# FEEDBACK STATEMENT ON THE PUBLIC CONSULTATION ON THE OPERATIONAL GUIDANCE ON THE BUSINESS REORGANISATION PLAN ANALYSIS REPORT

**July 2026**

Single Resolution Board

srb.europa.eu

**Disclaimer**

This document provides feedback on the public consultation on the Operational Guidance on the Business Reorganisation Plan Analysis Report (hereinafter, 'Operational Guidance'). This feedback is for institutions to take into consideration when evidencing capabilities regarding the business reorganisation plan that must be prepared after the application of the open bank bail-in (OBBI). In a crisis, depending on the specific situation and in line with the applicable legal framework, the SRB reserves the right to deviate from the actions and expectations described in this publication.

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The Operational Guidance may be subject to further revisions, including due to changes in the applicable EU legislation. The SRB reserves the right to amend this publication without notice, whenever deemed appropriate. The content of this publication shall not predetermine the position that the SRB may take in specific cases, where the circumstances of each case will also be considered.

The document has been developed by the SRB, in close collaboration with the national resolution authorities (NRAs) in the Banking Union.

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# Contents

# 1. Introduction

The SRM Vision 2028 calls for an increased focus on banks' operational readiness to implement resolution strategies. The Operational Guidance on the Business Reorganisation Plan Analysis Report (hereinafter, 'Operational Guidance') and the supporting Business Reorganisation Plan Analysis Report Quantitative Template (hereinafter, 'BRP AR Quantitative Template') provide further clarifications for institutions on how to progress with demonstrating their business reorganisation planning-related capabilities.

The Single Resolution Board (SRB) consulted stakeholders on the Operational Guidance and the BRP AR Quantitative Template between 3 February and 30 March 2026. The Operational Guidance elaborates on the governance arrangements that support the drawing up of a Business Reorganisation Plan (hereinafter, 'BRP'), as well as the relevant descriptions of the targeted business model post reorganisation, the criteria for identifying valid business reorganisation measures and the approach to follow for the demonstration of post-OBBI long-term viability. For the latter, the BRP AR Quantitative Template supplements the Operational Guidance. These capabilities and expectations are not new; the Operational Guidance compiles existing requirements, addressing gaps identified in submitted deliverables and incorporating lessons learned from best practices over the years.

The SRB received 11 responses to the consultation paper from banking associations and individual banks. This document summarises the main comments raised in the public consultation and sets out how they have been addressed.

# 2. Main issues raised in response to the consultation

## 2.1. General comments

### Distinction between the BRP and BRP AR, and use of the BRP AR Quantitative Template

Comments were received regarding the distinction between the Business Reorganisation Plan (BRP) and the BRP Analysis Report (BRP AR), particularly raising whether these should be submitted as separate documents and asking what the specific requirements for each were. Additionally, questions were raised about the purpose and mandatory nature of the BRP AR Quantitative Template.

The BRP is a document that must be submitted to resolution authorities within one month (or more in some specific cases) of the application of bail-in, as stipulated under

Article 52 of the Bank Recovery and Resolution Directive (BRRD). Its primary objective is to outline the actions required to restore long-term viability following a resolution.

In contrast, the BRP AR is a capability-oriented resolution planning deliverable that focuses on demonstrating an institution's operational readiness to draw up a BRP (as required under Article 51(1) of the BRRD) and to provide reasonable prospects of post-open bank bail-in (OBBI) long-term viability (in line with Article 27(2) of the Single Resolution Mechanism Regulation (SRMR) and Article 43(3) of the BRRD).

The BRP AR Quantitative Template is designed to complement the BRP AR by providing a structured format for quantitative data. While its use is not compulsory, institutions are encouraged to use it to ensure completeness and consistency in their submissions. The template simplifies the process by providing a predefined structure, eliminating the need for institutions to develop their own format. Paragraph 12 of the Operational Guidance has been updated to clarify that institutions are encouraged to use the quantitative template to complement the BRP AR, particularly for describing quantitative elements. The quantitative template could also be used in the context of future testing exercises.

### BRP AR Quantitative Template: non-mandatory nature and data granularity

The BRP AR Quantitative Template was also a point of attention, particularly regarding whether its use might become a de facto requirement. As already indicated, the template is not compulsory but its use is encouraged for completeness and consistency. Institutions may provide quantitative descriptions in another format or directly in the BRP AR if they opt not to use the template. The template is designed to capture key financial data, building on already existing regulatory reporting templates, allowing for the use of proxies where exact data is unavailable. Minimum granularity is not defined prescriptively, but consistency with regulatory reporting, notably FINREP and COREP, is expected.

### Timing applicability and frequency

Several respondents commented that the immediate applicability of the guidance, as of publication, required further consideration and queried whether a transition period should be introduced. In response to the feedback received, the SRB stresses that the Operational Guidance consolidates existing expectations communicated since 2021 and does not impose new obligations. Institutions were already requested to describe BRP governance in bail-in playbooks (2021) as well as to submit BRP ARs for banks with OBBI as the preferred resolution tool (2022 and 2023) and for banks with OBBI as the variant resolution tool (2025). Moreover, in 2024 and 2025 banks had already had the opportunity to comment on both the SRB Operational Guidance for banks on resolvability self-assessment and the SRB Operational Guidance on resolvability testing for banks to enhance crisis readiness, which integrate many details that are now compiled in the Operational Guidance. Those elements are already applicable at present. Consequently, the current Operational Guidance is a continuation of the work already conducted by banks to demonstrate business reorganisation-related capabilities that is expected to be implemented in the course of the normal resolution planning cycle.

Respondents also asked about how IRTs assess BRP AR objectives and determine update frequency. It is clarified that objectives are met once the BRP AR includes sufficient descriptions of the governance arrangements to produce a BRP and reasonable prospects of long-term viability, with updates required only in case of material changes (e.g. acquisition or divestment of entities, changes in recovery plans, etc.). Assessment is case-by-case, depending on institution-specific features and complexity.

