EAPB

Actors of growth

ANNUAL REPORT 2017

Contents

President’s foreword

10 years after the start of the financial crisis, 2017 has been marked by the return of steady economic growth and good employment figures in the EU. Nevertheless, big risks to financial stability remain.

The possible escalation of trade tensions with the US as well as the US's consideration to retreat from global multilateral frameworks for trade and cooperation creates high levels of uncertainty for the global economy. Within Europe, the launch of Article 50 of the Lisbon Treaty, formally initiating the process for the exit of the United Kingdom from the European Union, moreover jeopardizes the EU's objective of less fractured financial markets and more harmonized rules and supervision across Europe.

The disengagement by the US and the emergence of new global actors such as China, notably in the questions of global financial governance and regulation, will force the EU to re-adjust its relations and economic partnerships. Moreover, increasing military conflicts and tensions in the Middle-East and at European borders and the threats of climate change will confront Europe with huge challenges in the coming years – ranging from managing high levels of migration to building greater defense autonomy and adapting to more climate-friendly models of industrial production and consumption.

These changes in global governance and new challenges will translate in new policy objectives which will be reflected in the new EU Multi-Annual Financial Framework's (MFF) budget lines. They will also determine the public mandates of the European Investment Bank and of the national or regional public banks. This is why EAPB has taken a very active role in the discussions on the future MFF. It is important that once the joint policy objectives are set the European and national financial instruments are well articulated and coordinated to complement each other and fully meet those objectives. Europe cannot afford to lose much time on this process.

The EAPB has also put its full weight in the discussions on the finalization of the Banking Union and of the Capital Markets Union. We have seen a huge amount of regulation following the financial crisis. Clear rules are definitely necessary to prevent another crisis. But the new rules are generally designed and calibrated with reference to the large diversified commercial systemic banks, and this may lead to problems for specific entities like public development banks, a good example being the leverage ratio. It is to be welcomed that there is an understanding for these issues and an intention to take into account the specificities of public banks in the new regulations.

This Annual Report exposes some of the points made above more in detail, in particular on the future MFF and the introduction of a leverage ratio. The report also contains an analysis of the new Anti-Money Laundering regime, the new bail-in mechanism under the EU Bank resolution scheme, the review of the European Supervisory Authorities and the new rules accompanying the creation of a Capital Markets Union. You will also find an overview of the activities of the Association and some of the key EU and global decision-makers that the EAPB has engaged with to better understand the upcoming challenges and successfully represent the interests of our members.

Philippe Mills
President of the EAPB

EAPB member SID Bank supports SMEs and innovation

Location: Ajdovščina, Slovenia
Beneficiaries: SME company

Who we are

The EAPB is the voice of the European public banking sector.

We represent the interests of over 30 public banks, funding agencies and associations of public banks throughout Europe...

...representing indirectly the interests of about 90 financial institutions towards the EU and other European stakeholders.

The European Association of Public Banks (EAPB) was founded on 4 May 2000.

EAPB gathers member organisations from 15 European member states and 3 non member states.

The combined balance sheet total of all EAPB members is around EUR 3,500 billion

We represent about 190,000 employees.

EAPB members constitute an essential part of the European financial sector with a market share of around 15%

What we do

Advocating to the European institutions in the area of Banking- and Financial Services legislation and EU funding programs.

Establishing contacts with the EU institutions as well as with other European banking associations, credit institutions and promotional institutions in all European countries.

Representing the EAPB members to professional organisations, media and the general public.

Encouraging exchange of **experience** and **co-operation** among public sector banks in Europe.

Regularly and rapidly **informing** its members of all relevant financial, political and legal developments and of measures adopted by the European institutions in the fields of banking law, and European economic and financial policies.

Who we **represent**

EAPB members are national and regional promotional banks, municipality funding agencies and public commercial banks. They provide financial services and funding for projects that support sustainable economic and social development with, amongst others, activities ranging from the funding of companies and the promotion of a greener economy to the financing of social housing, health care, education and public infrastructure at national, regional and local level.

Agence France Locale
Balance Sheet Total (in bn EUR): 1,3
www.agence-france-locale.fr

Bank Gospodarstwa Krajowego (BGK)
Balance Sheet Total (in bn EUR): 16,1
www.bgk.pl

BNG Bank
Balance Sheet Total (in bn EUR): 154,0
www.bngbank.com

Bulgarian Development Bank (BDB)
Balance Sheet Total (in bn EUR): 0,9
www.bdbank.bg

Erste Group Bank AG
Balance Sheet Total (in bn EUR): 208,2
www.erstegroup.com

Finlombarda – Finanziaria per lo Sviluppo della Lombardia S.p.A
Balance Sheet Total (in bn EUR): 0,3
www.finlombarda.it

Hungarian Export-Import Bank (Exim Bank)
Balance Sheet Total (in bn EUR): 3,0
www.exim.hu

Croatian Bank for Reconstruction and Development (HBOR)
Balance Sheet Total (in bn EUR): 3,6
www.hbor.hr

Verband der österreichischen Landes-Hypothekenbanken (Hypoverband)
Balance Sheet Total (in bn EUR): 56,2
www.hypoverband.at

Institut Català de Finances (ICF)
Balance Sheet Total (in bn EUR): 2,8
www.icf.cat

Who we represent

Investitionsbank Berlin (IBB)
Balance Sheet Total (in bn EUR): 17,9
www.ibb.de

The Republic of Srpska Investment-Development Bank (IRBRS)
Balance Sheet Total (in bn EUR): 1,2
www.irbrs.org

Kommunalbanken Norway (KBN)
Balance Sheet Total (in bn EUR): 43,4
www.kbn.org

KommuneKredit Denmark
Balance Sheet Total (in bn EUR): 30,0
www.kommunekredit.dk

Kommuninvest Sweden
Balance Sheet Total (in bn EUR): 36,7
www.kommuninvest.se

Landeskreditbank Baden-Württemberg (L-Bank)
Balance Sheet Total (in bn EUR): 75,0
www.l-bank.de

Landesanstalt für Aufbaufinanzierung Bayern (LfA)
Balance Sheet Total (in bn EUR): 22,0
www.lfa.de

Macedonian Bank for Development Promotion
Balance Sheet Total (in bn EUR): 0,3
www.mbdp.com.mk

Malta Development Bank
Balance Sheet Total (in bn EUR): 0,3
mdb.org.mt/en/Pages/default.aspx

MFB-Magyar Fejlesztési Bank Zártkörűen Működő (Hungarian Development Bank LTD)
Balance Sheet Total (in bn EUR): 4,2
www.mfb.hu

Municipal Bank PLC
Balance Sheet Total (in bn EUR): 0,6
www.municipalbank.bg

Municipality Finance (MuniFin)
Balance Sheet Total (in bn EUR): 34,0
www.munifin.fi

Institut Valencià de Finances (IVF)
Balance Sheet Total (in bn EUR): 0,9
www.ivf.gva.es/en/inicio

Investitions- und Förderbank Niedersachsen (NBank)
Balance Sheet Total (in bn EUR): 4,9
www.nbank.de

Who we represent

NRW.BANK
Balance Sheet Total (in bn EUR): 142,1
www.nrwbank.com

Nederlandse Waterschapsbank (NWB)
Balance Sheet Total (in bn EUR): 94,4
www.nwbbank.com

Landwirtschaftliche Rentenbank
Balance Sheet Total (in bn EUR): 86,3
www.rentenbank.de

