

AUDITOR'S INVOLVEMENT REGARDING THE EX-ANTE CONTRIBUTIONS TO THE SINGLE RESOLUTION FUND

INFORMATION PAPER

HIGHLIGHTS

With this information paper we aim to raise awareness of the auditor's involvement regarding the Single Resolution Board's (SRB) responsibility for the calculation of ex-ante contributions to the Single Resolution Fund (SRF). The SRF has been established to finance the restructuring of failing financial institutions.

The National Resolution Authorities (NRAs) are responsible for the collection of the data and raising ex-ante contributions from the concerned financial institutions. The NRAs are also the first point of contact for financial institutions in case of need of any clarification. The deadline for financial institutions to submit data to the SRB is 31 January.

In order to get some additional comfort on some of the data received from the financial institutions, the SRB asks financial institutions to provide either a management sign-off or an Agreed upon Procedures (AuPs) Factual Findings report (see Appendix for the templates). The NRAs have a certain level of discretion; therefore, the templates might differ per jurisdiction.

SINGLE RESOLUTION BOARD

The SRB¹ has been functioning as an independent European Union (EU) Agency since January 2015. It has been established by Regulation (EU) No 806/2014 on the Single Resolution Mechanism (SRM).

The SRM works in close cooperation with the NRAs. The SRB cooperates with the European Central Bank (ECB), the European Commission, and other European and international institutions.

It has a proactive role in establishing and implementing an effective resolution regime for banks in the SRM jurisdictions. In particular, the SRB is responsible for the calculation of ex-ante contributions to the SRF².

¹ <https://srb.europa.eu>

²https://srb.europa.eu/sites/srbsite/files/20161128_industry_dialogue_single_resolution_fund.pdf

SINGLE RESOLUTION FUND

The SRF has been established to finance the restructuring of failing financial institutions. It is an essential part of the SRM for which a complementary intergovernmental agreement ("IGA") has been formed – *Agreement on the Transfer and Mutualisation of Contributions to the Single Resolution Fund*.

The SRF will be progressively built up during the first eight years (2016-2023) and shall reach the target level of a minimum of 1% of the amount of covered deposits of all institutions within the Banking Union by 1 January 2024.

EX-ANTE CONTRIBUTIONS

The Fund is financed from contributions paid on an annual basis from credit institutions and some investment firms in each of the 19 Member States within the Banking Union³.

The legal deadline set by the Commission Delegated Regulation (EU) 2015/63 for institutions to submit data to the SRB is 31 January each year, but the NRAs may decide to set the deadline at an earlier date to ensure a timely data collection and verification process. Each year, on 1 May, institutions are informed by the NRAs of the annual contribution amounts, which are transferred by the NRAs to the SRB by 30 June.

The SRB is responsible for the calculation of ex-ante contributions, while the NRAs are responsible for the collection of the data and raising ex-ante contributions from the financial institutions. The NRAs are also the first point of contact for financial institutions in case of need of any clarification.

In case the ex-ante contributions are inadequate to cover the losses, costs or other expenses incurred by the use of the Fund, extraordinary ex-post contributions may be collected.

METHODOLOGY

The SRB applies the methodology specified in the Commission Delegated Regulation (EU) No 2015/63 and the Council Implementing Regulation (EU) No 2015/81, which ensures a level playing field among participating Member States. Until 2023, the annual contributions are computed as the sum of weighted Banks Recovery and Resolution Directive (BRRD)

and SRM contributions as defined in Article 8 of the Council Implementing Regulation (EU) No 2015/81.

In general, the ex-ante contributions depend on:

- the SRF Annual Target level
- the risk profile and the size of the financial institution

Table 1 shows in more detail the data points requested in order to calculate the ex-ante contributions.