### Focus on capabilities vs. financial projections

Clarification was requested on whether the BRP AR should focus on demonstrating capabilities, rather than providing detailed financial projections. It is clarified that the objective of the BRP AR is twofold: demonstrating operational capabilities to draw up a BRP in a timely manner post resolution and providing reasonable prospects of the ability to ensure long-term viability. For the second objective, institutions are expected to elaborate a resolution scenario, driven by structural losses whereby bail-in is implemented, after a Failing or Likely to Fail (FoLTF) declaration, which will lead to the reorganisation of the bank and the subsequent identification of measures that would help to restore the long-term viability. Post-OBBI long-term viability is demonstrated with the provision of financial projections, which are expected to allow reasonable approximations, where exact data is unavailable.

### Definition and focus of the BRP AR: Core Bank, identification of reorganisation measures and profitability restoration

Respondents questioned the purpose of the BRP AR: it was queried whether the BRP AR should focus on downsizing the group down to the Core Bank and then restoring its profitability, or directly on restoring profitability, assuming post-bail-in solvency and liquidity requirements are met.

The BRP AR is an iterative and sequential process with three key steps: determining the targeted business model post resolution (Core Bank), identifying potential business reorganisation measures and evidencing post-OBBI long-term viability. Therefore, the Core Bank is not a goal on its own but more a conceptual tool used to identify potential business reorganisation measures and evidence that long-term viability post resolution could be achieved. Paragraph 23 of the Operational Guidance has been updated to clarify that the Core Bank results from implementing all measures to achieve the Maximum Reorganisation Capacity ('MRC'). Section 4.2 has been reordered for the sake of clarity, with a new Section 7.4 introduced to emphasise the role of the MRC in complementing viability assessments.

### Scenario-based approach and use of buffers

Respondents remarked on the scenario-driven nature of the BRP AR, particularly whether financial projections should be scenario-dependent and the usefulness of cost-reduction and revenue-generating measures tied to specific scenarios. The BRP AR is fundamentally a capability-oriented exercise aimed at demonstrating the ability to ensure post-OBBI long-term viability. Unlike recovery plans, which assess multiple scenarios to determine the Overall Recovery Capacity (ORC) as a range, the BRP AR focuses on a single scenario to minimise the procedural complexity. This approach is complemented by the MRC, which accounts for uncertainties and aims at identifying the existence of a buffer on top of viability thresholds.

The MRC is a key concept as it quantifies the maximum effect of reorganisation measures, offering a robust view of an institution's ability to restore post-OBBI long-term viability. This ensures that reaching viability thresholds in the scenario considered for the BRP AR provides reasonable evidence of long-term viability, even if the actual crisis scenario differs.

### Sensitivity analysis and MRC

Several stakeholders requested clarity on whether a sensitivity analysis is mandatory for calculating the MRC and how the MRC relates to the Core Bank. If the sensitivity analysis were not conducted, the calculated reorganisation capacity would not correspond to the MRC and the exercise would be limited to the estimation of the effects of the optimal combination of business reorganisation measures and reaching viability thresholds.

The sensitivity analysis aims to complement the optimal combination of business reorganisation measures, notably with measures not necessarily identified in the recovery plans (usually cost-cutting measures). The combination of both gives rise to the MRC and subsequently achievement of the Core Bank. When calculated, the sensitivity analysis aims at identifying the buffer that would help in accounting for uncertainties and more distressed scenarios.

Note that there could be cases where measures like the reduction of the branch network would be of very limited impact; this is notably the case for banks which recently underwent business restructuring/reorganisation plans. Should it be the case, banks could simply mention in their BRP AR that such sensitivity analysis is not relevant. In this case, the MRC is limited to the optimal combination of reorganisation measures and the reaching of viability thresholds: no buffer would therefore be identified.

### Alignment with recovery planning and avoiding duplication

Comments were received on aligning BRP AR submission deadlines with recovery plan submissions. It was clarified that institutions may use the latest recovery plan, even if the recovery plan is expected to be updated shortly after submission of the BRP AR. In the same vein, given the natural link between the two documents, institutions are invited to make use of the BRP AR to support their work on the Recovery Plan. Note that timelines for deliverables are discussed individually with IRTs for each resolution planning cycle.

Respondents noted the focus on profitability in the BRP AR, which diverges from recovery planning's emphasis on solvency and liquidity, potentially leading to duplication and inconsistencies. It is clarified that institutions are expected to leverage on Recovery Plans where applicable, but that BRP ARs and Recovery Plans differ in focus, time horizons and scenario severity. Recovery Plans assess solvency and liquidity across multiple scenarios, while the BRP AR focuses on profitability and long-term viability in a single scenario.

Cross-referencing is permitted for the descriptions of the governance arrangements to draw up a BRP, and institutions may reuse recovery plan analyses for the Core Bank determination, though adaptations may be needed to align with resolution objectives. In this regard, the Commission Delegated Regulation (EU) 2016/1400 allows the use of recovery plan information for the purposes of the BRP where relevant to the restoration of long-term viability, ensuring that institutions can avoid unnecessary duplication while maintaining consistency with existing documents.

#### Alignment with separability analysis

Comments were received on the relationship between the BRP and the work on transfer tools, both as preferred and variant resolution tools. It is confirmed that there is a connection between the two, e.g. for assessing the feasibility of and obstacles to the implementation of business reorganisation measures or for determining the targeted business model post reorganisation, but differences may be driven by impediments, marketability constraints and time dimensions. Moreover, the different time perspective of the BRP AR may also affect the perimeter considered for each measure, notably from the perspective of maintaining the performance of critical functions. Institutions are invited to consider their separability analysis where compatible with the business reorganisation analysis.

