

THE CHAIRPERSON



Floor 24-27, Europlaza,
20 avenue André Prothin, La Défense 4,
92400 Courbevoie, FRANCE

T: +33 186 526 832
E: JoseManuel.Campa@eba.europa.eu

<https://eba.europa.eu>

Eduardo Ferro Rodrigues
Presidente da Assembleia da República
Assembleia da República
Gabinete do presidente
Palácio de São Bento
1249-068 Lisboa
Portugal

EBA-2021-D-3563

24 June 2021

Subject: Opinion based on the Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis

Dear Mr Ferro Rodrigues,

Thank you for your letter requesting an opinion on a proposal about the extension of the banking moratoria as well as about the scope of the moratorium on new loans. We agree with many of the points raised, in particular as regards the need to be able to support customers and we do consider that our current approach supports this direction, although we also see a need to guard against the risk of unrecognised risks on bank balance sheets.

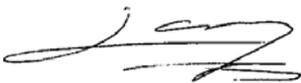
The last extension of the EBA Guidelines on Moratoria ([EBA/GL/2020/02](#), as amended by [EBA/GL/2020/15](#)), therefore set a deadline for the application of moratoria to be 31 March 2021. The Guidelines also includes a 9-month cap on the length of individual payment moratoria. This cap implies that for a loan contract where a payment suspension of 6 months has already been granted, under a general payment moratorium, any further payment suspension under a general payment moratorium would benefits from the treatment foreseen in the guidelines only up to a limit of additional 3 months.

Therefore, it was clear that any extension decision should have been made prior to 31 March 2021 with a 9-month cap on the length of the maximum duration of payment moratoria. Beyond that, the treatment foreseen in the EBA guidelines on moratoria cannot be applied, and institutions should hence assess individually, when deciding to grant further moratoria, whether the definition of forbearance and/or default is met. Hence, the EBA gave certainty on this, to the extent that we consider it prudentially sound.

To conclude, while we fully recognise that the expiry of these guidelines has important implications for obligors and banks, at this current juncture, we believe that the potential risks of further prolonging this deadline do not outweigh the potential benefits and that the framework already provides a high degree of flexibility.

The EBA however continues monitoring the risks in the banking sector, as well as the areas of the regulatory framework, which would deserve further clarification. We remain available for any further exchange on the topic.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'José Manuel Campa', is positioned below the closing text.

José Manuel Campa