Sächsische Aufbaubank (SAB)
Balance Sheet Total (in bn EUR): 7,6
www.sab.sachsen.de

SFIL
Balance Sheet Total (in bn EUR): 78,9
www.sfil.fr

Slovene Export and Development Bank (SID Bank)
Balance Sheet Total (in bn EUR): 2,5
www.sid.si

Thüringer Aufbaubank (TAB)
Balance Sheet Total (in bn EUR): 4,0
www.aufbaubank.de

Bundesverband Öffentlicher Banken Deutschlands (VÖB)
Balance Sheet Total (in bn EUR): 2700 (member entities)
www.voeb.de

Wirtschafts- und Infrastrukturbank Hessen (WIBank)
Balance Sheet Total (in bn EUR): 17,4
www.wibank.de

Visit EAPB's website to learn more about our members

* Balance sheet totals as from 2016

EAPB member HBOR supports agriculture and rural development

Location: Baranja, Croatia
Beneficiaries: Local SME's

Towards the post-2020 Multiannual Financial Framework

The recent years have been so turbulent for Europe that no EU policy will remain unchanged in the next decade. Policies go hand in hand with the budget, which will therefore need to be redesigned as well. On the income side, the decision of the British citizens to leave the Union means a loss of a major net contributor to the European budget. On the expense side, the recent refugee crisis, the deteriorating European security, and the urgent need to transform our economy into a sustainable one require more action on the European level. And more action usually implies the need for more finance. In short, the European Union will need to do more with less in the Multiannual Financial Framework (MFF) for 2021-2027.

"If the EU really aims to increase the European added value of its investment policies, an efficient cooperation with public financial intermediaries is the best way to achieve this goal."

Public promotional banks in the next MFF

The obvious budgetary challenge for the post-2020 period means that every Euro invested by the European Union will have to generate more return than today. The EAPB Secretariat has been working on this topic and keeping the member institutions regularly updated since the publication of the Reflection Paper on the Future of EU Finance in June 2017, when topical discussions on this issue began. The EAPB approached the redesign of the EU budget as an opportunity rather than a threat. Together with the European Association of Guarantee Institutions (AECM) and the Network of European Financial Institutions for SMEs (NEFI), we drafted a detailed position paper addressing the main concerns of the promotional financial intermediaries and communicated our priorities and takeaways from the current MFF towards dozens of officials from the European Commission, the Parliament, and the permanent representations of the Member States.

The EAPB Secretariat is using this new opportunity offered by the ongoing work on the design of the next MFF to explain to the European policy-makers the economic benefits public that the cooperation with public promotional banks offers. On every occasion, we remind our partners about the multiplication effect of national and regional promotional banks (NPBs) involvement, about the benefits of risk-sharing, as well as about the knowledge of the local markets, which allows the regional and national promotional banks to distribute EU funding in the most efficient way. If the EU really aims to increase the European added value of its investment policies, an efficient cooperation with public financial intermediaries is the best way to achieve this goal.

When discussing the next MFF with our partners in the European institutions and permanent representations, we never forget to remind them that timing is critical. The co-legislators have to prioritize their work on MFF to avoid a delay in adoption of the legislative acts, which need to be in place before the next period begins. Such delay took place in the beginning of the present MFF and it resulted in seriously delayed implementation which necessarily brought about high economic costs. To avoid these costs and make the best out of the future EU-funded investments, the legislation needs to be timely and the lessons from the current MFF should be considered.

The growing importance of EU financial instruments

In times where more will have to be done with less, a smart use of financial instruments will be one part of the solution. The application of financial instruments has gradually been reinforced by the Investment Plan for Europe and the subsequent EFSI 2.0 regulation. Higher volumes may be available for SMEs, infrastructure, social investments, research, innovation and digitisation financing in Europe in the post-2020 period. For the next MFF, the European Commission submitted a legislative proposal for a single fund (InvestEU) with a unified rule book for the underlying centrally managed financial instruments. The financial instruments shall significantly be streamlined and merged to come under Invest EU with its thematic windows for different policy areas. All financial instruments will be a part of the single fund and governed by the same rules. The idea is to make the use of EU financial instruments easier and thus to penetrate the European markets better, and to make it easier to move budgetary resources from one policy area to another, depending on evolving needs.

The EAPB's priority in this regard is to continue and further develop the existing cooperation between NPBs and the EIB Group. Our members appreciate the cooperation e.g. within the COSME or InnovFin programmes, as well as joint infrastructure or public housing financing. We would welcome to further develop this cooperation between the EIB Group and NPBs by exploiting more of the possibilities for establishing investment platforms, especially for financing of smaller projects on a regional level. At the same time, EAPB members welcome the proposal for the extension of the EU guarantee to national and regional promotional banks and institution (NPBIs) through the Direct Access to the InvestEU. Nevertheless it should be ensured that all NPBIs, both on national and regional levels, will be able to become implementing partners.

Strong Cohesion Policy still needed

A successful continuation of the European project requires us to tackle the problem of persisting inequality among the European countries and their regions. Again, municipal, regional and national public financial intermediaries play a crucial role in promoting the economic development in their jurisdictions, thus improving the standards of living of the citizens. Many of our members hold long-lasting experience in the implementation of the Structural Funds and are ready to step in also in the next MFF.

The EAPB underlines that a successful Cohesion Policy must remain a separate chapter of the EU budget, be duly equipped by financial resources, and based on a clear, long-term vision. A future-oriented policy has to be governed by a consistent set of rules which is oriented on results rather than paperwork. It is also necessary to keep this policy and its funds open to all regions of the Union, as smartly targeted investments in the most advanced regions generate economic spin-offs from which plenty of other regions can profit – this applies most importantly in the field of innovation. Particularly in regions where financial resources are still scarce, the possibility of combining Cohesion funding with centrally managed financial instruments should be enhanced. To make the best out of the Cohesion Policy funding, we advocate for administrative simplifications, such as avoiding multiple auditing, and truly enable and encourage project financing in combination with central EU financial instruments.

Elke Nass Tønnessen, Germaine Klein, Filip Chraska

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Timeline

28 June 2017
Reflection paper on the future of EU finances

26 October 2017
State Aid and Development Committee session hosted by WIBank

23 November 2017
Joint Position Paper published by EAPB, AECM, NEFI

1 January 2018
EFSI 2.0 Regulation enters into force

8 January 2018
Conference *Shaping our future: Designing the next Multi-annual Financial Framework*

8 March 2018
Submission of public consultations on the next MFF

2 May 2018
Next MFF Regulation published

17 May 2018
State Aid and Development Committee session in Brussels

Visit EAPB's website to access our position papers.

Revision of the capital requirements – how will Europe's public banking sector be affected?

Even more than a year after the European Commission published its legislative proposal on the review of the Capital Requirements Directive (CRD IV) and Regulation (CRR), the negotiations in the European Parliament and the Council are still at an early stage. Consequently, there are many open issues which need to be tackled. Overall, this makes it very difficult to predict the final design of the revised rules. Nevertheless, the negotiations over the past year have shown that the co-legislators are generally heading into the right direction by proposing very important adjustments for public banks. This especially applies to the implementation of the Leverage Ratio.

" The Council's and the Parliament's preliminary approaches on key issues such as the Leverage Ratio are an important step to take into account the specificities of promotional banks and thereby allow them to continue fulfilling their essential role as public lenders to the real economy."

