



**REPUBLIC OF ALBANIA
BANK OF ALBANIA
SUPERVISORY COUNCIL**

DECISION

No. 72, dated 6.12.2017

ON APPROVING THE REGULATION “ON BANKS RECOVERY PLANS”

In accordance with Article 12 “a”, and Article 43 “c”, of the Law no. 8269, dated 23.12.1997, “On the Bank of Albania”, as amended, and Article 7, paragraph 7, Article 8, paragraph 9 and Article 11, paragraph 6 of the Law no. 133/2016 “On the recovery and resolution in banks in the Republic of Albania”, the Supervisory Council of the Bank of Albania, having regard to the proposal by the Supervision Department,

DECIDED:

1. To approve the Regulation “On Banks recovery plans”, as attached herein.
2. The Bank of Albania's Supervision Department is responsible for observing the implementation of this decision.
3. Upon entry into force of this decision, the guideline “On Recovery Plans”, approved by the Decision of the Supervisory Council no. 11, dated 26.02.2014, shall be abrogated.
4. The Governor's Office and the Research Department are responsible for publishing this Decision in the Official Journal of the Republic of Albania and in Bank of Albania's Official Bulletin, respectively.

This decision shall enter into force 15 days following its publication in the Official Journal of the Republic of Albania.

SECRETARY

Elvis ÇIBUKU

CHAIRMAN

Gent SEJKO

CHAPTER 1

General Provisions

Article 1

Purpose

The purpose of this Regulation is to set out the supervisory requirements on the recovery plans of banks and banking groups, regarding:

- a) the content of recovery plans and simplified recovery plans, the way and timeframe of their submission and update;
- b) the minimum framework of qualitative and quantitative indicators, which are included in the recovery plans;
- c) the minimum criteria on which the assessment of recovery plans by the Bank of Albania is carried out.

Article 2

Subjects

This regulation shall apply on banks and branches of foreign banks, licensed by the Bank of Albania.

Article 3

Legal ground

1. This regulation is issued in compliance with:
 - a) article 12, letter “a“ and article 43, letter ”c” of the Law no. 8269, dated 23.12.1997 "On the Bank of Albania", as amended;
 - b) article 7, point 7, article 8, point 9 and article 11, point 6 of the Law no. 133/2016, dated 22.12.2016 “On the recovery and resolution in banks in the Republic of Albania” (hereinafter referred as the Law “On the recovery and resolution”).

Article 4

Definitions

1. The terms used in this regulation shall have the same meaning with the terms set forth in article 4 of the Law “On banks in the Republic of Albania”, and in article 4 and Chapter II of the Law “On the recovery and resolution”.
2. In addition to paragraph 1 of this article, for the purpose of this regulation’s implementation, the following terms shall have these meanings:

- a) “recovery option” means a set of management actions (or strategies) to be taken by the bank considered in the recovery plan, designed to restore financial soundness in a situation of financial stress of the bank or the banking group;
- b) “material change” means any change which could impact the ability of a bank or any banking group’s entity to implement the recovery plan or to implement one or more recovery options contained in the recovery plan;
- c) “material impediment” means any factor that may affect negatively the timely execution of the recovery option including, in particular, legal, operational, business, financial, and reputational risks;
- d) “critical services” means operations/activities/services performed for one (dedicated service) or more business units or entities (shared services) within the group, which are needed to provide one or more critical functions;
- e) “material entity of the group or a material branch of the bank” means a legal entity or branch that meets at least one of the following conditions:
 - i. substantially contributes to the profit of the bank or group covered by the recovery plan, to their funding, or holds an important share of its assets, liabilities or capital;
 - ii. performs key activities for the bank or group;
 - iii. centrally performs key operational, risk management or administrative functions for the bank or group;
 - iv. bears substantial risks that may, in a worst-case scenario, jeopardize the viability of the bank or group;
 - v. its selling or liquidation may expose the bank or group as a whole, to major risks; or
 - vi. is important for the financial stability of the country;
- f) “systemic event ” means an event that risks having serious negative consequences for the financial system or the real economy;
- g) “idiosyncratic event” means an event that risks having serious consequences only for the bank or the banking group;
- h) “reverse stress test” means a bank’s stress test which starts from the identification of the pre-defined outcome and then explores/assesses the scenarios and circumstances that might cause this result;
- i) “systemically important banks” are the licensed banks which carry out financial and banking activities in the Republic of Albania, determined as such, by the Bank of Albania's decision-making, for the purposes of this Regulation;

- j) “progressive metric method” is the method of defining some quantitative indicators’ level, taking also into consideration the risk appetite/tolerance, until is reached the threshold of the indicator for the activation of the recovery plan.

Article 5

General requirements

1. The bank shall draft and update the recovery plan, at least once a year, considering possible changes since the last submission (revision) of the plan of the bank's risk profile, market conditions and any other factors affecting the recovery options proposed in the plan.
2. The bank, during the preparation of the recovery plan, shall not consider the possibility of extraordinary public financial support.
3. The bank shall determine in the recovery plan, the responsible structures, the necessary processes, the conditions for the implementation of the plan and the procedures that ensure the timely implementation of the recovery options.
4. The bank shall define the risk management structure/unit, as the unit responsible for coordinating the drafting process of the plan within the bank, the monitoring of indicators, the preparation of scenarios and the carrying out of the recovery plan’s stress tests. This unit shall also be responsible for reporting to the Steering Council on the drafting process, the need for update and implementation of the recovery plan, on the values of the selected indicators and on the stress test results of the recovery plan.
5. The bank, depending on its activity nature, size and complexity, shall separate the role of the responsible persons for the drafting of the recovery plan from those responsible for carrying out the recovery plan’s stress tests.
6. The bank may not conclude third-party agreements to fully transfer the recovery plan drafting process.
7. The bank shall identify a sufficient number of viable recovery options in the recovery plan, in order to cope with specific and systemic events to ensure its return to a stable situation.
8. The Bank of Albania shall cooperate with the foreign supervisory authorities and with the foreign banks that have opened their branch or subsidiary in the territory of the Republic of Albania, in order to coordinate the options of the recovery plan within the framework of banking group plans, part of which is the entity.

CHAPTER II

CONTENT OF RECOVERY PLANS

Article 6

The structure of recovery plans

1. The recovery plan drafted by the bank shall include at least:
 - a) an executive summary of the key elements of the recovery plan;
 - b) detailed information on the following elements:
 - i. the bank's governance;
 - ii. the recovery indicators;
 - iii. the strategic analysis;
 - iv. the recovery options;
 - v. the scenarios;
 - vi. the communication and disclosure plan;
 - vii. the analysis of the preparatory measures.

Article 7

Executive summary of the recovery plan

1. The bank shall draft the executive summary of the plan, which shall provide clear information on its ability to recover in the event of a deteriorating situation and shall also enable the Bank of Albania to assess the recovery options in a summarized manner.
2. The executive summary of the key elements of the recovery plan shall include the following information:
 - a) a summary of any material changes to the bank, banking group or recovery plan since the previous version of the recovery plan submitted to Bank of Albania;
 - b) a summary of the recovery plan's information on the bank's governance, including also a summary of the comments and recommendations of the steering council, the internal audit and the risk committee (in the case such committee exist in the bank's structure);
 - c) a description of the recovery indicators;
 - d) a summary of the recovery plan's strategic analysis, including a summary of overall recovery capacity/ability;
 - e) a summary of the scenarios;
 - f) a summary of the communication and disclosure plan;
 - g) a summary of the preparatory measures set out in the recovery plan.

