



**Single  
Rulebook  
Q&A**

<b>Question ID</b>	2013_94
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Credit risk
<b>Article</b>	124, 125, 126
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Not applicable
<b>Article/Paragraph</b>	N/A
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Applicable risk weights for agricultural properties.
<b>Question</b>	Should exposures fully secured by agricultural properties be assigned a risk weight of 100% according to article 124 or can they be considered as residential or commercial properties according to article 125 and 126 and, thus, have a lower risk weight?
<b>Background on the question</b>	Exposures fully secured by mortgages on immovable property shall, according to article 124, shall be assigned a risk weight of 100% unless the property is classified as residential or commercial. In article 4 (75) there is a definition of residential property but there is no corresponding definition of

	commercial property.
<b>EBA answer</b>	<p>Unless the residential purpose dominates the purpose of commercial exploitation of the property, <u>agricultural</u> and silvicultural <del>and forest</del> properties should be considered commercial properties.*</p> <p>*As of 31/10/2013 this answer was corrected.</p> <p><u>DISCLAIMER:</u></p> <p>This question goes beyond matters of consistent and effective application of the regulatory framework. A Directorate General of the Commission (Directorate General for Internal Market and Services) has prepared the answer, albeit that only the Court of Justice of the European Union can provide definitive interpretations of EU legislation. This is an unofficial opinion of that Directorate General, which the European Banking Authority publishes on its behalf. The answers are not binding on the European Commission as an institution. You should be aware that the European Commission could adopt a position different from the one expressed in such Q&amp;As, for instance in infringement proceedings or after a detailed examination of a specific case or on the basis of any new legal or factual elements that may have been brought to its attention.</p>
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_94">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_94</a>

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