

Minutes
of the meeting of the Financial Affairs Committee
held on 19 March 2021, from 9:00 to 10:30 virtually via MS Teams

Chairman:	Kaschel, Rainer	Fundamenta - Lakáskassza Zrt
President:	Jeníček, Jan	Raiffeisen stavební spořitelna a.s
Managing Director:	König, Christian	European Federation of Building Societies
Participants:	Andel, Zdravko	Wüstenrot stambena štedionica d.d.)
	Cariboni, Mario	Wüstenrot Bausparkasse AG
	Conradi, Ralf	Bundesgeschäftsstelle LBS
	Dedert, Bernd	Bausparkasse Mainz AG
	Dörr, Thomas	Deutsche Bausparkasse Badenia AG
	Eichwede, Rainer	Bausparkasse Schwäbisch Hall AG
	Feix, Jiří	Českomoravská stavební spořitelna, a.s.
	Finken, Ansgar	BHW Bausparkasse AG
	Freise, Agnes	Verband der privaten Bausparkassen e.V.
	Forche, Carl	Raiffeisen Bausparkassen Gesellschaft m.b.H
	Gerle, Balázs	Erste Building Society
	Grebler, Gerhard	LBS Bayerische Landesbausparkasse AöR
	Guthmann, Axel	Bundesgeschäftsstelle LBS
	Hanus, Lubor	Modrá pyramida stavební spořitelna, a.s.
	Holler, Kathrin	European Federation of Building Societies
	Jirák, Pavel	Modrá pyramida stavební spořitelna
	Kármán, András	Erste Lakástakarék Zrt.
	Kašiar, Radomír	CSOB Building Saving Bank
	Keuper, Lisa	European Federation of Building Societies
	Khalife, Mahmoud	Bundesgeschäftsstelle LBS
	Körbi, Uwe	LBS - Westdeutsche Landesbausparkasse
	Lesemann, Max	Verband der privaten Bausparkassen e.V.
	Martell, Christian	Raiffeisen Bausparkasse Gesellschaft m. b. H.
	Marwan, David	Prvá stavebná sporiteľňa
	Masar, Juraj	Prvá stavebná sporiteľňa
	Masuch, Sabine	VdPB
	Melchior, Simone	Bausparkasse Wüstenrot AG
	Miehle, Christian	ALTE LEIPZIGER Bauspar AG
	Neuhauser, Ladislav	Českomoravská stavební spořitelna, a.s.
	Nowak, Karl	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft
	Pauer, Tobias	Bundesgeschäftsstelle LBS
	Pfenning, Jonathan	European Federation of Building Societies
	Prokopp, Josef	ALTE LEIPZIGER Bauspar AG

Reitz, Cristina	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft
Schon, Frank	Bausparkasse Mainz AG
Šedivý, Jiří	Asociace českých stavebních spořitelén
Sedrati, Redouane	Raiffeisen Bausparkasse Gesellschaft m. b. H.
Senjak, Andreas	Bausparkasse Wüstenrot AG
Sudler, Thorsten	Bausparkasse Schwäbisch Hall
Takacsova, Lucia	Prvá stavebná sporiteľňa
Tichy, Zoltán	Erste Building Society
Vizkelely, Péter	Fundamenta - Lakáskassza Zrt
Vošický, Libor	Stavební spořitelna České spořitelny, a.s.
Weinrich, Mark	VdPB
Zaremba, Petr	Raiffeisen stavební spořitelna a.s

Guest speakers: Mr Jiri Zapletal - Financial Attaché (Permanent Representation of the Federal Republic of Germany to the European Union)

Ms Nathalie Berger - Head of Unit (European Commission DG FISMA, Bank, insurance and financial crime)

ITEM 1

The Chairman, Mr Rainer Kaschel, welcomed the participants of the Financial Affairs Committee and opened the meeting.

