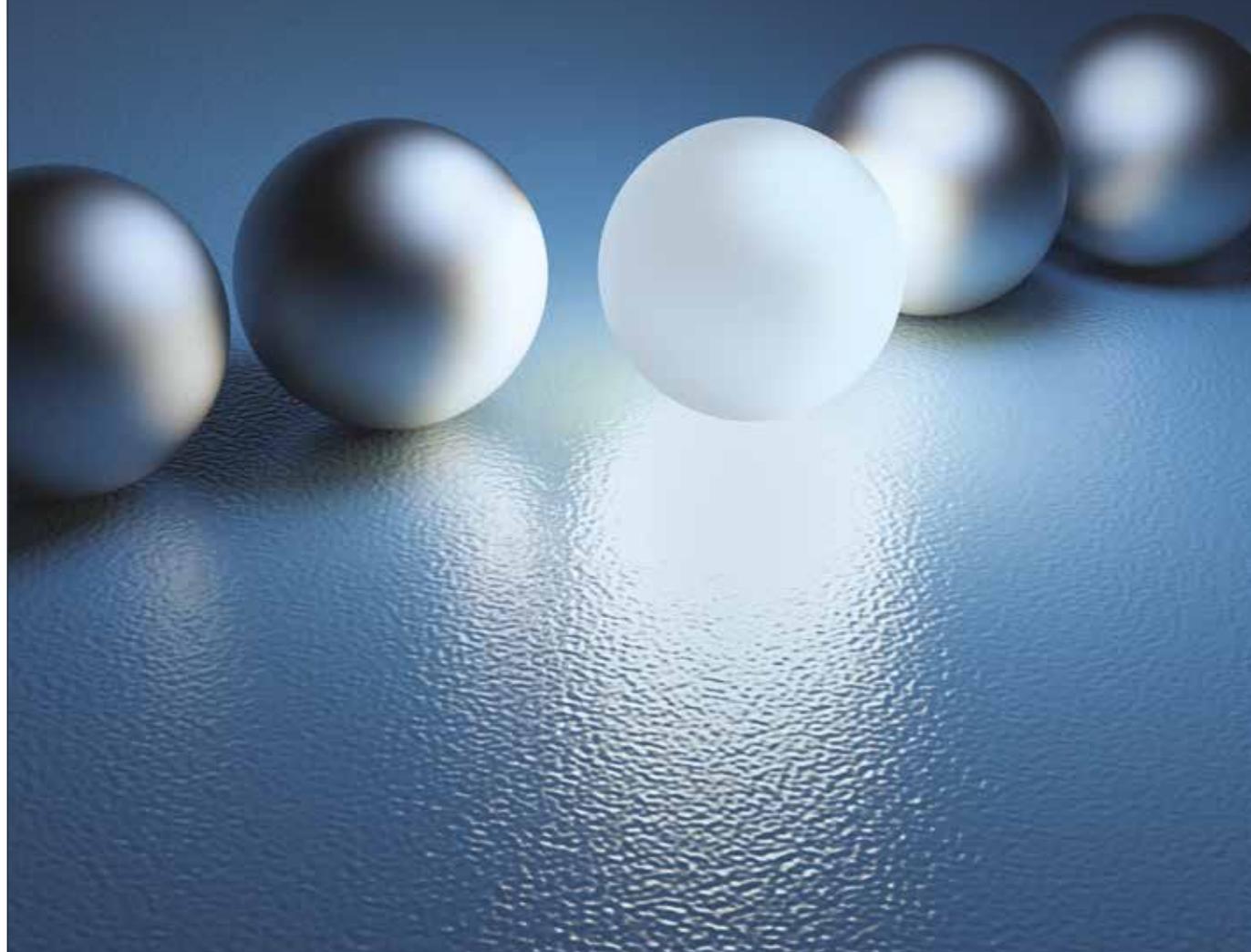




EUROPEAN ASSOCIATION
OF CO-OPERATIVE BANKS

LEVERAGING THE CO-OPERATIVE BANKS' DIFFERENCE



ANNUAL REPORT 2015

The voice of **4,200** local and retail Banks | **81** million Members | **205** million Customers

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President's Address



Christian Talgorn,
President

The year 2015 will remain in banking history as the year of the single European supervision establishment. It will also be remembered, however, as a year of weak economic recovery in Europe, marked by an insufficient growth to curb increasing unemployment and low interest rates. At the same time, the gradual entry of post-crisis legislation emanating from Basel III – and the set of complex and expensive rules which accompany it – poses serious constraints on the banking sector and, in particular, at the local and regional level of co-operative banks. If the European banks have undeniably become stronger in terms of capital levels, and progressively harmonised in their supervision, they are nevertheless facing a profitability problem which hampers their ability to grow and ultimately to finance the economy, especially small- and medium-size enterprises. Moreover, Continental European banks are facing the risk of distortion from competition, especially in relation to US banks.

Throughout 2015, the EACB actively contributed to consultations launched by the legislator and the regulator, endeavouring to highlight the impact of proposed measures on the specific model of co-operative banks, which has demonstrated its resilience in the crisis, including through its governance. The willingness to introduce proportionality and to simplify regulations is unanimously supported by co-operative banks. Moreover, co-operative banks are calling for a stabilisation of the legislative framework, the contour and content of which are constantly changing thus adding to uncertainty and high adaptation costs. The

European Commission's actions towards better regulation and the implementation of an impact study, the Call for Evidence, are welcomed in this respect. However, the implementing regulations, whether from the Commission or from the regulatory authorities, should not jeopardise the balance decided by the European Council and the European Parliament. In the framework of the Banking Union, the EACB underlines the importance of recognising the diversity of banking models in the European Central Bank's supervision exercise as well as in the works undertaken by the Single Resolution Board. Convergence towards a reference banking model would inevitably lead to a concentration of risks, threatening the stability of the banking system in its entirety. In addition, the proposals regarding the establishment of a European Guarantee Fund of Deposits (European Deposit Insurance Scheme) must not jeopardise the options offered by the deposits' guarantee, nor the sustainability of existing systems in some co-operative networks.