#### Document management

Respondents requested clarity on the granularity of the document management annex, such as tracking approval chains and version histories. It is clarified that these standards are consistent with other resolution deliverables and ensure traceability and accountability.

Several respondents advocated for including only the lessons learned from the tests already performed. The Operational Guidance was modified to make it clear that indeed only lessons learned should be included in the BRP AR. This avoids redundancy, while ensuring continuous improvement based on testing outcomes.

#### Scope of the Operational Guidance for third-country firms (host cases)

Respondents also asked whether the Operational Guidance applies to subsidiaries of third-country firms in the Banking Union, particularly where OBBI is a variant resolution tool. It is clarified that the BRP AR is not generally applicable for host cases: only for the specific situation where OBBI is either the preferred or the variant resolution tool for the entity concerned, subject to a case-by-case basis confirmation.

## 2.2. Operational Guidance on BRP AR

### 2.2.1. Governance

#### Proportionality in governance arrangements for BRP production

Several respondents highlighted the administrative implications of Paragraph 13 of the Operational Guidance, suggesting that the current phrasing might lead to frequent updates for minor organisational changes without necessarily enhancing the effectiveness of the BRP AR. They noted that routine adjustments, such as personnel updates, could create unnecessary workload if interpreted as requiring revisions to the BRP AR. In response, the SRB stressed that updates are only mandatory in cases of ‘material changes’ – such as modifications to governance structures or core processes that impact the BRP production setup – or when explicitly requested by Internal Resolution Teams (IRTs). The Operational Guidance was amended to clarify that adjustments like personnel changes would not automatically trigger revisions unless they materially affect the processes outlined in the plan.

With respect to the level of detail required in the BRP AR, respondents commented that the expectation to include named individuals and alternates could become cumbersome, particularly for larger institutions where organisational structures evolve frequently. They requested clarity on whether a more flexible approach, such as referencing roles rather than specific individuals, could be adopted. The SRB acknowledges these observations but reiterates that the detailed expectations in Section 2 are aligned with established playbook practices, as originally introduced in the 2021 bail-in playbook. These requirements are designed to evidence institutions' capabilities to comply with Article 27(16) SRMR and Article 52 BRRD, particularly in producing the minimum content of a BRP as outlined in Commission Delegated Regulation (EU) 2016/1400. Key personnel remain important to ensure accountability and resource allocation, particularly in time-sensitive resolution scenarios.

Respondents requested reducing the level of detail in stakeholder interactions. They suggested streamlining the obligation to list all meetings, information exchanges and interactions to a high-level description of key functions, main information flows and escalation paths. The SRB acknowledges these points and amended paragraph 13(ii) to focus on relevant meetings and their frequency rather than exhaustive logs.

Respondents requested to mitigate the administrative burden by allowing for cross-referencing. The Operational Guidance and Annex IV already permit cross-referencing to existing documents submitted by institutions, such as Recovery Plans, the Separability Analysis Report (SAR) or the Operational Continuity in Resolution (OCiR) plan. The SRB acknowledged this observation by amending paragraph 13, making it more explicit that by cross-referencing, institutions can avoid duplicating the information in the BRP AR, provided that key and minimum information is included in the BRP AR to facilitate the reading of the BRP AR, which should remain a self-standing operational document.

Respondents also suggested refining the scope of vulnerability assessments in paragraph 14, proposing a focus on material vulnerabilities rather than the current requirement to identify all vulnerabilities. They observed that the broad wording might imply an impractical expectation to address every conceivable issue. The inclusive phrasing is intentional, aimed at ensuring that institutions develop robust procedural frameworks capable of addressing both known and unexpected challenges. The emphasis remains on demonstrating procedural readiness rather than predicting every potential vulnerability, and thus the Operational Guidance retains its comprehensive language.

Respondents also questioned the involvement of legal and HR units in producing scenarios and projections, suggesting that such analyses might be more appropriately conducted during actual resolution, adding that their involvement might be dependent on the internal organisation, specific to each institution. The SRB clarifies that these units play a critical role in validating reorganisation hypotheses and providing essential data – such as workforce costs, litigation risk-related costs or contract migration expenses – that directly influence financial projections. The SRB maintains that advance preparation is fundamental to ensuring realistic and actionable plans, and thus no changes were made to the text. While the contribution of legal and HR units may vary from one institution to another, the inclusion of said units is considered essential to the integrity of the BRP production process.

#### BRP monitoring process and alignment with Governance Dimension 1 of the Expectations for Banks

Respondents observed that the BRP monitoring component could benefit from clearer alignment with Governance Dimension 1 of the Expectation for Banks, which encompasses resolution planning, event management and the monitoring of related tools. Some suggested that the Operational Guidance would be improved by either providing illustrative examples of governance requirements or maintaining a high-level, principle-based approach. The SRB clarifies that while the monitoring component is inherently tied to the BRP process, banks are encouraged to cross-reference other documents addressing Governance Dimension 1.

The SRB further explains that the Operational Guidance is intended to be detailed yet flexible, allowing banks to tailor their approaches based on their specific features. The focus remains on demonstrating capabilities rather than imposing rigid procedural demands. By maintaining this balance, the guidance aims to support effective resolution planning without creating unnecessary administrative hurdles.

#### Clarifying the role of resolution authorities and special administrators

Questions arose regarding the interaction between banks' management bodies and resolution authorities, including special administrators appointed under Articles 35 or 72 of the BRRD, during both the drafting phase of the BRP and the subsequent decision-making process. Stakeholders sought greater precision on how these relationships should be documented, particularly given the potential for early engagement with authorities in scenarios involving State aid or viability assessments. The BRP AR serves as a planning tool to demonstrate a bank's operational readiness, rather than a definitive reorganisation plan. As such, the Operational Guidance does not differentiate between the management body and a special administrator, as both are treated as part of the same procedural framework.

