

The European Banking Authority (EBA) has set out a guideline, illustrating when a risk position is to be disclosed as a 'Non-Performing Engagement' in the EBA reporting system.

As parameters for rating 'NPE', certain criteria have been taken into account, such as:

- Number of days past due
- Significance of the measure
- Bank's expectation regarding the recovery of the debt after implementation of the measure
- Relevance of the risk position
- Product type

The product type is, among other things, relevant for the analysis of whether the risk position can be attributed to retail business and consequently whether there is an option to assess only a specific risk position as an 'NPE'. Otherwise the following applies: If several risk positions are assigned to a borrower, the status 'NPE' is to be assigned to all risk positions if this status has been determined for at least one risk position. However, this is also the case, irrespective of retail business, if the reason for the forbearance measure suggests that default on all risk positions is to be expected.

A forbearance measure is meaningful if the borrower's reduced financial obligation resulting from restructuring is higher than a defined threshold. For this purpose, the degree of change in the liability should be calculated according to the measure and checked against a configured threshold.

For risk positions that are already classified as 'NPE', it must be checked periodically to determine if a 'recovery' has taken place and whether the status can be set to 'not defaulted'. The procedure for this check depends on whether the classification 'NPE' was originally allocated in the context of a forbearance measure.