Article 8

Bank's governance

1. The bank, in the governance section of the recovery plan, shall include a detailed description of the following elements:
 - a) the role and function of the persons responsible for drafting, implementing and updating each section of the plan;
 - b) the identity of the person responsible for keeping the recovery plan up-to-date;
 - c) a description of the process of updating the recovery plan, in order that the plan responds to material changes affecting the bank or banking group;
 - d) a description of how the plan is integrated the risk management framework of the bank or the banking group;
 - e) if the bank is part of a banking group, a description of the arrangements made within the group to ensure the coordination and consistency of recovery options at the group level;
 - f) the procedures governing the approval process of the recovery plan, also including its revision by the internal audit unit and risk committee (in the case such committee exists in the bank's structure), as well as the assessment and approval by the Steering Council of the bank;
 - g) the conditions and procedures necessary to ensure the timely implementation of recovery options, including at least:
 - i. a description of the internal escalation and decision-making process that applies when the indicators have been met to consider and determine which recovery option shall be applied, in reaction to the deterioration of the financial situation, including at least:
 - the roles, functions and responsibilities of the persons involved in this process, as well as, if a committee is involved in the process, the roles, functions and responsibilities of the committee members;
 - the procedures that need to be followed;
 - the time limit for the decision on the adoption of the recovery options and when and how the Bank of Albania shall be informed about the fact that the indicators have been met;

- ii. a detailed description of the indicators, reflecting potential impacts on the capital position, liquidity situation, profitability and risk profile of the bank or entities covered in the recovery plan;
- h) the consistency with the general risk management framework of the bank or banking group, including a description of the relevant early warning signals, which are used as part of the bank's or group's internal risk management process and ensure the information for the management bodies on the possibility that the indicators may be reached;
- i) management information systems, including a description of how the information necessary for the implementation of recovery options will be ensured, in a reliable and timely way.

SUBCHAPTER I RECOVERY INDICATORS

Article 9

Framework of the recovery plan indicators

1. The bank shall draft the framework of the recovery plan indicators, as an important part of the recovery plan.
2. The recovery plan indicators shall be quantitative and qualitative.
3. The bank shall include in the recovery plan indicators framework, all the indicators according to the categories of Annex 1 of this Regulation:
 - a) capital indicators;
 - b) liquidity indicators;
 - c) profitability indicators;
 - d) asset quality indicators;
 - e) market-based and macroeconomic indicators.
4. In the cases when the bank has not included in the recovery plan market-based and macroeconomic indicators, it shall justify that such indicators are not relevant to its legal structure, risk profile, size and/or complexity.
5. The bank may include additional recovery plan indicators, included in the list provided in Annex 2 of this Regulation, or other indicators according to the bank's own assessment.

6. The bank ensures that the framework of recovery plan indicators shall:
 - a) be adapted to the business model and strategy of the bank, and shall identify the key vulnerabilities that may impact the bank's financial situation and whether lead to the activation of the recovery plan;
 - b) be adequate to the size, complexity and risk profile of the bank and in particular, the number of indicators included in the plan shall be sufficient to timely alert/signal to the management bodies of the bank on the deteriorating conditions;
 - c) define the point at which the bank has to decide whether to take an action, defined in the recovery plan;
 - d) be integrated and aligned with the overall risk management framework, including with the existing liquidity and capital contingency plan indicators, the business continuity plan, as well as the escalation and decision-making procedures;
 - e) include forward-looking indicators.
7. While setting the quantitative recovery plan indicators, the bank shall use progressive metrics in order to inform at any time the bank's management bodies that such indicators could potentially be reached.
8. The bank shall recalibrate the recovery plan indicators at least annually and whenever necessary, in order to enable timely signalling, taking also into account the magnitude and speed of the breach of the indicators' threshold.
9. The bank shall argue/explain to the Bank of Albania the calibration and definition of the thresholds of these indicators.
10. The bank shall ensure that the management information systems enable an easy and continuous monitoring of the indicators by the bank itself and the timely submission of the indicators to the Bank of Albania, upon request.

Article 10

Capital Indicators

1. The bank, while defining/selecting the capital indicators shall ensure that these indicators identify continuously any significant actual and potential deterioration, in the quantity and quality of the capital.
2. The bank, while defining/selecting the capital indicators, shall consider that the capacity of these indicators to timely react, may be lower than for other types of

indicators, and that certain measures to restore a bank's capital position may be subject to longer execution periods or greater sensitivity to market and other conditions. The bank shall explore ways to address these issues, in particular through establishing forward-looking capital projections, taking into account contractual maturities related to material capital instruments.

3. The capital indicators shall be integrated into the bank's Internal Capital Adequacy Assessment Process (ICAAP), as well as in its risk management framework.
4. The bank shall calibrate the thresholds of the capital indicators, based on its risk profile and on the time needed to activate the recovery measures, considering the recovery capacity resulting from those measures and taking into account how quickly the capital situation may change, given the bank's individual circumstances.
5. The bank shall calibrate the thresholds for capital indicators at adequate levels, aiming to ensure adequate time for activating the recovery options, in order to ensure maintaining the minimum required capital levels and the additional requirements for other risks.

Article 11

Liquidity Indicators

1. The bank, while defining/selecting the liquidity indicators shall ensure that these indicators will timely inform the bank of a potential or actual deterioration of its capacity to meet current and foreseen liquidity and funding needs, in order to ensure the implementation of the minimum regulatory requirements, including liquidity additional requirements.
2. The liquidity indicators shall refer to both the short-term and long-term liquidity and funding needs of the bank and include the bank's dependence on wholesale (inter-banking) markets and clients' deposits, distinguishing among different currencies.
3. The bank shall integrate and adapt the liquidity indicators with its strategies, policies, processes and systems, as well as with its risk management framework.
4. The liquidity indicators shall also cover other potential liquidity and funding needs, such as the intra-group funding arrangements and off-balance sheet items.
5. The bank shall calibrate the thresholds of the liquidity indicators on the basis of its risk profile, on the time needed to activate the recovery options and on the recovery capacity.

Article 12
Profitability indicators

1. Profitability indicators shall include the most important aspects related to the bank's main sources of income and expenses, whose fluctuation may lead to a rapid deterioration in the bank's financial position, due to its effect on the capital of the bank.
2. The bank shall also include in this category indicators referring to operational or credit risk related losses, which may have a significant impact on the profit and loss statement.

Article 13
Asset quality indicators

1. The bank shall determine asset quality indicators that shall ensure to the bank the timely information, in the cases of the deterioration of the assets' quality, which may lead the bank to undertake an action, described in the recovery plan.
2. The asset quality indicators may include both a stock and a flow ratio of non-performing exposures in order to capture their level and dynamics.
3. The asset quality indicators shall also include off-balance sheet exposures, related to non-performing loans and their impact on asset quality.

Article 14
Market-based and macroeconomic indicators

1. Market-based indicators identify market participants' expectations for a rapid deterioration of the bank's financial position, which may lead to difficulties in providing funding or participation in capital markets.
2. The bank, in accordance with the requirements set out in paragraph 1 of this Article, may include in the category of market-based indicators the cost of long-term debt, the rating downgrade (short and/or long-term) reflecting the expectations of rating agencies, which also lead to rapid changes on the expectations of market participants on the bank's financial situation, etc.
3. Macroeconomic indicators aim to capture signals of deterioration in the economic conditions of the country where the bank operates, or where it has a concentration of exposures or funding.
4. The macroeconomic indicators referred to in paragraph 3 of this Article, may include the following typologies:

- a) geographical macroeconomic indicators, relating to various countries (jurisdictions) to which the bank is exposed, taking also into consideration the risks stemming from potential legal barriers;
- b) sectorial macroeconomic indicators, relating to major specific sectors of economic activity to which the bank is exposed.

