

EFBS Annual Meeting 2020

General Assembly
via videoconference
on Thursday, 8 October 2020, 2–4 pm



Microsoft Teams instructions

- Generally, you should be muted and only unmute yourself if you take the floor. Cameras should be kept off to ensure a better quality/ connectivity.
- If you wish to take the floor, please raise your hand by clicking on the hand symbol or ask a question right away in the chat.



Agenda



unanimously
approved by voting letter

1. Secretary/ Amendment to the Agenda

President asks Mr Pfenning to take the minutes.



Agenda

1. Secretary/ Amendment to the Agenda
2. Quorum
Approval of the minutes of the General Meeting of the EFBS on 17 October 2019 in Prague
3. Report of the Managing Director on the activities of the Federation in 2019/ 2020
4. Annual Financial Statement 2019/ Federation's Finance 2021
5. Release of the Managing Director
6. Vote on the EFBS membership application of Wuestenrot Bausparkasse AG Luxembourg branch
7. Election of the Managing Director
8. Report on the conversion of the EFBS into an aisbl
9. Tour de table: Measures taken by Bausparkassen in view of the COVID-19 crisis
10. Report from Brussels on current topics at EU level
 - a) Banking supervision
 - b) Green finance
 - c) Consumer rights
11. EFBS events in 2021



Agenda



unanimously
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2. Quorum

Approval of the minutes of the General Meeting of the EFBS on
17 October 2019 in Prague



Agenda

3. Report of the Managing Director on the activities of the Federation in 2019/ 2020

Report by Mr König
(Managing Director EFBS)



EFBS activities in the last year

- Generally the EFBS secretariat has:
 - Sent out 63 circulars on various EU developments, proposals and initiatives and 6 Newsletters
 - Bilaterally met with several Members of the European Parliament and advisers from the European Commission
 - Attended various conferences and participated in a roundtable series with the European Commission on COVID-19 measures
- COVID-19 changed the interaction with institutional stakeholders immensely, videocalls are the “new normal” for now.



Meetings in the European Parliament

- Throughout the last year, the EFBS e.g. exchanged views with MEPs Marion Walsmann, Joachim Schuster, Sven Giegold and Engin Eroglu to discuss various issues that affect Bausparkassen in the EU (CCD, MCD, Basel, sustainable finance)



Meetings with the European Commission



- Amongst others, the EFBS had a meeting with the Cabinet of 1st Vice-President Timmermans, in charge of the European Green Deal on the upcoming renovation wave. Further calls with Commission officials followed throughout the the year.
- Further meetings took place with policy advisers from DG Justice on the evaluation of the CCD.
- Dialogue continues virtually as bilateral meetings are no longer possible.



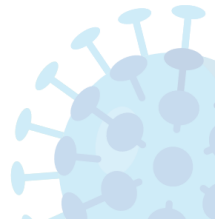
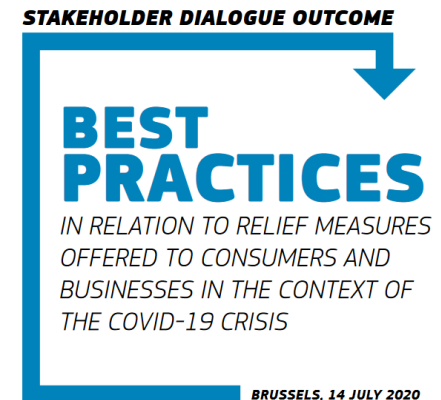
Meetings with the European Banking Authority

- EFBS stayed also in contact with **Olli Castrén**, Head of Economic Analysis and Impact Assessment at the EBA, to discuss the implementation of the final Basel III (e.g. output floor) agreement.
- In June 2020 EFBS' Managing Director, **Christian König**, was appointed to EBA's Banking Stakeholder Group (BSG).