While banks retain primary responsibility for drafting the BRP, resolution authorities may become involved earlier than previously assumed, particularly in cases where extensions or alignments with State aid procedures are necessary. To reflect this, paragraph 14(1)(d) was amended to clarify that interactions with authorities may occur before, during and after the drafting phase. Institutions are expected to describe these communication channels in their BRP AR, ensuring that processes are in place to manage such engagements effectively. The requirement aligns with Article 2(1)(c) of Commission Delegated Regulation (EU) 2016/1400, which mandates documenting interactions with resolution and competent authorities as part of the broader business reorganisation plan.

### 2.2.2. Core Bank

#### Interplay between Core Bank, business reorganisation measures and MRC

Respondents highlighted potential inconsistencies regarding the interplay between the business reorganisation measures needed to achieve the Core Bank and those used to determine the MRC. They argued that the primary objective of a reorganisation plan should always be to achieve the Core Bank through appropriate measures and that any divergence between these measures and those used for the MRC should only arise in the context of a sensitivity analysis, which is an advanced capability under principle 7.3 of the resolvability self-assessment. The Core Bank serves as a conceptual tool for identifying business reorganisation measures that would be available during a crisis. The Core Bank is a preliminary step that establishes a theoretical minimum structure necessary for reaching long-term viability. This process naturally leads to the identification of the business reorganisation measures, which are intrinsically linked to achieving the Core Bank. However, the demonstration of post-OBBI viability in the BRP AR scenario does not necessarily require the implementation of all identified measures or fully realising the Core Bank in every case. Instead, the MRC represents the maximum capacity to reorganise institutions, combining the measures needed to achieve long-term viability thresholds and those identified in sensitivity analysis.

The Core Bank is not scenario-based beyond the general assumption of the bank failing and is expected to remain stable and independent of specific crisis scenarios. The Core Bank represents the minimum set of activities and business lines to be performed by the resolved institution at the end of the reorganisation period.

The implementation of the optimal combination of reorganisation measures leads to the demonstration of post-OBBI viability in the defined BRP AR scenario but does not necessarily result in achieving the Core Bank, the maximum effect in terms of viability metrics or the full implementation of all available business reorganisation measures. However, the implementation of the optimal combination of business reorganisation measures, together with those identified in the sensitivity analysis, constitutes the MRC and leads to the achievement of the Core Bank at the end of the projection period.

To address these comments, the SRB introduced several changes to the Operational Guidance. Paragraph 23 was revised to state that *'The Core Bank is the result of the implementation of the set of business reorganisation measures that together achieve the MRC. The resulting Core Bank needs to be a viable entity on a sustainable basis.'* Additionally, Section 4.2 was reordered for greater clarity, and a new Section 7.4 was added, relocating relevant content from the former Section 7.5 without introducing new material.

### Scenario dependence and stability of the Core Bank

Several respondents commented that the assumption of a largely scenario-independent Core Bank was unrealistic, given that different crisis drivers – such as mortgage defaults, SME loan shocks or trading book losses – could significantly alter which business lines or assets remain viable. It was noted that a one-size-fits-all approach might not adequately capture the nuances of varying stress scenarios, potentially leading to either an overestimated or underestimated Core Bank composition.

In response to this feedback, the SRB clarifies that the Core Bank is by definition the minimum set of activities that may be preserved at the end of the reorganisation period. In a real-life crisis scenario, depending on the root cause of the crisis, the standalone institution may end up being much bigger than the Core Bank identified in the BRP AR.

While the Core Bank is intended to be a stable conceptual framework, its composition must still reflect the resolution objectives, including the preservation of critical functions. As highlighted in the Operational Guidance, while institutions must demonstrate post-OBBI viability under a specific crisis scenario, the Core Bank's composition is intentionally kept mostly stable and scenario-independent – a feature that directly underpins the justification for deploying the OBBI tool. This stability is not arbitrary, but stems from the need to ensure that the Core Bank consistently safeguards systemically vital operations, which remain essential irrespective of the crisis scenario.

### Critical functions in the Core Bank

Several respondents sought clearer criteria for including non-critical functions in the Core Bank, questioning whether qualitative factors such as strategic alignment or operational synergies should be considered alongside financial metrics. They also noted that not all critical functions need to be retained within the Core Bank, as some may continue under new ownership post divestment. Conversely, certain non-critical functions (e.g. shared services or operational support) might still be essential for long-term viability and thus warrant inclusion.

The SRB confirms that the Core Bank is intrinsically linked to the identification of business reorganisation measures. As a consequence, the Core Bank is minimalistic, focusing essentially on functions genuinely essential to viability. While non-critical functions are not automatically excluded, their inclusion requires explicit justification in the BRP AR to prevent an overly broad interpretation. The Operational Guidance envisages detailed reasoning for retaining non-critical functions. The SRB also confirms that the Core Bank's design must align with resolution objectives, ensuring critical functions can continue – whether retained or divested – while maintaining a flexible yet sustainable structure post OBBI. The focus remains on demonstrating long-term viability as a prerequisite for the OBBI tool.

### Legal entities and service delivery model

Several respondents requested clarity on the scope of legal entities required for Core Bank analysis. They highlighted that the current Operational Guidance could imply an overly broad assessment if interpreted to include all subsidiaries or non-material entities. Additionally, respondents sought confirmation on whether detailed data must be provided at the individual entity level or if a consolidated approach would suffice.

As stated in paragraph 20 of the Operational Guidance, the scope of legal entities is expected to consider at a minimum: Material Legal Entities, Relevant Legal Entities and Key Liquidity Entities. Data does not need to be provided at every individual entity level, unless explicitly required.