SUBCHAPTER II STRATEGIC ANALYSIS

Article 15 Strategic analysis

1. The bank, in its strategic analysis shall identify core business lines and critical functions and set out the key steps to maintain the continuity of those core business lines and critical functions, in a situation of the deterioration of the financial situation.
2. The bank shall include in its strategic analysis the following elements:
 - a) a description of the bank and the entities of the group covered by the recovery plan;
and
 - b) a description of the recovery options.

Article 16 The entities of the recovery plan

1. The bank, in accordance with the requirements of paragraph 2, letter “a” of Article 15 of this Regulation, as part of its strategic analysis, shall prepare a description of the bank and the entities of the banking group covered by the recovery plan, which shall include the following information:
 - a) a general description of the following elements, for the bank and the entities of the banking group, covered by the recovery plan:
 - i. their business and risk strategy;
 - ii. their business model and business plan, including a list of the main countries (jurisdictions) in which they are active, including through a material entity of the group or material branch of the bank;
 - iii. their core business lines and critical functions;
 - iv. the process/methodology and metrics for identifying the core business lines and critical functions;
 - b) a mapping of core business lines and critical functions to material branches of the bank and material entities of the group;

- c) a detailed description of the legal and financial structures of the entity or entities covered by the plan, along with a description of intra-group interconnectedness, including in particular a description of the following:
 - i. all existing material intra-group exposures and funding relationships, capital flows among entities of the group covered by the recovery plan, intra-group guarantees that are in place or are expected to be in place, when the recovery plan is activated;
 - ii. operational interconnectedness, which concerns functions that are centralized in one legal entity or branch and are important for the functioning of other legal entities, branches of the bank or the banking group, and, in particular centralized information technology functions, treasury functions, risk management functions or administrative functions;
 - iii. any existing group financial support agreements, including the parties to the agreement, the form of financial support and the conditions associated with the provision of the financial support.

- d) a description of external interconnectedness, including at least:
 - i. significant exposures and liabilities to main counterparties;
 - ii. significant financial products and services which are provided by the bank and entities of the group covered by the recovery plan to other financial market participants;
 - iii. significant services which third parties provide to the bank and to the entities of the group covered by the recovery plan.

Article 17
Recovery options

1. The section on recovery options shall include a list of all recovery options identified to respond to financial stress scenarios, aiming at maintaining or restoring the viability and financial position of the bank and entities of the banking group covered by the recovery plan.
2. The bank, in the list of recovery options, shall include measures which are extraordinary in nature as well as measures that could also be taken in the course of the normal business of the bank and entities of the group covered by the recovery plan.
3. Recovery options shall also include even the options that may require a change to the current nature of the business of the bank and entities of the group covered by the recovery plan.
4. The bank, for each recovery option, shall define the expected timeframe for its implementation.
5. The recovery options identified by the bank, shall fall under at least one of these categories:

- a) a range of capital and liquidity actions, which have as their primary aim ensuring the viability of critical functions and core business lines, required to maintain and/or restore the viability and financial position of the bank or entities of the group covered by the recovery plan;
 - b) arrangements and measures, the primary aim of which is to conserve or restore the bank's or the group's regulatory capital, through external recapitalizations and internal measures, aiming to improve the capital position of the bank or entities of the group covered by the recovery plan;
 - c) arrangements and measures to ensure that the bank or entities of the group covered by the recovery plan, have adequate access to contingency funding sources to ensure that it can carry on its operations and meet its obligations as they fall due (these measures shall include external measures and, where appropriate, measures that aim at transferring the available liquidity within the group);
 - d) arrangements and measures to reduce risk or to restructure business lines, including where appropriate, an analysis of possible material divestment of assets, legal entities, or business lines;
 - e) arrangements and measures, the primary aim of which is to achieve a voluntary restructuring of debt/liabilities, without triggering an event of default, termination of existing arrangements, downgrade or similar;
6. The bank, in the cases when the recovery options do not include any of the actions, arrangements or measures set out in paragraph 5 of this Article, shall give an explanation in this section of recovery plan, that those actions, arrangements or measures have been adequately considered by the parent bank or other entities of the group which drafted and submitted the plan, to the supervisory authority of the country where they exercise their activity.

Article 18

Impact assessment of recovery options

1. Each recovery option shall contain an impact assessment that shall include, in particular, a detailed description of the process for determining the value and marketability of the core business lines, operations and assets of the bank and entities of the group covered by the recovery plan.
2. In addition to the requirements set in paragraph 1 of this Article, the impact assessment of the recovery option, shall include also the following elements:

- a) a financial and operational impact assessment, which sets out the expected impact on solvency, liquidity, profitability and operations of the bank or entities of the group covered by the recovery plan. Where relevant, the assessment shall clearly identify the different entities of the group which may be affected by the option or involved in its implementation;
- b) an assessment of external impact and systemic consequences, which sets out the expected impact on critical functions performed by the bank or entities of the group covered by the recovery plan, as well as the impact on shareholders, customers, and on counterparties;
- c) all the assumptions made for the purpose of the assessments in points (a) and (b), including assumptions about the marketability of assets or the behaviour of banks and other financial institutions.

Article 19

Feasibility assessment of recovery options

1. Each recovery option shall contain a feasibility assessment that shall include:
 - a) an assessment of the risk associated with the recovery option, drawing on any previous experience of executing the recovery option or an equivalent measure;
 - b) a detailed analysis and description of any material impediment to the effective and timely execution of the plan and a description of the method with which these impediments shall be overcome.

Article 20

Continuity of bank's operations

1. The bank, for each recovery option shall perform an assessment of how the continuity of operations will be ensured when implementing that recovery option.
2. The assessment defined in paragraph 1 of this article, shall consider:
 - a) any arrangements and measures necessary to maintain continuous access to relevant financial markets infrastructure;
 - b) any arrangements and measures necessary to maintain the continuous functioning of the operational processes of the bank or entities covered by the recovery plan, including infrastructure and IT services ;

- c) the expected time frame for the implementation and effectiveness of the recovery plan;
 - d) the effectiveness of the recovery option, and the adequacy of indicators in a range of scenarios of financial situation deterioration, which assesses the impact of each of these scenarios on the entity or entities covered by the recovery plan, in particular on their capital, liquidity, profitability, risk profile and operations.
3. That assessment shall identify the recovery option which could be appropriate in a specific scenario, based on potential impact of the recovery option and its implementation.
 4. The assessment based on this information, shall describe the overall recovery capacity of the bank or entities of the banking group covered by the recovery plan, considering the extent to which the recovery options allow the bank or other entities of the group, to recover in a range of scenarios of severe macroeconomic and financial deterioration.