Exchange and dialogue are the co-operative values driving the EACB in its relations with the European authorities and the International Standards Setters. This fruitful co-operation and the willingness to make progress on consideration of co-operative banks' specificities must continue and intensify both on a political and technical level. The establishment within the EACB of a high-level group composed of European and non-European co-operative bank leaders contributes to that ambition.

Allow me to conclude by addressing some words of praise: firstly to Gerhard Hoffmann Vice-President of the EACB, who has been very supportive; and secondly to the 200 national experts of our 31 member organisations for their precious support and contribution to the EACB technical working groups. Finally, I would like to thank Hervé Guider, General Manager, and the staff of the EACB Secretariat for their expertise and professionalism that has greatly benefited the co-operative banking sector. Our common goal, I believe, should always be to keep the interests of people at the heart of the regulation and the financing of the local economy.

I wish you a pleasant reading of this document.

Welcome to the EACB



Hervé Guider,
General Manager

GENERAL MANAGER'S FOREWORD

The aim of this report is to provide stakeholders, members and policymakers in Europe and abroad with a better understanding of the co-operative banking model and an overview of the EACB's core objectives.

The main issues that the EACB focused on in 2015 are summarised below. More details can be found in the main section of the report.

We are thankful for the active involvement of our international experts (around 200) in our Working Groups and Task Force initiatives and for the active support of the chairmen and CEOs of our member co-operative banks. Their contribution is invaluable to the EACB's work and their expertise has leveraged the EACB's activities for the benefit of more than 4,000 co-operative banks.

The year 2015 was an intensive and rich year for our member co-operative banks and for the banking sector. It was marked by:

- The completion of the Banking Union;
- The implementation of Basel III; and
- The on-going work of the Basel Committee on the post crisis regulation.

The EACB has also worked on the legislative framework affecting retail banking. Indeed, the so called 'level 2' legislation defining more detailed rules for the implementation of the rules adopted by the 'level 1' is a tremendous set of detailed provisions which deviates from the European Commission's willingness to make legislation less complex and more proportionate in line with its better regulation approach.

Over the past 12 months, the EACB has been advocating loudly for diversity of the banking business model and the specificities of the co-operative banks business model. The opinions expressed and the positions taken aim to raise the awareness of the rule-makers and supervisors on the impact of the legislation on the co-operative banking sector in all its diversity.

The EACB has also released various surveys on co-operative banks that focus on corporate governance with the objective of enhancing their relationships with research centres and the academic world.

Finally, the EACB is engaging in a constructive dialogue with the stakeholders as illustrated by the organisation of the 6th Convention on Cooperative Banks. It will continue to play an active role by voicing the concerns of more than 4,000 co-operative banks in order to allow them to serve their members and other actors in financing the local economy.

About the EACB

(International Non-Profit Association)

CO-OPERATIVE BANKS AT A GLANCE¹

- ▶ Co-operative banks serve **205 million customers**
- ▶ Co-operative banks are mutual and private banks, owned by their **81 million members**
- ▶ Co-operative banks share common values and foster local growth and entrepreneurship through their **4,200 regional and local banks, 67,000 branches**
- ▶ Co-operative banks employ **805,000** people nationally
- ▶ Co-operative banks manage more than **€7.5 trillion** in banking assets
- ▶ Co-operative banks safeguard **€3.7 trillion** in deposits
- ▶ Co-operative banks extend more than **€3.9 trillion** in loans

A. THE ASSOCIATION

The EACB is the leading trade association for the co-operative banking sector with 31 member institutions and co-operative banks located in 24 countries worldwide. As the representative of the world's largest co-operative banking cluster, the EACB is the voice of 4,200 small, regional and large member banks at European and international levels. As an international non-profit based in Brussels, the EACB is recognised as a key interlocutor for co-operative banks by EU regulators and supervisors.

WHAT IS THE EACB?

As the official representative of co-operative banking to the international and European institutions, the EACB is committed to providing a high-quality, credible voice for co-operative banks. In this regard, the EACB supports the code of conduct on lobbying of the European Commission and is registered in the EU transparency register book (Transparency Book Register 4172526951-19).

The EACB has the largest and most comprehensive policy resources for co-operative banks worldwide. Working together with more than 200 experts from its member organisations, the association represents, promotes and defends the values of the co-operative banking model in Europe and on the global stage. Democracy is central to these values with the principle of 'one person one vote' at its core. Other values include a strong commitment to social engagement and close proximity to customers.

The EACB is fully dedicated to its members. In line with the co-operative values, each full member is given the same weight in the decision-making process, regardless of its size, country of origin or financial contribution. Furthermore, our credo 'Everything we do – Everything you know' ensures the commitment of the EACB Secretariat to inform, consult, consider and respect all members' opinions and advice.

WHO WORKS FOR THE EACB?

The expertise and professionalism of its staff members, working hand in hand with more than 200 national experts actively involved in the EACB's specific technical working groups (see related point pages 7 and 8), allows the EACB to make relevant contributions to the consultations

of the international and European Institutions, European Parliament committees, expert panels and other relevant hearings.

Furthermore, through a broad range of information, trainings, staff expertise and an EU think tank on co-operative banks, the EACB provides its members and stakeholders (study tours, other co-operative organisations, visiting delegations of co-operative bankers, etc.) with the tools for increasing their awareness and knowledge of European issues. It helps keep them up to speed with legislative and regulatory developments. It is also a valuable platform on which members can defend and promote their banking model.

For details of the EACB's team, please visit our website: www.eacb.coop or see annex (page 34).

The co-operative banks have proved to be resilient to the effects of the economic crisis. The EACB emphasises the unique characteristics of its members in order to enhance the diversity and plurality of the European banking industry for the benefit of Europe's citizens and SMEs.

WHAT IS THE EACB'S AGENDA FOR ACTION?

The EACB's value lies in its position as a leading trade association interacting and triggering debate with international and European institutions. As a privileged interlocutor for co-operative banks with policymakers and standards setters, the EACB is also considered a reliable source of information that delivers solid and representative opinions on key issues with regards to the legislative agenda affecting co-operative banks.

