

Minutes
of the General Assembly Meeting of the European Federation of Building Societies
(EFBS)
on 19 March 2021, 12:30-13:15 pm, digital via Microsoft Teams

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| President: | Jeníček Jan (Czech Republic) |
| President-elect: | Jirák Pavel (Czech Republic) |
| 1. Vice-President: | Körbi Uwe (Germany) |
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| Managing Director: | König Christian (Belgium/Germany) |
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| Participating members: | Dr. Conradi Ralf (Germany) Dersch Agnes (Austria) Feix Jiří (Czech Republic) Freise Agnes (Germany) Guthmann Axel (Germany) Kaschel Rainer (Hungary) Lesemann Max (Germany) Marwan David (Slovakia) Masuch Sabine (Germany) Melchior Simone (Austria) Müller Martin (Luxembourg) Nowak Karl (Austria) Okáčová Martina (Czech Republic) Reitz Cristina (Austria) Senjak Andreas (Austria) Žižka Jan (Czech Republic) Zmítko Milan (Czech Republic)) |
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| Corresponding members: | Anđel Zdravko (Croatia) Cariboni Mario (Germany) Dr. Dedert Bernd (Germany) Dr. Eichwede Rainer (Germany) Finken Ansgar (Germany) Gerle Balázs (Hungary) Grebler Gerhard (Germany) Hertweck Bernd (Germany) Dr. Jungkurth Frank (Germany) Kármán András (Hungary) Kasiar Radomir (Slovakia) Kranz Thomas (Germany) Phlippen Jörg (Germany) Sudler Thorsten (Germany) Tichy Zoltán (Hungary) |

Guest: Šedivý Jiří (Czech Republic)

Secretariat: Holler Kathrin (Belgium)
Keuper Lisa (Belgium)

Minutes: Pfenning Jonathan (Belgium)

ITEM 3: Keynote by Jose Manuel Campa (Chairman of the European Banking Authority)

The meeting was opened with a keynote given by the Chairman of the European Banking Authority (EBA), Jose Manuel Campa. Mr Campa was introduced by Mr König. Mr Campa spoke on the actions taken by the EBA to react to the COVID-19 pandemic and on long term trends in the banking sector. Regarding the first topic, Mr Campa stressed the important role that credit institutions have played so far in the current crisis. Credit institutions were quite robust, with capital ratios having increased in 2020; the average capital ratio in the banking sector had been at 15%. The increase of capital ratios had been partly due to capital retention by credit institutions, partly due to regulatory relief measures. In this context, Mr Campa mentioned a figure of 300 billion euros of credits which were still subject to loan moratoria by the end of 2020. At the end of the second quarter 2020 the number had been even higher with a value of 800 billion euros. In addition, by end of 2020 340 billion euros of loans in the banks' balance sheets were profiting from a public guarantee scheme. The provision of credit seems to work quite well, Mr Campa concluded, since there were no areas with credit shortages traced. Looking ahead, Mr Campa expected a rise of NPL ratios in the banks' balance sheets, due to the COVID-19 pandemic. The results of the EBA stress test exercise, comprising 50 of the largest banks, will be published by the end of July.

Regarding the second topic – long term trends in the banking sector – Mr Campa identified structural challenges for the sector such as its overall profitability. Mr Campa called for banks to put in place strategies that secure the long-term profitability of their business model. Another long-term trend mentioned by Mr Campa, was technology and the digital transformation of the sector. The short terms reactions in context of the COVID-19 pandemic had shown that the industry was robust. Employees could work 100% remotely, services could be provided digitally and a high number of requests from customers could be treated satisfyingly, Mr Campa stated. There was no disruption of services during the crisis; at the same time the trend of digitalisation has accelerated due to the crisis. Mr Campa asked the banking industry to make sure that it will be capable to finance the transformation of the real economy towards more sustainability. Banks have to have the right tools to assess the underlying risks to be able to shift relevant amounts of money in the respective sectors. Mr Campa explained that the EBA runs a multi-year strategy in the field of green finance. Currently different public consultations, e.g., on disclosure criteria for ESG-risks by banks, are ongoing and planned.

Mr König thanked Mr Campa for his intervention and the openness of the EBA under his lead in the current crisis to discuss e.g., the follow-up work on the EBA guidelines on payment moratoria.

Mr Kaschel invited Mr Campa to one of the next Financial Affairs Committee meetings.

ITEM 1: Secretary/ Amendments to the agenda

Mr Jeníček proposed Mr Pfenning to take the minutes of the meeting. The General Assembly approved the agenda via voting letter. In accordance with Article IV (8) of the EFBS statutes, 13 out of 16 voting rights have been exercised by the voting letters. No amendments were requested.

ITEM 2: Quorum

The decisions of the General Assembly shall be taken by a simple majority of the votes of the participating members according to Article IV (8) of the statutes. EFBS has currently 16 participating members. Mr König reported that 12 participating members approved the minutes of the last meeting held virtually on 8 October 2020 via Microsoft Teams by voting letters.

ITEM 4: Report on the conversion of the EFBS into an aisbl

Mr Jeníček gave the floor to Mr König who updated members on the change of the legal status of EFBS into an international non-profit-making association (Association Internationale Sans But Lucratif - AISBL) under Belgium law. Mr König reported that the EFBS is now officially incorporated as an international non-profit association. The Act of Incorporation had been published in the Belgian Official Journal (Moniteur Belge).

