



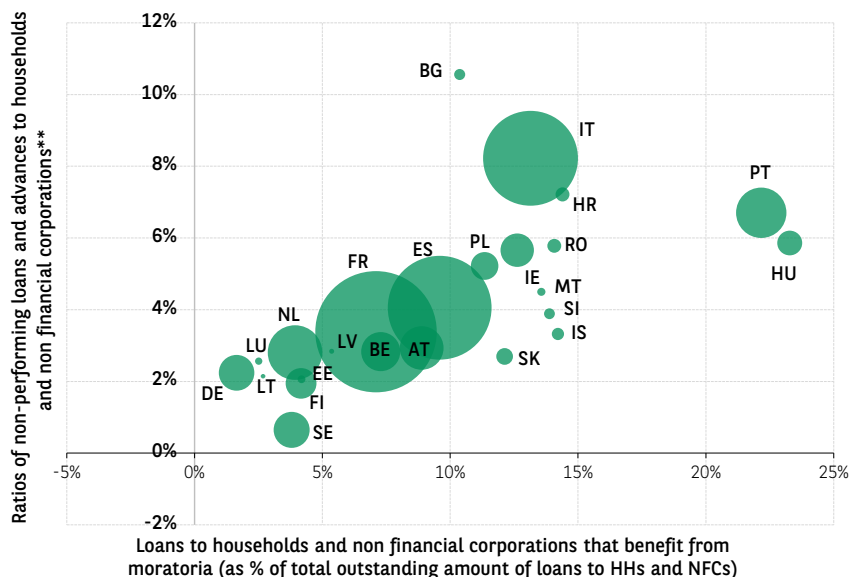
9 December 2020

EBA REACTIVATES ITS GUIDELINES ON MORATORIA ON LOAN REPAYMENTS

Thomas Humblot

Credit institutions have granted a larger share of moratoria to the borrowers most likely to experience temporary difficulties*

The size of each bubble is proportional to the cumulated volume of granted moratoria on loan repayments from 2 April 2020 to 30 June 2020 (including those that had already expired) by consolidated credit institutions in each banking system



*The Danish, Cypriot, Greek, Norwegian and Czech banking systems are not represented due to missing data or in order to facilitate the reading of the graph.
 ** Loans and advances to households and non-financial corporations accounted at their amortized cost.

Sources : EBA, BNP Paribas

Due to the lengthening of the health crisis, the European Banking Authority decided on 2 December 2020 to reactivate its guidelines on legislative and non-legislative moratoria on loan repayments. This decision aims at easing credit instructions criteria for granting moratoria. Moratoria granted in relation to the COVID-19 pandemic before 31 March 2021 will not automatically be considered as a forbearance measure. However, such moratoria must have benefitted a sufficiently large set of borrowers and their granting must have been based on a criterion other than solvency. The beneficiaries of moratoria that aim at preventing a default will no longer automatically be considered in default. Only moratoria of less than nine months will benefit from this temporary easing of the rules (excluding those granted before 30 September 2020). Finally, credit institutions will have to document to their supervisor their method for estimating the probability of default of borrowers benefitting from a moratorium.

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