Roundtable with the European Commission on payment moratoria

- Commission informed on “best practices” proposal on **22 June 2020**
- paper contained far-reaching demands, clearly chosen to the detriment of the banks, in particular regarding the requirements for payment moratoria (EBA/GL/2020/02, 2 April 2020)
- several rounds of discussion by the leading European banking associations
- best practices were finally published on **14 July 2020**
- <https://audiovisual.ec.europa.eu/en/video/I-193083?&lg=OR>



Agenda



unanimously
approved by voting letter

4. Annual Financial Statement 2019/ Federation's Finance 2021

KONTO/ACCOUNT	POSTEN/ITEMS	Plan 2019 in EUR	IST 2019 in EUR	Plan 2020 in EUR	IST 30.06.2020 in EUR	Plan 2021 in EUR	Abweichung absolut (2020)	ausgeschöpft zu Prozent (%)
Einnahmen/Incomes								
8000	Mitgliederbeiträge/Member's contributions	133.875,00	133.850,00	132.350,00	135.350,00	135.350,00	3.000,00	102,27%
8002	Sponsoring						0,00	
2520	Periodenfremde Erträge						0,00	
2735	Erträge Auflösung von Rückstellung		45,63				0,00	
2660/2700/2725	sonstige Erträge/other incomes (Einnahme Kongress 2019)	58.500,00	32.974,06				0,00	
	Zwischensumme/Amount	192.375,00	166.869,69	132.350,00	135.350,00	135.350,00	3.000,00	102,27%
Aufwendungen/Expenditures								
2100	Zinsen und ähnliche Aufwendungen/interests and other expenses							
2203/2209/2280	Steuern/taxes							
2400	Forderungsverluste/receivables loss							
4380	and. Mitgliedschaften/other membership *	940,00	1.004,00	940,00	940,00	940,00	0,00	100,00%
4610	Internet/internet	3.000,00		3.000,00		3.000,00	-3.000,00	0,00%
4640	Sitzungen/meetings	20.000,00	29.033,71	30.000,00	10.286,56	30.000,00	-19.713,44	34,29%
4641	Kongresse/congresses	58.500,00	54.490,24				0,00	
4660/4663	Reisekosten/travelling expenses	25.000,00	25.729,62	27.000,00	14.078,56	28.000,00	-12.921,44	52,14%
4910/-20	Porto/postage	1.000,00	903,60	1.100,00		1.100,00	-1.100,00	0,00%
4930	Bürobedarf/office expences	500,00		500,00		500,00	-500,00	0,00%
4940	Öffentlichkeitsarbeit/communication	9.000,00	5.425,73	12.000,00		12.000,00	-12.000,00	0,00%
	Publikationen (Rg. für Jahresbericht) /publications		4.502,37	15.000,00		10.000,00	-15.000,00	0,00%
4950	Beratungskosten/advisory expenses	4.000,00	3.950,00	6.000,00	2.193,83	5.000,00	-3.806,17	36,56%
4968/4630/4635/4636	Geschenke/presents	500,00	1.637,40	500,00	105,90	500,00	-394,10	21,18%
4970	Nebenkosten Geldverkehr/other costs transfer	250,00	294,65	250,00	96,86	300,00	-153,14	38,74%
4971	Honorare, Übersetzungen/fees, translations	15.000,00	11.117,54	15.000,00	4.805,75	15.000,00	-10.194,25	32,04%
4972	Dolmetscher/interpretation	8.000,00	5.136,58	9.000,00	2.400,00	9.000,00	-6.600,00	26,67%
4650/4909/4980/-81	sonst. Ausgaben/other costs	10.000,00	10.072,46	10.000,00	99,50	10.000,00	-9.900,50	1,00%
	sonst. Ausgaben-ASBL / other costs (ASBL)	20.000,00					0,00	
	Zwischensumme/Amount	175.690,00	153.297,90	130.290,00	35.006,96	125.340,00	-95.283,04	26,87%
Profit/ Loss		16.685,00	13.571,79	2.060,00	100.343,04	10.010,00		



Agenda



unanimously
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5. Release of the Managing Director

- Discharge of the Managing Director, Mr König, in accordance with Article IV (6) of the EFBS Constitution



Agenda



unanimously
approved by voting letter

6. Vote on the EFBS membership application of Wuestenrot Bausparkasse AG Luxembourg branch

- Quick introduction:
 - Founded in 1978
 - Currently 14 employees and 25,000 costumers
 - In 2019 new Bauspar Business reached 264 Million EUR
- More information:
<https://www.wuestenrot.lu/en/welcome/>