2017 marked another crucial year in terms of regulatory reforms for Europe's banking sector. Since the European Commission as well as the European Parliament and the Council committed themselves to implement further risk reducing measures, intense work has been undertaken to i.a. revise the CRD IV and the CRR. The Commission's respective proposal is driven by two main goals. On the one hand, it aims at implementing several international standards such as the Leverage Ratio to further reinforce banks' ability to withstand potential shocks. One the other hand, the Commission proposed certain adjustments of the current regulatory framework to make it more growth-friendly and proportionate to banks' complexity, size and business profile.

When it comes to the negotiations on the abovementioned package in the Council, the Council presidency (Malta and Estonia) pushed for a swift adoption of a common position. Despite a high meeting frequency and several compromise proposals, a general approach ultimately could not be reached because of strongly opposing views on certain subjects. This particularly holds true regarding the issue of proportionality, the finding of an appropriate balance between home and host-countries and the more general question of how to implement international standards.

With regard to the implementation of international standards especially the Leverage Ratio caused certain differences of opinion in the Council.

Whereas some delegations felt that deviations from the Basel standards must be avoided, other delegations pushed for modifications to take into account specificities of the European banking sector. This for instance concerns the treatment of promotional banks and promotional loans. Apart from such technical issues also rather political discussions came up in the course of the negotiations. One of the highly debated topics has been the proposed change to the scope of application of the CRD/CRR concerning promotional banks. Apart from the fact that many Member States have generally been opposed to any modifications of the current scope, there has also been strong reluctance towards granting the Commission the power to decide upon new exemptions via delegated act.

In the European Parliament the discussions on the review of the CRD/CRR picked up speed after the rapporteur on this file (MEP Peter Simon from the Socialists & Democrats) had tabled his draft report in November 2017. Even though the publication was already expected to take place before summer, the relatively long period of drafting bore fruit as many of MEP Simon's proposals had been previously coordinated with shadow-rapporteurs and other key MEPs. Therefore, and contrary to the rather slow progress in the Council, the eventual draft report already seems to provide for a solid basis in terms of a common position in the Parliament.

The latter especially holds true for the changes to the principle of proportionality in banking regulation. In this regard, MEP Simon wants to introduce a combination of quantitative and qualitative criteria which would qualify small and non-complex banks for simplified prudential requirements. Also on other issues such as the implementation of the Leverage Ratio, MEP Simon's approach so far received broad support in the European Parliament. With regard to the scope of the CRD/CRR, the draft report broadly sticks to the Commission proposal but foresees changes to certain criteria which have to be met for being exempted. Compared to the very opposing views on this issue in the Council, the rapporteur's proposal for now seems to gain support by a majority of key MEPs.

The CRD IV and the CRR are generally of high importance for public as well as for private banks, as they are driving their capital and liquidity needs and thus, have a major impact on the day to day business. The aforementioned prudential requirements therefore also have direct implications for the real economy as they strongly influence banks' capacities to provide loans to households or businesses. Against this background, EAPB represents the view that the Commission's proposals constitute a good basis for the negotiations between the co-legislators, since they foresee several prudent adjustments to international standards to take into account European specifics.

The latter aspect is particularly relevant for such standards which have been designed for large, internationally active banks and thus, do not adequately fit certain banks' business models. Public banks for instance have very specific business models including a completely different set-up and mandate compared to private, commercial banks. For this reason, adjustments to international standards are often necessary, so that they can effectively fulfil their public missions. These include the support of sustainable economic and social development at national, regional and local level through the funding of companies, green investment projects and social housing.

When it comes to the ongoing negotiations on the review of the CRD/CRR, EAPB therefore welcomes the fact that the co-legislators are constructively working on targeted improvements of the Commission's proposal. This also applies to the Leverage Ratio which would require promotional banks to hold considerably more capital in the future. This would neither be proportionate nor justified given their low-risk business and their narrowly defined public mandate. This is why the Commission proposed to ease the Leverage Ratio requirement for promotional banks in the first place. However, the Commission's proposal is linked to one problematic criterion. According to the legislative proposal, promotional banks would have to be precluded from accepting covered deposits. Since the term covered deposit is very wide and for example also captures accidental overpayments of borrowers from promotional loans, most of the promotional banks in Europe would not be able to fulfil this criterion. Thus, EAPB strongly supports MEP Simon's and the Council's proposed modifications which only provide for a preclusion from accepting savings deposits.

Another proposed change to the Commission's proposal is that MEP Simon's draft report includes several amendments of the criteria which have to be met, so that promotional banks can be excluded from the scope of the CRD/CRR. This for instance applies to the requirement that the respective entity's total assets are below EUR 30 bn. In this regard, the rapporteur foresees that also larger banks can be exempted in case their liabilities are fully guaranteed by the state. EAPB believes that this is an important step into the right direction, since promotional banks in large economies automatically have larger balance sheets. Therefore, the unmodified criterion would lead to unjustified differentiations between small and large promotional banks even though their business models are essentially the same.

As outlined above, the Commission's proposals constitute a good basis for the revision of the current capital requirements. However, several issues must still be tackled, in order to fully achieve the underlying aims such as the support of economic growth. With regard to public banks, the Council's and the Parliament's preliminary approaches on key issues such as the Leverage Ratio are an important step to take into account the specificities of promotional banks and thereby allow them to continue fulfilling their essential role as public lenders to the real economy. Since the final design of the revised rules is still subject to the ongoing negotiations, EAPB will continuously and actively engage with key stakeholders to help achieving a swift and solid compromise which is in line with the policymakers' aims and also works for the European public banking sector. For more details on our respective proposals, please read our current position papers.

Roman Hametner

Timeline

23 November 2016
Adoption of the legislative proposals by the European Commission

30 March 2017
EAPB publishes its position papers

16 November 2017
Publication of the draft report in the European Parliament

June 2018
Expected vote on the final report in the European Parliament & potential agreement on a General Approach of the Council of the EU

July 2018
Potential start of the trilogue negotiations

2nd half of 2018
Potential conclusion of the trilogue negotiations

Q1/2019
Potential entry into force of the new rules

Visit EAPB's website to access our position papers.

Next article

EU’s new MREL framework – Back to true market discipline?

Soon after the global financial crises in 2008, the G20 leaders’ decision was clear – no more bail-outs of banks with public resources and no more “too big to fail”. This led to global standards for effective resolution regimes for banks which served as the blueprint for the European resolution framework (BRRD/SRMR). An anchor point of this framework is the new bail-in mechanism, which seems to be a major change of course in dealing with struggling banks, as it aims to ensure that the burden of failing banks is firstly placed on shareholders and then on creditors, before any kind of public backstop support can be granted.

“ An effective MREL framework must take sufficient account of various business models and different resolution strategies.”

The bail-in tool consists of writing down debt or converting debt claims or other liabilities into equity according to a pre-defined hierarchy. However, bailing-in some liabilities may be legally difficult or potentially disruptive for the real economy. Therefore, banks are required to hold a sufficient amount of bail-inable liabilities, the so-called MREL quota (Minimum Requirement of own funds and Eligible Liabilities), globally known as the TLAC standard for G-SIIs. Although both standards share the same objective, they are noticeably different regarding their scope, their calibration and the subordination of eligible liabilities. Whereas the MREL quota is set on a case-by-case basis, the TLAC (Total Loss Absorbing Capacity) standard sets a minimum level of loss-absorbing capacity of 16% RWAs (Risk Weighted Assets) and 6% LRE (Leverage Ratio Exposure) by 1 January 2019 and as of 2022, 18 % or 6.75 % respectively.

