

Minutes
of the meeting of the Financial Affairs Committee
held on Friday, 20 October 2023, 10:30am-12:00pm
Radisson Blu Hotel, Juri-Gagarin-Ring 127, 99084 Erfurt

Chairman:	Kaschel Rainer (Hungary)
Participants:	Aitkulova Arailym (Kazakhstan) Anđel Zdravko (Croatia) Antonova Yelena (Kazakhstan) Cariboni Mario (Germany) Eichwede Rainer, Dr (Germany) Elz Nathalie (Germany) Freise Agnes (Germany) Grebler Gerhard (Germany) Großhauser Sven (Germany) Guthmann Axel (Germany) Jungkurth Frank (Germany) Kármán András (Hungary) Kaschel Rainer (Hungary) Khalife Mahmoud (Germany) Kleb Isabel, Dr (Germany) König, Christian (Germany) König, Sabine (Germany) Kreuziger Volker, Dr (Germany) Lesemann Max (Germany) Masuch Sabine (Germany) Müller Martin (Luxembourg) Neumeister Stephan (Germany) Plško Jozef (Slovakia) Rauno Ines (Germany) Riemer Jens (Germany) Safadi Felix (Germany) Schudrowitz Juri (Germany) Tichy Zoltán, Dr (Hungary) Trappe Florian, Dr (Germany) Weinrich Mark (Germany)
Secretariat:	Menzel Sophie (Belgium) Pfenning Jonathan (Belgium) Reiner Pierre (Belgium)
Minutes:	Pfenning Jonathan (Belgium)

Guest speakers:

Scheuermann Andreas, Dr., zeb Consulting
Konezny Werner, zeb Consulting AT
Jantzen Sven, SkenData

ITEM 1: Welcome

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

ITEM 2: Overview of the progress on Basel III and the revision of the Recovery and Resolution Framework (CMDI)

Mr Jonathan Pfenning, European Federation of Building Societies, spoke on the state of play of the two major regulatory dossiers currently treated on European level: the finalisation of Basel III and the CMDI review.

Basel III

While a compromise was reached at the informal triologue meeting on 26/27 June 2023, political resistance arose afterwards amongst 18 host member states against a review clause on the output floor. Therefore, the text is still not politically cleared. On a technical level, 95-99% of work has been completed. Yet, it is still not clear until when a final text will be published in the Official Journal of the European Union.

EFBS is currently supporting an initiative of the European Banking Industry Committee (EBIC) asking for a minimum delay between the publication date and the date of application of the Basel III regulation of minimum 18 months. For the time, being the draft legislative texts foresees an application date on 1 January 2025.

CMDI

After the publication of the CMDI legislative package on 18 April 2023, the European Parliament and the Council of the European Union has started to find their respective positions on the texts. While the Spanish Council Presidency is pushing hard to advance technical work and to find a General Approach by year end 2023, Member States such as Germany ask for a general political debate on the file.

In case CMDI will be implemented as proposed by the European Commission, many more credit institutions will be in the scope of the European resolution framework. They will have to develop resolution plans and fulfil MREL requirements. In addition, DGS shall be used more easily to fund transfer strategies.

The draft reports in the Parliament became public in the beginning of October 2023. The draft report on the revision of the Deposit Guarantee Scheme Directive foresees an increase of the target level of the available financial means of DGS

from currently 0,8% of covered deposits to 1,0% (i.e., constituting a 25% increase).

For more detailed information please refer to the slides attached.

ITEM 3: zeb.ESG Tool Suite - Practical use cases for meeting regulatory requirements

Dr. Scheuermann and Mr. Konezny, Partners at zeb Consulting, shared insights on how to apply environmental, social and governance (ESG) criteria in the real estate business, especially in the context of the EU taxonomy and other regulatory initiatives. The EU has set ambitious climate targets to reduce greenhouse gas emissions by 55% by 2030 and achieve carbon neutrality by 2050, requiring massive future investments. The residential building sector alone is responsible for about 18% of the CO₂ emissions and 27% of the final energy consumption in Germany. The EU has introduced several regulatory initiatives to promote sustainable finance and the green transition. These regulations pose various challenges for banks and bauparkassen, such as assessing the climate risk of their real estate portfolios, disclosing their green asset ratio, and advising their customers on renovation measures. Dr. Scheuermann and Mr. Konezny proposed a combined solution approach by zeb and SkenData, which uses digital tools and external data to address these challenges.

The presentation identified solutions for banks and bauparkassen to meet the ESG requirements and to seize the market opportunities, particularly with respect to "SanReMo consulting". SanReMo is an abbreviation for "SANierung" (renovation) and "REalMOdell" (real model). It refers to the process of improving the energy efficiency and sustainability of buildings. Jointly, zeb and SkenData offer tools to efficiently perform taxonomy conformity assessments for new and existing loans. In the field of GHG accounting, the zeb.ESG.Suite tool enables users to calculate the financed GHG emissions as well as the reduction pathways for the portfolio.

ITEM 4: SkenData EnergyCheck - Digital determination and disclosure of building portfolio energy efficiency: Case studies on energy value determination

Mr. Sven Jantzen, Founder of SkenData, gave a step-by-step demonstration of the online "SkenData EnergyCheck" tool. The software currently accounts for two of the six environmental objectives defined under the taxonomy and will incorporate the remaining four objectives in the future. The tool provides guidance with respect to which objective bears the lowest number of administrative steps and the highest chance for success. It relies on direct customer input as well as a large database, allowing it to make estimates about the energy efficiency of residential buildings based on their location. SkenData is an officially approved energy consultant and can generate energy efficiency certificates with legal validity.

Mr Kaschel thanked all speakers, and EFBS members and closed the meeting.