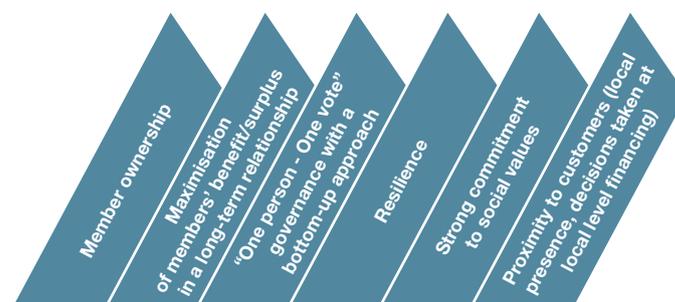
Laws and regulations should be tailored to take into due consideration a bank's charter, business model, location and risk profile. It is of the utmost importance for decision makers to avoid the negative economic consequences of burdensome and 'one size fits all' banking regulations. Diversity is an element of financial stability. Co-operative banks call for a balanced calibration of the rules, in particular the 'level 2' ones, that would allow them to continue playing a key role in funding the real economy, stimulating growth and boosting local employment.

B. THE CO-OPERATIVE DIFFERENCE

Co-operative banks are the main pillar of diversity in the European banking sector. They account for about 20% of the market of EU bank deposits and loans, and they are thus a major feature of the sector. For this reason, they play a pivotal role in the European economy. With 4,200 locally operating banks and 67,000 outlets co-operative banks are widely represented in the European Union. They serve 205 million customers – around half of the population of the EU – mainly consumers, retailers, SMEs and communities.

1	Better understanding of our business model - research is one of the ways to achieve it
2	"Fit to purpose" legislation - to balance efficiency and financial stability while reflecting market realities and diversity to be effective
3	Simplicity to drastically reduce compliance costs - compliance with complexity is an impediment for many banks and co-operative banks
4	Implementation - to be carefully timed and phased in
5	Proportionality - to calibrate regulation on the size, activities and complexity of bank risk
6	Impact assessment - all kinds of ownership banks should be part of the representative sample

WHAT MAKES THE CO-OPERATIVE BANKING MODEL DIFFERENT?



- Member ownership:**
 Co-operative banks are private institutions. They are owned by their members, who are also their customers (e.g. local entrepreneurs, craftsmen, farmers and households). Diversity of member ownership entails a consensus-driven approach and prevents a strong focus on only one stakeholder. This customer-centric aspect is a distinguishing feature of co-operative banks and is hard to replicate outside the co-operative model.
- Maximisation of members' benefit/surplus in a long-term relationship:**
 Compared to shareholder banks, which are primary focused on maximising their shareholders' profit, co-operative banks are focused on maximising their members' value (i.e. customer satisfaction, earnings stability, etc.) in a non-speculative, long-term strategy.
- 'One person – one vote' democratic governance, with a bottom-up approach:**
 The bottom-up approach or inverse pyramid structure is very specific to co-operative banks. It ensures that the interests of members are the top priority of their banks. As opposed to commercial banks, customers and members of co-operative banks are represented in the banks' governance structures and involved in the daily life of their banks (i.e. board meetings, membership councils, general assemblies, etc.). By becoming a member, customers elect the leaders and have a say in the decisions and policies of their banks.

- **Resilience:**

Co-operative banks have a lower risk appetite than shareholder-based banks. With their long-term orientation, they also maintain, on average, higher capital reserves. Thanks to their deep roots in local economies, co-operative banks anticipate and adapt to local circumstances. For these reasons co-operative institutions can adapt to changing circumstances and re-invent themselves more than other banks.

- **Strong commitment to social values:**

Co-operative banks have a long tradition of commitment to social values and solidarity. They were originally created in the 19th Century in Europe to fight against financial exclusion of social groups and alleviate the plight of rural populations. Furthermore as local contributors co-operative banks are part of the economic and social environment of their customers. They naturally take initiatives that aim to improve their clients' environment, and provide financial services. A proportion of the banks' earnings are invested in local economic initiatives that benefit the local community at the same time.

- **Proximity to customers:**

Thanks to their dense and decentralised networks of branches, co-operative banks reach even the most remote areas. Through their members, they are locally rooted and an integral part of their community. They understand their customers and speak their language. Co-operative banks are dedicated to sustaining the real economy by creating and fostering local jobs, accompanying key territory actors and giving local communities the means for their own social and economic development. As a result, co-operative banks are often the main employer and serve as financial partners of local households and businesses. Overall, they finance one-third of SMEs in Europe.

C. TESTIMONIES OF THE CHAIRMEN OF THE EACB WORKING GROUPS

The expertise and professionalism of its staff members, working together with more than 200 international experts actively involved in the EACB's Working Group and Task Force initiatives, makes the EACB a reliable source of information. It delivers solid and representative opinions on key issues across the legislative agenda affecting co-operative banks. The activities of the EACB are articulated around Working Groups and Task Forces, covering topics from banking legislation to customer policy, CSR and Social Affairs. The Executive Committee, which is comprised of 40 appointed members, endorses recommendations put forward by the Working Groups members. The testimonies of the chair persons of these Technical Working Groups for the 2014 activities is provided below.

Banking Supervision Working Group, Arnold Kuijpers, Rabobank Nederland

"2015 marked the first year of operational existence of the Single Supervisory Mechanism and witnessed the progressive setting up of the Single Resolution Mechanism. It

was a year of evolving regulatory initiatives, not only in the EU, but also at a global level. Among many others these included the continuous efforts on the banking structural reform, the Total Loss Absorbency Capacity and developments related to the minimum requirement of own funds and eligible liabilities and the newly launched project on establishment of a common European deposit insurance scheme. The EACB Banking Supervision Working Group has been actively engaged in discussions with regulators and supervisors, ensuring that the specificities of the co-operative banks are effectively recognised and the diversity of the existing corporate organisations is preserved. In 2016 we will continue our constructive work."