SUBSECTION III SCENARIOS

Article 21 Scenarios

1. The bank designs at least three scenarios to ensure coverage of a systemic event, an idiosyncratic event and a combination of both events.
2. Each scenario shall be based on events that meet each of the following requirements:
 - a) are most relevant to the bank or banking group concerned, taking into account, at least: its business and funding model, its activities and group's structure, its size or its interconnectedness to other banks or to the financial system in general, and, in particular, any identified vulnerabilities or weaknesses of the bank or banking group;
 - b) may cause insolvency of the bank or banking group, unless recovery options were implemented in a timely manner; and
 - c) are extraordinary, but plausible.
3. Each scenario shall include an assessment of the impact of the events on at least each of the following aspects of the bank or banking group:
 - a) available capital;

- b) available liquidity;
 - c) risk profile;
 - d) profitability;
 - e) operations, including payment and settlement operations;
 - f) reputation.
4. The bank shall use reverse stress testing in the case when it develops scenarios that predict the bank to be near-default, if the recovery options are not successfully implemented.
5. The bank shall define the number of scenarios, in proportion with the nature of its activity, its size, and its interconnectedness to other banks and to the financial system in general, as well as its funding model.
6. The range of scenarios shall include both slow-moving and fast-moving adverse events.
7. The bank, in designing scenarios based on systemic events shall take into account at least one of the following:
- a) financial difficulties/insolvency of systemically important banks, affecting financial stability;
 - b) a decrease in liquidity available, in the interbank lending market;
 - c) increase of country risk and increase of capital outflows;
 - d) adverse movements in the price of assets in one or several markets;
 - e) a deterioration of macroeconomic indicators;
 - f) etc.
8. The bank, in designing scenarios based on idiosyncratic events shall take into account at least one of the following:
- a) financial difficulties/insolvency of:
 - i. significant counterparties of the bank,
 - ii. banking group, to which the bank belongs to, and/or
 - iii. parent bank or its subsidiaries;
 - b) damage to the bank's or banking group's reputation;
 - c) an increase of liquidity outflows;

- d) adverse movements in the prices of assets, which have a significant weight in the bank's or banking group's balance sheet;
- e) severe credit losses;
- f) severe operational losses;
- g) etc.

Article 22

Communication and disclosure plan

1. The communication and disclosure plan shall be a detailed plan which covers the following matters:
 - a) the description of internal communication to bank's staff;
 - b) the description of external communication, in particular to shareholders and other investors, supervisory authorities, counterparties, financial markets, depositors and the public;
 - c) the description of measures that shall be taken for managing any potential negative market reactions and the structures that shall be responsible for managing these situations;
 - d) a definition of the method of notification and the persons responsible for providing timely and comprehensive information to the Bank of Albania, on the occurrence of events that activate the recovery plan, as well as on the actual recovery measures and their potential escalation.
2. The communication and disclosure plan shall consider any specific communication needs for individual recovery options.

Article 23

Preparatory measures

1. A recovery plan shall include an analysis of any preparatory measure, which is necessary to facilitate the implementation of the recovery plan or to improve its effectiveness together with a timeline for the implementation of those measures.
2. Such preparatory measures shall include any measures necessary to overcome impediments to the effective implementation of recovery options, which have been identified in the recovery plan.

Article 24
Requirements for simplified recovery plans

1. Non-systemically important banks, in addition to the requirements of paragraph 2 of this article, shall apply all the requirements set out in this regulation.
2. Non-systemically important banks, unless otherwise required by the Bank of Albania, shall submit simplified recovery plans. These plans shall contain all the information required in accordance with the provisions of this Regulation, except for:
 - a) framework of indicators: in which the bank includes at least one indicator from each category of indicators (as defined in Annex no. 1 and/or Annex no. 2);
 - b) scenarios: the bank shall draft at least one scenario, which is based on an idiosyncratic event or on a systemic event.

CHAPTER III
REPORTING AND SUPERVISORY REQUIREMENTS

Article 25
Reporting and supervisory requirements

1. The banks shall submit their recovery plans to the Bank of Albania annually, no later than the end of the second quarter, including the qualitative and quantitative information, in accordance with the requirements of this regulation and as defined in Annexes No. 3 and No. 4.
2. The superordinate bank in a banking group, shall submit the recovery plan of the banking group, according to the requirements of paragraph 1 of this Article.
3. The Bank of Albania shall assess the recovery plans in accordance with the requirements of Subchapter I of this Chapter.
4. The Bank of Albania shall have an on-going dialogue with the banks, and shall carry out all the necessary assessments in the framework of on-site and off-site supervision, to be effectively sure on their ability to recover if needed, as well as on the level of their operational readiness.
5. The Bank of Albania shall communicate to banks the necessary recommendations to address the identified deficiencies and for the improvement of the plans, shall set forth the deadlines for reflecting these recommendations and shall monitor their implementation.

SUBCHAPTER I
Assessment of the recovery plans by the Supervisory Authority

Article 26
Assessment of content of the recovery plans

1. Bank of Albania shall assess whether the recovery plan meets the legal requirements in force on recovery and resolution and the requirements of this Regulation, as well as the content and elements of the plan, taking into account:
 - a) whether the plan includes all the information listed in the Law on recovery and resolution, as well as in this Regulation;
 - b) whether the plan provides information that is up to date, including also all the material changes to the bank or entities of the banking group, in particular changes to their legal or organizational structure, and their business or financial situation since the last submission of the recovery plan;
 - c) whether the plan includes, where applicable, an analysis of how and when the bank or entities of the banking group covered by the plan may apply for the use of central bank facilities and identify those assets which would be expected to qualify as possible collateral;
 - d) whether the plan provides an appropriate range of scenarios of severe macroeconomic and financial situation deterioration, relevant to the specific conditions of the bank or entities of the banking group covered by the recovery plan, taking into account the criteria and requirements provided in this Regulation;
 - e) whether the plan contains a framework of indicators, which identifies the points at which appropriate actions referred to in the plan may be taken by the bank, taking into account the criteria and requirements provided in this Regulation;
 - f) whether the plan includes, where applicable, arrangements for intra-group financial support, in accordance with the requirements of the Law “On recovery and resolution” and of this Regulation;
 - g) whether for each of the scenarios of severe macroeconomic and financial situation deterioration, which is included in the plan, in accordance with the requirements of this regulation, the plan identifies if there are:
 - i. obstacles to implementing recovery measures within the group, including at the level of individual group’s entities covered by the plan;

- ii. substantial practical or legal impediments to the prompt transfer of own funds or the repayment of liabilities or assets within the banking group.

Article 27

Quality of recovery plans

1. Bank of Albania, shall assess the quality of a recovery plan, based on the following criteria:
 - a) the clarity of the recovery plan, focusing on whether:
 - i. the plan is self-explanatory and is drafted in a clear and understandable language;
 - ii. definitions and descriptions are clear and consistent throughout the plan;
 - iii. assumptions and valuations made within the plan are clearly explained;
 - iv. the references and annexes of the recovery plan supplement the plan in a way which substantially contributes to identifying options to maintain or restore the financial strength and viability of the bank or banking group's entities covered by the recovery plan;
 - b) the relevance of information contained in the recovery plan, through the assessment whether such information focuses on identifying options to maintain or restore the financial strength and viability of the bank or banking group;
 - c) the comprehensiveness of the recovery plan, taking into account in particular the nature of the business of the bank or entities of the group covered by the plan, their size and interconnectedness to other banks and groups, as well as to the financial system in general, focusing on whether:
 - i. the plan provides a sufficient level of detail, concerning the information required in this Regulation;
 - ii. the plan contains a sufficiently wide range of recovery options and indicators, in accordance with the requirements and criteria provided in this Regulation;
 - d) the internal consistency of the individual recovery plan and of the banking group plan.

