

Pursuant to Article 128u, paragraph 11 of the Law on Banks (RS Official Gazette, Nos 107/2005, 91/2010, 14/2015 and 19/2025) and Article 15a, paragraph 1 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004, 85/2005 – other law, 44/2010, 76/2012, 106/2012, 14/2015, 40/2015 – CC Decision, 44/2018 and 19/2025), the Executive Board of the National Bank of Serbia hereby issues the following

## **DECISION ON BUSINESS REORGANISATION PLANS OF BANKS**

### **I. INTRODUCTORY PROVISIONS**

1. This Decision regulates in more detail the elements of the business reorganisation plan of the bank and the banking group to which the bail-in tool for the purpose of bank recapitalisation is applied (hereinafter: reorganisation plan), manner of reporting to the National Bank of Serbia on the implementation of the plan and the criteria for assessing the plan.

The provisions of this Decision shall accordingly apply to the business reorganisation plan of the banking group.

2. For the purpose of this Decision, the following terms shall have the following meaning:

1) *reorganisation period* means the period of a reasonable timescale between the application of the bail-in tool and the moment when the bank under resolution has restored its long-term viability, during which measures included in the reorganisation plan are implemented;

2) *base case* means the business scenario which the managing board of the bank and/or special management consider as most likely to materialise in the process of restoring the long-term viability of the bank.

### **II. ELEMENTS OF THE REORGANISATION PLAN**

3. The reorganisation plan shall include at least the following:

- 1) reorganisation strategy and measures;
- 2) financial indicators and regulatory requirements;
- 3) assessment of long-term viability of the bank;
- 4) implementation and adjustments.

## Reorganisation strategy and measures

4. The business reorganisation plan shall include at least the following:

1) a chronological and financial account of the factors that contributed to the difficulties of the bank, including the relevant performance indicators that deteriorated in the period preceding the resolution and the reason for their deterioration;

2) a short description of crisis prevention and crisis management measures applied by the bank and/or the National Bank of Serbia before the submission of the reorganisation plan;

3) a description of the reorganisation strategy and the measures intended to restore the long-term viability of the bank during the reorganisation period, including a description of the following elements:

- the reorganised business model,
- the measures implementing the reorganisation strategy at banking group, bank and business line level,
- the target duration of the reorganisation period and important milestones (benchmark),
- communication with the National Bank of Serbia and other competent authorities,
- the strategy regarding the involvement of relevant stakeholders such as representative labour unions or organisation in charge of employment,
- internal and external communication strategies for the business reorganisation measures.

Where parts of the bank are to be wound down or sold, the reorganisation strategy referred to in paragraph 1, item 3) hereof shall identify the following:

1) the relevant entity or business line, the method for the winding down and/or sale, including the underlying assumptions and any possible expected losses;

2) the expected timescale for the implementation of these measures;

3) all forms of financing or services provided by the remaining parts of the bank to the parts of the bank that are wound down or by the parts of the bank that are wound down to the remaining parts of the bank.

Any proceeds from the divestment of assets, entities or business lines envisaged by the reorganisation plan shall be calculated prudently and with reference either to a reliable benchmark or valuation, such as an expert valuation, a market sounding exercise or the value of similar business lines or entities. The calculation shall take into account the likelihood of loss realisation.

For the activities that will not be wound down and parts of the bank that will not be sold, the reorganisation plan shall indicate ways to remedy any

shortcomings in their operation or performance that may have an impact on their long-term viability, even if these shortcomings are not directly related to the possibility of continuation of the bank's operations.

The measures set out in the reorganisation plan shall take into account the strengths and weaknesses of the bank and its reorganised business model by reference to the economic and market environment in which it operates.

The reorganisation strategy may include measures previously identified in the recovery plan or in the resolution plan, when such measures remain valid following resolution.

### **Financial indicators and regulatory requirements**

5. The reorganisation plan shall mandatorily include the projected financial indicators of the bank during the reorganisation period and demonstrate how long-term viability will be restored. It shall set out in particular:

- 1) the costs and the impact of the reorganisation on the profit and loss statement and the balance sheet;
- 2) a description of the funding requirements during the reorganisation period and potential sources of funding;
- 3) the way the bank or entity will be able to operate covering all its costs, including depreciation and financial charges and provide an acceptable financial result by the end of the reorganisation period;
- 4) a post-resolution balance sheet reflecting the new debt and capital structure and the write-down of assets based on the independent valuation conducted pursuant to Article 128i of the Law on Banks (hereinafter: Law);
- 5) a projection of the key financial indicators at banking group, bank and business line level, relating to, in particular, liquidity, asset quality, funding model, profitability and business efficiency.

