



Malta Bankers' Association

EBA Consultation Paper on Draft Implementing Technical Standards reporting on forbearance and non-performing exposures under Article 95 of the draft Capital Requirements Regulation

Question	Point	Comment
3	4.1 4.2	The additional reporting requirements on forborne exposures and the cure category for non-performing exposures, requires IT enhancements on the core banking system which will take at least one year for the Banks to implement and collect the required data.
6a	4.3.1	<p>The differentiation factor between forborne exposures and commercial renegotiation consists of the debtor's inability to pay based on financial difficulties. However, defining financial difficulties seems to be subjective.</p> <p>It is not clear how to classify modified contracts relating to project finance, which might not be directly related to the financial standing of the obligor.</p> <p>Exposures may also be extended on the strength of a guarantor. It is not clear whether the debtor's inability to pay based on financial difficulties should merely reflect the debtor's credit standing or may take into account any such guarantees depending on the original terms of the loan.</p>
12	4.3.5	The exit criteria for forborne exposures will depend on the latest of (i) 2 years from modification and not being past due for more than 30 days and (ii) 1 year after the first payment of principal under the modified terms. This is considered to be excessively lengthy.