Article 28
Assessment of feasibility of recovery plans

1. Bank of Albania shall assess the feasibility of a recovery plan, based on the following:
 - a) whether the implementation of proposed arrangements and options is reasonably related to maintaining or restoring the viability and financial position of the bank or banking group, taking into account the preparatory measures that the bank has taken or has planned to take;
 - b) whether the recovery options contained in the plan are likely to be implemented quickly and effectively in situations of financial stress, avoiding to the maximum extent possible any significant adverse effect on the financial system.
2. Bank of Albania, when assessing whether the recovery plan meets the requirements referred to in point “a” of paragraph 1 of this Article, shall be based on the following elements:
 - a) the level of integration and consistency of the plan with the general corporate governance and the internal processes of the bank or entities of the banking group covered by the plan, as well as their risk management framework;
 - b) whether the plan contains a sufficient number of plausible and viable recovery options, which would allow the bank or banking group, to counter different scenarios of financial situation deterioration, quickly and effectively;
 - c) whether recovery options included in the plan set out actions which effectively address the scenarios of severe macroeconomic and financial stress, as provisioned in this Regulation;
 - d) whether the timeline for implementing the options is realistic and is taken into account in the procedures designed to ensure the implementation of the recovery options;
 - e) the level of the bank's or banking group's preparedness, as determined in particular by assessing, whether the necessary preparatory measures have been adequately identified and, where appropriate, those measures have been implemented or a plan to implement them has been prepared;
 - f) the adequacy of the range of scenarios of severe macroeconomic and financial situation deterioration, against which the plan has been tested, taking into account the proportionality principle for non-systemically important banks;

- g) the adequacy of the processes for testing the plan against the scenarios referred to in point “f” and the extent to which the analysis of recovery options and indicators in each scenario, is verified by that testing;
 - h) whether the assumptions and valuations made within the recovery plan and each recovery option are realistic and plausible.
3. For the purpose of assessing the feasibility of each recovery option, as required in point “b” of paragraph 2 of this Article, Bank of Albania shall take into account:
- a) the extent to which its implementation is within the bank’s or banking group's control and the extent to which it would rely on action by third parties;
 - b) whether the recovery plan includes a wide range of recovery options and appropriate indicators, conditions and procedures to ensure timely implementation of these options;
 - c) the extent to which the recovery plan considers reasonably foreseeable impacts of the implementation of the proposed recovery option on the bank or banking group;
 - d) whether the plan and in particular the recovery options would be likely to maintain the viability of the bank or banking group and restore its financial soundness;
 - e) if applicable, the extent to which the bank or banking group, or competitors with similar characteristics, have managed a previous episode of financial stress with similar characteristics to the scenario being considered by using the recovery options described, in particular as regards timely implementation of recovery options and, in the case of a group recovery plan, the coordination of recovery options within the group.
4. Bank of Albania, when assessing the extent to which the recovery plan satisfies the criterion set out in point “b” of paragraph 1 of this Article, shall take into account the following elements:
- a) whether it is likely that the recovery plan and individual recovery options can be implemented in a timely and effective manner, even in situations of severe macroeconomic or financial situation deterioration;
 - b) whether it is likely that the plan and particular recovery options can be implemented to an extent which achieves their objectives, without any significant adverse effect on the financial system;

- c) whether the range of recovery options reduces the risk that obstacles to implementing those options or adverse systemic effects arise due to the recovery actions of other banks or banking groups being taken at the same time;
- d) the extent to which the recovery options may conflict with those of banks or banking groups which have similar vulnerabilities, if the options were implemented at the same time;
- e) the extent to which the implementation of recovery options by several banks or banking groups at the same time is likely to negatively affect the impact and feasibility of those recovery options.

Article 29

Specific requirements for the banking group recovery plans

1. Bank of Albania, when assessing the feasibility of a banking group recovery plan, shall review the following elements:
 - a) the extent to which the recovery plan can stabilize the banking group as a whole and any entity of the banking group, in particular, taking into account:
 - i. the availability of recovery options at the group level, to restore the financial position of an entity of the banking group, without disturbing the group's financial soundness;
 - ii. whether, following the implementation of a particular recovery option, the banking group as a whole, and any entity of the group which would be intended to continue to carry on business under that recovery option, would still have a viable business model;
 - iii. the extent to which measures included in the recovery plan, ensure the coordination and consistency of measures to be taken at the level of the parent bank, subject to consolidated supervision, and at the level of individual entities, respectively. Bank of Albania shall assess in particular the extent to which governance processes included in the group's recovery plan, take into account the governance structure of individual entities of the group and any relevant legal restrictions;
 - b) if any obstacles to the implementation of recovery options within the group are identified, the extent to which the recovery plan provides solutions to overcome these obstacles and if the obstacles cannot be overcome, the extent to which alternative recovery options may achieve the same objectives;

- c) if any substantial practical or legal impediments to a prompt transfer of own funds or the repayment of liabilities or assets within the banking group are identified, the extent to which the recovery plan provides solutions to overcome these impediments and if the impediments cannot be overcome, the extent to which alternative recovery options could achieve the same objectives.

CHAPTER IV FINAL PROVISIONS

Article 30 Sanctions

The Bank of Albania, in case of non-compliance with the provisions of this Regulation, shall apply the measures provided in Chapter XI of the Law “On recovery and resolution”.

Article 31 Final provisions

The annexes attached to this Regulation shall be an integral part of it.

CHAIRMAN OF THE SUPERVISORY COUNCIL

Gent SEJKO

Annex No. 1 – Categories and the minimum list of recovery plan indicators

Categories and the minimum list of recovery plan indicators (market-based and macroeconomic indicators are subject to the possibility for a bank to justify that an indicator is not relevant for it, however in such a case it should be substituted with another indicator which is more relevant for the bank)	
1. Capital indicators	
a)	Common Equity Tier 1 ratio
b)	Capital Adequacy Ratio
2. Liquidity indicators	
a)	Liquidity indicator in total
b)	Liquidity indicator in ALL
c)	Liquidity indicator in foreign currency
d)	Time deposits daily withdrawal
3. Profitability indicators	
a)	Return on Assets (RoA)
b)	Return on Equity (RoE)
c)	Significant operational losses
d)	Significant credit risk losses
4. Asset quality indicators	
a)	Growth rate of gross non-performing loans
b)	Provisions / Total non-performing loans
5. Market-based and macroeconomic indicators	
a)	Ratings under negative review or rating downgrade of the bank
b)	Cost of long-term debt of the bank
c)	GDP variations
d)	Sovereign Credit Default Swap (CDS)

Annex No. 2 – Illustrative list of additional recovery plan indicators

Additional recovery plan indicators (non-exhaustive list provided for illustration purposes only)	
1. Capital indicators	
a)	Retained earnings and Reserves / Total Equity
b)	Adverse information on the financial position of significant counterparties
2. Liquidity indicators	
a)	Concentration of liquidity and funding sources
b)	Cost of total funding (retail and wholesale/interbank market funding)
c)	Average maturity of wholesale/interbank market funding
d)	Contractual maturity mismatch
e)	Available unencumbered assets
3. Profitability indicators	
a)	Operating costs / Operating income
b)	Net interest margin
4. Asset quality indicators	
a)	Net non-performing loans / Regulatory capital
b)	(Gross non-performing loans + Non-performing off balance sheet items ¹) / Total gross loans
c)	Growth rate of impairments of financial assets
d)	Non-performing loans by significant geographic or sector concentration
e)	Restructured exposures / Total gross loans
5. Market-based and macroeconomic indicators	
a)	Price to book ratio
b)	Reputational threat or damage to the bank
c)	Rating under negative review or rating downgrade of sovereigns
d)	Unemployment rate
e)	Inflation rate
f)	REPO rate

¹ Off balance sheet items, related to non-performing borrowers.

