

**Minutes**  
**of the meeting of the Financial Affairs Committee**  
**held on Thursday, 7 October 2021, 11h00-12h30**  
**Crowne Plaza Hotel, Hallesche Str. 10/14 10963 Berlin, Room „Post Palais 1-3“**

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<b>Chairman:</b>	Kaschel, Rainer	Fundamenta - Lakáskassza Zrt
<b>President:</b>	Jirák, Pavel	Modrá pyramida stavební spořitelna, a.s.
<b>Participants:</b>	Botzem, Dirk	Debeka Bausparkasse AG
	Cariboni, Mario	Wüstenrot Bausparkasse AG
	Čejka, Pavel	Raiffeisen stavební spořitelna a.s
	Conradi, Ralf	Bundesgeschäftsstelle LBS
	Dörr, Thomas	Deutsche Bausparkasse Badenia AG (virtual = v)
	Eichwede, Rainer	Bausparkasse Schwäbisch Hall AG (v)
	Finken, Ansgar	BHW Bausparkasse AG
	Forche, Carl	Raiffeisen Bausparkasse Gesellschaft m. b. H. (v)
	Freise, Agnes	VdPB
	Gerle, Balázs	Erste Building Society
	Grebler, Gerhard	LBS Bayerische Landesbausparkasse AöR (v)
	Guthmann, Axel	Bundesgeschäftsstelle LBS
	Holler, Kathrin	European Federation of Building Societies
	Kállay, Gergely	Fundamenta - Lakáskassza Zrt
	Kasiar, Rado	CSOB stavebna sporitelna, a.s.
	Keuper, Lisa	European Federation of Building Societies
	König, Christian	VdPB
	König, Sabine	LBS Hessen-Thüringen
	Kopřivová, Monika	Stavební sporitelna Ceske sporitelny, a.s.
	Lesemann, Max	VdPB (v)
	Malinowska, Angelina	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft
	Marwan, David	Prvá stavebná sporiteľňa (v)
	Masár, Juraj	Prvá stavebná sporiteľňa (v)
	Masuch, Sabine	VdPB
	Melchior, Simone	Bausparkasse Wüstenrot AG
	Nowak, Karl	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft
	Pauer, Tobias	Bundesgeschäftsstelle LBS
	Pfenning, Jonathan	European Federation of Building Societies
	Riemer, Jens	LBS Ostdeutsche Landesbausparkasse AG
	Šedivý, Jiří	Asociace českých stavebních spořitelen
	Szendrey, Zoltán	Fundamenta - Lakáskassza Zrt
	Takácsová, Lucia	Prvá stavebná sporiteľňa (v)
	Tichy, Zoltán	Erste Building Society
	Trappe, Florian	Bundesgeschäftsstelle LBS
	Weinrich, Mark	VdPB

**Guest speakers:**

Mr Andreas Schirk, Teamleader (European Commission – DG FISMA, D1, Banking regulation and supervision)

Mr Sergio Materazzi, Senior Policy Expert, (Single Resolution Board, Unit A1 - Resolution Strategy, Processes and Methodology)

Ms Yvonne Fehrenbach, Director (Deloitte)

**ITEM 1**

The Chairman, Mr Rainer Kaschel, welcomed the participants of the Financial Affairs Committee and opened the meeting. The minutes of the Financial Affairs Committee of 19 March 2021 were agreed on.

**ITEM 2**

Guest Speaker Mr Andreas Schirk, Teamleader in the European Commission at DG FISMA (D1, Banking regulation and supervision) presented an overview of the main approaches by the European Commission in preparing the publication of the legislative proposal for the implementation of the final Basel III framework into European law. The proposal will likely be published on 27 October 2021. With regards to the consideration of European specificities, the Commission is reflecting internally on ways of a specialised treatment for low-risk residential mortgages which have proven a record of low default rates over a long time horizon (covering both the financial crisis 2007/ 2008 as well as the COVID-19 pandemic 2020/ 2021). In the Q&A session Mr Kaschel asked for further details on that special treatment but due to work in process it was too early to give further insides, Mr Schirk stated. Mr Schirk indicated that a decision for a specialised treatment has not been taken and that a possible solution for such kind of assets might be a prolonged phase-in period. In his debriefing on bilateral meetings with DG FISMA and the German Permanent Representation in Brussels/ the German Ministry of Finance, Mr Ansgar Finken (CRO, BHW Bausparkasse) addressed Mr Schirk, indicating that a different treatment for such kind of assets would be justified due to the risk structure of such assets and would be preferred over a prolonged phase in period. In addition, Mr Finken elaborated on the points raised during the bilateral meetings which dedicated a treatment of low risk but high-volume business models, such as the Bausparkassen one.

On the output floor (OF), Mr Schirk indicated that a parallel stack approach would not be in line with the Basel requirements. At the same time, the Commission would be flexible regarding solutions for Pillar II requirements and EU specific puffers. A challenge would be how to exactly formulate the legal text to avoid double counting in these areas.

**ITEM 3**

Mr Sergio Materazzi, Senior Policy Expert at the Single Resolution Board (SRB, Unit A1 – Resolution Strategy, Processes and Methodology), gave an overview of the main changes to the SRB's MREL policy due to the banking package. Mr Materazzi elaborated on the quantitative and qualitative changes of MREL requirements. Regarding the quantitative requirements he referred i.a. to the calibration of MREL expressed in form of a Leverage Ratio Exposure (LRE) which now must be always met, too. Regarding the qualitative requirements he spoke on to the new subordination requirements, applying

to G-SIIs, Top-tier banks and Other Pillar 1 banks. *For further information please refer to the power point presentation attached.*

#### **ITEM 4**

Ms Yvonne Fehrenbach, Director at Deloitte, spoke on the topic of green finance from a bank controlling perspective. She elaborated on refinancing options, the green bond standard as well as reporting requirements. Regarding refinancing, options Ms Fehrenbach explained that financial institutions in Germany, France and Norway have been the most active ones in Europe in providing green covered bonds so far. The Green Asset Ratio, as one of the new reporting requirements, based on Article 8 of the Taxonomy regulation was introduced by Ms Fehrenbach in the second part of her presentation. Mr Kaschel expressed his concerns that due to those very detailed requirements an additional layer of bureaucracy is added which might increase costs (for construction and credit supply). Ms Fehrenbach confirmed the complexity of the taxonomy and showcased that due to the Do No Significant Harm (DNSH) condition, the consumption of water in a new construction might be necessary to be recorded by the credit supplier when providing a credit (to not contradict the environmental objective number 3 “sustainable use and protection of water and marine resources”). Regarding the new green bond standard, Ms Fehrenbach explained that the reserve stock on which the green bond is based on must be taxonomy compliant. Asked about the take up of a green bond market based on the taxonomy she stated that the European Commission is working with high pressure on that topic and that final criteria shall be available by the beginning of 2022. *For further information please refer to the power point presentation attached.* Finally, Mr Finken reported on the work done so far in Germany in the field of green finance and asked members for input on the position which is attached to the minutes (*see annex*).