In November 2016, the European Commission responded to the need for action and brought forward legislative proposals to integrate the global TLAC requirements into the EU framework, thereby reconciling both standards. These proposals seek to adjust the denominators used for measuring loss-absorbing capacity, the criteria for “eligible liabilities”, as well as introducing new moratorium powers, an “MREL Guidance” and new disclosure requirements for MREL.

The proposals are now being considered by the Co-legislators, and within the European Parliament, the rapporteur Gunnar Hökmark published his draft report in September 2017. He stressed the importance of implementing TLAC in line with global standards and not imposing additional requirements beyond what has been agreed at international level. Moreover, Hökmark recognised the need for a proportionate MREL approach, so that a bank with high level of own capital meets the same requirements as a bank of similar size, risk & business models with lower levels of capital.

Within the Council, Member States remain divided on which approach to take and have yet to arrive at a joint negotiating position for the eventual trilogue negotiations. Whilst progress on this dossier has been slow, agreement was reached on the fast track proposal to harmonise the creditor hierarchy. This creates a new class of non-preferred senior liabilities, designed specifically to be eligible for subordination requirements. The final text was signed off by the co-legislators at the end of 2017 with a transition date set for 29 December 2018.

EAPB position

EAPB broadly welcomes the legislative proposals which aim to safeguard financial stability and reduce risks in the European banking sector. In particular, we welcome the quick agreement reached on the harmonisation of the creditor hierarchy, which we believe is essential to avoid more uncertainty across the Union and to enable banks to issue this new class of senior unsecured debt.

Given the enormous differences between individual institutions across the Union, we believe that the final MREL framework will be of crucial importance to the EU banking sector. As many EAPB members are national and regional state development and promotional banks, they play a vital role in supporting economic and structural public policy goals and thereby help promote economic growth and stability. Accordingly, given the responsibility of the public authority owners for the governance of the institution as well as their special capital structure, they are characterised by a low risk nature. Therefore, EAPB continues to urge relevant actors in Brussels to take those distinctive characteristics into account when calibrating the MREL quota, in order not to threaten their business model and to prevent damaging consequences to the economy.

Accordingly, we support plans to implement the global TLAC requirements in the EU for G-SIIs only, while the MREL quota would continue to be set on a case-by-case basis and determined primarily by the systemic relevance of the institution for the European financial market, as well as its resolvability. In this context, we welcome the direction of travel of the European Parliament's rapporteur, acknowledging the necessity of a proportionate MREL approach.

Going forward, the EAPB will continue to emphasise the utmost importance of ensuring that an effective MREL framework is taking sufficient account of the various institutions' business models, their individual structure and different resolution strategies.

Verena Cassidy

Timeline

November 2016
European Commission's legislative proposals reviewing BRRD and SRMR

March 2017
EAPB Position Paper & Lobby Activities

September 2017
European Parliament's BRRD & SRMR draft reports

November 2017
EAPB revised Position Paper & Lobby Activities

December 2017
Adoption and entry into force of harmonised Creditor Hierarchy

May 2018
Expected adoption of European Parliament's Reports & Council's General Approach

2nd half 2018
Expected trilogue negotiations and agreement

2019
Transposition of Creditor Hierarchy into national laws

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Next article

The Fifth Anti-Money Laundering Directive: an agreement ending a period of uncertainty

As a knee-jerk reaction to the spate of terrorist attacks in Europe and tax scandals such as the Panama papers, the European Commission proposed in July 2016 a fifth Anti-Money Laundering Directive (AMLD). This created a quite unique challenge because of the fact that while the fourth AMLD was just being transposed at national level EU legislators were discussing new changes with potentially large impact.

" This "moving target" has made it extremely difficult for financial institutions to plan ahead for the implementation of the new rules therewith undermining the EU objective of "Better Regulation"

This "moving target" has made it extremely difficult for financial institutions to plan ahead for the implementation of the new rules therewith undermining the EU objective of "Better Regulation" High legal uncertainty has been created in particular by the discussion around possibly changing thresholds for the identification of company owners, prohibiting commercial lists of Politically Exposed Persons or even advancing the implementation date of the fourth AMLD.

The final text agreed in spring 2018 puts an end to this uncertainty and is a mix of improvements and missed opportunities.

The complicated case of Politically Exposed Persons (PEPs)

Firstly, the Directive unfortunately does not re-introduce a risk based approach for domestic PEPs (as suggested by the Council). The current obligation to apply enhanced due diligence (EDD) to all domestic PEPs (those residing in EU Member States) is seen by the industry as an inefficient measure as it binds a lot of an institution's resources without any distinction for the level of risk of sectors and countries in which a PEP may be involved. It would make more sense to focus on PEPs from countries known for high levels of corruption on a risk based approach.

The new provisions also fail to introduce official PEP lists which would help banks in their identification. However each Member State will have to issue and keep up to date a list indicating the exact functions that qualify as prominent public functions. This will help financial institutions identify relevant PEPs.

No re-introduction of Third Country equivalence lists

Moreover whereas in the past (under the third AMLD) financial institutions could rely on a 'white list' of countries outside of the EU where, according to the regulators, the AML (Anti-Money Laundering) regimes were considered equivalent to those within the EU, the fifth AMLD does not revive this useful tool. It provided financial institutions with certain freedom to operate in such jurisdictions without having to assess each individual country's AML risk. Under the new regime, financial institutions must conduct country-specific risk assessments for every jurisdiction outside of the EU where they operate.

Notwithstanding these missed opportunities to make the fight against financial crime more effective, there have been several improvements:

Increased transparency of complex company structures

First the new Directive introduces public access to beneficial ownership information on companies and access on the basis of 'legitimate interest' to beneficial ownership information on trusts and similar legal arrangements. From an industry point of view, the obligations concerning the identification of a potential beneficial owner is the most challenging requirement and the push towards more transparency is welcome. However it is regrettable that financial institutions will not be able to fully rely on the registers. Even if the burden of verifying the information will be shared with public authorities, the onus will be on the financial sector: Obliged entities will be required to report discrepancies noted between the information held in the central registers and the beneficial ownership information available to them based on their own inquiries.

In this context the EAPB also highly welcomes the fact that the beneficial ownership threshold is not changed in the final compromise and remains at 25%. This avoids immense additional administrative burden for financial institutions which could have resulted from any changes.

New Directive opens the way for digitalisation

Furthermore, in a context of a strong digitalization of the industry the final text no longer treats the fact that a customer is not in the room as a high risk situation and recognises modern methods for remote identification. This is highly welcome as secure remote identification can be performed electronically with secure electronic copies of original ID documents and/or a combination of multiple parameters, including biometric facial recognition and optical character recognition. The fifth AMLD also rightly requires virtual currency exchange platforms and custodian wallet providers to apply customer due diligence controls, ending the anonymity associated with such exchanges.

To conclude, Member States will now be able to focus on the national transposition of the new rules and on the implementation by the financial sector. European Public Banks are fully committed to this process and to a high level of integrity in their financial activities in line with international standards and their public mandate.