Agenda



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approved by voting letter

7. Election of the Managing Director

- Election necessary due to Art. IV (6) of the EFBS Constitution that asks for election every three years
- last election: 2017
- reelection is possible



Agenda

8. Report on the conversion of the EFBS into an international non-profit-making association (Associations Internationales Sans But Lucratif, AISBL)

- Due to COVID-19 containment measures, the meeting with Belgian notary took only place on 26 June 2020
- Notary made only few amendments to final statutes draft
- Only major change regarding content: **general assembly meeting must take place within the first 6 months of the year**
- Documents have been sent to the Bureau Sécurité Juridique
- Bureau Sécurité Juridique now needs to approve the new EFBS statutes and publish it in the Moniteur Belge
- The whole process shall take place during autumn 2020



Agenda

9. Tour de table: Measures taken by Bausparkassen in view of the COVID-19 crisis



Agenda

10. Report from Brussels on current topics at EU level

1. General Overview

2. Legislative Overview

- a) Banking supervision
- b) Green finance
- c) Consumer rights



Many things have changed since EFBS members met in October 2020 in Prague



Bausparkassen event with MEPs

“Regulatory environment for real estate financing in the EU”



Bausparkassen event with MEPs

“Regulatory environment for real estate financing in the EU”

- VdPB/ vdp event
- 22 January 2020
- State Representation of Hessen
- more than 100 participants
- 3 MEPs on stage
 - MEP Ferber (EPP)
 - MEP Schuster (S&D)
 - MEP Eroglu (RN)



EU institutions & COVID-19

Parliament



Council of the EU



European Council



Commission



New Commissioner for financial markets policies

- Phil Hogan, former Commissioner for Trade, was caught breaking the COVID-19 rules in Ireland and thus resigned from his position



- Commission President Ursula von der Leyen was thus forced to reshuffle the portfolios:
 - ❖ Dombrovskis moves to trade portfolio
 - ❖ McGuinness receives financial markets portfolio



Hearing of Mairead McGuinness in the EP

- McGuinness has been approved by MEPs on 7 October after a convincing performance during her hearing on 2 October
- During the hearing she focused on e.g. EDIS and underlined her ambitions to work on an EU-wide solution to complete the Banking Union



Who is Mairead McGuinness and what does her appointment mean for financial services ?

- Mairead McGuinness has served as a Member of the European Parliament since 2004
- McGuinness has a background in agricultural policy – no professional experiences with financial services.
- Dombrovskis will remain in charge of the overarching economic policy within the EU and McGuinness has to report to him.
- Important proposals have already been published (e.g. digital finance, CMU and Green Deal)



In other News

- The EFBS secretariat has moved offices in July 2020:
 - Rue Montoyer 25
1000 Brussels
- In the heart of the European quarter: walking distance to the European Parliament and different significant Commission DGs
- Shared offices with German Association of covered bond banks (Vdp)



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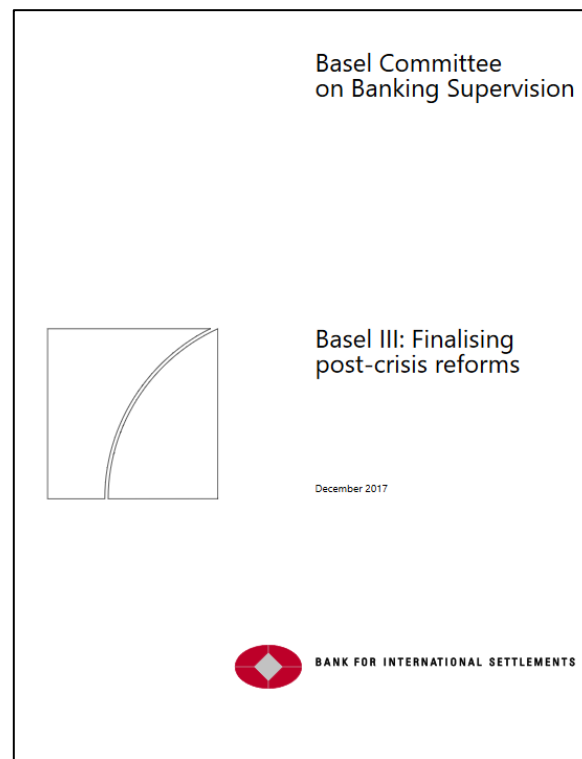
Prudential Regulation – Overview