Respondents also queried the inclusion of the analysis of the service delivery model (SDM) in the BRP AR, noting that its detailed analysis might be premature given the uncertainties of post-resolution restructuring. The SRB clarifies that while the SDM does not need to be predefined in full, institutions should assess its potential relevance in terms of long-term viability, notably if reorganisation measures significantly alter its structure or cost efficiency. For example, if reorganisation measures – such as outsourcing, consolidation or divestment – lead to material improvements in operational efficiency or cost savings, these should be reflected in the BRP AR. Overall, the focus remains on identifying viable business reorganisation measures that enhance sustainability, rather than providing a fixed post-resolution blueprint.

#### Alignment with recovery planning

Several respondents noted similarities between the strategic analysis in recovery planning and the Core Bank identification in the BRP AR, suggesting potential efficiencies through alignment. However, they sought clarification on the distinctions between the two processes.

The SRB confirms that while the BRP AR work can leverage insights from recovery planning, its primary purpose is to demonstrate long-term viability post resolution – a prerequisite for applying the OBBI tool under Article 27(2) SRMR and Article 43(3) BRRD. Unlike recovery planning, which focuses on pre-resolution stabilisation, the BRP AR must prove the institution's ability to achieve sustainable profitability after resolution measures are implemented. While institutions may use recovery planning analyses as a foundation, the BRP AR must reflect resolution-specific objectives, including forward-looking viability assessment.

#### Financial projections

Several respondents requested further clarification on the expected depth and format of the financial assessments required for the Core Bank. Specifically, they questioned whether the analysis should focus on a static post-OBBI snapshot outlining the institution's immediate financial and operational profile after bail-in, or whether it should prioritise forward-looking financial projections over a multi-year horizon to demonstrate long-term sustainability.

The SRB confirms that the post-OBBI snapshot provides a baseline assessment of the institution's immediate financial status following the bail-in (notably the compliance with capital requirements), while the projections – covering a five-year horizon – are essential to demonstrate the sustainability of the institution over time and the achievement of the Core Bank at the end of the projection period. Institutions are therefore expected to integrate both perspectives into their BRP AR to provide a comprehensive demonstration of viability.

### 2.2.3. Scenario

#### Purpose and scope of the BRP AR scenario

Some respondents questioned the practicality of basing the BRP AR on a hypothetical scenario, noting that the lack of defined variables makes projections highly complex and potentially unrealistic. Some others observed that the requirement to demonstrate recovery of profitability without a clear narrative or trajectory risks reducing the exercise to an artificial modelling task rather than a meaningful assessment of reorganisation capacity. Other remarks were made regarding the perceived overlap with recovery planning and stress testing, suggesting that the detailed scenario requirements may duplicate existing work without adding value.

The SRB confirms that the BRP AR is a capabilities-based exercise, designed to demonstrate a bank's ability to identify reorganisation measures, quantify their impact and ultimately restore long-term viability post bail-in, as required by Article 27(2) SRMR. The scenario, which is left at the discretion of the institution, is expected to be plausible and severe enough to justify a bail-in followed by a reorganisation. Institutions retain flexibility in defining the scenario, provided it meets the minimum criteria, such as the existence of structural losses necessitating reorganisation and the absence of pre-resolution recovery actions. The MRC concept has been introduced to account for uncertainties, ensuring that viability capabilities are not dependent on a single set of assumptions.

### Scenario design and key assumptions

Comments were received on the level of detail required in scenario design, with some noting ambiguity in whether impacts should be quantified or described qualitatively. A recurring observation was that the assumption of 'all business lines are loss-making' is unrealistic, particularly for diversified banks where certain divisions may remain resilient under stress. Questions were raised about the exclusion of 'one-off' events (e.g. cyber threats, liquidity shocks) as crisis drivers, given that such events often trigger resolution in practice. Additionally, remarks highlighted the need for clarity on how to reconcile the scenario with pre-resolution assumptions, particularly in multiple point of entry (MPE) strategies, where restructuring may accompany bail-in.

The SRB confirms that institutions may design a single adverse scenario that is concrete enough to quantify impacts (i.e. the amount of structural losses that would precipitate FOLTF, and subsequently how the institution would reach its pre-resolution solvency requirements and eventually long-term viability) but does not require multiple simulations. The term 'all' has been replaced with 'any' in references to loss-making business lines, to further clarify that only losses coming from plausibly affected business lines need to be modelled. Regarding one-off events, the SRB acknowledged that while such events can trigger resolution, the scenario must ultimately focus on structural weaknesses requiring reorganisation and therefore one-off event-driven crises that would not necessitate a reorganisation are to be avoided. For MPE strategies, the scenario should assume no pre-emptive restructuring, with all recovery options remaining available as business reorganisation measures.

### Modelling challenges and viability projections

Observations were made regarding the difficulty of modelling a five-year reorganisation path under a hypothetical scenario, with some noting that fixed viability targets may lead to reverse-engineered projections rather than credible outcomes. Questions arose about the level of granularity required, particularly whether micro-level precision in business line impacts is necessary. Some remarks also highlighted that real reorganisations often exceed five years, making the timeframe unrealistically short in some cases.

The SRB reiterates that the five-year horizon aligns with past case practices (e.g. business restructuring plans requested under State aid control) and historical evidence, which indicate that returning to viability is not immediate and may even span beyond five years. The SRB acknowledged that institutions may achieve viability before the end of the five-year period and should reflect this in their projections. The Operational Guidance distinguishes between the reorganisation period (which may be shorter) and the projection period (fixed at five years) associated with the Core Bank definition and the MRC calculation.

The SRB further clarifies that the BRP AR is not intended to predict exact outcomes, but to demonstrate capabilities in preparing and implementing a credible reorganisation plan and evidencing long-term viability.

#### Distinctions between the scenario analysis in a BRP and a BRP AR

Comments sought clarification on the differences between the fully fledged BRP and the BRP AR, as well as the distinction between recovery options (pre-resolution) and reorganisation measures (post resolution).

