

| NBS Action Plan for Implementation of the NPL Resolution Strategy | | | | |
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| No | Goal | Activity | Result | Deadline |
| Banking supervision | | | | |
| 1. | Enhancement of regulatory treatment of restructured receivables and restructuring process | <ul style="list-style-type: none"> – analyse SDS results regarding practice and models banks are using in the process of restructuring, – conduct a comparative analysis of regulatory solutions regarding the treatment of restructured loans implemented in EU countries, – identify key regulatory stipulations which should be amended or introduced and analyse impact of their implementation on banking sector indicators determining an appropriate model for the implementation of changes (phase-in approach or full approach at one point in time), – strengthen (in consultation with relevant IFIs) the regulatory framework on the treatment of restructured loans, with the aim to foster sustainable restructuring practices and counteract ever-greening of problem loans, – incorporate the afore-mentioned supervisory expectations in on-site and off-site supervisory practices of the NBS, allowing for a continuous review of the implementation thereof. | prepare new or amend regulation and additional documents | 31/03/2016 ¹ |
| 2. | Enhancement of distressed asset management | <ul style="list-style-type: none"> – analyse results of a comprehensive survey on reasons for accumulation of NPLs and their resolution, – conduct a comparative analysis of regulatory solutions and supervisory practices, – analyse AQR results regarding distressed loan management in banks, – develop (in consultation with relevant IFIs) supervisory guidance on distressed loan management, leveraging international best practices, – incorporate the afore-mentioned supervisory expectations in on-site and off-site supervisory practices of the NBS, allowing for a continuous review of the implementation thereof. | prepare new or amend regulation | 31/03/2016 |
| Accounting standards and practices | | | | |
| 3. | Enhancement of IAS 39 implementation | <ul style="list-style-type: none"> – conduct a comparative analysis of regulatory solutions and supervisory practices, – conduct analyses of AQR results regarding IAS 39 practices in banks, – prepare (in consultation with relevant IFIs) supervisory policies setting forth enhanced expectations for robust loan-loss provisioning under IAS 39, – scrutinise banks' write-off policies and convey supervisory expectations to Serbian banks, – encourage prudent interest income recognition practices for NPLs, – incorporate the afore-mentioned supervisory expectations in on-site and off-site supervisory practices of the NBS, allowing for a continuous review of the implementation thereof. | prepare supervisory guidance regarding impairment provisioning under IAS 39, convey supervisory expectations on write-offs and income recognition on NPLs | 31/12/2015 |

¹ Enters into force on 30 June 2016.

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| 4. | Strengthen the NBS's capacity in the area of the IFRS | <ul style="list-style-type: none"> – determine appropriate model for setting up continuous and robust review of classification and impairment practices and write-off policies in banks, – organise an educational programme for employees of the Bank Supervision Department; – analyse the need for increasing staff capacity in the Bank Supervision Department, – continuous engagement with the Serbian audit profession. | develop plan for capacity building | 31/12/2015 |
| 5. | Improvement of NPL reporting requirements (prescribe obligation for banks to report to the NBS data on collateral of NPLs, non-accrual of interest of NPLs, largest NPL exposures/debtors) | <ul style="list-style-type: none"> – analyse banks' capacities to deliver reports in demanded forms, – draft reports and guidelines for filling reports, – communication with banks with the aim of efficient customisation of their systems for reporting purposes. | amend regulation regarding NPL reports | 31/12/2015 |
| Disclosure requirements for banks | | | | |
| 6. | Enhancement of disclosure by banks regarding information on asset quality | <ul style="list-style-type: none"> – conduct a comparative analysis of disclosure requirements for banks, – determine an appropriate model for disclosure requirements regarding content, forms, proportionality, and levels of information to be disclosed, – communication of potential solutions to the banking sector. | prepare amendments to regulation on disclosure of information | 31/03/2016 ² |
| NPL market | | | | |
| 7. | Identify and address obstacles to the Serbian distressed debt market | <ul style="list-style-type: none"> – Contribute to the analysis, overseen by the MoF, of potential obstacles to the emergence of a robust NPL market in accordance with the Action plan of the Government. | report on the identification of issues significant for the NPL market which are within the NBS competence – emphasising issues which can be marked as obstacles | 31/12/2015 |

² Enters into force 31 December 2016.

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| 8. | Analyse the possibilities and obstacles for liberalisation of the assignment of retail receivables | <ul style="list-style-type: none"> – Analyse a potential market for retail NPLs from the supply side and possible effects of liberalisation, – Analyse comparative regulation and practices, – Analyse possibilities, potential risks, and regulatory impediments for liberalisation and models for establishment of possible infrastructure (licensing, supervision...). | report on possibilities and obstacles for liberalisation of retail NPLs | 31/12/2015 |
| Collateral valuation | | | | |
| 9. | Development of a database on real estate collateral valuations and loans approved based on reported collateral | <ul style="list-style-type: none"> – Prepare and adopt the decision on data regarding real estate collateral valuations and loans approved based on reported collateral, – Prepare guidelines for electronic submission of data regarding real estate collateral valuations and loans approved based on reported collateral, – Develop a comprehensive database regarding real estate collateral valuations and loans approved based on reported collateral, – Provide access to banks and an authorised appraiser to relevant data regarding real estate collateral valuation, after an adequate regulatory framework for appraiser profession is put in place, – Develop analytical tools for LTV³ and DSTI⁴ monitoring based on information provided for the database regarding real estate collateral valuations and loans approved based on reported collateral. | database on real estate collateral valuations and loans approved based on reported collateral will be functional until end-2015 | 31/12/2015 |
| 10. | Strengthen supervisory requirements on the treatment of collateral | <ul style="list-style-type: none"> – analyse SDS results regarding practice and models banks are using for collateral valuation and management, – conduct a comparative analysis of regulatory solutions regarding the treatment of collateral, leveraging international best practices, – identify key regulatory stipulations which should be amended or introduced, including regarding the frequency and substantive prudential requirements for collateral valuation and management, – foster robust collateral management and valuation practices via on-site and off-site supervision. | report on possibilities for strengthening supervisory requirements on the treatment of collateral | 31/12/2015 |

³ Loan to Value.

⁴ Debt Service to Income.