- Final Basel III agreement – state of play (Part I)
- CRR QuickFix
- Final Basel III agreement – state of play (Part II)
- ECB's TLTRO III programme



Final Basel III agreement – state of play (I)

- Most important piece of legislation in the field of prudential regulation
- Develops further/ complements the “banking package” agreed on 2019
- Based on the 12/ 2017 Basel compromise
- “no significant increase in capital requirements”
- Commission proposal foreseen in Q2/ 2020
- EFBS’ requests included in EBIC position paper (2/2020)



CRR QuickFix

- targeted changes to the existing regulatory framework to support bank lending to the real economy
- changes referred amongst others to the early application of certain provisions of the CRR II
- Aim: quick legislative process to be applicable by the end of Q2/ 2020
- Mission accomplished: Text published 26 June 2020

L 204/4 EN Official Journal of the European Union 26.6.2020

REGULATION (EU) 2020/873 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 24 June 2020
amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in
response to the COVID-19 pandemic
(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,
Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,
Having regard to the proposal from the European Commission,
After transmission of the draft legislative act to the national parliaments,
Having regard to the opinion of the European Central Bank ⁽¹⁾,
Having regard to the opinion of the European Economic and Social Committee ⁽²⁾,
Acting in accordance with the ordinary legislative procedure ⁽³⁾,

Whereas:

(1) Regulation (EU) No 575/2013 of the European Parliament and of the Council ⁽⁴⁾ establishes, together with Directive 2013/36/EU of the European Parliament and of the Council ⁽⁵⁾, the prudential regulatory framework for credit institutions and investment firms (institutions) operating in the Union. Adopted in the aftermath of the financial crisis that unfolded in 2007-2009, and largely based on international standards agreed in 2010 by the Basel Committee on Banking Supervision (BCBS), known as the Basel III framework, that prudential regulatory framework has contributed to enhancing the resilience of institutions operating in the Union and to making them better prepared to deal with potential difficulties, including difficulties stemming from possible future crises.

(2) Since its entry into force, Regulation (EU) No 575/2013 has been amended several times to address remaining weaknesses in the prudential regulatory framework and to implement some outstanding elements of the global financial services reform that are essential to ensuring the resilience of institutions. Among those changes, Regulation (EU) 2017/2393 of the European Parliament and of the Council ⁽⁶⁾ introduced transitional arrangements in Regulation (EU) No 575/2013 for mitigating the impact on own funds of the introduction of International Financial Reporting Standard – Financial Instruments (IFRS 9). Regulation (EU) 2019/630 of the European Parliament and of the Council ⁽⁷⁾ introduced in Regulation (EU) No 575/2013 a requirement for minimum loss coverage for non-performing exposures, the so-called prudential backstop.

(3) Of C 180, 29.5.2020, p. 4.
(4) Opinion of 10 June 2020 (not yet published in the Official Journal).
(5) Position of the European Parliament of 18 June 2020 (not yet published in the Official Journal) and decision of the Council of 24 June 2020.
(6) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Of L 176, 27.6.2013, p. 1).
(7) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (Of L 176, 27.6.2013, p. 136).
(8) Regulation (EU) 2017/2393 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State (Of L 345, 27.12.2017, p. 21).
(9) Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No 575/2013 as regards minimum loss coverage for non-performing exposures (Of L 111, 23.4.2019, p. 4).



Final Basel III agreement – state of play (II)

- Commission currently updates its impact assessment
- Commission sent EBA a (second) Call for Advice in August 2020; deadline end November 2020
- Legislative proposal not expected any longer in 2020
- Leaked Franco/German paper on how to protect European specificities (9/ 2020)
- Possible impact of new Commissioner McGuinness
- Any further amendments on Basel level (content/timeline)?