The SRB clarifies in the Operational Guidance that the BRP requires a detailed crisis diagnosis, while the BRP AR is capabilities-oriented, focused on post-OBBI long-term viability. No recovery actions are assumed pre-resolution, meaning that all recovery options remain available for reorganisation. The Operational Guidance clarifies that the BRP AR is based on a simulation of a plausible, although extreme, situation, aimed at verifying the capability of institutions to support the production of financial projections that demonstrate post-OBBI long-term viability at the end of the reorganisation period.

### 2.2.4. Business reorganisation measures

#### Feasibility and scope of recovery options in the BRP

Stakeholders highlighted challenges in including certain recovery options within the BRP AR that may be impractical or operationally complex post bail-in. Measures such as liability issuances were observed to offer limited financial upside while introducing substantial execution complexities. It was queried whether such options should remain in the broader set of potential measures – even if unlikely to be selected – or excluded altogether where they do not meaningfully contribute to cost to income (CIR) or return on equity (ROE) objectives.

The SRB confirms that institutions are expected to select recovery options from their latest recovery plans and, where applicable, supplement these with complementary business reorganisation measures. While all recovery options are assumed to be available, they must contribute to the post-OBBI long-term viability of the institution or the attainment of the Core Bank at the end of the projection period. Measures deemed unworkable, lacking credibility or failing to deliver value (such as liability issuances) should be excluded from consideration.

#### Integration of recovery plan financial projections into the BRP AR

Respondents sought further detail on how to integrate recovery plan content into the BRP AR, particularly regarding the financial implications of proposed measures. It was noted that recovery planning primarily focuses on restoring solvency and liquidity within six to 18 months, while the BRP AR emphasises long-term profitability over a five-year period. This distinction was observed to require additional analytical efforts, including deeper profitability assessments and potential reassessment of measure impacts under resolution conditions.

The SRB confirms that while institutions may leverage their recovery plan content, the BRP AR must function as a standalone document fully aligned with the Operational Guidance. The financial effects of reorganisation measures – including impacts on profitability, solvency and liquidity – are expected to be re-evaluated for the BRP AR to reflect the extended timeframe and post-OBBI environment. The BRP AR Quantitative Template is recommended to standardise this assessment process.

#### Scenario-based application of business reorganisation measures

Stakeholders drew attention to the necessity of treating reorganisation measures as a scenario-driven menu of unranked options, rather than a fixed priority list. It was emphasised that the optimal combination of measures should be tailored to the specific resolution context, with profitability serving as the primary determinant post OBBI, given that capital and liquidity requirements are assumed to be met at that stage.

The SRB reaffirms that business reorganisation measures within the BRP AR should be presented as a non-hierarchical catalogue, functioning as a menu of unranked options. Institutions should identify the optimal combination of measures, demonstrating how the selected measures collectively support compliance with the long-term viability requirements as set out in Article 27(2) of the SRMR and Article 43(3) of the BRRD. The SRB further clarifies that the measures ultimately implemented during an actual resolution event may differ from those outlined in the BRP AR, depending on the root cause of the crisis.

### 2.2.5. Viability and MRC

#### Identification of viability metrics and thresholds

Some respondents highlighted challenges with the viability thresholds (RoE of [8–10%] and CIR of [50–60%]), arguing that these benchmarks may not reflect realistic post-OBBI conditions for all institutions. Concerns were raised about diverse business models, national market conditions and post-resolution constraints, such as elevated capital requirements and higher funding costs, which could hinder compliance. Respondents proposed greater flexibility to adapt thresholds based on institution-specific circumstances, in consultation with IRTs.

The SRB confirms that profitability thresholds can be adjusted in agreement with the IRT to reflect the institution’s size, business model, risk appetite and national specificities, as outlined in the Operational Guidance. However, the SRB stresses that any reduction in viability thresholds must be fully justified and cannot result from an institution’s failure to identify adequate reorganisation measures. Instead, adjustments are expected to be based on objective factors to ensure a credible demonstration of post-OBBI long-term viability. Viability thresholds may be amended following the review of the EU Commission State aid banking communications.

Additionally, the SRB acknowledges that institutions may include supplementary metrics, such as Return on Tangible Equity (RoTE), alongside the required RoE and CIR, though no predefined thresholds apply to these additional indicators.

### Definition of viability metrics (RoE and CIR)

Some respondents highlighted the absence of explicit definitions for RoE and CIR metrics in the Operational Guidance, particularly whether RoE should be reported on a pre-tax or post-tax basis.

The SRB confirms that RoE is calculated as the ratio of net profit after tax to equity at the end of the period, while CIR is determined as the ratio of administrative and depreciation expenses to total net operating income. These definitions have been explicitly incorporated into the Key Definitions section of the Operational Guidance, with additional references to the EBA Implementing Technical Standards (ITS) on Supervisory Reporting to ensure alignment with established regulatory frameworks.

### Calculation of viability metrics

Some respondents highlighted practical challenges in achieving the post-OBBI viability thresholds, noting that elevated CET1 levels (required to restore market confidence) and higher funding costs (due to post-resolution spreads and issuance constraints) mechanically lower RoE and inflate CIR in the early years of reorganisation. It was argued that these factors penalise prudent capital rebuilding and distort viability assessments. Some respondents noted the impracticability of calculating RoE for mutualist banks.

The SRB acknowledges these challenges and reiterates that projections should reflect a realistic normalisation of capital and funding costs over the reorganisation period. Institutions are expected to demonstrate how operational improvements – such as balance sheet de-risking, cost optimisation and revenue stabilisation – gradually restore profitability metrics to sustainable levels. The SRB emphasises the need for consistency in the calculations between the market confidence in the institution and the forecasts (for example, investment grade implications), that viability is assessed based on the institution's trajectory towards meeting thresholds, rather than immediate compliance, and that dialogue with IRTs remains key to addressing institution-specific constraints. The calculation of RoE for mutualist banks is expected to be made in line with their resolution strategy that may involve the change of their legal form in a way that allows for the calculation of both viability metrics.