The SRB uses a reporting form to gather the information required for the calculation of the contribution. The form is comprised of six tabs as follows:

1. **General information:** identifies the financial institution and identifies possible specificities for the calculation of the individual contribution.
2. **Basic annual contribution:** gathers information to calculate the basic annual contribution and ascertains whether the financial institution qualifies for a simplified calculation method.
3. **Deductions:** Permits the deduction of qualifying items from the basic annual contribution, if applicable.
4. **Risk adjustment:** gathers data in relation to the risk profile of the financial institution so as to apply the risk adjustment to the basic annual contribution, if applicable.
5. **Definitions and guidance:** provides definitions and guidance for each field of the reporting form.
6. **Validation rules:** provides validation rules and consistency checks.

HOW WILL THE DATA BE SUBMITTED?

The data submission process in the 2017 contribution period follows a slightly different process than in 2016, using a more automated verification of the ex-ante data reporting forms based on XBRL. The financial institutions will need to send the reporting templates to the NRAs either in Excel or XBRL format and the NRAs will submit it to the SRB.

³Banking Union applies to countries in the Euro-Area
http://ec.europa.eu/finance/general-policy/banking-union/index_en.htm

Table 1 – Ex-ante contribution collection process

	Source
<p>→ Small (non-risky) institutions</p> <p>→ Medium and large institution</p> <p>1. Basic Annual Contribution: Total Liabilities (= Total Balance Sheet) – Own Funds – Covered Deposits – Accounting on-balance sheet derivative liabilities + Derivative liabilities (leverage methodology) after floor – Deductions (if any)</p> <p>2. Risk adjustment: i. Risk Exposure: a) MREL b) Leverage Ratio c) Common Equity Tier 1 Capital (CET1) Ratio d) Total Risk Exposure (TRE) e) Total Assets (TA) ii. NSFR & LCR iii. Interbank loans and deposits iv. a) Risk exposure on traded debt and equity (out of TRE, CET1, TA) Off-balance sheet nominal (out of TRE, CET1, TA) Derivative exposure (out of TRE, CET1, TA) Of which: CCP exposure (risk reducing) Complexity of business model (Y/N) b) IPS membership and authorisation (Y/N) c) Extent of previous extraordinary public financial support (Y/N)</p>	<p>Annual financial statements EU COREP (Capital) DGSs / Institution</p> <p>Annual financial statements Institution Institution</p> <p><i>Not reported in all MS for 2014</i> EU COREP (Leverage) EU COREP (Capital) EU COREP (RWAs) Annual financial statements <i>Not reported in all MS for 2014</i> <i>Not reported in all MS for 2014</i> EU COREP (manual if IRB) EU COREP (Leverage) EU COREP (Leverage) Institution <i>Not reported in all MS for 2014</i> Institution Institution</p>

Source: Single Resolution Board

INVOLVEMENT OF THE AUDIT PROFESSION

In order to get some additional comfort on some of the data received from the financial institutions, the SRB asks a number of financial institutions to provide either a management sign-off or an AuPs report (refer to Appendix). The NRAs have a certain level of discretion, i.e. may extend the scope of data covered by the AuP or extend the scope of financial institutions that need to provide additional assurance; therefore, these reports might differ across the Euro Area countries.

Therefore, an institution may appoint a qualified external auditor to perform AuP to certify the data used in the calculation of the ex-ante contributions to meet the SRB's requirements.

These services may be provided by an external auditor – the statutory auditor or not – qualified to carry out statutory audits of accounting documents in accordance with the EU statutory-audit directive (2014/56/EU).

TERMS OF THE ENGAGEMENT

The auditor should ensure with the financial institution, which will receive copy of the report of factual findings, that there is a clear understanding regarding the AuPs and the conditions of the engagement.

The AuP procedures are provided by the SRB and form a non-binding guidance for the NRAs. Auditors may not perform different procedures unless it is impossible to carry out these AuPs, in which case such matters must be highlighted as exceptions in the factual report.

The factual findings report is designed to ultimately enable the SRB to rely on data used in the calculation of the ex-ante contribution provided by the financial institutions, unless reported otherwise by the auditor. The report does not include an audit opinion or expression of an assurance conclusion.