Following the financial crisis, global banking regulation and capital requirements have been significantly strengthened. The final Basel package will now aim to “provide a regulatory foundation for a resilient banking system that supports the real economy”. Finance Ministers and Central Bank Governors of the G20 concluded in March 2017 that the finalisation of the Basel III would thus not significantly increase overall capital requirements across the banking sector, while promoting a level playing field. Likewise, European negotiators at ECOFIN level have noted that “the reform package would not be expected to result in a significant increase in the overall capital requirements for the banking sector, therefore, not resulting in significant differences for specific regions of the world”. In line with this mandate, we are hereby suggesting some avenues on how to implement the Basel package in the EU, taking account of a faithful implementation of the Basel agreement, ensuring the financing of the real economy and preserving the variety of business models in the European banking market.

a. Output Floor

The output floor will limit the extent to which banks can lower their capital requirements relative to the standardised approaches. The output floor should be introduced as a floored stack to risk-based capital requirements, in the same way as the leverage ratio already operates: banks will have to meet the output floor requirement comprising strictly the requirements specified in the Basel standard, at the same time as they would have to meet the leverage ratio. For the sake of consistency and to maintain appropriate discretion for supervisors, supervisors could require a restricted pillar 2 add-on to the floored stack for any bank, e.g. targeting aggressive modelling, although this problem should be less acute after decisive supervisory action in recent years (ECB’s TRIM exercise and the EBA’s IRB repair roadmap). We strongly believe implementing the output floor in this way is both prudentially sound, as it achieves the Basel objectives, and compatible with the political mandate.

b. Financing for the European Real Economy

Another key aspect of the package is the new approach for exposures to unrated corporates. Due to the output floor, all banks will have to apply the flat risk weight of 100% for unrated corporates – not differentiating sufficiently between the risks of different borrowers. The flat risk weight poses serious risks for the European bank-based lending model and the financing of the real economy. In contrast to other jurisdictions, almost 75% of corporate exposure in Europe is



ECB's TLTRO III programme

*“For a year, banks will be able to **borrow at negative rates**, which can be **as low as -1%** on the condition that they lend to the economy. Largely in response to this recalibration, we have seen a very high take-up by banks. ”**



- **1.310 billion euros** (4th TLTRO III series, 6/2020)**
- **174 billion euros** (5th TLTRO III series, 9/2020)**

* ECB president Christine Lagarde, Monetary Dialogue with EP (28.9.2020)

** ECB (24.9.2020)/ BZ (25.9.2020)



ECB's TLTRO III programme

- EFBS approached ECB to argue for the possibility that Bausparkassen can participate in the TLTRO programme

*“The extent to which credit institutions can use the TLTRO programmes depends primarily on the **"eligible loans"**. Loans for housing construction are not considered as eligible loans. Loans for housing construction also include renovation loans.”**

