FITD

FONDO INTERBANCARIO DI TUTELA DEI DEPOSITI

Regulations for Reports and Risk-based Contributions by Member Banks to the Interbank Deposit Protection Fund (FITD)

Rome, December 2023

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Part I - REPORTS BY MEMBER BANKS

Part II - Risk-Based Contributions

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Part I - REPORTS BY MEMBER BANKS

Article 1

Reports

1. In accordance with Art. 31 of the Statute, member banks shall report to the Fund:

   a) Risk indicators;

   b) Their Contribution base (also known as covered deposits);

   c) Additional data requested by the Fund for information and analyses arising from the conduct of its functions;

   Member banks shall also report any information on deposits and depositors necessary to prepare for reimbursement of depositors.

Article 2

Composition of aggregates

1. Detail on the composition of the aggregates used to calculate the indicators and the contribution base is contained in the Glossaries, created in accordance with the provisions of Competent Authorities on supervisory reports.

2. The Glossaries are approved by the Executive Committee. Any amendments made by Competent Authorities to the provisions on supervisory reports entail the automatic update of the Glossaries.

Article 3

Reporting risk indicators

1. Statutory reports on risk indicators are produced by all member banks on reference dates: 31 March, 30 June, 30 September, and 31 December. Risk profiles include the following: Asset quality, Capital, Liquidity and Funding, Business model and management, and Potential losses for the DGS, at single level. If single level data is not available, consolidated data reported by the parent of the banking group shall be used. Statutory reports shall be sent to the Fund, unless alternatively communicated from the Banca d'Italia, by the deadlines set by the Fund under par. 2 below.

2. The data shall be sent to the Fund under appropriate certification, at the times and according to the procedures set down by the Executive Committee in Art. 19, par. 1, letter i) of the Statute.

Article 4

Reporting the contribution base

1. The report on the contribution base shall contain the following information:

    a) The total amount of repayable funds received from clients, in euro or other currency, as deposits or other forms, including bankers' drafts and other similar instruments;

    b) The share of the total amount - letter a) above - excluded from protection under Art. 33, par. 3 of the Statute. In calculating that share and only for purposes of reporting the contribution base, the item referred to in Art. 33, par. 3, letters c) and d) of the Statute shall not be taken into account;

    c) The difference between the total amount letter a) and the excluded amount letter b) subdivided by classes of amounts.

    The reporting scheme as per par. 1 is decided by the Executive Committee, pursuant to Art. 19, par. 1, letter i) of the Statute.

2. Italian banks shall include in their report as per par. 1, also the contribution base of their branches in non-EU countries whose depositors are protected under Art. 4, par. 2 of the Statute.

3. Branches of EU banks operating in Italy which have joined the Fund as per Art. 3, par. 2 of the Statute, shall report as per par. 1 and indicate the amount protected by their home guarantee system.

4. Member banks shall report their contribution base with the frequency set down in Art. 31, par. 3 of the Statute.

Article 5

Reporting additional statistical indicators

1. Member banks shall send to the Fund, as per Art. 31, par. 1, letter c) of the Statute, any additional data required by the Fund for information needs and analyses arising from the conduct of its functions, at the times and in the ways set down by the Executive Committee. These data shall be used exclusively for purposes of information and shall not enter in the risk calculation model used for correcting contributions.

Article 6

Single Customer View (SCV)

1. The banks shall transmit to the Fund the Single Customer View, containing the total amount of eligible deposits and covered deposits for each depositor, as determined according to the standard rules set down in the instructions issued to the member banks.

PART II - RISK-BASED CONTRIBUTIONS

Article 7

Indicators, thresholds and weights

1. The Fund assesses the overall position of the member bank, on the basis of the risk indicators.

   A different weight is assigned for each indicator.

   For each indicator, there are 4 thresholds that set out 5 Classes in which the member bank is classified.

   i) *Risk profile: asset quality*

   ***NPLs** (Non-performing loans ratio)*:

   Numerator: Non-performing loans (gross book value)
   Denominator: Loans to customers (gross book value)

   Class 1: equal to or less than 2%
   Class 2: more than 2% and less than or equal to 6%
   Class 3: more than 6% and less than or equal to 10%
   Class 4: more than 10% and less than or equal to 15%
   Class 5: more than 15%

   The weight of the NPLs indicator, for calculating the Aggregate Risk Score (ARS), set down in Art. 8, is equal to 12.5%.