Defining the scope on which the auditor will perform the AuP is a key aspect of the involvement of the auditor and the whole engagement. The scope is primarily defined by the SRB [covered deposits (when not provided and verified by the Deposit Guarantee Scheme (DGS) and some institutions specific deductions (related to IPS membership, promotional loans, intragroup deduction) and derivative adjustments] and is included in the terms of reference (signed by the financial institution and the auditor).

OTHER RELEVANT INFORMATION

Refer also to Accountancy Europe's survey⁴ on the auditors' involvement in providing assurance on the 2014 and 2015 contributions to the SRF.

This survey demonstrates divergence across Europe regarding the performance of and reporting on the AuP by external auditors on the 2014 and 2015 contributions to the SRF. Based on the information provided by Accountancy Europe's Member Bodies in all 19 countries of the Eurozone, the survey also reveals that in February 2016, for the 2016 contribution period, more AuPs were performed compared to September 2015 (for the 2015 contribution period).

Furthermore, the results show differences in practice when it comes to the auditors' involvement in the process of collecting data for the calculation of ex-ante contributions to the SRF, not only across the Eurozone countries, but also within countries as financial institutions had the option to choose either AuPs or a management sign-off.

FURTHER INFORMATION

EU statutory-audit directive

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0056&from=EN>

Council Implementing Regulation (EU) 2015/81

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0081&from=EN>

Commission delegated Regulation (EU) 2015/63

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0063&from=EN>

Regulation (EU) No 806/2014 of the European Parliament and of the Council

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0806&from=EN>

2016 ex-ante contributions to the SRF – Additional guidance for the industry

<http://www.toezicht.dnb.nl/binaries/50-234683.pdf>

Reporting form for the 2016 contribution period

https://webcache.googleusercontent.com/search?q=cache:eSF_mOD1ZloJ:https://www.fmsa.de/export/sites/standard/downloads/Bankenabgabe/SRF_2016_Ex-ante_Contributions_Reporting_Form_DE_V1.4.pdf+&cd=1&hl=en&ct=clnk&gl=be

Single Resolution Board website and other related information

<https://srb.europa.eu>
https://srb.europa.eu/sites/srbsite/files/20161128_industry_dialogue_single_resolution_fund.pdf

International Standard on Related Services (ISRS) 4400

<http://www.ifac.org/system/files/downloads/b015-2010-iaasb-handbook-isrs-4400.pdf>



⁴https://www.accountancyeurope.eu/wp-content/uploads/1609_Scope_of_audit_on_the_SRF.pdf

APPENDIX

[AuP and Sign-off Templates (the NRAs have a certain level of discretion; therefore, the templates might differ in their jurisdiction)]

TEMPLATE FOR THE ENGAGEMENTS TO PERFORM AGREED UPON PROCEDURES REGARDING FINANCIAL INFORMATION

PROCEDURES ON 1: GENERAL ACTIVITIES

1. **Obtain the SRF 2017 Ex-ante Contributions Reporting Form** (hereafter 2017 Reporting Form) submitted by the institution to the resolution authority in accordance with Article 14 of the Commission Delegated Regulation (EU) 2015/63.

Obtain documentation on the procedures used to extract the data and used to perform controls for ensuring that the reported data are in accordance with the instructions in the 2017 Reporting Form and other technical guidance provided by the Single Resolution Board or National Resolution Authority.

Obtain written confirmation from the management that the procedures described in the documentation have been implemented and executed.

PROCEDURES ON 2: COVERED DEPOSITS (DATA FIELD "2A3") IN CASE IT WAS NOT PROVIDED AND VERIFIED BY THE DEPOSIT GUARANTEE SCHEME

1. **Obtain written confirmation from the management of the institution** that the legal framework used in identifying deposits for field "2A3" in 2017 Reporting Form is in line with the definition of 'covered deposits' as defined in Article 3(10) of the Commission Delegated Regulation (EU) 2015/63 (i.e. "*covered deposits* means the deposits referred to in Article 6(1) of Directive 2014/49/EU, excluding temporary high balances as defined in Article 6(2) of that Directive.")