Julien Ernoult

Timeline

19 April 2018
Indicative EP plenary adoption 1st reading/single reading

14 May 2018
Adoption by the European Council

Mid-2018
Publication in EU Official Journal

End of 2019
Entry into force of amending directive (18 months after publication)

End of 2019
Public access to BO register (18 months after publication)

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Public banks will enter the future capital markets well prepared

The global capital markets have undergone a very turbulent decade which did not leave them unchanged. The Financial Crisis of 2009 revealed the worrying number of their weaknesses which had to be addressed by regulators on the highest political levels. Furthermore, the increasingly accepted need to transform our economy into a more sustainable model is having tremendous implications on the financial sector too. Moreover, the political instability of the last years which culminated in Europe by the decision of the United Kingdom to leave the European Union and its Single Market will necessarily lead to fragmentation of the world's largest market. Whatever the European capital market will look like in the next decade, all market players need to observe the current development closely and brace for a lot of changes to the status quo.

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Green capital for a green future

The main issue of the 2017/8 period has certainly been the future European framework for sustainable finance, including both green and social investment. The main forms of such financing are green bonds, which refinance climate-friendly projects. EAPB members in a large number of Member States already have experience with green bond issuance while others are exploring this area with interest. This is why the EAPB Secretariat keeps asking members to present their activities and internal sustainability policies at our committee meetings where members can benefit from our platform encouraging the exchange of best practices.

Furthermore, we are regularly in touch with other financial institutions, European and national policy-makers as well as NGOs in numerous events that take place around this topic to disseminate our key messages that the aspired green financial market will serve its purpose while attracting all important market players. The regulatory process on sustainable finance was launched in spring 2018 following a series of expert consultations on which the EAPB participated and after the publication of the final report by the High-Level Expert Group. The external stakeholders should make sure that the co-legislators do not rush up the legislative process ahead of the European parliament elections in June 2019. A thriving sustainable financial market will need a very careful and proportionate legal framework to kick in, not a one that steps on the little green plant we all want to see growing.

Brexit clock ticking mercilessly

By the time you get to read this report, less than one year will be left until the departure of the United Kingdom from the European Union. The City of London, being the heart of the European financial markets, will no longer fall within the EU jurisdiction after the transition period, and will therefore be considered as a third country. Providing financial services across the Channel will certainly be different than at present and the partial exodus of the City's market players to the continent might result into an undesirable market fragmentation. The crucial problem of Brexit for our members is the future of the Euro-Clearing. The European Commission swiftly tabled proposals for the reform of the European Market Infrastructure Regulation (EMIR) in June 2017 which aimed to prepare the European financial sector for Brexit. The EAPB Secretariat has been closely observing this issue and advocated for the support of functioning markets whilst taking care of an efficient supervisory regime. Moreover, on 8 March 2018 we held a very successful event Euro-Clearing after Brexit, co-organized with the German Association of Public banks (VÖB) and the Representation of the State of Hesse to the EU. We had the honor to receive Mr. Maguire, the CEO of London Clearing House, European Parliament's Rapporteur Ms. Danuta Hübner MEP as well as other representatives of the market and the European institutions. The presence of more than 150 guests underlined how timely this event was.

A Capital Markets Union without London

The inevitable departure of the United Kingdom from the EU Single Market represents a serious setback for the Capital Markets Union initiative commenced in 2015. The unfortunate series of events necessarily leads into a lose-lose situation both for the UK and the EU27, while only leaving us some space for damage control. To actively help the European financial markets, the EAPB assisted VÖB in organizing a workshop on private placement in Rome last year, presenting alternative financial instruments such as the German Schuldscheindarlehen or Italian mini-bonds. We would like to continue sharing the best practices from different markets elsewhere in Europe.

Our attention also needs to be paid to the pan-European framework for covered bonds, a type of security which is important for long-term investment in some European markets. Our goal is to remind the European institutions that while it is certainly a good idea to support the expansion of covered bonds issuance and trading elsewhere in Europe to stimulate long-term investment, the future regulatory framework should not damage the well functioning traditional national markets in certain Member States.

In the year to come, the EAPB will be further advocating for stable, adequately supervised, and liquid financial markets, which will contribute to our mission of actors of growth: financing the real economy and investing in its sustainable future.

Thorsten Guthke, Filip Chraska

Timeline

29 March 2017
Article 50 triggered

4 May 2017
EMIR Review tabled

13 June 2017
New rules for Euro-Clearing proposed

14 June 2017
Schuldscheindarlehen presented in Rome

30 January 2018
Final Report of the HLEG on Sustainable Finance

7 March 2018
CMU Package I: EU Action Plan on Sustainable Finance

8 March 2018
EAPB Event Euro-Clearing after Brexit

23 May 2018
CMU Package II: taxonomy for sustainable financial products

29 March 2019
UK leaves the European Union

Visit EAPB's website to access our position papers.

Next article

The ESAs Review, towards an ever closer system of supervision

Seven years after their creation, the EBA, ESMA and EIOPA are now set to grow bigger and more powerful. The European Commission, intent on fostering more supervisory cohesion, is proposing to improve the ESAs' coordination powers over the national competent authorities. Additionally, in several instances the ESAs will gain direct supervisory powers over market participants.

" The process of financial integration remains work in progress and in order to keep pace with ongoing developments, such as the completion of the banking union or the establishment of a capital market union, changes to the ESAs are warranted."

Issue at stake

When the 2008 financial crisis hit the EU with unexpected force, policy makers realized that the system of financial supervision was in dire need of reform. Some of the reasons for the spreading of negative economic effects had been past deregulation and relatively weak supervision. In the EU in particular, divergent national regulations and differing interpretations of EU legislation between national supervisors had created fragmented supervision of the EU Single Market. To solve this issue, the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA), and the European Insurance and Occupational Pensions Authority (EIOPA) were then set up in 2010 to tackle the divergent application of the rules and foster supervisory convergence. Moreover, as a kind of supervisors of national supervisors, they would create a single rulebook and help protect consumers and investors. The underlying rationale to all of their actions would be to further improve the single market for financial institutions, thereby granting the same rights to consumers, and the same opportunities to enterprises across the EU.

After having observed the functioning of the 3 ESAs over the past years, the Commission released a legislative proposal at the end of 2017 in which it pleads for several changes to the ESAs in order to increase their efficiency and strengthen their mandate. After all, the process of financial integration remains work in progress and in order to keep pace with ongoing developments, such as the completion of the banking union or the establishment of a capital market union, changes to the ESAs are warranted. The proposed changes affect a wide range of issues across the board: From institutional powers, to governance structures, stakeholder groups and funding models.

As is evidenced by the proposed increase in staff for each of the ESAs, mandates to promote supervisory convergence are strengthened across the board. However, it is the increase in direct supervisory powers, particularly for ESMA that is most notable in this reform. The Commission is proposing to entrust ESMA with direct supervisory powers over various aspects such as critical benchmarks, data reporting services, and prospectuses. At an organization level, an executive board will complement the governance structure of each of the ESAs. The boards will work on the ESAs' budget and work programmes, and shall prepare decisions for the board of supervisors.

Moreover, the legislative proposal is also set to change how the ESAs obtain their funding. Currently, there is a financial contribution of 60% by the national supervisory authorities and 40% by the European Union's budget. However, if the proposed revision would come to pass, the financial burden would be shifted from national authorities onto the supervised institutions, while the EU's contribution would be able to drop below 40%.

EAPB Position

Many EAPB-members being fully fledged banks will naturally be affected by changes to the European system of financial supervision. If the legislation would come into effect, they will be subject to more direct supervision by ESMA, in addition, they will be faced with the costs associated with the new funding structure. Furthermore, increased supervisory convergence will place them under a supervisory regime closely resembling that of their EU peers.

