

Technical note

Guidelines on the application of the definition of default under the Capital Requirements Regulation

Issued

7 May 2026

Issuing agencies

European Banking Authority

Primary applicability

Financial institutions subject to the CRR definition of default framework

1. Executive summary

2. Overview of the reviewed aspects

A. Annexes



1. Executive summary

The Guidelines maintain the existing criteria for forbearance and moratoria, and specify the adjustments applicable to factoring and technical alignment with CRR3

Context	Objectives	Next steps
<ul style="list-style-type: none">The definition of default (DoD) is set out in Article 178 of the Capital Requirements Regulation (CRR) and further specified in the Delegated Regulation on the materiality threshold for past-due credit obligations and in the EBA Guidelines on the application of the definition of default.CRR3 amended Article 178(3)(d) of the CRR: instead of referring to “distressed restructuring”, it now refers to refinancing or restructuring measures under Article 47b of the CRR, known as forbearance. In this context, CRR3 mandated the EBA to review its Guidelines on the DoD in order to allow proactive and preventive restructurings without weakening the prudential identification of credit risk.In July 2025, the EBA published a consultation paper on the amendment of those Guidelines and, after analysing the responses received, has now published the Final Report containing the final version of the amended Guidelines.	<ul style="list-style-type: none">Align the definition of default framework with the changes introduced by CRR3, particularly in relation to forbearance measures and diminished financial obligation.Preserve the prudential consistency of the framework, without creating divergences in the identification of default across institutions or jurisdictions.	<ul style="list-style-type: none">Notification of compliance by competent authorities to the EBA within two months following the publication of the official translations.Application of the Guidelines three months after the publication of those official translations.

Key aspects of the publication

Non-recourse factoring

- It is confirmed as the **main operational change** introduced by the Guidelines, providing greater flexibility in the treatment of certain technical past due situations in non-recourse factoring.

Technical changes



- Alignment adjustments with **CRR3** are introduced to update the default framework, remove obsolete references and clarify certain application criteria.

Continuity of the forbearance and moratoria framework

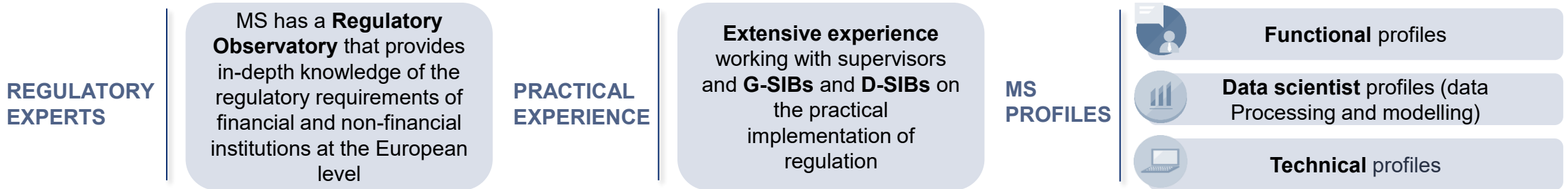
- The existing prudential approach is maintained, confirming that restructurings and moratoria will continue to be subject to an individual assessment, with no automatic flexibility measures.

2. Overview of the reviewed aspects

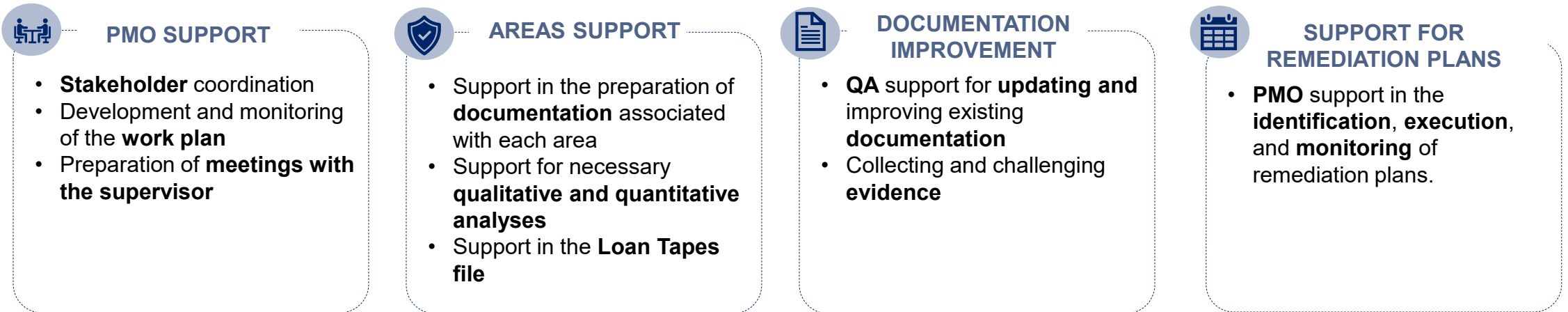
The final version concentrates the changes on factoring and technical adjustments, while maintaining the existing approach for forbearance and moratoria

 Reviewed Aspect	 Conclusions	+ Alternative considered
Non-recourse factoring	<ul style="list-style-type: none">The exceptional treatment of technical past due situations at invoice level in non-recourse factoring is extended from 30 to 90 days, applicable only to factoring of goods and services, in order to reduce incorrect default classifications.	<ul style="list-style-type: none">The extension of this treatment to leasing is discarded, as leasing involves a direct contractual relationship between the institution and the client.
Technical changes	<ul style="list-style-type: none">The Guidelines are aligned with CRR3 by removing references to the 180-day discretion, replacing “distressed restructuring” with “diminished financial obligation due to forbearance”, updating references to NPE, and clarifying the exit from default for new exposures to the same obligor.	<ul style="list-style-type: none">No substantive alternative is considered; these are technical adjustments for regulatory alignment with CRR3.
Continuity of the forbearance and moratoria framework	<ul style="list-style-type: none">The 1% NPV loss threshold for triggering default in forbearance measures and the minimum 1-year period to return to non-defaulted status are maintained.Moratoria will continue to be assessed case by case, with no specific treatment or automatic exemption.	<ul style="list-style-type: none">Increasing the threshold to 5%, reducing the period to 3-6 months, and automatically excluding certain moratoria are discarded due to the risk of prudential misalignment, operational complexity and arbitrage.

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POSSIBLE TYPES OF COLLABORATION



A. Annex II. Abbreviations


Abbreviation	Meaning
BdE	Bank of Spain
CRR	Capital Requirements Regulation
CRR3	Third revision of the Capital Requirements Regulation
DoD	Definition of default
D-SIB	Domestic Systemically Important Bank
EBA	European Banking Authority
ECB	European Central Bank
EU	European Union
FCA	Financial Conduct Authority
G-SIB	Global Systematically Important Bank
IMI	Internal Models Inspections
NPE	Non-performing Exposures
NPV	Net Present Value
OSI	On Site Inspections
PRA	Prudential Regulation Authority




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Team


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know-how


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