ITEM 2

After a short introduction by Mr Jonathan Pfenning, Mr Jiří Zapletal, Financial Attaché (Permanent Representation of the Federal Republic of Germany to the European Union) spoke on the completing of the Banking Union. In doing so, he touched upon the state of play on EDIS, the European Deposit Insurance Scheme and gave an outlook on the upcoming review of the crisis management and deposit insurance framework (CMDI). While mostly speaking on current workstreams of the Portuguese Council Presidency, Mr Zapletal also referred to the German Council Presidency who was in the lead in the second half of 2020. Back then, Mr Zapletal chaired the Ad Hoc Working Party (AHWP) on the completion of the Banking Union; that working group has a mandate to technically discuss features of a possible EDIS. Mr Zapletal stated that the constant reference of the European Commission in its consultation documents on the CMDI-review to a fully-fledged EDIS – in the sense of the Commission’s proposal of 2015 – is not a valid base for discussions for the German delegation.

ITEM 3

After a short introduction by Mr Jonathan Pfenning, Ms Nathalie Berger, Head of Unit (European Commission DG FISMA, bank, insurance and financial crime) spoke on the transposition of the final Basel III agreement into European law. Ms Berger stated that a robust regulatory framework is needed. At the same time, she acknowledged that the Commission would consider European specificities when justified and regulatory sound. Ms Berger also mentioned that the Commission will have in mind the objective of the co-legislators for the reforms not to result in a significant increase in the overall capital requirements for the European banking sector. In this context, Ms Berger

stressed that the analysis undertaken by the EBA had shown that there would be no capital increase for small banks. With reference to the Output-Floor, Ms Berger reiterated the need of a prudentially sound implementation (level of application; modalities to calculate the OF). In this context she also stressed the importance of phase-in periods.

In the Q&A session, Mr Ansgar Finken (BHW) expressed his concerns that the OF would hit credit institutions with low-risk business models, such as Bausparkassen, disproportionately hard. Such a regulatory burden might lead to an incentive to shift assets from low-risk asset classes (such as mortgages) to asset classes with a higher risk. Mr Berger invited EFBS members to share further information on this topic with the European Commission.

Regarding the timeline, Ms Berger stated that the Commission would take its time before the publication. Currently, the Commission works on finetuning the Impact Assessment.

ITEM 4/5

Under agenda items 4 and 5, EFBS members held a Tour de Table on "Dealing with non-performing loans in the COVID-19 pandemic" and the "Use of payment moratoria in response to the COVID-19 pandemic".

For Germany, Mr Rainer Eichwede (Bausparkasse Schwäbisch Hall AG) reported. At Bausparkasse Schwäbisch Hall the request for payment breaks reached 2,5% of the total loan amount in 2020. In most of the cases, the orderly repayment of the loan was continued after the payment break.

For Austria, Mr Andreas Senjak (Bausparkasse Wüstenrot AG) reported. At the peak of the crisis (end June 2020), 4,5% of the total loan amount were under loan moratoria. The increase on the NPL side was markedly (Share of loans assigned to stage 2 according to IFRS 9 increased from 10% at end 2019 to 16% in June 2020 (for further details see presentation attached)).

For the Czech Republic, Mr Petr Zaremba (Raiffeisen stavební spořitelna a.s) reported. For the time being, it is too early to assess the full impact of the crisis. 5% of clients had asked for a payment moratorium in 2020. 90% of them opted for a six-month payment break, 10% for a three-month payment break. The payment moratoria expired by October 30th 2020.

For Slovakia, Mr David Marwan (Prvá stavebná sporiteľňa) reported. Payment moratoria had been offered for a period of three to nine months. Most customers had chosen the nine-month option. 10% of loans benefited of a loan moratorium.

For Croatia, Mr Zdravko Anđel (Wüstenrot stambena štedionica d.d.) reported. 5% of contracts (that represented 13% of credit volume) had been under a loan moratorium in 2020. Payment moratoria run for twelve months. Since the EBA with its guidelines set a maximum duration of nine months, parts of the moratoria were not covered by the EBA guidelines. The figures presented by Mr Anđel refer to Wüstenrot stambena štedionica d.d., representing 50% of the Croatian market.

For Hungary, Mr Rainer Kaschel (Fundamenta - Lakáskassza Zrt) reported. NPL figures were quite low. Due to the opt-out rule, figures for loan moratoria were quite high in Hungary. Still, the figure of 30% for Fundamenta - Lakáskassza Zrt ranked quite below the market average of 45%.

ITEM 6

Mr Max Lesemann (VdPB) gave a short overview on the work of the EBA regarding the incorporation of ESG risks in the risk management. He touched upon the two most recent discussion papers, one of which is currently in consultation and to which the EFBS will provide feedback (for further details see presentation attached).