### Definition of the mutual exclusivity of business reorganisation measures

Some respondents raised concerns about the definition of the mutual exclusivity of business reorganisation measures. The SRB aligns the definition in the Operational Guidance more closely with the mutual exclusivity definition of recovery options used in the EBA Guidelines on overall recovery capacity.

### Relevance of the Maximum Reorganisation Capacity (MRC) concept

Some respondents raised concerns over the legal basis and methodological robustness of the MRC, highlighting that it is neither defined in BRRD/SRMR Level 1 or Level 2 legislation nor referenced in the EBA Guidelines on Business Reorganisation Plans (EBA/GL/2015/21). They noted that the MRC appears to be an internally developed SRB concept, potentially adapted from the ORC used in recovery planning – a framework with different legal foundations and objectives.

The SRB reaffirms the MRC as a methodological tool to demonstrate an institution's ability to restore long-term viability through reorganisation measures following an OBBI. Its legal foundation is rooted in Article 26(2) of CDR 2016/1075, which requires resolution authorities to assess foreseeable impediments to business reorganisation, and Commission Delegated Regulation (EU) 2016/1400, which permits the use of recovery and resolution plan information where relevant for the restoration of long-term viability. Furthermore, the Expectations for Banks and the Operational Guidance have a preventive nature, providing technical interpretations to ensure that the law is applied consistently. While the MRC is one of several elements considered in viability assessments, the SRB stresses that it is not a definitive proxy for resolvability, but more a standardised measure of reorganisation potential under resolution conditions. The BRP AR Quantitative Template provides standardised formulas for its calculation, ensuring consistency.

### Clarification on sensitivity analysis

Some respondents requested further clarification on the scope and methodology of the sensitivity analysis, including which financial or operational parameters to stress and the expected level of granularity. Questions were raised as to whether the analysis should focus on individual measure impacts or adopt a multi-factor approach accounting for interactions between measures. Additionally, respondents sought guidance on how the sensitivity analysis informs the MRC quantification and whether its results should be integrated into the optimal combinations of measures.

The SRB confirms that the sensitivity analysis aims to identify the maximum possible effect on post-OBBI viability metrics (RoE and CIR) by evaluating measures stressed to their maximum feasible impact. The SRB illustrated this approach with the example of closing additional branches or redundancy plans to assess the most significant effect on viability metrics.

The SRB clarifies that the MRC is quantified as the combined impact of the optimal combination of measures and the sensitivity analysis, reflecting the institution's full reorganisation potential. While the Operational Guidance does not prescribe a fixed methodology, institutions should consider operational capacity, market conditions and reputational risks when determining implementation sequencing. In this regard, the BRP AR Quantitative Template provides calculation support.

### Distinction between optimal combination, sensitivity analysis and MRC

Some respondents called for greater clarity on the distinction and interaction between the optimal combination of measures, the sensitivity analysis and the MRC. Concerns were raised that the MRC could be misinterpreted as requiring institutions to divest all assets or implement every possible measure, rather than demonstrating a credible path to viability.

The SRB clarifies that these elements serve distinct but complementary purposes:

- The optimal combination represents the most effective set of measures to achieve viability thresholds under the chosen scenario.
- The sensitivity analysis explores the additional leeway available through stressed or alternative measures, providing a buffer against scenario uncertainties.

- The MRC quantifies the maximum viable effect of combining both sets of measures, demonstrating the institution's full reorganisation capacity.

The SRB stresses that the MRC is not an expectation to implement all measures but a tool to assess resilience under adverse conditions. Institutions should focus on the optimal combination of measures as the primary demonstration of viability, with the MRC serving as an additional safeguard to evidence long-term viability.

## 2.3. BRP AR Quantitative Template

### General perception of the utility of the BRP AR Quantitative Template

Feedback on the BRP AR Quantitative Template indicates a broad recognition of its potential to standardise and clarify quantitative disclosures related to principle 7.3 of the Expectations for Banks. Many respondents acknowledged that the template provides a structured and complete approach to demonstrating long-term viability following an OBBI, enhancing consistency and reducing the likelihood of resubmission requests. At the same time, some stakeholders have noted that the quantitative analysis required in the template is already addressed within the broader BRP AR, suggesting that the template may introduce redundancy by requiring parallel disclosures. Others have questioned whether the template's theoretical focus aligns with the practical realities of resolution planning, given the inherent uncertainties in resolution scenarios.

In response, the SRB clarifies that while the template is designed to support standardisation, consistency and completeness, it is not compulsory. The template aims to simplify the process for institutions by providing a predefined format, thereby reducing the need for bespoke quantitative frameworks. Institutions that choose not to use the template must still ensure that their BRP AR includes an equivalent quantitative analysis to meet the objectives of principle 7.3. In the Operational Guidance, the SRB has emphasised the optional nature of the template and stressed that its use is intended to complement, rather than replace, the qualitative analysis within the BRP AR. Moreover, the SRB clarifies that the BRP AR Quantitative Template may be used by institutions for future testing exercises.

### Proportionality and flexibility

A frequent point raised in the feedback is the need for greater proportionality and flexibility in the application of the BRP AR Quantitative Template. Respondents have highlighted that the current design does not sufficiently account for variations in business models, institutional complexity or resolution strategies across the Banking Union. Specific requests were made for banks for which bail-in is a variant (rather than preferred) resolution strategy to be exempted by default from using the template.