Due to Belgian legal requirements, the EFBS Statutory General Assembly must always be held within the first six months of a year. It will therefore always take place during the spring meeting of the EFBS from 2021 onwards.

ITEM 5: Outlook on the Federation's activities in 2021 by the Managing Director

Mr Jeníček asked Mr König to report on the main fields of activities of the EFBS in 2021.

Mr König first reported on the bilateral meeting with the Commissioner for financial services, financial stability and the Capital Markets Union, Mairead McGuinness, which had taken place the day before. In the meeting, the business model of Bausparkassen had been discussed. Furthermore, topics such as EDIS, the transposition of the final Basel III agreement into European law and Bausparkassen as a financiers of energy efficient renovations had been on the agenda.

Looking ahead, Mr König stressed the importance of the work in the fields of Basel III, Anti-Money Laundering, Green Finance, the Mortgage Credit Directive as well as the Consumer Credit Directive.

Mr König expressed his hopes that the members of the EFBS can meet in autumn in person.

ITEMS 6: Election of new EFBS President: Mr Pavel Jiráček (Modrá pyramida stavební spořitelna, a.s.)

Mr Jeníček announced that he resigns from office as President of the EFBS. He thanked the EFBS members for their trust and good collaboration during the last years. Mr Jeníček stated that Mr Pavel Jiráček had been elected by voting letter as new EFBS President (12 out of 16 voting rights have been exercised by the voting letters). Mr Jeníček gave the floor to Mr Jiráček who

thanked Mr Jeníček for his great work and EFBS members for their support. Mr Jirák introduced himself and elaborated that he has been active in corporate and retail banking for more than 30 years. He was also a member of an advisory committee to the Czech government on the pension reform, as well as HR director of the third biggest Czech banking group with more than 8,000 employees. For two years, he is CEO of Modrá pyramida stavební spořitelna, a.s., the second largest Bausparkasse in the Czech Republic. Since October 2020 he also holds the chair of the Czech Building Societies Federation.

Mr König thanked Mr Jeníček for his extensive commitment and constant support for the Federation during the last five years and thanked Mr Jirák for his future engagement as EFBS President.

ITEM 7: Date for the EFBS autumn meeting 2021

Mr Jirák invited the members to the next meeting on 7 October 2021 and gave the floor to Mr König for further details.

Mr König explained that the meeting will take place as a one-day event on 7 October 2021 in Berlin with a voluntary dinner at the Fernsehturm (TV Tower) on the 6 October 2021 in Berlin. The EFBS secretariat will inform EFBS members in due time how the meeting will be conducted.

ITEM 8: Keynote: Sven Giegold, Member of the European Parliament

Mr Jirák gave the floor to Mr König who welcomed and introduced Sven Giegold, Member of the European Parliament. Mr Giegold is coordinator of the Greens in the economic and monetary affairs committee (ECON) since 2009. Since 2014, he is the spokesperson of the German Greens in the EP. In the 2019 European elections he was the *German Spitzenkandidat* for the Greens.

Mr Giegold stated that the European Commission by now committed to a turnaround regarding its climate policy. Therefore, in the follow-up to the European Green Deal different sectoral legislation trickles through now. In this context, credit institutions should not regard green finance as a threat bringing a regulatory burden but rather as an opportunity to ensure the financing of a more sustainable real economy. In the future, the European Union shall be the leading market for green finance. Therefore, clear rules are needed for what can be labelled as green and what cannot. Consequently, the delegated acts of the taxonomy regulation must not be amended to the individual needs of single member states. Furthermore, Mr Giegold added that in context of the Green Deal, many homes will have to be renovated. The European Bausparkassen can take over a leading role in the financing of these renovations.

Mr König stated that already 60% of the loans granted by Bausparkassen are used for energy efficient measures of the building stock. Therefore, the Green Deal is seen as a clear opportunity and not as a threat by Bausparkassen.

In the Q&A-session, Ansgar Finken (BHW) asked about the linkage between the taxonomy regulation on EU level and the national building codes. Missing technical links between the two

could create problems for the industry regarding the publication of data. Mr Finken stressed that e.g., a mandatory publication of energy performance certificates could lead to a level playing field between all banks. For this it would be advantageous to directly link the EU taxonomy with e.g., the German construction laws (Deutsche Baugesetzgebung) to make sure that an energy certificate can be used to demonstrate that a renovation is taxonomy-aligned since asking retail clients regarding the energy consumption of their houses is not a practical way forward. Mr Giegold admitted that the national and European standards are not always well streamlined.

Mr Eichwede (BSH) pointed to the fact that building loans are not accepted as collateral in context of the ECB's TLTRO III programme and that this fact leads to a regulatory disadvantage for Bausparkassen regarding refinancing options compared with other banking groups. Mr Giegold agreed, showed openness for the concerns, and invited Bausparkassen to give further input. At the same time Mr Giegold pointed to the fact that if pressure shall be taken from European monetary policy more European integration is needed in the field of fiscal policy.

Mr Giegold invited the EFBS members to deliver him input whenever they have the feeling that European financial legislation is drafted in a wrong way.

Mr. Jiráček thanked the EFBS members for their participation and closed the meeting.