

<b>Question ID</b>	2013_416
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Credit risk
<b>Article</b>	501
<b>Paragraph</b>	2
<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>	The meaning of the "amount owed to the institution"
<b>Question</b>	How should institutions understand the "amount owed to the institution" under Article 501(2)(e)(1) in case of off-balance sheet exposures to customers that haven't yet been used? Is it the exposure value (as understood in Article 111) or the nominal value of such product (for example credit line)?
<b>Background on the question</b>	The question focuses on off-balance sheet products like credit lines with low CCFs (credit conversion factors). Depending on the amount taken into account (nominal value or exposure) the amount owed to institution from the customer or group of customers can change in the material way. Moreover, depending on the approach taken, this amount may exceed EUR 1,5m. Credit lines are popular products for SMEs; if the amount taken into account was nominal value and not the exposure, this regulation would have a smaller impact on the SME sector.
<b>EBA answer</b>	Article 501(2)(e)(1) of Regulation (EU) No. 575/2013 (CRR) refers to amounts "owed" to the institution. Therefore, in the case of a line of credit, only the drawn amount needs to be considered <del>when checking if the EUR 1,5 million limit is complied with</del> for the formula in the article.

	Provided that all conditions of Article 501(1) and (2) of the CRR are met, the exposure as a whole including its undrawn part can qualify as exposure to an SME.
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_416">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_416</a>

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