Obtain the reconciliation⁵ of total covered deposits amount to the underlying documents and the field "2A3" in the 2017 Reporting Form. **Recalculate**⁶ the total amount in field "2A3" in the 2017 Reporting Form. In case of multiple underlying documents, recalculate the total amount in field "2A3" in the 2017 Reporting Form from totals on each of the underlying documents.

⁵ Thereafter means to compare figures in the underlying documents with figures in the 2017 Reporting Form.

⁶ Thereafter means to re-perform the addition of figures in case an institution has performed a summation.

PROCEDURES ON 3: DERIVATIVE ADJUSTMENTS

1. **Obtain written confirmation from the management of the institution** that the legal framework used in identifying derivatives for the 2017 Reporting Form, in general, and particularly for fields “2C1”, “2C2” and “2C3” is in line with the definition of ‘derivatives’ as defined in Article 3(22) of the Commission Delegated Regulation (EU) 2015/63 (i.e. *“‘derivatives’ mean derivatives according to Annex II of Regulation (EU) 575/2013”* therefore excluding credit derivatives).
2. **Obtain the reconciliation** of the total amount of accounting value of liabilities arising from all derivative contracts (excluding credit derivatives) held on- and off-balance sheet to the underlying documents and fields “2C2” and “2C3” in the 2017 Reporting Form. **Recalculate** the total amount in fields “2C2” and “2C3” in the 2017 Reporting Form. In case of multiple underlying documents, recalculate the total amount in fields “2C2 and “2C3” in the 2017 Reporting Form from the totals on each of the underlying documents.
3. **With regard to the value in field “2C1” of the 2017 Reporting Form:**
 - 3.1. **Obtain written confirmation from the management of the institution** that when identifying the netting agreements in order to report field “2C1” in 2017 Reporting form, the institution considered only those agreements that have been recognised by competent authorities in accordance with Article 295 CRR (Regulation (EU) No 575/2013) at the reference dates;
 - 3.2. **Obtain written confirmation from the management of the institution** that all liabilities arising from derivative contracts (excluding credit derivatives) in field “2C1” of the 2017 Reporting Form were valued in accordance with the leverage ratio methodology in accordance with Article 429a of Commission Delegated Regulation (EU) 2015/62 at the reference dates; and
 - 3.3. **Obtain the reconciliation** of the total amount of liabilities arising from all derivative contracts (excluding credit derivatives) valued in accordance with the leverage ratio methodology to the underlying documents and field “2C1” in the 2017 Reporting Form. **Recalculate** the total amount in field “2C1” in the 2017 Reporting Form. In case of multiple underlying documents, recalculate the total amount in fields “2C1” in the 2017 Reporting Form from the totals on each of the underlying documents.

PROCEDURES ON 4: PROMOTIONAL LOANS DEDUCTION (ONLY IF AN INSTITUTION APPLIED FOR THE DEDUCTION OF PROMOTIONAL LOANS IN “SECTION D” OF DEDUCTIONS TAB IN THE 2017 REPORTING FORM)

1. **Only in case an institution qualifies for promotional bank status:**
2. **Obtain documentation on the basis of which the management of the institution has confirmed** that the undertaking or entity was set up by a Member State, central or regional government; and
 - 2.1. **Obtain documentation on the basis of which the management of the institution has confirmed** that the central or regional government referred to in (1.1) has an obligation to protect the economic basis of the undertaking or entity and maintain its viability throughout its lifetime, or directly or indirectly guarantees at least 90% of the original funding of the undertaking or entity.
3. **Only in case an institution qualifies for intermediary institution status:**
 - 3.1. **Obtain written confirmation from the management of the institution** that the promotional loans reported in field “3D5” of the 2017 Reporting Form are not provided as credit to the final customer.
4. **Obtain written confirmation from the management of the institution** that the following rule has been documented and implemented when reporting field “3D5” of the 2017 Reporting Form: in accordance with Article 5(1)(f) of the Commission Delegated Regulation (EU) 2015/63, 1 EUR of liability in field “3D5” is matched with 1 EUR of promotional loans received (from promotional bank).
5. **Obtain written confirmation from the management of the institution** that loans reported in field “3D5” of 2017 Reporting Form fulfil the following conditions:
 - 5.1. granted on a non-competitive basis;
 - 5.2. granted on a not for profit basis; and
 - 5.3. promote the public policy objectives of the central or regional government referred to in (1.1).