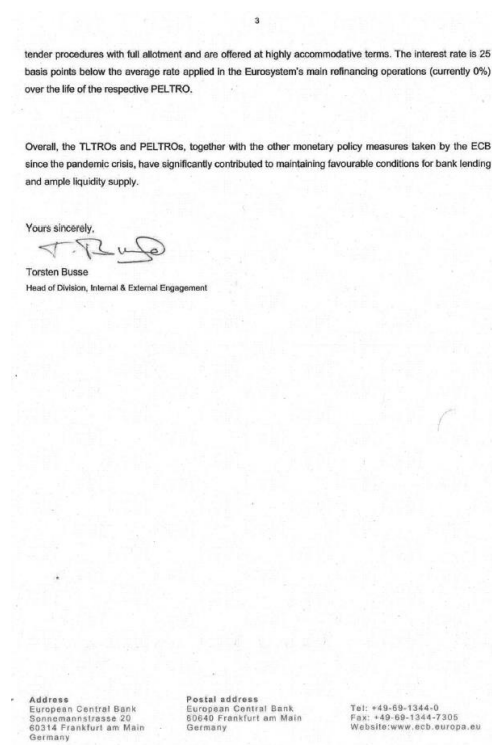
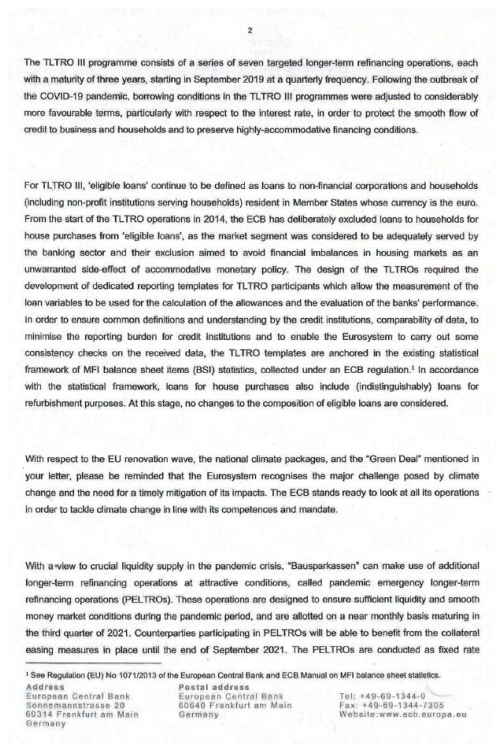
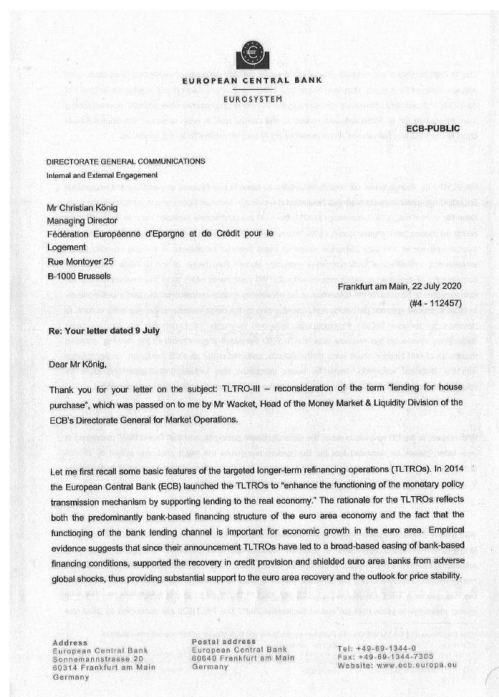
- **The letter asks the ECB to reconsider the definition of "lending for house purchase" and to exclude renovation loans.**

* EFBS letter to ECB on TLTRO III request, 9.7.2020



ECB's TLTRO III programme

ECB's answer letter on TLTRO III request



ECB's TLTRO III programme

- ECB rejected EFBS' request mostly on technical grounds on 22 July 2020

*“The design of the TLTROs required the development of dedicated reporting templates for TLTRO participants [...], **collected under an ECB regulation**. In accordance with the statistical framework, loans for house purchases also include (indistinguishably) loans for refurbishment purposes. **At this stage, no changes to the composition of eligible loans are considered.**”**

*Answer letter by ECB on EFBS' TLTRO III request, 22.7.2020



ECB's TLTRO III programme

- EFBS contacted several MEPs
- MEP Ferber sent Written Question to ECB



EUROPEAN PARLIAMENT

EN

FORM FOR TABLING A PARLIAMENTARY QUESTION

<i>Written Question to the [European Central Bank / Chair of the Single Supervisory Mechanism Board / Chair of the Single Resolution Mechanism Board] according to rule 131/131a</i>	
AUTHOR(S):	Markus Ferber, MEP
SUBJECT: (please specify)	TLTRO III - Housing Finance
<p>TEXT:</p> <p>The ECB has acted decisively to counter the economic fallout of the Covid-19 crisis. Among the measures taken were favourable conditions for the TLTRO programmes. Unfortunately, TLTRO financing currently does not flow into the housing sector as much as it could. One of the preconditions for access to TLTRO financing is eligible loans. The eligible loan definition does currently not encompass "lending for house purchase", which effectively renders various specialist lenders ineligible for accessing the TLTRO programme. Against this background:</p> <p>1) What is the rationale for the narrow definition of eligible loans under the TLTRO III programme?</p> <p>2) Has the ECB considered to adapt the definition of "lending for house purchase", e.g. by excluding modernisation or refurbishment in order to allow for broader participation in the TLTRO III programme?</p>	
Signature(s):	Date 31/08/2020
Markus Ferber, MEP	



