

# Single Rulebook Q&A

<b>Question ID</b>	2020_5627
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Leverage ratio
<b>Article</b>	429a
<b>Paragraph</b>	1
<b>Subparagraph</b>	f
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Delegated Regulation (EU) 2015/62 - DR with regard to the leverage ratio
<b>Article/Paragraph</b>	n.a.
<b>Date of submission</b>	18/11/2020
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<b>Disclose name of institution / entity</b>	Yes
<b>Name of institution / submitter</b>	Ghazan Khan
<b>Country of incorporation / residence</b>	UK
<b>Type of submitter</b>	Consultancy firm
<b>Subject matter</b>	Leverage Exposure Exclusion for guaranteed parts of Export Credit
<b>Question</b>	Can a qualifying guarantee which meets the conditions of Article 429a(1)(f) only be used to reduce the Exposure of On Balance sheet Export related Credit (i.e. drawn amounts)? or can it also be applied to the Off Balance Sheet exposures related to Export Credits, such as the undrawn portion of an Export related facility?
<b>Background on the question</b>	It is not clear whether the qualifying guarantees can be used to reduce drawn and undrawn exposures related to export credits or just the drawn. According to Article 429a(1)(f) CRR the guaranteed parts of exposures arising from export credits that meet both of the following conditions: (i) the guarantee is provided by an eligible provider of unfunded credit protection in accordance with Articles 201 and 202, including by export credit agencies or by central governments; (ii) a 0 % risk weight applies to the guaranteed part of the exposure in accordance with Article 114(2) or (4) or Article

	116(4)
<b>Final answer</b>	<p>According to Article 429a(1)(f) of Regulation (EU) No 575/2013 (CRR) as amended, institutions may exclude from their total exposure measure the guaranteed parts of exposures arising from export credits, if the guarantee is provided by an eligible provider of unfunded credit protection in accordance with Articles 201 and 202 CRR and a 0% risk weight is applied to the guaranteed part of the exposure in accordance with Article 114(2) or (4) CRR or Article 116(4) CRR.</p> <p>Neither Article 114(2) or (4) CRR nor Article 116(4) CRR are limited to on-balance sheet exposures, but rather applicable to off-balance sheet items as well. Furthermore, Article 235 CRR explicitly allows for the application of credit risk protection for both on-balance sheet and off-balance sheet exposures. Therefore, as the treatment of exposures in accordance with Article 429a(1)(f) CRR follows the treatment of the respective exposures in accordance with Part Three, Title II CRR, both on-balance sheet and off-balance sheet exposures may be exempted from the total exposure measure in accordance with Article 429a(1)(f) CRR, provided the prerequisites of No (i) and (ii) of Article 429a(1)(f) CRR are met.</p>
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5627">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5627</a>

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