

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	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 - paragraph 179
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	Classification of forborne exposure to non-performing
Question	Para 179 states the if a performing forborne contract under probation is extended additional forbearance measures or becomes more than 30 days past-due, it shall be classified as non-performing. This is paragraph refers to those forborne exposure which have been reclassified out of the non-performing category and shall be reported separately under the performing forborne, or those is refer to all performing forborne exposures?
Background on the question	Classifying forborne exposures into performing or non-performing. We understand that forborne exposures should be classified as non-performing if they meet the non-performing definition. we need confirmation that paragraph 179 refers only to those exposures which have exited the non-performing category.
Final answer	Paragraph 179 shall only apply to performing forborne exposures under probation period that have been reclassified

out of the non-performing category. These exposures are reported in column 050: "of which: performing forborne exposures under probation" of F 19.00 template that includes:

- forborne exposures that were non-performing prior to the extension of forbearance and which have met the conditions to exit the non-performing category;
- forborne exposures that become non-performing as soon as forbearance measures are extended and which have met the conditions to exit the non-performing category (for the application of the exit criteria, see Q 2014_735
- forborne exposures that have become non-performing subsequently to the extension of forbearance measures and which have met the conditions to exit the non-performing category (for the application of the exit criteria, see Q 2014_735);

In the example given:

- Paragraph 179 shall apply for exposure B: if additional forbearance measures are extended or the exposure becomes past-due more than 30 days, it shall be automatically reclassified into the "non-performing forborne" category.
- Paragraph 179 is not applicable to exposure A. Anyway, if the bank believes that there is an "unlikely to pay" issue, the exposure A shall be reclassified into the "non-performing forborne" category.

Note. Example given: exposure A - forborne exposures that have always been considered as performing; exposure B - forborne exposure currently classified as performing having exited the non-performing category.

DISCLAIMER:

The present Q&A on Supervisory reporting is provisional. It will be reviewed after the Implementing Regulation is in force and published in the Official Journal, which may differ from the text of the draft ITS to which this Q&A relates.

Link

https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_736