



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

PRESS RELEASE

3 July 2018

ECB seeks feedback on draft ECB Regulation on materiality threshold for credit obligations past due

- Materiality threshold to increase comparability of banks' defaulted exposures
- Regulation to define absolute and relative components of materiality threshold
- ECB is competent authority to define materiality threshold for significant institutions within the SSM
- ECB asks for industry feedback by 17 August 2018

The European Central Bank (ECB) has today published a draft ECB Regulation on the definition of the materiality threshold for credit obligations past due.

The definition will take the form of an ECB Regulation setting a single materiality threshold for all significant institutions within the Single Supervisory Mechanism, both for retail and for non-retail exposures, irrespective of the method used for the calculation of capital requirements. The materiality threshold will comprise an absolute component, expressed as a specific maximum amount for the sum of all amounts past due owed by an obligor, and a relative component, expressed as a percentage reflecting the amount of the credit obligation past due in relation to the total amount of all on-balance sheet exposures to that obligor.

The materiality threshold will increase the comparability of banks' defaulted exposures.

Feedback can be submitted until 17 August 2018. The comments received will be taken into account when finalising the ECB Regulation. The relevant documents, comprising the draft Regulation, an

European Central Bank Directorate General Communications
Global Media Relations Division, Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, e-mail: media@ecb.europa.eu, website: www.ecb.europa.eu

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analysis of the costs and benefits related to the viable policy options for the definition of the threshold, and frequently asked questions (FAQs), are available on the ECB's banking supervision website.

For media queries, please contact Philippe Rispal, tel.: +49 69 1344 5482.

Notes:

Under Article 178(2)(d) of the Capital Requirements Regulation, the ECB, as competent authority, is required to define a threshold against which the materiality of a credit obligation past due will be assessed for the purpose of identifying defaults of obligors in relation to the obligors' total obligations and at the level of individual credit facilities. When setting the materiality threshold, the competent authorities should take into account the provisions of the Commission Delegated Regulation (EU) No 2018/171, with regard to regulatory technical standards for the materiality threshold for credit obligations past due.

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