The reorganisation plan shall set out the measures the bank will take to ensure that it is able to fulfil all the applicable regulatory requirements on a forward-looking basis as quickly as possible and at the latest by the end of the reorganisation period, including the minimum requirements for own funds and eligible liabilities within the meaning of Article 128r of the Law.

### **Assessment of long-term viability of the bank**

6. The reorganisation plan shall mandatorily contain sufficient information to allow the National Bank of Serbia to assess the feasibility of the proposed measures, and in particular the following:

- 1) the assumptions regarding the expected macroeconomic and

market developments in the base case, compared with appropriate banking sector-wide benchmarks;

2) a concise presentation of alternative reorganisation strategies or set of measures and justification as to why the measures in the reorganisation plan have been chosen to restore long-term viability of the bank, while respecting the resolution objectives and principles.

The reorganisation plan shall include the necessary information to enable a detailed analysis of the business reorganisation's impact on the critical functions of the bank and on financial stability.

The reorganisation plan shall include an analysis of the best-case and worst-case scenarios, including their underlying assumptions. Restoration of long-term viability must be assumed under all scenarios, although the period, the measures and the financial performance may differ.

With regard to the best-case and worst-case scenarios referred to in paragraph 3 hereof, the reorganisation plan shall include a summary of the key information used in developing each individual scenario and the performance of the bank under each scenario, including in particular:

- 1) the underlying assumptions, such as key macroeconomic indicators;
- 2) the projection of the profit and loss statement and the balance sheet;
- 3) the key financial indicators at banking group, bank and business line level.

### **Implementation and adjustments**

7. The reorganisation plan shall include specific, appropriate and at least quarterly implementation milestones and performance indicators, which may be adjusted in accordance with paragraph 2 hereof.

The reorganisation plan shall provide for the possibility for the bank's managing body and/or special management to adjust the reorganisation strategy or individual measures where their implementation is no longer expected to contribute to the restoration of the long-term viability within the contemplated timescale. The bank's managing board and/or special management shall notify the National Bank of Serbia of such adjustments in the progress report on the implementation of the reorganisation plan referred to in Section 8 of this Decision or, where necessary for reasons of urgency, through extraordinary reports.

The bank's managing board and/or special management shall obtain

prior consent of the National Bank of Serbia in accordance with Article 128u, paragraph 10 of the Law before making adjustments in the implementation of the reorganisation plan.

### III. REPORTING ON THE IMPLEMENTATION OF THE REORGANISATION PLAN

8. The reports to be submitted to the National Bank of Serbia on the implementation of the reorganisation plan in accordance with Article 128u, paragraph 10 of the Law shall include a review and assessment of the progress in the implementation of the reorganisation plan, covering at least the following:

- 1) the milestones that are met, the measures that are realised and how their impact compares to that envisaged by the reorganisation plan;
- 2) the performance of the bank and a comparison with the forecasts of the reorganisation plan and previous reports on the implementation of the plan;
- 3) the reasons why any milestones have not been achieved or measures realised and proposals to remedy the delays or shortfalls;
- 4) any other issues arising in the execution of the reorganisation plan that may prevent the restoration of the long-term viability of the bank;
- 5) the upcoming measures and milestones and an assessment of how likely they are to be realised and/or met;
- 6) updated financial performance projections;
- 7) where necessary and justified, a proposal for adjustments to individual measures, milestones or performance indicators, in accordance with Section 7, paragraph 2 of this Decision.

By way of derogation from paragraph 1 hereof, the National Bank of Serbia may at all times require the bank's managing board and/or special management to provide information relating to the implementation of the reorganisation plan.

### IV. CRITERIA FOR THE ASSESSMENT OF THE REORGANISATION PLAN

9. When assessing the reorganisation plan for the purpose of granting consent referred to in Article 128u, paragraph 7 of the Law, the National Bank of Serbia shall consider the following criteria:

- 1) awareness and commitment;
- 2) credibility;
- 3) appropriateness of the reorganisation strategy and measures;
- 4) consistency and
- 5) monitoring and verification.

#### **Awareness and commitment**

10. In accordance with Section 9, item 1) of this Decision, the National Bank of Serbia shall assess the extent to which the reorganisation plan shows that the bank's management bodies and/or special management:

- 1) support the reorganisation plan and commit to implement it;
- 2) have appointed one or more organisational parts responsible for carrying out the reorganisation plan and have identified the individuals assigned to management positions in these organisational parts in charge of activities relating to the implementation of the plan;
- 3) have sought the cooperation and support of key internal and external stakeholders, such as the bank's managing and executive board who shall be ultimately responsible for the reorganisation strategy and the competent regulatory authorities, in addition to the National Bank of Serbia, where applicable.