Annex No. 3 – Reporting forms for qualitative information of recovery plan

Recovery plan	Year_____
Name of bank	<input type="text"/>
Reference date	<input type="text"/>
Submission date	<input type="text"/>
Person in charge of filling out the forms	<input type="text"/>

Form No. 1**The main data (non-exhaustive list)**

Name	Unit of measurement	Value
Total Assets	Mln ALL	
Loans and advances to customers (gross)	Mln ALL	
Non-performing loans (gross)	Mln ALL	
Loan loss provisions	Mln ALL	
Non-performing loans (net)	Mln ALL	
Statistical provisions	Mln ALL	
Loan loss provisions to non-performing loans ratio	In %	
Liquid Assets (total)	Mln ALL	
Liquid Assets (in ALL)	Mln ALL	
Liquid Assets (foreign currency)	Mln ALL	
Liquidity ratio (total)	In %	
Liquidity ratio (foreign currency)	In %	
Liquidity ratio (in ALL)	In %	
Deposits and customer accounts	Mln ALL	
Insured Deposits	Mln ALL	
Common Equity Tier 1 capital	Mln ALL	
Regulatory Capital	Mln ALL	
Common Equity Tier 1 capital ratio	In %	
Capital Adequacy Ratio	In %	
Net Profit	Mln ALL	
ROA	In %	
ROE	In %	
Operating expenses/ Operating Income	In %	
Number of employees	Unit	
Number of branches	Unit	
Number of ATMs	Unit	

Form No. 3

Material entity of the group and material branch of the bank

No.	Entity name	Legal structure	Direct shareh older	Superordinate Bank or the Institution that performs the consolidation	Capital	Voting Rights	Contribution to group/bank income	Share to total income	Key activities for the group or bank	Centrally performs key functions	Bears (mitigates) material risks for the group or bank	Entity sale / liquidation exposes the group/bank to major risks	Country where exercises the activity	Is it important to financial stability?	Material entity for the group/ material branch for the bank?
							Mln ALL	%	List of activities	List of functions	List of risks	List of risks			
							070	080	090	100	110	120			
1															
2															
3															
4															
....															

4/2 10 main counterparties (Liabilities)

No.	Entity	10 Main Counterparties	Country of operation	Currency	Total Funding (mln ALL)	Funding Type	Liabilities / Total group liabilities (%)
	010	020	030	040	050	060	070
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

4/3 Main services provided by third parties to the bank or the group

No.	Entity	Provider	Main services provided	Cost of service (mln ALL)	Country of operation of the provider
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

Explanatory notes on filling out the reporting forms of Annex no. 3, for reporting the quantitative recovery plan information

Form no. 3 Material entity of the group or material branch of the bank

Instructions concerning specific columns:

Columns	Legal reference and instructions
010-020	Group entity
010	Entity name
020	Legal Structure Type of license (i.e.: bank, branch of the bank, non-bank financial institution, etc.)
030	Direct shareholder Name of the entity holding a direct participation and controlling in the group's entity identified in column 010.
040	The superordinate bank or the institution that performs the consolidation Name of the superordinate bank of the banking/financial group as defined in the law "On Banks on the Republic of Albania", or the name of the institution that performs the consolidation of the entity listed in column 010, in case the bank is part of a foreign banking / financial group.
050	Capital (%) Percentage of capital held by the group's entity listed in column 030 in the group's entity listed in column 010.
060	Voting rights (%) Percentage of voting rights held by the group's entity listed in column 030 in the group's entity listed in column 010.
070	Contribution to group/bank income Contribution (expressed in millions of ALL) of the entity listed in column 010, in the group or bank's income.
080	Share to total income (%) Contribution (expressed in percentage points) of the entity listed in column 010 in the group or bank's income.
090	Key activities for the group or bank List the key activities performed by the entity for the group / bank.
100	Centrally performs key functions List the key functions performed centrally by the entity.
110	Bears / mitigates material risk for the group or bank. List the risks that are held or mitigated by the entity.
120	Sale/liquidation of entity exposes group/bank to material risks List the risks to which the group / bank is exposed.
130	Country where the entity operates Identification of the countries where the entity listed in column 010 operates.
140	Important to financial stability Indicate "yes"/"no" to whether the entity is important to financial stability of the country.
150	Material entity for the group / material branch for the bank Indicate "yes"/"no" if the listed entity in column 010, is a material entity for the group or material branch for the bank.

Form no. 4 INTERNCONNECTEDNESS

4/1 Interconnectedness (Assets)

In this table, in general, should be one line for each of the 10 main counterparties. However, where the total exposure to a counterparty is made up of exposures in several currencies, this should be split out into separate lines, with the sum of the exposures in the individual lines adding up to the total exposure per counterparty.

Instructions concerning specific columns:

Columns	Legal reference and instructions
010	Entity
020	10 main counterparties The threshold to determine whether a counterparty is considered or not material, should be determined by bank itself. Counterparties shall be reported for the relevant groups of connected persons and in case a client does not belong to a group of connected clients, should be reported on an individual level. As indicated in the introduction part, a counterparty may be listed multiple times in this form, if the total exposure is made up of exposures in different currencies.
030	Country of operation Identification of the country where the counterparty listed in column 020 operates.
040	Currency This should be the original currency of the exposure.
050	Total exposure (in million ALL) Amounts should be reported in million ALL. Where the original currency is not ALL, the value should be converted into ALL with the exchange rate in force at the reporting date.
060	Credit risk mitigation Credit risk mitigation (CRM), as defined in regulation “On capital adequacy ratio”, is reported in million ALL. For the purposes of this reporting, the CRM technique used for credit risk in capital adequacy reporting shall be used.
070	Value adjustments and provisions Means “value adjustments and provisions” as defined in article 9 of the regulation “On Capital Adequacy Ratio”, reported in million ALL.
080	Net exposure $080 = 050 - 060 - 070$
090	Total exposures / Total group assets The ratio of total exposures to a counterparty, to the total banking group or bank’s assets.

4/2 Interconnectedness (Liabilities)

In this table, in general, there should be one line for each of the 10 main counterparties. However, where the total exposure to a funding provider is made up of liabilities in several currencies, this should be split out into separate lines, with the sum of the liabilities in the individual lines adding up to the total liabilities per counterparty.

Instructions concerning specific columns:

Columns	Legal reference and instructions
010	Entity
020	10 main counterparties The threshold to determine whether a counterparty is considered or not material, should be determined by bank itself. As indicated in the introduction part, a counterparty may be listed multiple times in this form, if the total exposure is made up of exposures in different currencies.

Columns	Legal reference and instructions
030	Country of operation Identification of the country where the counterparty listed in column 020 operates.
040-070	Funding
040	Currency This should be the original currency of the liability.
050	Total funding Expressed in million ALL.
060	Funding type Type of funding to be specified (deposit, bond, etc.)
070	Liabilities / Total group liabilities

Form no. 5 Critical Functions

Critical functions should be defined by the reporting entities themselves, in line with their individual business model and organisational structure, taking into consideration the definition of a critical function presented in Law no.133/2016 “On recovery and resolution in banks”.

As a starting point, all economic or analytical functions performed by the bank should be reported and each of them should be evaluated for criticality (whether critical or not). Banks should develop internal methodologies for determining economic functions and assessing their criticality.

