

## Annex II – Additional Assurance Requirements

### 2022 *ex-ante* contributions to the SRF Additional Assurance

The objective of this document is to clarify to National Resolution Authorities (“NRAs”) and institutions the content and form of the additional assurance requirements on data used for the calculation of 2022 *ex-ante* contributions to the Single Resolution Fund (“SRF”), along with restatements of past cycles, if any, performed during the 2022 cycle.

This document is divided into the following sections:

1. Introduction
2. Agreed-upon procedures

## 1. Introduction

In order to enhance the comparability of the reported information and the effectiveness of processing the information received, some institutions are requested to provide additional assurance on data to be used in the calculation of 2022 *ex-ante* contributions and of restatements.

- **Scope of institutions:** requesting additional assurance from all contributing institutions that are part of a group that falls under direct ECB supervision, unless it is subject to the lump-sum payment<sup>1</sup>.
- **Agreed-upon procedures (AUP):** institutions in scope must provide confirmation by an auditor on the specific data points indicated. *N.B.: The option to use a sign-off by the executive body on the full template is no longer possible for the 2022 cycle and for restatements submitted in 2022.*
- **Scope of AUP:** the scope of the AUP includes covered deposits (as a deduction), derivative adjustment, intragroup, IPS and promotional loans-related liabilities that qualify for deduction in accordance with Commission Delegated Regulation (EU) (“the DR”) article 5(1), and own funds (*the latter data point only for institutions that benefit from a waiver from the competent authority for own funds reporting at individual level*).
- **Discretion of the NRAs:** NRAs are empowered with the discretion to extend the scope of institutions and the data covered by the AUP. The NRA should afterwards inform the SRB if this discretion is used.

In order to ensure that a harmonised approach is taken in all jurisdictions, a Template for the Engagements to Perform Agreed Upon Procedures Regarding Financial Information is provided in Annex I. This Template is to be used by institutions under Additional Assurance scope and therefore subject to confirmation by an auditor (i.e. AUP).

Institutions should submit the additional assurance documents to the NRAs **by 10 March 2022**. The NRAs will retain these documents, but should provide them to the SRB upon request.

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<sup>1</sup> In accordance with Commission Delegated Regulation (EU) 2015/63 articles 10(1)-(6).

## 2. Agreed-upon procedures

This section presents the (2.1) scope of the AUP engagement and describes (2.2) the engagement letter and (2.3) the report of factual findings.

### 2.1 Scope of the AUP engagement

**Annex I** defines the scope of the engagement of the AUP. The procedures are to be performed by an external auditor.

NRAs may decide to adapt or extend some of the procedures due to particularities in their jurisdiction.

Such adaptations by NRAs could include, but are not limited to:

- If there are no Institutional Protection Schemes (IPS) in the jurisdiction, the NRA may choose to eliminate procedure 5 from the AUP.
- If, in the jurisdiction, derivatives have to be held on-balance sheet, the NRA may choose under “Procedures 3: Derivative adjustment” to take out the reference to “2C3” and instead introduce the following procedure: “Verify that field “2C3” is equal to 0”.
- Due to differences in jurisdictions, the SRB did not specify “underlying documents” to be used during the procedures. Therefore, the NRAs may replace “underlying documents” with the most appropriate reference, e.g. financial statements, balance sheet, derivative sub-ledger and etc.

NRAs may further extend the scope of the AUP, which could include procedures regarding other deductions: amount of qualifying liabilities related to clearing activities, central securities depository and arising by virtue of holding client assets or client money.

The NRAs indicate in in the annual overview to the SRB when the template was modified.

## 2.2 Engagement Letter

An Engagement Letter is used by the institution and the auditor in order to define an engagement by listing all of the procedures to be performed by the auditor (see section 2.1) and to agree that the Report of Factual Findings (see section 2.3) will be distributed only to the relevant third parties (in this case the SRB and the appropriate NRA).