Overall, the EAPB feels that the review of the ESAs' legislation would be something positive. The ESAs would be able to more strongly promote supervisory convergence, which in turn creates more legal certainty and a level plaining field. Simply put, the legislation would allow public and promotional banks to know what they can expect and to trust that other financial institutions throughout the EU will receive the same regulatory treatment.

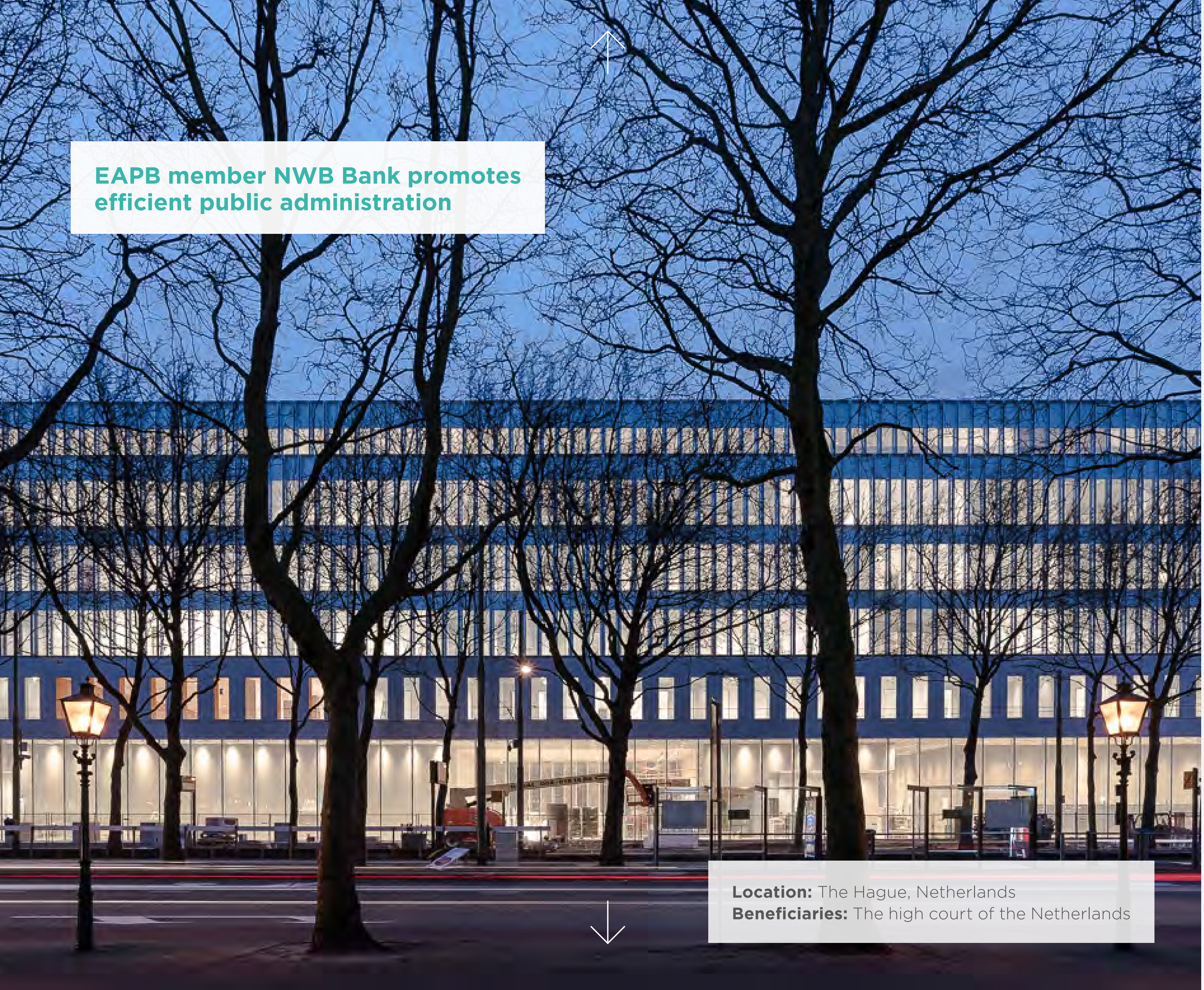
Yet, the EAPB does feel compelled to point out a few concerns it has over the present proposals. While we do welcome granting ESMA direct supervisory powers in the area with a strong pan-European dimension such as critical benchmarks or central counterparties in third countries, we are hesitant of giving it the power to supervise critical benchmarks. The efficiency of centralizing scrutiny to the European level seems limited for a task that requires the authorities to check the completeness and the consistency of the information given in the prospectus.

On the topic of efficiency, the EAPB notices the dilemma of direct access to data for the ESAs. Especially now that some ESAs would gain more direct supervisory powers, their need to obtain data may become more pressing. However, allowing the ESAs to more directly contact financial institutions, instead of through the national authorities, would increase the administrative burden. To avoid an overlap in data collection, the idea of a 'one-stop-shop' for data collection should be further explored. After all, at present an authority often cannot survey which data have already been requested by other authorities, whereas financial institutions have to deal with a large amount of work due to multiple and at times overlapping information requests.

Furthermore, the EAPB would comment critically on the proposal to reduce the EU budget contribution from a fixed 40% to an unclear, but lower percentage. This is of particular importance now that the financial institutions would have to directly contribute to the ESAs' budget. To us, a fixed contribution from the EU budget would guarantee a democratic and critical form of cost control, thereby limiting the scope for costs to surge.

To sum up, the EAPB is looking to help create a better and more efficient system of financial supervision. In line with this philosophy, more ideas and more details on the ESAs Review are available for everyone in our position paper on our website.

Jeroen van der Donck



EAPB member NWB Bank promotes efficient public administration

Location: The Hague, Netherlands
Beneficiaries: The high court of the Netherlands

Overview of EAPB meetings and major events

February

9	Workshop of the EAPB Capital Markets Committee meeting – Brussels

On February 9, EAPB organised a workshop on the Implementation of MiFID II in Brussels. Mr. Tilman Lüder, (Head of unit, DG FISMA), delivered the key note speech. Mr. Zsolt Nagygyörgy, (MFB) outlined the applicability of MiFID II to promotional banks. Mr. Oliver Winkelnkemper, (NRW.Bank), presentation focused on the Systematic Internaliser (SI) and post-trade transparency. Ms. Mari Tyster, (MuniFin) outlined MiFID II implementation in MuniFin. The presentations were followed by an open discussion with the audience.

22	EAPB workshop on statistical classification of promotional banks and ESA 2010 – Brussels

On February 22, EAPB organised a workshop on statistical classification of promotional banks and ESA 2010. The EAPB Secretariat provided an update on the state of play of promotional bank classifications under ESA 2010. Mr. René Saliba and Frans Camilleri (Malta Development Bank, MDB) provided insights on MDB's establishment and statistical classification. The agenda included contributions from Ms. Vanessa Servera Planas, CFO at Institut Català de Finances (ICF), Mr. Csaba Harsányi, Head of Brussels Office, Magyar Fejlesztési Bank (MFB), Mr. Damjan Kozamernik, Director at Slovenska izvozna in razvojna banka (SID) and Mr. Joachim Kiesau, Executive Director at NRW.BANK.

May

16 **State Aid and Development Committee meeting – Brussels**

On May 16, EAPB organised its State Aid and Development Committee meeting in Brussels. In her presentation on "ESIF financial instruments – 2014-2020 framework and Omnibus Commission proposal", Ms. Oana Dordain, (DG REGIO, European Commission) outlined the key novelties and progress in the implementation of the EU cohesion policy.