Banking Regulation Working Group, Holger Mielk, Bundesverband der Deutschen Volksbanken und Raiffeisenbanken – BVR

"2015 has been yet again an intense year for the evolution of prudential regulation. The Basel Committee for Banking Supervision has launched its review of the Standardised Approach for Credit Risk, which has significant implications in terms of economy financing and capital requirements for all banks. Meanwhile, the Single Supervisory Mechanism has run a full year of supervision steering practices towards strong and deeper harmonisation. The EACB Working Group on Banking Regulation has engaged in deep and thorough dialogue with regulators, supervisors, and policymakers to ensure that the regulatory initiatives at the global and EU level remain mindful of market and business models' diversity, impact on risk management and the economy, and that supervision does not turn towards mechanistic approaches. The EACB has maintained the focus on the vital role of co-operative banks both for the real economy and for the diversity and stability of the market, and supported proportionate and flexible prudential and supervisory approaches. We see that the speed of change of the prudential and supervisory landscape does not seem to decrease, and we shall be vigilant that this does not determine more one-size-fits-all measures."

Corporate Governance Working Group, Frank Brogl, DZ BANK AG

"The implementation of the CRD IV rules shapes the corporate governance environment for the EU institutions. At the same time, the EBA standards and guidelines continue to provide guidance on key elements of governance, such as remuneration policies. The Corporate Governance and Company Law Working Group was very active in this particular area, firmly defending the proper application of the principle of proportionality to ensure that the regulator's measures remain focused on the soundness of the remuneration policies and do not go far beyond what is necessary to achieve that. The Corporate Governance and Company Law Working Group will continue its constructive work in 2016. In this regard, the EBA review of the 'Fit and Proper' criteria will be one of the main challenges next year."

Accounting and Audit Working Group, Andrea Pezzotta, Federcasse

"During 2015, the Accounting and Audit Working Group was intensively engaged in discussion of the International

Accounting Standards Board (IASB) Exposure Draft on a review of the Conceptual framework, which proposed revisions to the conceptual blocks on which the international accounting standards are built. The EACB emphasised once again the importance of maintaining a definition of equity and liability that allows co-operative shares to be treated as full equity instruments from a conceptual perspective. Indeed, one must not forget that the owners of co-operative banks are not profit-driven shareholders but members who are also clients involved in the long-term vision of their banks. Other work streams addressed both the Basel Committee proposed guidance on expected credit losses, which revealed very challenging and complex aspects that will add to the costs of complying with IFRS 9, and elements of the European and SSM supervisory reporting frameworks (COREP and FINREP). In this context the EACB has repeatedly underlined the importance of maintaining a proportionate and balanced approach when designing reporting requirements.”

**Financial Markets Working Group,
Miguel Garcia de Eulate, UNACC**

“The year 2015 has been a rather ‘transitional period’ in the sense that several regulatory initiatives adopted the year before – aiming at restoring the confidence of investors on the one hand and stabilising the financial markets on the other – are now in the implementation phase. This means that there have been many ongoing discussions on how exactly the adopted legislation should be implemented but also delays in the adoption of many level 2 measures. In this context, European co-operative banks are working very hard and devoting huge resources to comply with the relevant obligations on time. All these rules require significant business decisions and investments regarding the organisation of the service offering (adjustment or rebuilding of IT systems and documentation), which can only be assessed and implemented when the final delegated acts are published. However, it is already clear that the combined effect of the adopted legislation and its implementing rules will have a huge impact on the way in which the co-operative banking community presently organises its investment services business.”

**Consumer Policy Working Group,
Rainer Siedler, Bundesverband der Deutschen
Volksbanken und Raiffeisenbanken – BVR**

“2015 was another year where consumer rights in financial services have been further consolidated. Last year it was time for the Payment Accounts Directive (PAD), which still sees Member States involved in its implementation, as well as some legal activities from the European Banking Authority (EBA). This year, the most notable result is the Mortgage Credit Directive. This directive resulted in a very cumbersome implementation, which has put co-operative banks under pressure, leaving them to manage several problematic aspects – without mentioning the EBA’s continued and expanding interest in consumer protection (structured products, automation in financial advice, etc.). 2016 will likely be an active year for consumer issues for co-operative banks, which are facing a growing digital trend for financial

services. The challenge for us will be to protect the importance of diversity in the banking sector in this new environment, where knowledge of local markets will still make co-operative banks an essential part of the equation.”

**Payment Systems,
Narinda You, Crédit Agricole**

“The European payment legislative framework has been subject to profound changes over the year 2015 with the adoption of the revised Payment Services Directive and the Interchange Fees Regulation. Co-operative banks have been evolving within a new payments environment that is becoming increasingly electronic. A new pattern of relationships between the different actors involved in the payment value chain has emerged changing forever the way in which bank customers are identified or the liabilities regime resulting from a payment transaction.

However, legislative change was not the only important development in 2015. With strong encouragement from the Euro Retail Payment Board (ERPB), the European Payments Council (EPC) officially launched technical work on instant payments with a view to developing a pan-European instant payments solution based on credit transfers by the end of next year. It seems that 2016 will bring further developments in the field of payments with some ambitions to foster innovation through contactless or mobile payments.”

**Corporate Social Responsibility
and Co-operative Affairs Working Group,
Etienne Pflimlin, Confédération Nationale
du Crédit Mutuel**

The CSR and Co-operative Affairs EACB Working Group constantly aims to demonstrate, the ‘co-operative difference’ via: exchanges within members on CSR initiatives (i.e. co-operative social responsibility), non-financial information reporting, inventory of CSR practices in co-operative banks, dedicated and weekly updating of a CSR webpage on the EACB website. Finally a specific statement was issued about [their commitment to better financing the energy transition](#) in the context of COP21 conference².

This statement reflects the existing engagement of co-operative banks to combat global warming. This general declaration is also in line with the commitment of co-operative banks to the United Nations Global Pact and the co-operative principles and values. Co-operative banks are ready to co-operate with the EU and international bodies, governments, NGOs, enterprises and households in order to develop a range of solutions that will help to address these challenges.