### **Credibility**

11. In accordance with Section 9, item 2) of this Decision, the reorganisation plan demonstrates a high level of confidence that its application will restore the long-term viability of the bank and/or it relies on credible assumptions, scenario-based analyses and appropriate and concrete performance indicators at the level of the banking group, banking group members and business lines that are not to be wound down or sold.

Any assumptions and performance indicators referred to in paragraph 1 hereof should be compared with appropriate banking sector-wide benchmarks and should be in line with available macro-economic projections.

The part of the reorganisation plan that sets out a description of how the bank will be able to provide an acceptable financial result shall contain an assessment of such result by comparison to relevant peer banks and historical data.

The risks taken into account by the viability analysis should be consistent with the risks to which the bank is or may be exposed in its operations and with the risks present in the market where the bank operates.

The worst-case scenario should reflect a significant, albeit plausible, change in the underlying assumptions in comparison to the base-case scenario. These changes should focus in particular on the assumptions that are the most relevant for the bank under reorganisation.

Restoration of the long-term viability, even under the worst-case scenario, should not involve further application of resolution measures and

tools beyond those applied when the reorganisation plan was drawn up nor give rise to any material impediments to resolution.

The reorganisation plan should demonstrate that the bank is capable of meeting the relevant regulatory requirements.

### **Appropriateness of the reorganisation strategy and measures**

12. In accordance with Section 9, item 3) of this Decision, the National Bank of Serbia shall assess the following:

1) the extent to which the information provided in the reorganisation plan and its underlying assumptions regarding the causes that have triggered the resolution and the reorganisation strategy are consistent with the assessment referred to in Article 128i of the Law which determines that the conditions for resolution were met;

2) the extent to which the analysis of the external operating environment included in the reorganisation plan is consistent with the analysis of opportunities and threats in the relevant market.

The reorganisation plan shall be deemed feasible and realistic if the following conditions are fulfilled:

1) any internal and governance measures are carried out taking into account potential legal and operational impediments that may arise from regulations, such as labour regulations, as well as from contractual requirements;

2) the reorganisation strategy, measures, milestones and performance indicators contained in the reorganisation plan should take into account the interdependencies between the legal entities and business lines in the banking group. These might include legal, funding and operational interdependencies;

3) the reorganisation strategy and measures, the milestones and the performance indicators contained in the reorganisation plan should take into account the situation in the relevant markets;

4) any divestment of assets, entities or business lines envisaged by the reorganisation plan should be tailored to the situation in the relevant markets. The timing and scope of such divestments should also take into account the interest and capacities of potential investors;

5) the benchmark or valuation used to calculate any expected proceeds from divestment of assets, entities or business lines envisaged by the reorganisation plan should be prudent, reliable and realistic.

The reorganisation period should be as short as possible, taking into account:

1) the need to allow sufficient time to implement the reorganisation

strategy and measures in the most effective way, in order to restore long-term viability;

- 2) standards and practice in the relevant markets;
- 3) the need to maintain financial stability.

### **Consistency**

13. In accordance with Section 9, item 4) of this Decision, the National Bank of Serbia assesses the extent to which the reorganisation plan is consistent with any business plans and/or business policy and strategy submitted to the National Bank of Serbia.

Where the reorganisation plan includes measures already featuring in the latest versions of adopted recovery or resolution plans, these measures would be limited to elements which remain relevant following resolution, taking into account the situation in the market where the bank operates.

The reorganisation strategy may not undermine the resolution objectives and principles and, in particular, it may not adversely affect the critical functions of the bank, the functioning of the financial system and financial stability.

### **Monitoring and verification**

14. In accordance with Section 9, paragraph 5) of this Decision, the National Bank of Serbia shall assess whether all milestones and performance indicators contained in the reorganisation plan are sufficiently clear and concrete to enable their monitoring through the reports referred to in Section 8 of this Decision.

The content of the reorganisation plan and the progress report on its implementation should allow the National Bank of Serbia to assess whether the reorganisation plan is implemented correctly and whether it will achieve the defined objectives.

The bank's management bodies and/or special management shall ensure a timely flow of information to the National Bank of Serbia regarding the implementation of the reorganisation plan, including timely reporting referred to in Section 8 of this Decision.

The National Bank of Serbia may, at the cost of the bank under resolution, appoint a person that has appropriate knowledge and experience to verify in full or in part the assumptions and the effects of the measures contemplated by the reorganisation plan. Such person should meet a standard of independence referred to in the decision regulating requirements and

manner of independent valuation of assets and liabilities of banks.

## V. CLOSING PROVISION

15. This Decision shall enter into force on the eighth day from its publication in the RS Official Gazette and shall apply as of 1 October 2025.

NBS EB No 43

12 June 2025

B e l g r a d e

Chairperson

Executive Board of the National Bank of  
Serbia

G o v e r n o r

National Bank of Serbia

Dr Jorgovanka Tabaković, sign.