6. **Obtain the reconciliation** of the total amount of total accounting value of qualifying liabilities that arise from promotion loans to the underlying documents and the field “3D5” in the 2017 Reporting Form. **Recalculate** the total amount in field “3D5” in the 2017 Reporting Form. In case of multiple underlying documents, recalculate the total amount in fields “3D5” in the 2017 Reporting Form from the totals on each of the underlying documents.

PROCEDURES ON 5: IPS DEDUCTION (ONLY IF AN INSTITUTION APPLIED FOR DEDUCTION OF THE IPS IN “SECTION E” OF DEDUCTIONS TAB IN THE 2017 REPORTING FORM)

1. **Identification of the scope of application of IPS deductions:**
 - 1.1. **Obtain the list of entities** that comply with the conditions specified in Article 5(1)(b) of Commission Delegated Regulation (EU) 2015/63 on the relevant reference date; and
 - 1.2. **Obtain written confirmation from the management of the institution** that only those institutions identified in (1.1) have been considered for IPS deduction.
2. **Deduction of eligible IPS liabilities and assets:**
 - 2.1. **Obtain a list of IPS liabilities and assets** included in fields “3E5” and “3E9” of the 2017 Reporting Form as of the reference date and compare it with the list obtained in the procedure (1);
 - 2.2. **Obtain written confirmation from the management of the institution** that the counterparty or appropriate reporting line (e.g. the IPS) has been informed about the liabilities and assets in (2.1);
 - 2.3. **Obtain the reconciliation** of the total accounting value of qualifying IPS liabilities to the underlying documents and the field “3E5” in the 2017 Reporting Form. Recalculate the total amount in field “3E5” in the 2017 Reporting Form. In case of multiple underlying documents, recalculate the total amount in fields “3E5” in the 2017 Reporting Form from the totals on each of the underlying documents;
 - 2.4. **Obtain the reconciliation** of the total accounting value of qualifying IPS assets held by the qualifying IPS member to the underlying documents and the field “3E9” in the 2017 Reporting Form. Recalculate the total amount in field “3E9” in the 2017 Reporting Form; and
 - 2.5. **Obtain written confirmation from the management of the institution** that the following rule has been documented and implemented when filling field “3E10”:
 - 2.5.1. Verification at which value it is booked as a liability by the group counterpart. In case of mismatch, the value booked by the group counterpart as a liability prevails;
 - 2.5.2. *When applicable*, application of the leverage ratio methodology and verification whether it matches the leverage value after floor calculated by the group counterpart. In case of mismatch, the value calculated by the group counterpart as a liability prevails.

PROCEDURES ON 6: INTRAGROUP DEDUCTION (ONLY IF AN INSTITUTION APPLIED FOR THE INTRAGROUP DEDUCTION IN “SECTION F” OF DEDUCTIONS TAB IN THE 2017 REPORTING FORM)

1. **Identification of the scope of application of intragroup deductions:**
 - 1.1. **Obtain the list of entities that according to the assessment by the management of the institution** comply with the condition specified in Article 5(1)(a)(iii) of Commission Delegated Regulation (EU) 2015/63 on the relevant reference date;
 - 1.2. **Obtain the list of entities** that have been identified in (1.1) and comply with the conditions specified in Article 5(1)(a)(i) & (ii) of Commission Delegated Regulation (EU) 2015/63 on the relevant reference date considering that an institution which is part of the same group and is established in an EEA-EFTA country cannot be included in the list until the Bank Recovery and Resolution Directive 2014/59/EU has been incorporated into the EEA Agreement; and
 - 1.3. **Obtain written confirmation from the management of the institution** that only those institutions identified in (1.2) have been considered for intragroup deduction.

