

# Single Rulebook Q&A

<b>Question ID</b>	2019_4489
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Credit risk
<b>Article</b>	150
<b>Paragraph</b>	1
<b>Subparagraph</b>	c
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Not applicable
<b>Article/Paragraph</b>	Not applicable
<b>Date of submission</b>	28/01/2019
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Materiality threshold and calculation method for materiality ratio for the purpose of application of Article 150(1)(c) for types of exposures that are immaterial in terms of size and perceived risk profile
<b>Question</b>	

A) Can you please clarify whether the 10%/5% threshold to define materiality for “exposure classes” are valid also as for “types of exposures”? In case not, can you please specify which thresholds should be considered for the abovementioned purpose?

B) As for the materiality ratio to be compared against the thresholds can you please clarify how it should be computed with reference to the following points:

1. Should the numerator include only the exposures for which the application for PPU is being sought under Article 150 (1) (c) by excluding exposures for which PPU has already been granted pursuant other points of Art 150 (1) and exposures not to be included in the calculation of RWA for equity exposure pursuant to Art. 155 (1) (i.e. Equity exposures risk weighted at 250% in accordance with Art. 48 (4) of Reg. EU 575/2013 and those deducted from CET1 in accordance with Part Two of Reg. EU 575/2013)?
2. Should the ratio be computed only at solo level or both at solo and consolidated level, in case an application is limited to only one Legal Entity (LE) of a Large Group?

<b>Background on the question</b>	Pursuant to Article 150(1)(c) a materiality test is required both for “exposure classes” and “types of exposures”. However, Art. 150(2) defines the materiality test only with reference to “exposure classes”. While an interpretation of Article 150(2) in terms of “types of exposure” is missing.
<b>EBA answer</b>	Regulation (EU) No 575/2013 (CRR) does not specify any quantitative thresholds for determining the materiality of exposures under Article 150(1)(c). The thresholds defined in Article 150(2) CRR are only applicable to equity exposures at the exposure class level. The CRR does not specify any threshold at the lower level of type of exposures, or for any other exposure class. For the calculation of the threshold according to Article 150(2) CRR, see <a href="#">Q&amp;A 4390</a> .
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4489">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4489</a>

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