the ones listed in the recovery options?
- Does a resolution plan include any description of restructuring measures that could be taken together with applying resolution tool(s) or after applying resolution tools? If yes, is there any overlap between the restructuring measures (different from the business reorganisation plan as per Article 52 of the BRRD) accompanying/following applying resolution tools and the recovery options as described in a recovery plan?
- Is the impact and feasibility assessment of the recovery plan options used in the resolution plan for restructuring measures considered for resolution purposes?

3.5. Playbooks and the setting of dry runs for testing various parts of recovery/resolution plans

- Does a recovery plan include a playbook for recovery plan purposes?
- Does a resolution plan include a playbook for resolution purposes?
- Does the recovery plan include any information on dry runs conducted? If yes, what areas have been covered in the dry-run exercises in the recovery plan?
- Does the resolution plan include any information on dry runs conducted? If yes, what areas have been covered in the dry-run exercises for resolution planning purposes?
- Does the resolution plan refer to the dry-run exercises in the recovery plan? If not, does the setting of the resolution plan dry runs leverage on/show significant similarities with the recovery plan?

3.6. Other aspects (including the supervisory assessment of the recovery plan)

- Does the resolution plan make any references to the outcome of the supervisory assessment of the recovery plan and/or weaknesses identified in the recovery plan by the CA or the RA (e.g. a weak recovery indicator framework)? If yes, please provide details.
- Are there any other examples of how RAs benefited from the recovery plans' contents while drafting resolution plans? Please provide a brief description of how RAs used information from recovery plans for the purpose of resolution planning.

4. Aspects of resolution plans of particular relevance for recovery plans

Objective: to identify areas where contents of resolution plans can impact on recovery plans.

4.1. MREL requirement

- Is an individual MREL requirement for an institution included in the resolution plan?
- Does a recovery plan include the MREL as a recovery indicator?
- If yes, is the calibration of the MREL recovery indicator consistent with the target reflected in the resolution plan? If not, is there any reasoning reflected in the recovery plan as to the difference?
- Does the MREL requirement take into account an additional buffer in case recovery options may adversely affect resolvability?
- Does a resolution plan take into account the potential impact of recovery options to reduce its MREL target?

4.2. Single point of entry or multiple point of entry resolution strategy

- Is the recovery plan description of the group level of interconnectedness coherent with the preferred resolution strategy (SPE/MPE)?

5. Impact of resolution strategy, impediments to resolvability and measures to remove these impediments on recovery plans

5.1. Impact of MREL requirements on liquidity recovery options

- Does the resolution plan include any information on the RA requesting an institution to increase MREL/change its funding profile?
- Is the request made by the RA, which affects available liquidity recovery options, appropriately reflected/considered/referred to in changes to the recovery plan?

5.2. Impact of separations of legal entities on disposal options

- Does the resolution plan include any information on the RA requesting an institution to reduce operational interconnectedness by separating legal entities within the group?
- Is the request made by the RA, which affects available disposal recovery options, appropriately reflected in changes to a recovery plan?
- Does the resolution plan include information on any other impediment (material or potential) to the preferred resolution strategy? Are there any references in the recovery plan to these impediments?