EACB with others European co-operatives groups gathered in the European Union coordination committee (EUCC), in order to promote the co-operative difference by preparing position papers and defining an advocacy strategy.

Co-operative Banks in the year 1 of the Banking Union

The first full year of the Single Supervisory Mechanism and the establishment of the Single Resolution Board underline the building momentum for the Banking Union, which is proceeding at a steady pace towards more integration and harmonisation. Keeping the focus on institutional and business model specificities is of crucial importance for co-operative banks and their members.

A. THE EUROPEAN CENTRAL BANK (ECB) UNDERTAKES BANKING SUPERVISION IN THE EU

1. SUPERVISORY ACTIVITIES IN 2015

The creation of the Banking Union to safeguard economic and financial stability in the euro area has been, in the words of Mme Nouy, “rather than a revolutionary decision [...] more of an evolution, albeit an evolution at the speed of light”.

In its first year of operation the Single Supervisory Mechanism (SSM) has made extensive efforts to provide the foundations for harmonising supervision across the euro area, as a level playing field is necessary to enable fair competition, a precondition for growth and prosperity.

Sectoral Supervision

Promoting the highest quality of supervision requires the collection of evidence on the ways supervision is and was undertaken in order to tackle similar problems and to assess where things have worked well and where they have not. Performing a prioritisation of institutions in terms of supervisory needs would allow the SSM to categorise them in cluster and ensure an efficient use of supervisory resources.

A new perspective for supervision, so far mainly focused on individual and thematic perspectives, was added by a ‘sectoral oversight perspective’ that implies looking at banks that are closely connected by legal or other firm ties (virtual groups) without being in a consolidated group. This will require a holistic approach that is able to capture all elements and dimensions of risk in order to prepare a harmonised treatment of sectors in the SSM, ensuring that the preconditions for privileged regulatory treatment are fulfilled. This kind of supervision will be relevant also for

Significant Institutions (SIs) and is of special importance for co-operative banks and their networks, due to their specific structure and division of labour (e.g. liquidity management, capital markets, financial support).

The EACB has been actively engaged in establishing transparent and effective dialogue with the SSM, and it has become a key channel for fostering exchange between supervisors and institutions to allow effective understanding of the co-operative specificities and of the added value of its business model for the real economy. The continued input to supervisors will be the key for the design and implementation of balanced approaches.

Capital measures

The SSM has also been responsible for preparing the Pillar II capital decisions for 2015, which may require institutions to hold additional capital on the basis of the ad hoc assessment of specific risks to which they may be exposed. In doing so the supervisors took into account existing and emerging risks faced by banks due to economic and market conditions in the euro area (e.g. credit and liquidity risk), and pursued the objective of a smooth transition from current capital positions towards a fully loaded Basel III environment in 2019.

The Supervisory Review and Evaluation Process (SREP)

The SREP constitutes an ongoing dialogue between institutions and their supervisors, and it is a key tool for supervisors to carry out their assessment of risk and the viability of institutions and to take informed supervisory measures. So far this process had been in the hands of the National Competent Authorities (NCAs), who have applied different approaches and reflected different national nuances. For the SIs, the SSM will perform the SREP. Banks are to be assessed in a proportionate manner, based on a classification in four categories according to their complexity, impact on the financial sector and overall systemic risk. The SREP is based on a set of EBA Guidelines⁴ issued in December 2014 and applicable from 1 January, 2016. The EACB actively participated in the discussions between EBA and the industry for a sensible and proportionate design.

The EACB has consistently and effectively highlighted, both with EBA and the SSM, the importance of a proportionate approach that is able to factor in the different complexities

of institutions and resources available to the supervisory process. The EACB's deep involvement in the dialogue for the design of the EBA guidelines led to a final text that recognises in numerous instances the need for a proportionate approach. The EACB is now engaging with the ECB to allow supervisors to adequately implement the methodology on co-operative banks, also in view of the planned adoption of the same approach for less significant institutions (LSIs) by 2018.

The SREP ensures a holistic view of the bank to counter the risks it faces, including business model analysis, internal governance and controls, and liquidity assessments. Imposing additional capital surcharges is an adequate mitigation measure for some of these risks, but not for all of them. The SREP also assesses the bank's governance, including its risk management and risk appetite (which will be focused on in 2016). In this area, the SSM considers that important work still needs to be done (e.g. risks related to the outsourcing of services by banks to third parties, importance of adequate data aggregation and supply). Effective risk data aggregation and risk reporting will be a focal point for 2016. Another risk related to data integrity is cyber risk. Business models and profitability will be key priorities in 2016. In these respects it will be fundamental to appropriately convey the specific governance and business structure of co-operative banks, with their long-term member-oriented focus, local ties and specific governance. Another priority is credit risk, especially in light of the still high stock of non-performing loans (NPLs) in certain categories of exposures. Other objectives are the fostering of comparability and the quality of internal models as well as capital adequacy.

2. DEVELOPING THE REGULATORY FRAMEWORK

National Options and Discretions (ONDs)

One of the goals of SSM is to ensure fully harmonised prudential banking supervision in the euro area. The single rule book was an important step towards harmonising the prudential regulatory framework. However, the implementation of the Capital Requirement Directive (CRD) has numerous national discretions and the provisions of the Capital Requirement Regulation (CRR) or delegated acts grant participating Member States the explicit freedom to decide how to apply a specific requirement. These options and national discretions (ONDs) cover a broad range of issues, such as intra-group exposure limits and institutional protection schemes. The SSM conducted a public consultation at the end of 2015, seeking comments from stakeholders on a Guide and a Regulation, that detail the common approach that is proposed by the ECB. More ONDs have been identified, and the ECB will consider a common approach to these in the near future.

The EACB has participated in the consultation process and highlighted the importance of considering national specificities when seeking for more harmonisation, and that consistency is a key requirement for banks' capital planning. Thus the regulation should not be changed in its very nature by supervisory practice.