ECB's TLTRO III programme

- MEP Ferber sent Written Question to ECB



*“1) What is the **rationale** for the **narrow definition** of eligible loans under the TLTRO III programme?*

*2) Has the ECB considered to **adapt the definition** of “lending for house purchase”, e.g. **by excluding modernisation or refurbishment** in order to allow for broader participation in the TLTRO III programme?”**

* Written Question by MEP Ferber to ECB on TLTRO III, 1.8.2020



Sustainable finance



Sustainable finance- What happened in the last 12 months

- EBA Action plan
- European Commission Communication on the Green Deal
- Finalisation of Taxonomy Regulation
- Consultation on the Non-Financial Reporting Directive (NFRD)
- Consultation on the new sustainable finance strategy
- ECB Guidelines on climate- and environmental related risks
- New sustainable finance Platform (successor of the Technical Expert group on sustainable finance)



European Commission Communication on the Green Deal



- Published in December 2019
- The flagship initiative of the European Commission in order to achieve climate neutrality by 2050
- Various sectors are affected
- The role of the financial sector is to facilitate the transition by redirected capital flows into sustainable investments



Finalisation of the Taxonomy-Regulation

Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

- Aims at establishing an EU classification system for sustainable activities and applies to providers of:
 - i) investment funds; (ii) insurance-based investment products; (iii) private and occupational pensions; (iv) individual portfolio management and (v) both insurance and investment advice

 No direct impact on Bausparkassen

The criteria developed within the Taxonomy and by the TEG however define e.g. when a renovation counts as energy efficient according to Eu standards, this also impacts existing EU legislation



Consultation on the review of the Non-Financial Reporting Directive (NFRD)

Directive 2014/95/EU amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

- Current scope of the NFRD:
 - EU rules on non-financial reporting only apply to large public-interest companies with more than 500 employees, including e.g. Banks
 - Information to be reported include e.g. environmental protection and social responsibility
- Rationale behind the review:
 - Reporting becomes increasingly important
 - Market participants shall make informed decisions concerning their investments
 - Disclosure obligations require data
- EFBS has participated in the consultation



Consultation on the new sustainable finance strategy

- Divided into three chapters:
 - Strengthening the base of sustainable finance
 - increasing the possibilities for citizens, financial institutions, and corporates to enhance sustainability
 - the reduction and management of climate risks
- European Commission received over 650 responses to its consultation from across sectors
- EFBS has also participated in the consultation



Sustainable finance- what is yet to come?

- Initiative on a **renovation wave** – closely linked to the recovery and Next Generation EU Fund
- Renewed sustainable finance strategy which is expected to include:
 - Initiatives for a data register
 - **Ecolabel**
 - Green bonds
 - **Social criteria**
 - Possibility of a green supporting factor and a brown list
- Review of the Non-financial Reporting Directive



EU-wide renovation wave

- Priority for the European Commission within the European Green Deal
- Commission supposed to publish an initiative in form of a strategic communication to accelerate renovation rates within the EU on 14 October 2020
- Focus on energy efficiency



New sustainable finance Strategy

EU-Ecolabel

Regulation (EC) No 66/2010 on the EU Ecolabel

- Existing EU label used to demonstrate environmental excellence
- Shall in the future be used for financial products as well
- So far 3 out of 101 sustainable investments products comply with the Ecolabel – under revision again
- Could also be used for loans and savings



New sustainable finance Strategy

Social criteria to be included in Taxonomy Regulation

- The new sustainable finance strategy will also include a social dimension
- Criteria for a social dimension will be developed by the sustainable finance platform



Crucial for Bausparkassen as the general business model of Bausparkassen fits well within the social dimension (e.g. collective idea, asset accumulation, independence from the fluctuations of capital markets)



A New Consumer Agenda

legislative train schedule



Consumer Credit Directive



- scope
- information provision
- creditworthiness assessment
- impact of COVID-19 on the credit market and on consumers

