Question for written answer Z-032/2019
to the Chair of the ECB Supervisory Board
Rule 131a
Matt Carthy (GUE/NGL)

Subject: Non-performing loans and bower repayments in restructured loans

In your written response to me (QZ013-QZ014) of 21 March 2018, regarding a non-performing loan exiting non-performing status, you wrote:

"Under regulatory requirements, in order for a restructured loan to exit the non-performing stage, there are a number of key criteria which must be fulfilled: the borrower's repayments are expected to be fully sustainable by repaying regular principal and interest repayments for a minimum period of 12 months and there can be no "unlikely to pay" indicators present, including no reliance on the underlying collateral to repay the exposure to the bank. In addition, no part of the debtor's exposure can be impaired or defaulted and there can be no arrears on the exposure."

Can the ECB clarify if this statement means that the borrower must return to paying the original interest and capital repayments for a minimum period of 12 months, or simply an agreed level of capital and interest such as may be agreed in a restructuring agreement?