AnaCredit

The ECB is also working to establish in a stepwise manner a long-term framework for the collection of granular credit data based on harmonised ECB statistical reporting requirements (AnaCredit).

The data will be used for a variety of purposes, from monetary policy analysis and monetary policy operations to risk management, financial stability surveillance and research, and prudential supervision. Thorough comments for consideration of the ECB, the EACB has stressed the importance of designing a framework that does not impose reporting requirements that may impair privacy rights or constitute an additional burden for institutions or a duplication of already existing information. The EACB will continue monitoring these developments and promote a balanced and proportionate approach towards the ECB.

B. THE COMPLETION OF THE BANKING UNION

1. PILLAR II: ESTABLISHING THE SINGLE RESOLUTION BOARD AND PREPARATORY WORK FOR THE SET UP OF THE SINGLE RESOLUTION FUND

The Single Resolution Board (SRB) is the resolution authority within the Banking Union and, as part of the Single Resolution Mechanism (SRM), it is at its centre. Its mission is to ensure an orderly resolution of failing banks with minimum impact on the real economy and public finances of the participating Member States and beyond. On 1 January, 2015 the SRB became partially operational. In many ways the year marked a transition period for the SRB, characterised by, inter alia, its capacity building, setting up of its framework for resolution and the development of resolution plans for credit institutions. The SRB is to be fully operational, with a complete set of resolution powers, as of January 2016.

The SRB is also in charge of the Single Resolution Fund (SRF), financed by the banking sector, which is being set up to ensure that funding support is available as a last resort while a credit institution is being restructured or unwound.

In 2015 the EACB was engaged in establishing a transparent dialogue with the SRB to facilitate understanding of the co-operative specificities. It had a fruitful exchange on the process for the collection of 2016 contributions to the SRF, and in November 2015 the EACB was pleased to host a dedicated workshop with experts from the SRB on this issue. The EACB members belong to both significant and less significant institution categories, and the practical implementation of the new framework in resolution matters will represent a key element of focus along with a solid dialogue with the SRB. *The diversity of co-operative banks, which enriches the European banking system, is widely recognised on a national level and should also be a highlight for the SRB.*

2. PILLAR III PROPOSAL FOR A EUROPEAN DEPOSIT INSURANCE SYSTEM

In the second half of 2015 the initiative to create a European Deposit Insurance (Re-insurance) System (EDIS) became higher up the European agenda. It was first introduced in the 'Five Presidents' Report' as an essential element for the enforcement of an integrated financial market and for the completion of the Economic and Monetary Union. In late November the European Commission came up with a proposal on EDIS, in which EDIS should be considered the third pillar of the Banking Union, thus having the same scope as the SSM and the SRM. As a first step EDIS should be designed as a re-insurance scheme with a start-up period lasting till 2024 and providing support to national DGSs in case of liquidity needs. This may be followed by a full-scale operation of a common deposit guarantee scheme at an EU level.

While the EACB shares the vision of a stable Economic and Monetary Union, it has serious concerns about the need and the appropriateness of an EDIS at this moment in time and its contribution to financial stability and to the integrity of financial markets. On the contrary, the premature creation of an EDIS may be interpreted as a signal of instability and disrupt trust in sound European financial markets. In late October, when the discussions on EDIS were still at the very early stages, the EACB signalled its concerns to the Jean-Claude Juncker, president of the European Commission, Lord Hill, European Commissioner for Financial Stability, Financial Services and Capital Markets Union, and other responsible EU policymakers. It outlined the numerous measures introduced in recent years, which notably refined the 'first line of defence' and considerably reduced the risk of failure. The EACB urges for full implementation of the already adopted legislation, further harmonization and elaborate work on risk-reduction measures, before any new initiatives in the area of deposit insurance are envisaged.

The EACB is of the view that when the time for an EDIS-like mechanism comes, it should be devised in a way that ensures a level playing field among all EU Member States without discrimination of any banks and without prejudice to any existing business models. The EACB is currently analysing in-depth the implications of the Commission proposal on EDIS and will actively participate in the discussion thereon in the forthcoming year. At least, such a system should only be devised as a reinsurance mechanism and should not place additional burdens to the banks on top of the current requirements to contribute to national DGS or IPSs.

C. CONTINUED REGULATORY ACTIVITIES

1. EU LEVEL

Implementation of the EU prudential framework

During 2015 the implementation of the prudential framework designed in the Capital Requirement Regulation/Capital Requirement Directive IV continued at a steady pace.

The EACB has been actively involved in addressing the work streams launched by the Commission and EBA with regards to the assessment of the impact of CRR on financing of the economy and the effects and appropriateness of the preferential treatment (Supporting Factor, SF) of SMEs' exposures for credit risk requirements, and on the overall design of the framework for financial services. The EACB engaged in sustained dialogue with regulators on these topics and highlighted the need to preserve capital relief measures for SMEs, to be tested also in a period of sustained growth, and the importance of avoiding overlaps and inconsistencies in the prudential framework.

The Commission is mandated to report by early 2017 to the Parliament and the Council on the appropriateness of the requirements for SMEs and the final EBA report will inform the Commission's own report on the impact of own funds' requirements on lending to SMEs.

In 2016 the EBA and the Commission will continue their work on the calibration of the Net Stable Funding Ratio (NSFR) and the leverage ratio (LR), for which delegated acts are expected by the end of the year. The EACB pointed to the necessity of very carefully assessing the calibration of the requirement to take full account of European financial market specificities in various respects (repo operations, derivatives, intra-group exposures) and calling for a proportionate approach, in order to preserve the financing needs of the real economy on a path towards sustained growth.

The EACB has also maintained active participation in the regulatory work streams of EBA on the future of IRB approach, providing detailed technical input on issues such as the definition of default, risk weights for residential loans and shadow banking exposures.

Measures to address the 'too big to fail' issue at EU level

The implementation of the Bank Recovery and Resolution Directive and the Deposit Guarantee Scheme Directive (DGSD) has retained a central place in the regulatory activities in 2015. In particular, the EBA gave its proposal for the practical definition of a minimum requirement of own funds and eligible liabilities (MREL) to be activated in times of resolution. With regard to the DGSD, the definition of guidelines for the calculation of contributions to the funds and the uses of payment commitments was an important step to ensure a harmonised approach across the Union.