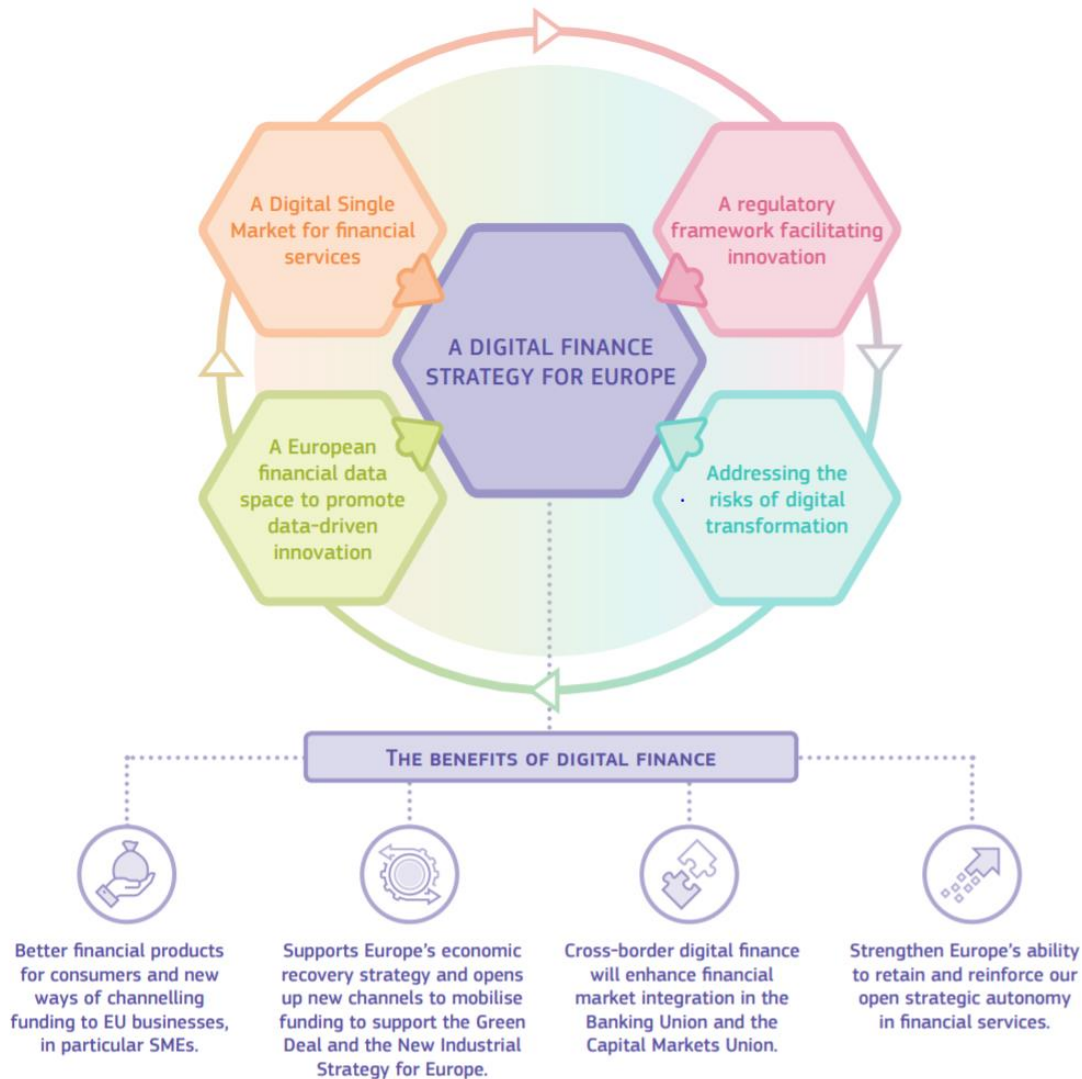
Mortgage Credit Directive

procedural overview

2020	2021
1st step	2nd step
review	evaluation & consultation



Digital finance



Agenda

11. EFBS events in 2021

- The next EFBS semi-annual meeting will take place on 18/19 March 2021 in Brussels.
- The next EFBS annual meeting will take place as a one-day event on 7 October 2021 in Berlin (starting with a dinner on 6 October 2021 for interested members) in Berlin.



Many thanks for your attention!

EFBS Brussels