The SRB has not created a template for the Engagement Letter to be signed between the institution and the auditor. Nevertheless, it is presumed that the auditor and the institution will follow the illustrated example in *Appendix 1 of the International Standard on Related Services (SRS) 4400 on Engagement to Perform Agreed-upon Procedures Regarding Financial Information*.

## 2.3 Report of Factual Findings

The Report of Factual Findings is the result of the agreed-upon procedure and describes in sufficient detail to the reader the nature and the extent of the work performed.

The SRB has not created a template for the Report of Factual Findings to be prepared by the auditor, but has provided in Annex II a list of minimum requirements for the report based on the illustrated example in *Appendix 2 of the International Standard on Related Services (SRS) 4400 on Engagement to Perform Agreed-upon Procedures Regarding Financial Information*.

## ANNEX I - Template for the Engagements to Perform Agreed Upon Procedures Regarding Financial Information

### Contributions cycle of reference:

- 2022 Ex-ante Contributions cycle

### In case of restatements, please select the contributions cycle concerned:

- 2021 Ex-ante Contributions cycle
- 2020 Ex-ante Contributions cycle
- 2019 Ex-ante Contributions cycle
- 2018 Ex-ante Contributions cycle
- 2017 Ex-ante Contributions cycle
- 2016 Ex-ante Contributions cycle

### Procedures on 1: General activities

#	Procedure	Finding (Yes/No/NA)	Description factual findings or/and comments
1.1	<b>Obtain the SRF Ex-ante Contributions Data Reporting Form</b> (hereafter DRF) submitted by the institution to the resolution authority in accordance with Article 14 of the Commission Delegated Regulation (EU) 2015/63. Include the DRF as annex to this report.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
1.2	<b>Obtain documentation on the procedures</b> used to extract the data and used to perform controls for ensuring that the reported data are in accordance with the instructions in the DRF and other technical guidance provided by the Single Resolution Board or National Resolution Authority.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
1.3	<b>Obtain written confirmation</b> from the management <sup>2</sup> that the procedures described in the documentation have been implemented and executed.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	

<sup>2</sup> Thereafter means management body as referred to in Article 88 of the Capital Requirements Directive 2013/36/EU.

**Procedures on 2: Covered deposits (data field “2A3”) (when not provided and verified by DGS)**

#	Procedure	Finding (Yes/No/NA)	Description factual findings or/and comments
2.1	<b>Obtain written confirmation from the management of the institution</b> that the legal framework used in identifying deposits for field “2A3” in the DRF 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. “ <i>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.</i> ”)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
2.2	<b>Obtain the reconciliation</b> <sup>3</sup> of total covered deposits amount to the underlying documents and the field “2A3” in the DRF. <b>Recalculate</b> <sup>4</sup> the total amount in field “2A3” in the DRF. In case of multiple underlying documents, recalculate the total amount in field “2A3” in the DRF from totals on each of the underlying documents.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	

<sup>3</sup> Thereafter means to compare figures in the underlying documents with figures in the DRF.

<sup>4</sup> Thereafter means to re-perform the addition of figures in case an institution has performed a summation.

**Procedures on 3: Derivative adjustments**

#	Procedure	Finding (Yes/No/NA)	Description factual findings or/and comments
3.1	<b>Obtain written confirmation from the management of the institution</b> that the legal framework used in identifying derivatives for the DRF, 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. “ <i>derivatives</i> ’ mean derivatives according to Annex II of Regulation (EU) 575/2013” therefore excluding credit derivatives).	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
3.2	<b>Obtain the reconciliation</b> 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 DRF. <b>Recalculate</b> the total amount in fields “2C2” and “2C3” in the DRF. In case of multiple underlying documents, recalculate the total amount in fields “2C2 and “2C3” in the DRF from the totals on each of the underlying documents.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
3.3.1	<b>With regard to the value in field “2C1” of the DRF:</b> <b>Obtain written confirmation from the management of the institution</b> that when identifying the netting agreements in order to report field “2C1” in the DRF, the institution considered 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;	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
3.3.2	<b>Obtain written confirmation from the management of the institution</b> that all liabilities arising from derivative contracts (excluding credit derivatives) in field “2C1” of the DRF were valued in accordance with the leverage ratio methodology in accordance with Article 429 of CRR (Regulation (EU) No 575/2013) at the reference dates;	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
3.3.3	<b>Obtain the reconciliation</b> 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 DRF. <b>Recalculate</b> the total amount in field “2C1” in the DRF. In case of multiple underlying documents, recalculate the total amount in fields “2C1” in the DRF from the totals on each of the underlying documents.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	