2. Deduction of eligible intragroup liabilities and assets:

- 2.1. **Obtain the list of intragroup liabilities and assets** included in fields “3F5” and “3F9” of the 2017 Reporting Form by counterparty and **compare** that the 5 counterparties with the highest total liabilities and assets are contained in the list obtained in the procedure (1.2);
- 2.2. **Obtain written confirmation from the management of the institution** that the counterparty or appropriate reporting line (e.g. parent company) has been informed about the liabilities and assets in (2.1);
- 2.3. **Obtain the reconciliation** of the total accounting value of qualifying intragroup liabilities to the underlying documents and the field “3F5” in the 2017 Reporting Form. Recalculate the total amount in field “3F5” in the 2017 Reporting Form. In case of multiple underlying documents, recalculate the total amount in fields “3F5” in the 2017 Reporting Form from the totals on each of the underlying documents;
- 2.4. **Obtain the reconciliation** of the total accounting value of qualifying intragroup assets to the underlying documents and the field “3F9” in the 2017 Reporting Form. Recalculate the total amount in field “3F9” in the 2017 Reporting Form;
- 2.5. **Obtain written confirmation from the management of the institution** that the following rule has been documented and implemented when filling field “3F10”:
 - 2.5.1. Verification at which value it is booked as a liability by the group counterpart. In case of mismatch, the value booked by the group counterpart as a liability prevails; and
 - 2.5.2. *When applicable*, application of the leverage ratio methodology and verification whether it matches the leverage value after floor calculated by the group counterpart. In case of mismatch, the value calculated by the group counterpart as a liability prevails.

TEMPLATE FOR THE SIGN-OFF FORM

To: {Name of the NRA}
{Name of the contact person}
{Department}
{Address}

SIGN-OFF FORM

Subject: **Data for the calculation of 2017 ex-ante contributions to the Single Resolution Fund**

Name of the institution:	[Name]
Monetary Financial Identifier (MFI):	[YYXXXXXXXX]
For Report:	SRF 2017 Ex-ante Contributions Reporting Form ("2017 Reporting Form")
Submission date of the Report:	[date i.e. dd/mm/yyyy]
Name of the representative of the management body who has validated the report	[name]
Position within the institution	[position]

I have reviewed and approved the final version of the abovementioned 2017 Reporting Form and certify, that the information in the 2017 Reporting Form has been submitted in accordance with the instructions set out therein and other technical guidance provided by the Single Resolution Board or National Resolution Authority, in particular:

As regards general activities:

- I certify that necessary procedures and controls were put in place, in order to ensure that the extracted and reported data is accordance with the instructions in the 2017 Reporting Form and other technical guidance provided by the Single Resolution Board or National Resolution Authority.

As regards covered deposits (data field "2A3" in the 2017 Reporting Form):

- I certify that the legal framework used in identifying deposits for field "2A3" in 2017 Reporting Form is in line with the definition of 'covered deposits' as defined in Article 3(10) of the Commission Delegated Regulation (EU) 2015/63 (i.e. "'covered deposits' means the deposits referred to in Article 6(1) of Directive 2014/49/EU, excluding temporary high balances as defined in Article 6(2) of that Directive.").

As regards derivative adjustments:

- I certify that the legal framework used in identifying derivatives for the 2017 Reporting Form, in general, and particularly for fields "2C1", "2C2" and "2C3" is in line with the definition of 'derivatives' as defined in Article 3(22) of the Commission Delegated Regulation (EU) 2015/63 (i.e. "'derivatives' mean derivatives according to Annex II of Regulation (EU) 575/2013" therefore excluding credit derivatives);

- I certify that when identifying the netting agreements in order to report field “2C1” in 2017 Reporting form, only those agreement that have been recognised by competent authorities in accordance with Article 295 CRR (Regulation (EU) No 575/2013) at the reference dates were considered;
- I certify that that all liabilities arising from derivative contracts (excluding credit derivatives) in field “2C1” of the 2017 Reporting Form were valued in accordance with the leverage ratio methodology in accordance with Article 429a of Commission Delegated Regulation (EU) 2015/62 at the reference dates.