The bank should consider the following economic functions when determining critical functions:

- **Deposit taking:** as applicable, to be split into current and savings accounts of households and businesses (potentially separating SMEs from corporates), current / savings accounts in domestic and foreign currency, current / savings accounts of residents and non-residents, current / savings accounts from financial institutions and from public sector (sovereign, regional or local authorities).
- **Lending:** as applicable, to be split into retail and corporate loans (potentially separating SMEs from corporates), mortgage lending vs. other types of lending (as per types defined by the bank itself), domestic and foreign currency loans, domestic and cross-border lending, syndicated loans, loans to financial institutions and public sector (sovereign, regional or local authorities).
- **Payments, Cash, Settlement, Clearing and Custody services:** as applicable, to be split into retail and corporate payment services, interbank payments (correspondent banking), different payment channels (e.g. paper based, electronic), local and domestic currency payments, provision of cash (ATMs, branches), securities settlement, securities clearing services (potentially split between services for the bank’s customers vs. services as an intermediary for other banks), custody services.
- **Capital markets:** as applicable, to be split into primary markets (underwriting and issuance of securities, if relevant split by type of product, e.g. debt vs. equity) and secondary markets (as relevant, split by securities: equities, credit, derivative trading), asset management.
- **Wholesale (inter-bank) funding:** as applicable, to be split into repos, inter-bank borrowing, inter-bank lending, securities lending and borrowing, margin lending and derivatives, commercial paper operations.

Banks should try to fill in the rows and show in column 420, if they consider a possible separation (in analytical functions), as a separate function in their case (if not, N/A should be chosen in this column and in column 430 should clarify part of which function is this line). The economic/analytical functions that appear on the form should not be interpreted as a mandatory list of functions, but they have an illustrative and orientative nature for the bank. Banks should assess the level of granularity according to their specific circumstances and report only the relevant lines. This may bring the combination of some analytical functions into a single economic function (eg, it may not show the breakdown by currency or residence, but can also delete SMEs as an analytical function, if SMEs are covered from lending / deposit services to other segments). If the bank judges that it needs to provide further granularity for specific functions, it may add additional lines to the form as needed.

Instructions concerning specific columns:

Columns	Legal reference and instructions
010	Analytical/economic functions These functions include, but are not limited to, ‘critical functions’ pursuant to Article 4(18) of Law No. 133/2016. Banks should list all economic and analytical functions carried out as part of their business and designate critical functions in column 420.
020	Core business lines The bank lists its core business lines, pursuant to Article 4(48) of Law No. 133/201, which correspond to economic / analytical functions listed in column 010.
030-040	Legal entity
030	Entity name

Columns	Legal reference and instructions
040	<p>Legal Entity identifier</p> <p>20-digit, alpha-numeric code of the legal entity identified in column 030. The legal entity identifier uniquely identifies every legal entity or structure that is part of a financial transaction, in any jurisdiction.</p> <p>Where the 'Legal Entity Identifier' is not available for a given entity, another form of identification shall be provided. Only where there is no other form of identification, it is allowed to say 'N/A'.</p>
130-170	<p>Senior person operationally responsible for providing information</p> <p>Person with the highest position, who has the operational responsibility for providing information.</p>
130	<p>Name</p> <p>First name, Last name</p>
140	<p>Function</p>
150	<p>Department</p>
160	<p>Phone numbers</p> <p>Department's telephone number and individual number of the person named in column 130.</p>
170	<p>E-mail addresses</p> <p>Department's mailbox and individual e-mail address of the person named in column 130.</p>

For each function identified, banks should provide a series of quantitative data to support the assessment of criticality. The type of data required differs in line with the function under consideration. The template contains columns for different types of data applicable across functions, thus **not all columns will need to be filled for each type of function**. Where a type of data is not applicable to a function, this cell should be left blank.

Instructions concerning columns with quantitative data:

Columns	Legal reference and instructions
200	<p>Market share (percentage)</p> <p>In this column should be reported the calculated (or estimated) market share expressed as a percentage. Market share should be calculated by dividing the value on accounts/number of transactions (as appropriate for the function) of the reporting bank by the total value / number of transactions in the market (or in the country)</p>
210	<p>Number of clients (in thousands)</p> <p>In this column should be included the total number of clients for a particular service (e.g. deposits, lending, payment services, capital markets, inter-bank market). If a client has more than one account or performs multiple transactions, the client should be counted only once.</p>
220	<p>Number of accounts (in thousands)</p> <p>In this column should be included the total number of accounts (for deposit services only). The number of accounts should correspond to the value on accounts and number of clients, reported for the same service.</p>
230	<p>Value on accounts (in million ALL)</p> <p>In this column should be included the total value held in current and savings accounts (for deposit taking services) or the total outstanding value of loans (for lending services), as presented in the balance sheet, and should correspond to the number of clients</p>

Columns	Legal reference and instructions
	reported for the same service.
235	Off-balance sheet exposures (in million ALL) In this column should be included the total off-balance sheet exposure (only for lending services), after application of value adjustments pursuant to annex 2 of regulation “On capital adequacy ratio”, and should correspond to the number of clients reported for the same service
240	Risk weighted exposures (in million ALL) This column is only relevant for lending services and should include risk weighted exposures amounts to both the balance sheet amounts and any off-balance sheet exposures, corresponding to the clients included in ‘number of clients’ for this service.
250	Number of transactions (in thousands) This column is only relevant for payments, cash and settlement services and should either show average daily transactions over a year (or a different period if annual averages are not available). For cash services, this should include the average number of ATM withdrawals and over-the-counter cash withdrawals, while for securities settlement services this should include the number of securities transfer transactions settled on behalf of clients.
260	Value of transactions (in million ALL) This column is only relevant for payments, cash and settlement services and should include the value of daily transactions averaged over a year (or a different period if annual averages are not available). For cash and securities settlement services, the values should correspond to the type of transactions included in ‘number of transactions’.
270	Number of ATMs This column is only relevant for cash services and should show the number of (bank-owned) ATM terminals provided in Albania, irrespective of the location, i.e. whether inside a branch office or elsewhere.
280	Assets under management / custody (in million ALL) This should include the total value of assets under management (for asset management services) or assets under custody (for custody services) and should correspond to the ‘number of clients’ reported for the relevant service.
290	Other considerations Include any relevant or important information, for individual services not reported elsewhere and provide comments as relevant.

For each function identified, banks should provide (mostly) qualitative information relating to the substitutability of a particular function through other market participants. Where this information is not available for a particular function, the respective field should be left blank and a comment should be provided in column 340.

Instructions concerning columns related to the substitutability analysis:

Columns	Legal reference and instructions
300	Market concentration Market concentration is measured by the number of competitors currently performing similar economic functions and/or offering similar services on equal terms, that could potentially take over (part of) the clients and/or business of the reporting bank within a reasonable timeframe. The information should be reported, selecting one of the following alternatives:

Columns	Legal reference and instructions															
	H: <5 MH: 5-10 ML: 10-20 L: ≥ 20															
310	<p>Time to substitution</p> <p>Time to substitution should be estimated as the time necessary for the economic function provided by the reporting bank, to be absorbed by the market in a crisis situation. This should include both the time needed by competitors to accomplish the legal and technical steps to take over/offer the function and the time required by users of the service to move to another service provider. . The information should be reported, selecting one of the following alternatives:</p> <table border="0"> <tr> <td style="text-align: center;">Deposits, Lending, Capital Markets</td> <td style="text-align: center;">Payments, Cash, Clearing, Settlement, Custody services</td> <td style="text-align: center;">Inter-bank market</td> </tr> <tr> <td>H: > 6 months</td> <td>H: > 1 week</td> <td>H: > 1 month</td> </tr> <tr> <td>MH: 1-6 months</td> <td>MH: 2 days – 1 week</td> <td>MH: 1 week – 1 month</td> </tr> <tr> <td>ML: 1 week to 1 month</td> <td>ML: 1 -2 days</td> <td>ML: 1 day – 1 week</td> </tr> <tr> <td>L: < 1 week</td> <td>L: < 1 day</td> <td>L: < 1 day</td> </tr> </table>	Deposits, Lending, Capital Markets	Payments, Cash, Clearing, Settlement, Custody services	Inter-bank market	H: > 6 months	H: > 1 week	H: > 1 month	MH: 1-6 months	MH: 2 days – 1 week	MH: 1 week – 1 month	ML: 1 week to 1 month	ML: 1 -2 days	ML: 1 day – 1 week	L: < 1 week	L: < 1 day	L: < 1 day
Deposits, Lending, Capital Markets	Payments, Cash, Clearing, Settlement, Custody services	Inter-bank market														
H: > 6 months	H: > 1 week	H: > 1 month														
MH: 1-6 months	MH: 2 days – 1 week	MH: 1 week – 1 month														
ML: 1 week to 1 month	ML: 1 -2 days	ML: 1 day – 1 week														
L: < 1 week	L: < 1 day	L: < 1 day														
320	<p>Legal barriers to substitution</p> <p>In this column the bank should assess the importance of legal barriers for competitors, to offer the service, e.g. licenses, minimum capital requirements, etc. The information should be reported, selecting one of the following alternatives:</p> <p>H: critical (difficult to surmount) barriers MH: substantial (but surmountable) barriers ML: some barriers L: no major barriers</p>															
330	<p>Operational barriers to substitution (market entry or expansion)</p> <p>In this column the bank should assess the importance of operational, technical and infrastructural requirements for competitors, to offer the service. This should include requirements to invest in (new or additional) infrastructure or modifications to competitors’ organisations. It should also include an assessment of the ability of the market to absorb the given activity, in terms of, e.g. capital requirements. The information should be reported, selecting one of the following alternatives:</p> <p>H: critical (difficult to surmount) requirements MH: substantial (but surmountable) requirements ML: some requirements L: no major requirements</p>															
340	<p>Comments</p> <p>In this column, the bank should include comments relating to specific legal and/or operational barriers as well as reasons for longer time to substitution, in cases where MH or H are chosen in any of the buckets for the previous items.</p>															

Instructions concerning columns related to criticality assessment:

Columns	Legal reference and instructions
400	<p>Impact</p> <p>In this column, the bank should provide an overall assessment of the expected impact of the discontinuation of each function, taking into account the different indicators assessed</p>

Columns	Legal reference and instructions
	<p>previously (e.g. size, market share). The conclusion on the overall impact assessment should be expressed qualitatively and should be reported, selecting one of the following alternatives:</p> <p>H: the discontinuation has a major impact on the national market MH: the impact is significant ML: the impact is material, but limited L: the impact is low</p> <p>For lending activities, the impact assessment should provide bank’s view on how discontinuing the provision of loans to households, corporates and governments would impact these stakeholders and the national economy.</p>
410	<p>Substitutability</p> <p>In this column, the bank should provide an overall assessment of the expected degree of substitutability for each function, taking into account the different dimensions assessed previously (market share, market concentration, time to substitution, legal barriers, and operational requirements to entry or expansion). The conclusion on the overall substitutability assessment should be expressed qualitatively and should be reported, selecting one of the following alternatives:</p> <p>H: a function cannot be easily or rapidly substituted MH: a function is difficult to substitute ML: a function can be substituted with only minor difficulties L: a function can easily be provided by another bank under comparable conditions within a reasonable timeframe</p>
420	<p>Critical function</p> <p>In this column, please indicate whether the function is critical by selecting ‘Yes’ or ‘No’ from the alternatives list.</p> <p>The higher the impact, the more likely the function is to be critical. Similarly, the more difficult it would be to find another comparable supplier, the more a function can be expected to be critical.</p>
430	<p>Comment</p> <p>In this column, the bank may provide any additional comments influencing its assessment of criticality. This is especially important if the bank considers a function as “non-critical”, despite having a high market share or, inversely, if it consider a function as “critical”, despite a relatively low impact assessment.</p>

Explanatory notes on filling out the reporting forms of quantitative recovery plan information in Annex no. 4.

Colour coding
Cells in mint green need to be filled in by the bank.
Cells in light yellow are auto-filled based on the information entered in other cells. They should be revised carefully, however, and changed where appropriate.
Cells in grey cannot be changed.
Where example fillings are given, please delete the examples when filling in your data.

Form 1: recovery plan indicator framework
In this form, please give an exhaustive overview of all indicators and thresholds that activate the recovery plan. For the minimum list of indicators, the template has already been filled in. For indicators that are not used, no values need to be given. For additional institution-specific indicators, please enter the information in the second block "other indicators".

Form 2a: recovery options: stand alone (as of today)
Please give an exhaustive overview of all the recovery options you would potentially draw on when the recovery plan is activated. Every potential recovery option should be categorized, assessed for feasibility, and quantitatively described for the most important mandatory indicators on a stand-alone basis (i.e. if only this recovery option is used and no other). Please estimate the impact on capital, liquidity etc. from today's perspective (=no crisis). With the help of other templates - you will be able to adapt the aforementioned estimates to specific crisis scenarios. For non-feasible options no quantitative description needs to be given (but please include them in the list so that it is clear that they have been considered).

Form 2b: recovery options: aggregate recovery capacity (as of today)
This form is an exact copy of Form 2a. However, when filling it in, please assume that all recovery options are used at the same time. Form 2b should contain only the more effective of the two options since the two options exclude each other).

Form 3: scenarios A, B, C... end
In order to check the effectiveness of the system of recovery indicator and the recovery capacity (recovery options), several hypothetical crisis scenarios have to be provided in the recovery plan. Please copy one instance of Form 3 as appropriate and fill in for each scenario separately. When copying, please start the sheet name with "F3" (e.g. "F3 - Scenario A", "F3 - Scenario B", ...). For the impact of the scenario, assume that no recovery options are used. Please constitute all effects cumulatively.

Form 4: recovery options under scenarios A, B, C... end
As for Form 3, please copy and fill in one instance of Form 4 for each scenario. Form 4 is structurally the same as Form 2. The difference is that while Form 2 tests the general impact of recovery options on recovery indicators (i.e. irrespective of scenario), for Form 4 the figures for the impact of the options in the specific scenario must be provided (e.g. some options might not be feasible anymore, the effects of options might change in a specific scenario, etc.). Form 4 is pre-filled from Form 2; however, please assess for each individual cell whether the values are still valid under the scenario assumptions and potentially overwrite them (e.g. higher haircuts on asset sales in a systemic crisis).

All forms
1. You should not add rows and columns to the table if it is not allowed with a comment.
2. The cells in light yellow receive values from the information set in the previous tables (eg. F2b and F4 refer to F2a). In case of value deviations (eg a measure has lower effects in a specific scenario), you should type on the formulas.
3. The cells in gray should not be changed. You should not write on formulas. These cells are purposely not locked, to create as much flexibility as possible.
4. Please select the "Percentage points" metric unit and set the values without associating with any unit (eg a 120% liquidity indicator would be written in F1 as "120", not "120%", "1.2" etc).

Forms F2a, F2b, F4
The forms have been designed in a comprehensive way, in order to provide all banks with enough space to describe their measures. Banks may not complete all rows.