**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 DRF)**

#	Procedure	Finding (Yes/No/N A)	Description factual findings or/and comments
4.1	<p><b>Only in case an institution qualifies for promotional bank status:</b></p> <p>1. <b>Obtain documentation on the basis of which the management of the institution has confirmed</b> that the undertaking or entity was set up by a Member State, central or regional government; and</p> <p>2. <b>Obtain documentation on the basis of which the management of the institution has confirmed</b> 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</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
4.2	<p><b>Only in case an institution qualifies for intermediary institution status:</b></p> <p><b>Obtain written confirmation from the management of the institution</b> that the promotional loans reported in field “3D5” of the DRF are not provided as credit to the final customer.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
4.3	<p><b>Obtain written confirmation from the management of the institution</b> that the following rule has been documented and implemented when reporting field “3D5” of the DRF: 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).</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
4.4	<p><b>Obtain written confirmation from the management of the institution</b> that loans that matched liabilities reported in field “3D5” of the DRF, fulfil the following conditions:</p> <ul style="list-style-type: none"> <li>i. granted on a non-competitive basis;</li> <li>ii. granted on a not for profit basis; and</li> <li>iii. promote the public policy objectives of the central or regional government referred to in (4.1.1).</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
4.5	<p><b>Obtain the reconciliation</b> 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 DRF. <b>Recalculate</b> the total amount in field “3D5” in the DRF. In case of multiple underlying documents, recalculate the total amount in fields “3D5” in the DRF from the totals on each of the underlying documents.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	



**Procedures on 5: IPS deduction (only if an institution applied for deduction of the IPS in “Section E” of Deductions tab in the DRF)**

#	Procedure	Finding (Yes/No/N A)	Description factual findings or/and comments
5.1	<p><b>Identification of the scope of application of IPS deductions:</b></p> <ol style="list-style-type: none"> <li>1. <b>Obtain the list of entities</b> that comply with the conditions specified in Article 5(1)(b) of Commission Delegated Regulation (EU) 2015/63 on the relevant reference date; and</li> <li>2. <b>Obtain written confirmation from the management of the institution</b> that only those institutions identified in (1) have been considered for IPS deduction.</li> </ol>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
5.2	<p><b>Deduction of eligible IPS liabilities and assets:</b></p> <ol style="list-style-type: none"> <li>1. <b>Obtain a list of IPS liabilities and assets</b> included in fields “3E5” and “3E9” of the DRF as of the reference date and <b>compare</b> it with the list obtained in the procedure (1);</li> <li>2. <b>Obtain written confirmation from the management of the institution</b> that the counterparty or appropriate reporting line (e.g. the IPS) has been informed about the liabilities and assets in (2.1);</li> <li>3. <b>Obtain the reconciliation</b> of the total accounting value of qualifying IPS liabilities to the underlying documents and the field “3E5” in the DRF. <b>Recalculate</b> the total amount in field “3E5” in the DRF. In case of multiple underlying documents, recalculate the total amount in fields “3E5” in the DRF from the totals on each of the underlying documents;</li> <li>4. <b>Obtain the reconciliation</b> 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 DRF. <b>Recalculate</b> the total amount in field “3E9” in the DRF; and</li> <li>5. <b>Obtain written confirmation from the management of the institution</b> that the following rule has been documented and implemented when filling field “3E10”:             <ol style="list-style-type: none"> <li>i. 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;</li> <li>ii. <i>When applicable</i>, 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.</li> </ol> </li> </ol>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	

**Procedures on 6: Intragroup deduction (only if an institution applied for the intragroup deduction in “Section F” of Deductions tab in the DRF)**