Additionally, in 2015 the European Parliament and the Council continued their work on the proposal for a regulation on Bank Structural Measures (BSR) which according to the Commission should further address the 'too big to fail' problem. The EACB having strong reservations on the proposal, engaged both internally and externally with policymakers in providing solutions to the specificities of the ownership structure of co-operative groups. The EACB called for a level playing field and due accommodation of the business models' different features in a way

which does not affect a bank's choice of ownership structure and ensures.

EACB repeatedly noted that market making should be protected against any negative regulatory treatment, and more specifically against any risk of potential separation requirements. The broadly defined scope of the prohibited trading activities – which eventually could also capture activities for the purposes of management of liquidity, interest rate, currency and credit risk in a co-operative group or network – is also a matter of concern.

2. GLOBAL LEVEL

Basel Committee on Banking Supervision (BCBS) ongoing activities in redesigning the prudential requirements

The BCBS undertook in 2015 a comprehensive review of the framework for the calculation of capital requirements for credit risk, which added to the ongoing projects to revisit the calculation methodology for market risk and operational risk.

In particular, with regards to credit risk, the first proposal of the Committee to review the standardised approach (SA) stimulated intense discussions with the industry.

The EACB was actively involved in this process and highlighted on numerous occasions, both during the consultation period and on a bilateral basis, the need to preserve an approach that is sufficiently sensitive but, at the same time, is easy to implement and takes into account the specificities of each category of exposures. Such an approach will avoid detrimental impacts on the financing of key segments (such as residential real estate, SMEs and corporates) and the orderly functioning of the interbank market. The Basel Committee reflected on these concerns, producing a second consultation that more adequately addresses SMEs, reintroduces ratings and further addresses real estate. The EACB maintains a high level of engagement on this topic and is closely tackling developments.

The need to preserve credit ratings, albeit in a non-mechanistic way, was also at the centre of the debate. The Committee undertook a second round of consultation in late 2015 in order to design a consistent approach.

Proposals for the introduction of floors for internal ratings based (IRB) models were also put forward, in this respect the BCBS will conduct further work in 2016 to achieve greater harmonisation in modelling results.

The BCBS is also developing a new approach for the treatment of interest rate risk in the banking book. The EACB took the opportunity to provide the Basel Committee with technical input already before the proposals for a new policy design. As a result the Committee left open many policy choices in its consultation paper. During the consultation period, the EACB stressed the importance of

treating interest-rate risk under a Pillar II approach (i.e. no hard capital criteria but institution specific assessments). The design of such an approach should reflect market and institution specificities, with sufficient room to adequately factor in the behavioural features of customers for certain banking products, such as deposits (e.g. their stability), in the supervisory methodology.

Financial Stability Board final total loss-absorbing capacity term sheet and Basel Committee on Banking Supervision proposed implementations

Following a public consultation launched in late 2014, the Financial Stability Board (FSB) together with the Basel Committee on Banking Supervision (BCBS) issued in November 2015 the final minimum total loss-absorbing capacity (TLAC) standard for 30 banks identified as global systemically important banks (G-SIBs) that BCBS deems at risk from being too big to fail.

The EACB has been carefully following the TLAC-related developments throughout the year, raising concerns that the TLAC requirements would have far-reaching consequences, more specifically in the funding structure of the institutions. The EACB has been engaged in active dialogue with regulators ensuring that the regulatory product does not compromise the diversity of the available legal structures, business models and resolution strategies by also reflecting the specificities of the corporate organisation of the co-operative banks. A practical issue on which EACB focused was the need to put the calibration of the standard in a broader regulatory context, giving due regard to the already strengthened and enhanced frameworks and ensuring that combined requirements do not place an unnecessary burden on the financial system and the economy. According to the final term sheet, the calibration of the standard is at the lower end of the spectrum in comparison with the draft proposal, allowing for a phasing-in from 2019 until 2022.

Pending the final version of the MREL, to be adopted by the Commission, it is still unclear how the TLAC would interact with EU requirements. The EBA indicated that the final design of the MREL shall be compatible with TLAC. MREL shares the same goal as the FSB's TLAC proposals and also many of the most important design features. The EBA is required to prepare a report on the consistency between MREL and international standards by October 2016.

D. CORPORATE GOVERNANCE DEVELOPMENTS

1. BCBS REVISED PRINCIPLES ON CORPORATE GOVERNANCE

Corporate governance has continued to be in the focus of the regulators both at an EU and international level. Following a public consultation launched in late 2014, BCBS published in July the final guidelines on corporate governance

principles for banks (Revised Principles on Corporate Governance). The paper provides a framework within which banks and supervisors should operate to achieve robust and transparent risk management and decision-making. The EACB maintained its active role in flagging the specificities of the governance structure of co-operative banks and the need for their proper reflection in the paper. This is of particular relevance, since the co-operative banks have governance and groups structures, which significantly differ from those of joint stock companies, as they have very high numbers of members and in most cases the principle 'one member, one vote' prevails. In addition to these features, the specific governance elements are the dispersion of risks between many more or less independent entities, the checks and balances between professional bankers and elected directors and chairmen, as well as simple and local business based on proximity and intimate knowledge of the local economy. Co-operative groups and networks are characterised by an inverted pyramid ownership structure in which the local banks are always the ultimate owners of any group/network subsidiary that is created and board appointments are made through elections by the membership rather than by the members voting on the basis of proposals of the board.

Moreover, in light of the growing importance of corporate governance discussions, the EACB established a High Level group to enhance the understanding of the strengths and specific features of co-operative banks' governance structures. The High Level group, supported by a Drafting Committee, prepared a paper outlining the main features of the co-operative governance, which is the cornerstone of the strength of the co-operative model and as such should not be weakened for the sake of an alignment and standardisation of the banking governance and organisation. The paper is to be published in early 2016.