The SRB reaffirms that the BRP AR Quantitative Template remains non-compulsory. Proportionality is already embedded in the Operational Guidance through several mechanisms. The BRP AR Quantitative Template is specifically targeted at institutions where OBBI is either the preferred or variant resolution strategy, focusing on larger and more complex banks. The BRP AR Quantitative Template relies on COREP and FINREP metrics. The level of detail required scales with the institution's complexity, with simpler banks expected to provide less elaborate analyses. Furthermore, institutions that opt not to use the BRP AR Quantitative Template must still include an equivalent quantitative analysis in their BRP AR, ensuring that the objectives of principle 7.3 are met regardless of the format chosen. In addition, potentially ambiguous language implying that use of the template is mandatory has been amended to confirm its optional status.

### Granularity and operational burden

Comments received have highlighted perceptions of excessive detail, particularly in the Balance Sheet and Financial Projections (Fin Proj) sheets. Respondents have noted that projecting data at FINREP and COREP items shifts the focus towards accounting classification rather than strategic viability assessment. Many institutions have indicated that their internal planning frameworks are built around strategic and commercial drivers, such as profitability, capital trajectories and liquidity metrics, rather than regulatory reporting taxonomies. The requirement to map reorganisation measures to FINREP/COREP classifications has been described as operationally demanding, particularly given the hypothetical nature of resolution scenarios.

In response, the SRB clarifies that the template does not require full FINREP/COREP granularity, but instead requests a summarised view of key balance sheet and profit-and-loss items, significantly reducing the level of detail compared to standard reporting requirements. For example, the template only requires 18 data points for assets, 13 for liabilities and 14 for equity in the Balance Sheet tab, along with 27 data points for the P&L account, which represents a very small fraction of the full FINREP/COREP reporting requirements. The use of FINREP and COREP classifications is justified as they represent the standard reporting frameworks for banks under the regulatory remit and are essential for demonstrating compliance with prudential requirements post resolution. Moreover, this reconciles with metrics used for recovery planning.

The SRB acknowledges the operational challenges but emphasises that institutions are expected to have the capability to map reorganisation measures to these accounting classifications as part of their resolution readiness, while also recognising that the template's structure is intended to balance regulatory requirements with operational practicality. To further support institutions, clarifications have been added to the Intro tab to specify that data points are requested on a yearly (non-cumulative) basis, reflecting the phased implementation of measures.

### Practical challenges and requests for simplification

Several respondents have called for a simplified approach, proposing that the BRP AR Quantitative Template be replaced with a streamlined set of key performance indicators (KPIs) aligned with standard planning practices. Suggested metrics included profitability (revenues, costs, RoE/RoTE, cost-income ratio), capital/RWA trajectories, liquidity and funding (LCR, NSFR, issuance volumes) and core business volumes (loans, deposits). This approach, as it has been suggested, would preserve analytical integrity while reducing operational demands and maintaining a clear focus on demonstrating post-resolution viability.

The SRB confirms that the current template structure is retained to ensure consistency with regulatory requirements outlined in the Commission Delegated

Regulation (EU) 2016/1400 and the Expectations for Banks. This implies the inclusion of financial projections, simplified post-resolution balance sheets and profit-and-loss statements to evidence compliance with long-term viability and corresponding prudential requirements. Institutions are free to include complementary metrics (e.g. RoTE alongside RoE and CIR) in their BRP AR if deemed relevant.

### Implementation timeline and transitional arrangements

Observations have been made about the timeline for implementing the template, with some respondents suggesting a delayed application to allow institutions sufficient time to adapt. Others have noted that the template introduces substantial new expectations despite the SRB's assertion that it merely consolidates existing requirements.

The SRB clarifies that the Operational Guidance on BRP AR does not introduce new expectations, but consolidates existing regulatory requirements that have been communicated over time. The phased introduction of BRP AR expectations began in 2021, with institutions initially tasked with describing governance arrangements for producing a BRP in their bail-in playbooks. By the end of 2023, BRP ARs were expected to include financial projections and MRC calculations. The 2025 working priorities extended these requirements to all entities for which OBBI is the variant resolution tool. Given this progressive approach, no further delays in implementation are envisaged.

### Entity scope and Core Bank delineation

Questions have been raised about the scope of entities to be included in the template, particularly in the Entity View sheet. Respondents have sought clarification on whether the template should cover all entities within the prudential perimeter and how to distinguish between those included in the Core Bank versus those earmarked for separation or wind-down.

In response, the SRB clarifies that the Entity View tab is designed to provide a clear overview of the Core Bank's structure in relation to the bank's overall current structure, including all entities within the prudential perimeter. This tab serves as a tool to identify the relevant features of the Core Bank and supports the selection of measures needed to restore long-term viability. The BRP AR Quantitative Template aligns with paragraph 25 of the Operational Guidance, which outlines key drivers for delineating the Core Bank. In this regard, entities, critical functions or core business lines expected to undergo restructuring as part of Option 1 should be included in the Core Bank. Conversely, entities expected to undergo separation as part of Option 2, wind-down as part of Option 3 or discontinuation as part of Option 4 would not be included in the Core Bank.

To enhance clarity, the Entity View sheet has been modified to include a column indicating whether an entity is part of the resolution group. Instructions have also been refined to ensure alignment with the Operational Guidance, facilitating a more precise delineation of the Core Bank.

### Sensitivity analysis and optimal combination of measures

Respondents have questioned the necessity and operational feasibility of including the sensitivity analysis in the BRP AR Quantitative Template. Observations have been made about the additional workload and whether the analysis provides meaningful insights given the hypothetical nature of resolution scenarios.

The SRB confirms that the sensitivity analysis is designed to complement projections by assessing the institution's ability to absorb additional stresses or variations in the reorganisation scenario. This analysis provides further evidence of robustness in achieving long-term viability. The Fin Proj sheet has been structured to allow institutions to present the effects of the optimal combination of measures separately from those included in the sensitivity analysis. This separation ensures clarity in the viability assessment while also capturing the potential impact of additional measures.

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