   ***COV** (Coverage ratio)*:

   Numerator: Loan loss provisions
   Denominator: Non-performing exposures (gross book value)

   Class 1: more than 47%
   Class 2: more than 39% and less than or equal to 47%
   Class 3: more than 32% and less than or equal to 39%

Class 4: more than 24% and less than or equal to 32%
Class 5: equal to or less than 24%

If the denominator of the indicator is 0, the indicator is given a coefficient equal to 0.

The weight of the COV indicator, in calculating the ARS, is 9%.

ii) *Risk profile: CAPITAL*

***LEV** (Leverage ratio):*

Numerator:	Tier 1 capital
Denominator:	Total assets (including off-balance sheet assets)

Class 1: more than 12%
Class 2: more than 9% and less than or equal to 12%
Class 3: more than 7% and less than or equal to 9%
Class 4: more than 5% and less than or equal to 7%
Class 5: equal to or less than 5%

The weight of the LEV indicator, in calculating the ARS, is 10%.

***CET** (Common equity Tier 1 ratio):*

Numerator:	Common equity Tier 1 capital
Denominator:	Risk weighted assets

Class 1: more than 19%
Class 2: more than 14% and less than or equal to 19%
Class 3: more than 12% and less than or equal to 14%
Class 4: more than 10% and less than or equal to 12%
Class 5: equal to or less than 10%.

The weight of the CET indicator, in calculating the ARS, is 12%.

iii) *Risk profile: LIQUIDITY AND FUNDING*

***LCR** (Liquidity coverage ratio)*:

Numerator:	Stock of high-quality liquid assets
Denominator:	Total net cash outflows over the next 30 calendar days

Class 1: more than 283%
Class 2: more than 178% and less than or equal to 283%
Class 3: more than 139% and less than or equal to 178%
Class 4: more than 107% and less than or equal to 139%
Class 5: equal to or less than 107%.

The weight of the LCR indicator, in calculating the ARS, is 11%.

***NSFR** (Net stable funding ratio):*

Numerator:	Total available stable funding
Denominator:	Total required stable funding

Class 1: more than 168%
Class 2: more than 140% and less than or equal to 168%
Class 3: more than 133% and less than or equal to 140%
Class 4: more than 121% and less than or equal to 133%
Class 5: equal to or less than 121%.

The weight of the NSFR indicator, in calculating the ARS, is 10%.

iv) *Risk profile: BUSINESS MODEL AND MANAGEMENT*

***RWA** (Risk weighted assets ratio):*

Numerator:	Risk weighted assets
Denominator:	Total assets

Class 1: equal to or less than 38%
Class 2: more than 38% and less than or equal to 47%
Class 3: more than 47% and less than or equal to 56%
Class 4: more than 56% and less than or equal to 66%
Class 5: more than 66%.

The weight of the RWA indicator, in calculating the ARS, is 5%.

ROA *(Return on assets ratio)*:

Numerator:	Net income
Denominator:	Total assets

Class 1: more than 0.7%
Class 2: more than 0.4% and less than or equal to 0.7%
Class 3: more than 0.2% and less than or equal to 0.4%
Class 4: more than -0.2% and less than or equal to 0.2%
Class 5: equal to or less than -0.2%.

The weight of the ROA indicator, in calculating the ARS, is 10%.

CI *(Cost-to-income ratio)*:

Numerator:	Operating costs
Denominator:	Operating income

Class 1: equal to or less than 53%
Class 2: more than 53% and less than or equal to 65%
Class 3: more than 65% and less than or equal to 74%
Class 4: more than 74% and less than or equal to 88%
Class 5: more than 88% or if the denominator is negative.

If the numerator is less than zero, the indicator is given a coefficient equal to 0.

The weight of the CI indicator, in calculating the ARS, is 5%.

***LE** (Large Exposure)*:

Numerator: Large exposures
Denominator: Eligible capital

Class 1: equal to or less than 29%
Class 2: more than 29% and less than or equal to 64%
Class 3: more than 64% and less than or equal to 88%
Class 4: more than 88% and less than or equal to 152%
Class 5: more than 152%

The weight of the LE indicator, in calculating the ARS, is 3%.

v) *Risk profile: Potential Losses for the DGS*

***U** Indicator (Unencumbered assets ratio):*

Numerator: Covered deposits
Denominator: Unencumbered assets

Class 1: less than 7%
Class 2: more than 7% and less than or equal to 31%
Class 3: more than 31% and less than or equal to 44%
Class 4: more than 44% and less than or equal to 54%
Class 5: more than 54%.

The weight of the U indicator, in calculating the ARS, is 13%.