Ms. Astrid Bartels, (DG GROW, European Commission) delivered a presentation on central EU financial instruments for SMEs. Ms. Bartels provided an overview of basic principles, rules and timelines of central and decentral EU financial instruments in the 2014-2020 period, with a focus on COSME instruments (Europe's program for small and medium-sized enterprises).

Ms. Severina Markova, (DG Research & Innovation, European Commission) gave an introduction on the principles of the circular economy. Mr. Edwin Veenhuizen from BNG Bank presented the organization's exchange program "Young BNG", and Mr. Carsten Buhmann (Investitionsbank Sachsen-Anhalt) presented the activities of the loan fund set up by his institution in the context of ESIF.

May

17	**Economic and Financial Affairs Committee meeting – Brussels**

On May 17, EAPB organised its semestrial Economic and Financial Affairs Committee meeting in Brussels. EAPB outlined its main positions on the review of the capital requirements (CRR/CRD IV). The respective key aspects include the leverage ratio and the net stable funding ratio as well as the scope of the CRR/CRD IV and enhanced proportionality. EAPB presented the core elements of its resolution framework (BRRD/SRM) position paper regarding the Commission's proposals on the bank insolvency creditor hierarchy, the eligible criteria for minimum requirement for own funds and eligible liabilities (MREL) under the CRR, breaches of MREL as well as newly proposed powers for competent authorities.

Mr. Klaus Wiedner (Head of Unit D1, DG FISMA) shared his vision on CRR/CRD IV review. Mr Frank Pierschel (Head of Unit, International Policy Affairs Banking Supervision, BaFin) gave an introduction on the background of the ongoing negotiations on the finalisation of the Basel III framework.

In her presentation, Ms. Anca Grigorut (Policy officer, Resolution and Crisis Management Unit, DG FISMA) reiterated the goals of the 2016 BRRD/SRMR legislative package. During the question and answer session EAPB Members in particular addressed the role of promotional banks and their low risk business models.

June

1	**Capital Markets Committee meeting – Brussels**

On June 1, EAPB organised its Capital Markets Committee meeting in Brussels. EAPB provided an overview of the political and legislative development of the capital markets union, featuring the mid-term review (MTR). EAPB gave an overview on the recent lobbying efforts and developments on EU level regarding the treatment of exposures to promotional banks which are guaranteed by regional governments and local authorities under the Solvency II framework. EAPB provided an update on Brexit, outlining recent developments amongst the EU-27 and the UK.

Mr. Martin Reckendorf (VÖB) introduced the proposal of 4 May 2017 of the Commission for a regulation amending the European Market Infrastructure Regulation (EMIR) and Mr. Marius Ruud (Kommunalbanken) delivered a presentation on Kommunalbanken's green bonds program. Mr. Benoît Gourisse from the International Swaps and Derivatives Association (ISDA) delivered a presentation on the implementation of margin requirements for non-cleared derivatives.

June

6	General Assembly of the European Association of Public Banks - Sofia

On June 6, EAPB organised its semestrial general assembly in Sofia. The event was kindly hosted by the Bulgarian Development Bank (BDB).

On this occasion, public banks' high level representatives met with EIB delegate to discuss future opportunities and new results of the European Commission's investment plan (Juncker Plan) for Europe

Ms. Iliyana Tsanova, Deputy Executive Director of the European fund for strategic investments (EFSI), delivered a presentation on the implementation of the EFSI. The presentation prompted a lively discussion among the participants.

The event agenda included contributions from Mr. Philippe Mills, EAPB President/CEO SFIL, Mr. Angel Gekov, Chairman of the Management Board of BDB and Mr. Yves Millardet, CEO, Agence France Locale (AFL).

At the meeting, Ms. Iris Bethge, Executive Managing Director at the Association of German Public Banks (VÖB) was appointed new board member of the EAPB.

September

28 **Venture Capital workshop – Brussels**

On September 28, EAPB organised at the representation of the State of Hessen in Brussels a workshop on Venture Capital.

Mr. Dietmar Schwarz (in charge of EU Financial Market Policy at the Representation of Hessen) held the key note speech and Ms. Alexandra Böhne, WIBank, delivered the introductory remarks.

Mr. Martin Koch, DG FISMA, European Commission, presented the current situation of Venture Capital in the EU and provided an update on financial instruments. In his presentation, Mr. Lazaros Panourgias, European Investment Fund, outlined EIF-managed equity instruments.

Ms. Anna Lekston, InvestEurope, shared private sector insights. Ms. Zaya Kadyrova, EBRD and Ms. Lola Merveille, Bpifrance, presented the Venture Capital investment programs of their respective organisations.

October

Photo exposition on development banks and their key projects - Sofia

EAPB member Bulgarian Development Bank (BDB) organised a photo exposition with the support of EAPB.

The Chairman and Executive Director of the Board of Directors of the BDB, Mr. Stoyan Mavrodiev and the Secretary General of the EAPB, Mr. Marcel Roy opened the photo exposition, featuring projects financed by public banks and financial institutions.

The exposition titled “Development Projects” presented a total of 31 projects in 13 countries completed by16 public banks and financial institutions, including the German KfW, the China Development Bank, the Council of Europe Development Bank and the EAPB members BNG Bank, HBOR, ICF, MuniFin, Kommunalbanken AS - Norway (KBN), Kommuninvest of Sweden, Municipal Bank Bulgaria, NRW.BANK, NWB BANK, SID.

The photo exposition enabled locals and visitors to get acquainted with remarkable pictures displaying large-scale infrastructure projects such as the city of innovation in the Chinese province of Hubei and the largest wind farm in the North Sea.

You can access the exposition here

October

11	**Workshop on the role of public banks in supporting smart and resilient infrastructure – Brussels**

On October 11, EAPB held a workshop on the role of public banks in supporting smart and resilient infrastructure as part of the European Week of Regions and Cities. The workshop showcased experience gained and best practices of public banks implementing financial instruments to support regions and cities. The workshop brought together over 80 representatives from national and regional governments, EU-Member States, EU Institutions as well as from various stakeholder organisations and SME associations.

The workshop`s agenda included contributions from Ms. Nadejda Romanova, Director Infrastructure Finance, Energy and Environment at the NRW.BANK, Mr. Csaba Harsányi, Director - Brussels Representative Office at the Hungarian Development Bank, Ms. Simon Zwagemakers, Advisor to the Managing Board at the NWB Bank and Mr. Marcel Roy, Secretary General at the European Association of Public Banks.

Presentations and pictures are available on EAPB's website.

October

26 **State Aid and Development Committee meeting – Wiesbaden**

EAPB held its semestrial state aid and development committee meeting on October 26 at the premises of WIBank in Wiesbaden, Germany. The morning part of the meeting was dedicated to the presentations and discussion with two speakers from the European Commission. Mr. Stephane Ouaki from DG RDI, European Commission, shared lessons learned from the implementation of the 2014-20 InnovFin financial instruments and discussed with the participating representatives of national and regional promotional banks possible scenarios for the next multiannual financial framework. Ms. Alexandra Rotileanu, DG Connect, European Commission, presented the connecting Europe broad band fund and her presentation was followed by a presentation by Pietro Pitruzzella, WIBank, on the organisation's activities in broad band construction in the federal state of Hessen, Germany.

