

SCHEDULE 1

Regulations 7, 8, 9, 11 and 12.

PART 1

Calculation of the net cost of the resolution

1. The Treasury shall keep accounts of eligible expenses incurred (“the expenses account”) and of recoveries made (“the recoveries account”) by itself or by the other person in respect of the banking institution.

2. The accounts shall be dated from the time when the Treasury or the other person first incurred eligible expenses or made recoveries, whichever is the sooner.

3. The Treasury shall add eligible expenses and recoveries to the appropriate accounts on the dates on which they are incurred or made.

4. Interest at the notified rate shall accrue daily on the amount in each account and shall be added to the account on each anniversary of the relevant time, but where the final notification is made on a date falling after an anniversary date, then all accrued interest not yet added shall be added to the account on the date of the final notification.

5. When the Treasury are satisfied that all recoveries have been made in respect of the banking institution, or considers that any remaining recoveries are sufficiently foreseeable so as to be included in the recoveries account on the date of the final notification, it shall calculate the net cost of resolution.

6. The net cost of resolution is the total amount in the expenses account less the total amount in the recoveries account on the date of the final notification, but if the total amount in the recoveries account equals or exceeds the total amount in the expenses account, the net cost of resolution is zero.

PART 2

Calculation of the scheme manager’s limit

7. The Treasury shall create accounts of—

- (a) notional net expenditure (“the notional account”), and
- (b) actual net expenditure (“the actual account”),

of the scheme manager in respect of the banking institution.

8. The Treasury shall date the accounts as from the time when the scheme manager would have first, or has for the first time, incurred expenses or made recoveries.

9. At the time when—

- (a) the scheme manager would have incurred expenses (as determined by the scheme manager under section 214D(2) of the Act), those amounts shall be added to the notional account;
- (b) the valuer determined that the scheme would have made recoveries under section 214D(3), those amounts shall be subtracted from the notional account.

10. At the time when the scheme manager—

- (a) incurred actual expenditure in respect of the banking institution, those amounts shall be added to the actual account;

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(b) made recoveries in respect of the actual expenditure, those amounts shall be subtracted from the actual account.

11. In the notional account, the Treasury shall account for interest at the notified rate on the outstanding balance as if it had accrued daily and had been added to the account on each anniversary of the relevant time.

12. In the actual account, interest at the notified rate shall accrue daily on the outstanding balance and shall be added to the account on each anniversary of the relevant time.

13. In paragraphs 11 and 12, where the final notification is made on a date falling after an anniversary date, then all accrued interest not yet added shall be added to the account on the date of the final notification.

14. The scheme manager's limit is the outstanding balance in the notional account less the outstanding balance in the actual account on the date of the final notification.

PART 3

Calculation of the total cost of interim payments

15. The Treasury shall keep an account of any interim payments made by the scheme manager under regulation 9.

16. The account shall be dated from the time when the Treasury or the other person first received an interim payment.

17. The Treasury shall add the interim payments to the account on the date on which they are received.

18. Interest at the notified rate shall accrue daily on the amount in the account and shall be added to the account on each anniversary of the relevant time, but where the final notification is made on a date falling after an anniversary date, then all accrued interest not yet added shall be added to the account on the date of the final notification.

19. The total cost of interim payments is the total amount in the account on the date of the final notification.

PART 4

Calculation of balancing payments

20. A balancing payment is due—

- (a) from the scheme manager if both the net cost of resolution and the scheme manager's limit exceed the total cost of interim payments; or
- (b) from the Treasury to the scheme manager if either the net cost of resolution or the scheme manager's limit (or both) are lower than the total cost of interim payments.

21. If paragraph 20(a) applies, then the amount of the balancing payment shall be the lower of the net cost of resolution and the scheme manager's limit, minus the total cost of interim payments.

22. If paragraph 20(b) applies then the amount of the balancing payment shall be the total cost of interim payments minus the lower of the net cost of resolution and the scheme manager's limit.