2. To newly established banks, not resulting from restructuring operations, for the three six-monthly reporting dates from the date of joining the Fund, if they are positioned in classes 3, 4 or 5 of the RWA, ROA, CI and LE indicators, for the purposes of calculating the ARS, the coefficient of 25 shall be applied.

Article 8

Aggregate Risk Score

1. For every indicator, each Class has a coefficient based on the following scheme:

Class	*Coefficient*
1	0
2	25
3	50
4	75
5	100

2. The sum of the weighted coefficients gives the Aggregated Risk Score of the member bank "i", that can vary between 0 and 100. The ARS is calculated with the following formula:

$$ARS_i = \sum j(C_j * P_j)$$

Where:

C_j, is the coefficient of indicator j
P_j, is the weight of indicator j

3. The Aggregate Risk Score is calculated individually at every report of the risk indicators. The liquidity indicators are calculated individually for single banks and on a consolidated basis for member banks in banking groups, in accordance with prevailing supervisory regulations.

Article 9

The Aggregate Risk Weight

1. The Aggregate Risk Score, weighted according to par. 2 below, determines the Aggregate Risk Weight for the member bank "i". The Aggregated Risk Weight (ARW_i) is calculated using the following formula:

$$\mathrm{ARW}_i = \beta * \left(\frac{\alpha}{\beta}\right)^{\left(\frac{AARS_i}{100}\right)}$$

Where:

$AARS_i$ is the average Aggregate Risk Score for bank "i"
α is equal to the maximum correction of 150%
β is equal to the minimum correction of 75%

2. The aggregate average risk score (AARW), used for the coefficient of correction, is the average weighted ARS of the previous 3 six-monthly reports of the indicators, using the following formula:

$$AARS = [(ARS_t * w_t) + (ARS_{t-1} * w_{t-1}) + (ARS_{t-2} * w_{t-2})] / (w_t + w_{t-1} + w_{t-2})$$

where:

ARS	*Weight*
Last available	$w_t = 4$
Second to last available	$w_{t-1} = 2$
Third to last available	$w_{t-2} = 1$

3. For member banks which, in accordance with existing regulations, provide a reduced supervisory report that does not allow the assessment of some indicators in the model, an Aggregate Risk Weight of 100% is applied.

Article 10

Calculating the contribution

1. Ordinary and additional contribution quotas charged to each member bank are calculated by the Fund taking as reference the contribution base set on 30 September of the current year, without prejudice to what

is required for 2024 according to the transitory provision, as per Art. 42-bis of the Statute, and are corrected for risk indicators of the last three six-monthly reports available.

2. The annual contribution of member bank "i" shall be calculated according to the following formula:

$$C_i = AT * ARW_i * CB_i * \mu$$

Where:

$$AT = \frac{Annual\ Target}{\Sigma BC}$$

Annual target is the annual amount of contributions, as established by the Board in Art. 15, par. 1, letter h) of the Statute, and shall be the same for all member banks;

$\sum$ BC is the total amount of the contribution base used to calculate the contribution quota as per Art. 28, par. 2 of the Statute. The quota is the same for all banks.

ARW_i, is the Aggregate Risk Weight of bank "i".

CB_i, is the contribution base of bank "i".

μ, is the adjustment coefficient, equal for all member banks.

3. The extraordinary contribution quota for each member bank for the single intervention is calculated from the most recent available data to the date of the intervention. Banks in compulsory administrative liquidation and in resolution are excluded from the calculation, as is any member bank subject to the intervention. This quota is used for any further payment as extraordinary contribution for the intervention.

   The quota of extraordinary contribution of the member bank "i" is calculated as:

$$Q_i = \left(\frac{CB_i}{\sum CB}\right) * ARW_i * \mu$$

Article 11

Penalties for high-risk banks

A member bank is classified in the high-risk category if its IAR is equal or more than 60.

If the bank should remain in the category of high risk for the latest two six-monthly reports prior to the request to pay annual contributions, according to Art. 7, paragraph 3 of the Statute, an increase in its contribution is applied - for both ordinary and additional quotas - based on the following formula:

$$Cp_i = C_i + 10\% * C_i$$

The extraordinary contribution quota of the high-risk member bank is calculated applying the following formula:

$$Qp_i = Q_i + 10\% * Q_i$$

The amount resulting from the increase of ordinary and additional contribution quotas paid by the high-risk bank is computed in the FITD financial endowment accumulated as per Art. 24 of the Statute.

Article 12

Frequency of revision

1. Art. 7 of this Regulation is subject to review at least every two years and whenever there are amendments in the EBA Guidelines for calculating contributions to deposit guarantee schemes.