November

21 **Capital Markets Committee meeting – Copenhagen**

EAPB's Capital Markets Committee meeting took place in Copenhagen on November 21 at the premises of Kommunekredit. Mr. Johnny Munk, CEO at Kommunekredit welcomed the participants and delivered a brief presentation on KommuneKredit's mission and history. Ms. Guri Weihe from KommuneKredit presented the green bonds program. The EAPB secretariat provided an update on green finance and capital markets union.

November

28 **EAPB annual reception 2017 – Brussels**

On November 28, Mr. ZHANG Ming gave his first speech as China's new ambassador to the EU, on Chinese investment in the EU at EAPB's annual reception.

In his speech, delivered to an audience of up to 150 participants, the ambassador discussed the importance of cooperation between two of the biggest economies and leading trading blocks in the world.

In his opening remarks Mr. Philippe Mills, Chief Executive Officer of SFIL and EAPB President welcomed the ambassador and the opportunity to exchange on EU-China relations, joint investment priorities and improved cooperation. He stressed that there were some disagreements for example on access to markets, the respect of different corporate cultures and values but that in order to overcome these differences it was important to engage actively with one another.

Mr. ZHANG Ming showcased the results of the 19th National Congress of the Communist Party of China and the strategic plans for China's development in the coming 30 years and beyond. Furthermore, he explained China's basic state policy of opening-up further relations with the European Union to work together for growth in trade. In an exchange with Mr. Mills, the ambassador also conveyed his views on global regulatory reforms, the sustainability of Chinese growth as well as the new 16+1 initiative with Members States from Central and Eastern Europe.

China is the EU's biggest source of imports and its second-biggest export market. China and Europe trade on average over €1 billion a day. The EU has also become a priority target of Chinese investment with a surge in annual investment from €6,1 billion in 2010 to €35 billion in 2016. Furthermore, the Belt and Road Initiative aims at building a network of transport, energy and communication infrastructure that stretches from China to the EU.

Mr. ZHANG Ming speech and pictures of the event are available on EAPB's website.

November

29	EAPB CEO Conference – Brussels

On November 29, EAPB organised a CEO conference in Brussels. The agenda included contributions from Mr. Thomas Wieser, President of Economic and Financial Committee (EFC) on the finalisation of the European Monetary Union (EMU) amidst the change of international rules on sovereign risk.

Mr. Klaus Wiedner, Head Of Unit, European Commission, Directorate-General for Financial Stability, Financial Services and Capital Markets Union, presented the European Commission proposal for a new CRD/CRR/BRRD (Banking Union Package).

Mr. Roger Havenith, Deputy Chief Executive, European Investment Fund (EIF), outlined the implications of the mid-term review on the current Multi-Annual Financial Frameworks (MFF) for the 2018-2020 period, the post 2020 MFF and EFSI 2.

December

7	EAPB Economic and Financial Affairs Committee meeting – Brussels

On December 7, EAPB organised its semestrial Economic and Financial Affairs committee in Brussels. EAPB presented an overview of its main positions on the capital requirements CRD/CRR package. In particular, the leverage ratio adjustments, the net stable funding ratio and the exemption from the scope were highlighted. On the bank recovery and resolution directive (BRRD), the Secretariat highlighted EAPB's positions regarding the scope of MREL (Minimum Requirement for own funds and Eligible Liabilities) and the calibration of MREL pillar 1 and 2 requirements.

Mr. Oliver Schuster (Assistant of MEP Othmar Karas/EPP) delivered a presentation on CRD IV/ CRR II. Mr. Kai Spitzer (Deputy Head of Unit 01/DG FISMA) gave a thorough presentation of the review package on the European Supervisory Agencies (ESAs). The presentations were followed by an open discussion with the audience.

EAPB participation at European Commission expert groups

Expert group for the structured dialogue with European structural and investment funds' for the programming period 2014-2020

Payment systems market expert group

Derivatives expert group

Clearing and settlement code of conduct monitoring group

Expert group for automatic exchange of financial information

Expert group on corporate bonds

EAPB comment letters and position papers and EAPB contributions to comment letters and position papers from the European banking industry

January

18	EAPB comments and amendment proposals on the STS regulation.
20	EAPB comments on ECB guide fit and proper assessment.
25	EAPB comments and amendment proposals on the proposal for a regulation amending the CRR.
27	EAPB answers to public consultation on draft guidance of the European Central Bank on leveraged transactions.
27	EAPB position on the consultation on joint ESMA/EBA draft guidelines on the assessment of the suitability of members of the management body and key function holders.
27	EAPB position on the EBA consultation on draft guidelines on internal governance.

February

8	EAPB position on EBA RTS and ITS on the authorisation of credit institutions.

March

3	EAPB position paper on EIOPA's discussion paper on the review of specific items in the Solvency II delegated regulation.
8	EAPB comments on the trilogue negotiations on the STS-regulation and the regulation amending the CRR.
17	EAPB response to the CMU mid-term review.
30	EAPB position paper on BRRD / SRMR review proposals.

April

4	EAPB comments on CRR review proposals.

May

16	EAPB position paper on ESAs review.

June

14	EAPB position paper on preventive restructuring frameworks and second chance for entrepreneurs.

August

16	EAPB final position on ECB supervisory fees consultation.
31	EAPB position paper on EIOPA's first set of advice on the review of specific items in the Solvency II delegated regulation

September

4	EAPB position paper on the EBA 2018 EU-Wide Stress Test.
13	EAPB position paper on EMIR review.
28	EAPB's position on the BCBS consultation on the simplified alternative to standardised approach to market risk capital requirements.

October

25	AECM, EAPB, ELTI & NEFI comment on the interim evaluation of the programme for the competitiveness of enterprises and small and medium-sized enterprises.

November

9	EAPB position paper on BRRD / SRMR review proposals.
13	EAPB position paper on Euro-Clearing.
23	Joint AECM/EAPB/NEFI position paper on the future of EU finances.
30	EAPB position paper on the European Commission's targeted consultation on statutory prudential backstops addressing insufficient provisioning for newly originated loans that turn non-performing.

December

6	EAPB position paper on ESA review proposal.
6	EAPB position on the draft addendum to the ECB guidance to banks on nonperforming loans.
7	EAPB position paper on sustainable finance.
18	EAPB preliminary position on possible revision of the EU SME definition.

You can find EAPB comment letters and position papers on our website.

You can find EAPB contributions to comment letters and position papers from the European banking industry on EBIC's website.

EAPB member KBN finances infrastructure

Location: Asker, Norway
Beneficiaries: Eco friendly swimming pool

EAPB board and secretariat

Our board – Status 01/09/2018

President
Philippe Mills
SFIL
Chief Executive Officer

Vice – President
Kristine Falkgard
Kommunalbanken Norway (KBN)
President and CEO

Vice – President
Eckhard Forst
NRW.BANK
Chairman of the Managing Board

Board Member
Dr. Jürgen Allerkamp
Investitionsbank Berlin (IBB)
CEO

Board Member
Iris Bethge
Association of German Public Banks (VÖB)
Executive Managing Director

Board Member
Tamara Perko
Croatian Bank for Reconstruction and Development (HBOR)
President of the Management Board

Board Member
Josep-R. Sanroma
Institut Català de Finances (ICF)
Chief Executive Officer

Board Member
Sibil Svilan
Slovene Export and Development Bank Inc. (SID)
President of the Board and CEO

Board Member
Lidwin van Velden
NWB Bank
Managing Director

Our secretariat

EAPB Secretary General
Marcel Roy
European Association of Public Banks (EAPB)
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