As regards promotional loans:

- Only if an institution applied for the deduction of promotional loans in “Section D” of Deductions tab in the 2017 Reporting Form as ‘promotional bank’: I certify that our undertaking or entity was set up by a Member State, central or regional government and that the before mentioned central or regional government has an obligation to protect the economic basis of our undertaking or entity and maintain its viability throughout its lifetime, or directly or indirectly guarantees at least 90% of the original funding of the undertaking or entity;
- Only if an institution applied for the deduction of promotional loans in “Section D” of Deductions tab in the 2017 Reporting Form as ‘intermediary institution’: I certify that that the promotional loans reported in field “3D5” of the 2017 Reporting Form are not provided as credit to the final customer;
- I certify that the following rule has been implemented when reporting field “3D5” of the 2017 Reporting Form: in accordance with Article 5(1)(f) of the Commission Delegated Regulation (EU) 2015/63, 1 EUR of liability in field “3D5” is matched with 1 EUR of promotional loans received (from promotional bank);
- I certify that loans reported in field “3D5” of 2017 Reporting Form fulfil the following conditions:
 - granted on a non-competitive basis;
 - granted on a not for profit basis; and
 - promote the public policy objectives of the central or regional government.

As regards IPS deduction:

- I certify that only the entities that comply with the conditions specified in Article 5(1)(b) of Commission Delegated Regulation (EU) 2015/63 on the relevant reference date were considered for IPS deduction in “Section E” of Deductions tab in the 2017 Reporting Form. The aforementioned conditions are:
 - If liabilities have been created by an institution, which is member of an IPS as referred to in point (8) of Article 2(1) of Directive 2014/59/EU; and
 - Which has been allowed by the competent authority to apply Article 113(7) of Regulation (EU) No 575/2013, through an agreement entered into with another institution which is member of the same IPS;
- I certify that the confirmation from the counterparty or appropriate reporting line (e.g. the IPS) on the liabilities and assets that have been reporting the 2017 Reporting Form has been obtained;
- I certify that the following rule has been implemented when filling field “3E10” in the 2017 Reporting Form:
 - Verification at which value it is booked as a liability by the group counterpart. In case of mismatch, the value booked by the group counterpart as a liability prevails; and
 - When applicable, application of the leverage ratio methodology and verification whether it matches the leverage value after floor calculated by the group counterpart. In case of mismatch, the value calculated by the group counterpart as a liability prevails.

As regards intragroup deduction:

- I certify that only the entities that comply with the three conditions specified in Article 5(1)(a) of Commission Delegated Regulation (EU) 2015/63 on the relevant reference date were considered for intragroup deduction in “Section E” of Deductions tab in the 2017 Reporting Form. The aforementioned conditions are:
 - Each institution is established in the Union;

- Each institution is included in the same consolidated supervision in accordance with Articles 6 to 17 of Regulation (EU) No 575/2013 on a full basis and is subject to an appropriate centralised risk evaluation, measurement and control procedures; and
- There is no current or foreseen material practical or legal impediment to the prompt repayment of the liability when due;
- I certify that institutions which are part of the same group and are established in an EEA-EFTA country are not considered for intragroup deduction until the Bank Recovery and Resolution Directive 2014/59/EU has been incorporated into the EEA Agreement;
- I certify that the confirmation from the counterparty or appropriate reporting line (e.g. parent company) on the liabilities and assets that have been reporting the 2017 Reporting Form has been obtained;
- I certify that the following rule has been documented and implemented when filling field “3F10” in the 2017 Reporting Form:
 - Verification at which value it is booked as a liability by the group counterpart. In case of mismatch, the value booked by the group counterpart as a liability prevails; and
 - When applicable, application of the leverage ratio methodology and verification whether it matches the leverage value after floor calculated by the group counterpart. In case of mismatch, the value calculated by the group counterpart as a liability prevails.

The Institution:

Duly represented by:

Signature: _____

Name:

Title:

Date:



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