

Single Rulebook Q&A

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Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - FINREP (incl. FB&NPE)
Article	Article 99
Paragraph	4
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Draft ITS on Supervisory Reporting of Institutions
Article/Paragraph	Forbearance and non-performing exposures - para 157
Date of submission	15/01/2014
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Disclose name of institution / entity	Yes
Name of institution / submitter	Bank of Valletta plc
Country of incorporation / residence	Malta
Type of submitter	Credit institution
Subject matter	Forbearance - Exit criteria
Question	Should the one year exit criteria mentioned in para 157 be applied only to those exposures which were classified as non-performing when the forbearance measures were extended? Thus if an exposure was classified as performing when the forbearance measures were extended and at a later stage it was classified as non-performing, can this exposure exit the non-performing category once it meet the criteria listed in paragraph 156 without the one year threshold.
Background on the question	Different exit criterias have to be applied depending on how the exposure is classified. Para 157 seems to apply only for those exposure which have been classified as non-performing before forbearance measures have been extended. Thus the exit criteria from Non-performing category for the following two exposures is different: Exposure A extended forbearance measures in Jun 13 classified as performing. In Oct 13 it is classified as non-

	performing. Exposure B extended forbearance measures in Jun 13 classified as non-performing.
Final answer	<p>Par 157 shall be interpreted extensively: it covers exposures that were non-performing prior to the extension of forbearance; exposures that have become non-performing subsequently to the extension of forbearance measures and those that becomes non-performing as soon as forbearance measures are extended.</p> <p>As a consequence, a homogeneous treatment is applied to exit the category of “non-performing forborne exposures”, regardless of the time when the exposures become non-performing. Par 157 is always applied to exit the category of “non-performing forborne exposures”.</p> <p>In the proposed example, both exposures A and B can exit the non-performing category after all criteria of par 157 are met and 1 year has passed.</p> <p>The wording of par 157 will be amended to clarify this point.</p> <p>DISCLAIMER:</p> <p>The present Q&A on Supervisory reporting is provisional. It will be reviewed after the respective Implementing Regulation is in force and published in the Official Journal, which may differ from the text of the relevant draft ITS to which it relates.</p>
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