#	Procedure	Finding (Yes/No/NA)	Description factual findings or/and comments
6.1	<b>Identification of the scope of application of intragroup deductions:</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
6.1.1	<b>Obtain the list of entities that according to the assessment by the management of the institution</b> comply with the condition specified in Article 5(1)(a)(iii) of Commission Delegated Regulation (EU) 2015/63 on the relevant reference date;	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
6.1.2	<b>Obtain the list of entities</b> 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;	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
6.1.3	<b>Obtain written confirmation from the management of the institution</b> that only those institutions identified in (6.1.2) have been considered for intragroup deduction.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
6.2	<b>Deduction of eligible intragroup liabilities and assets:</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
6.2.1	<b>Obtain the list of intragroup liabilities and assets</b> included in fields “3F5” and “3F9” of the DRF by counterparty and <b>compare</b> that the 5 counterparties with the highest total liabilities and assets are contained in the list obtained in the procedure (6.1.2);	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
6.2.2	<b>Obtain written confirmation from the management of the institution</b> that the counterparty or appropriate reporting line (e.g. parent company) has been informed about the liabilities and assets in (6.2.1);	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
6.2.3	<b>Obtain the reconciliation</b> of the total accounting value of qualifying intragroup liabilities to the underlying documents and the field “3F5” in the DRF. <b>Recalculate</b> the total amount in field “3F5” in the DRF. In case of multiple underlying documents, recalculate the total amount in fields “3F5” in the DRF from the totals on each of the underlying documents;	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
6.2.4	<b>Obtain the reconciliation</b> of the total accounting value of qualifying intragroup assets to the underlying documents and the field “3F9” in the DRF. <b>Recalculate</b> the total amount in field “3F9” in the DRF;	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	

6.2.5	<p><b>Obtain written confirmation from the management of the institution</b> that the following rule has been documented and implemented when filling field "3F10":</p> <ul style="list-style-type: none"> <li>i. 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</li> <li>ii. <i>When applicable</i>, 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.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Yes</li> <li><input type="checkbox"/> No</li> <li><input type="checkbox"/> N/A</li> </ul>	
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**Procedures on 7: Own funds (data field “2A2” DRF) (only applicable in case the institution benefits from a waiver from the competent authority for own funds reporting at individual level)**

#	Procedure	Finding (Yes/No/NA)	Description factual findings or/and comments
7.1	<b>Obtain from the institution the underlying documents</b> on the calculation of the regulatory capital in accordance to the CRR, <b>recalculate the own funds (at individual level)</b> and <b>reconcile the amounts</b> used in the calculation to the underlying documents provided by the institution.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	

## ANNEX II – Report of Factual Findings

The report of factual findings should contain, at least, the following:

- i. Title;
- ii. Addressee (ordinarily the client who engaged the auditor to perform the agreed-upon procedures);
- iii. Identification of specific financial or non-financial information to which the agreed-upon procedures have been applied (in this case reference to the 2022 Data Reporting Form);
- iv. A statement that the procedures performed were those agreed upon with the recipient and provided by the NRAs;
- v. A statement that the engagement was performed in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements, or with relevant national standards or practices;
- vi. When relevant a statement that the auditor is not independent of the entity;
- vii. Identification of the purpose for which the agreed-upon procedures were performed;
- viii. A listing of the specific procedures performed in line with the procedures provided by the NRAs;
- ix. A description of the auditor's factual findings including exceptions found with sufficient details of errors and the amount calculated by the auditor;
- x. Statement that the procedures performed do not constitute either an audit or a review and, as such, no assurance is expressed;
- xi. A statement that had the auditor performed additional procedures, an audit or a review, other matters might have come to light that would have been reported;
- xii. A statement that the report is restricted to those parties that have agreed to the procedures to be performed;
- xiii. A statement (when applicable) that the report relates only to the elements, accounts, items or financial and non-financial information specified and that it does not extend to the entity's financial statements taken as a whole;
- xiv. Date of the report;
- xv. Auditor's address; and
- xvi. Auditor's signature.