2. NEW APPROACH TOWARDS REMUNERATION RULES IN EU

In 2015 the EBA continued its work on remuneration policies. In early March it came up with draft guidelines on sound remuneration policies, which were meant to provide clarifications to supervisors and institutions on how the rules on remuneration had to be understood and applied. The draft guidelines have caused serious concerns among the EACB members and, accordingly, were among the priorities of the EACB for 2015.

The most important issue for all EACB members was that, according to the interpretation of the Commission, which EBA followed in its first draft on the guidelines on sound remuneration policies, the CRD IV did not provide for proportionate application of the rules on remuneration. Therefore, the remuneration rules should be applicable to all institutions of all sizes and to all concerned staff members without minimum amount thresholds for exemption. The EACB maintained fruitful dialogue with the EBA and Commission officials throughout the year, alerting them to the unjustified burdens that the suggested blanket

application of the remuneration rules could have on co-operative banks. The primary purpose of co-operative banks is the provision of services to members within their area of business, which implies a long-term business approach focused on regular, but stable, profits. Such a philosophy is mirrored in remuneration policies that do not contain elements to encourage excessive risk-taking. Additionally, due to the specificities of the co-operative and mutual form of enterprise, the requirement to pay out in shares would create various legal and factual problems and severely conflict with the governance of co-operative banks.

Aware of the unsatisfying results of such an approach, the EBA now wishes to ensure proportionality application by a modification of the CRD IV, and has submitted an opinion to the Commission. In parallel, the Commission on its own is also working intensively on remuneration, since according to the CRD IV it should periodically review remuneration rules and is entitled to initiate some legislative amendments when appropriate.

E. OTHER REGULATORY DEVELOPMENTS

1. CONCEPTUAL FRAMEWORK

The IASB proposed in 2015 a revision to its Conceptual Framework, which describes the objective of and the concepts for general purpose financial reporting. The framework is the tool that helps the IASB to develop standards based on consistent concepts and to develop consistent accounting policies when no standard applies to a particular transaction or event, or when a standard allows a choice of accounting policy. The EACB particularly addressed the issue of the definition of liabilities and underlined the need to preserve the clarifications provided in IFRIC 2 to avoid unintended consequences on the classification of equity instruments.

Developments affecting retail banking offer of co-operative banks

After several years work on the development of level 1 legislation (i.e. framework legislation laying down the basic rules) the year 2015 was a year during which activities were heavily driven by discussions on level 2 legislation (i.e. legislation defining more detailed rule for the implementation of the framework legislation developed earlier). This was particularly the case for legislation regarding investment services, mortgages and bank accounts. New on the horizon were activities from the European Supervisory Authorities in the area of consumer protection.

A. GETTING TO KNOW THE EUROPEAN BANKING AUTHORITY

When established in 2011, the European Banking Authority (EBA) was not only given the mandate to ensure effective and consistent prudential regulation and supervision across the European banking sector, but it was also asked to take a leading role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the Internal Market. 2015 was the first year in which this latter role really became visible. As well as taking up responsibilities for which a clear mandate could be found in product-related legislation (see below), the EBA also engaged in several own initiatives such as guidelines on product oversight and governance arrangements for retail banking products; guidelines on credit worthiness assessment; guidelines on arrears and foreclosure; guidelines on cross-selling practices (the latter jointly with the other supervisory authorities); and the latest consultation on automation in financial advice launched in December. This surge in activity created some unrest with EACB members in that they felt the EBA might overstep its mandate and introduce new regulatory requirements. The association tried to reflect these concerns in its individual answers to the different consultations and organised a meeting with the EBA Chairman to discuss this issue.

B. BANK ACCOUNTS AND PAYMENTS

1. TOWARDS IMPLEMENTATION OF KEY LEGISLATION

The Directive on Payment Accounts

Following the July 2014 adoption of the Payment Accounts Directive (PAD), which seeks to facilitate consumer mobility

by making the switching of bank accounts easier and by introducing principles that make it easier to compare bank account related fees, the EACB has focused on the work of the EBA regarding the implementation of the directive. In particular, the EACB commented on the guidelines proposed by the EBA for the list of most frequently used services for which fee information has to be provided and on how to standardise terminology at an EU level. Its main concerns centred on the workability of the final text and the possible unintended consequences of enhancing comparability. In addition, the EACB is preparing with members for the EBA's forthcoming work on draft Implementing Technical Standards (ITSs) regarding a standardised presentation format for a fee information document, the statement of fees, and their common symbols by analysing potential demands and their workability for co-operative banks in practice.

The Payment Services Directive

In May 2015, the institutions of the European Union adopted the Directive on Payment Services in the Internal Market (PSD2) which will enter into force early 2016. Co-operative banks had an intense exchange with regulators on various topics. Discussions focused in particular on the need to ensure that banks – when providing access by third parties to the accounts of their customers – can continue to ensure the safety of the funds on those accounts in an efficient way without endangering the security of bank systems in general. But the EACB also wanted to ensure the equal treatment of co-operative banks and non-co-operative banks, arguing that groups of co-operative banks, having organised a payment system among themselves, should be treated the same way as other banks that have such systems.

The final text of the directive carefully balances the interests of bank clients, third parties and banks, but the issue of security is still outstanding and will have to be further addressed by the European Banking Authority (EBA). Indeed, the EBA published a discussion paper at the end of 2015 that outlines different ideas that should be developed in this context and that require stakeholder feedback.

2. OTHER INITIATIVES ADDRESSING THE PAYMENT SERVICES THAT ARE OFFERED

The Euro Retail Payments Board (ERPB)⁵, a strategic body under chairmanship of a board member of the ECB that is

meant to give guidelines and directions for the further development of the European payments market, held two meetings in 2015 that gave a serious impetus to the payments' sector.

Worth noting in particular are the two sets of recommendations it issued in the area of mobile payments (one for mobile payments from person to person and one for payments taking place via contactless technology). Both reports are aimed at overcoming possible fragmentation that arises from solutions being developed by groups of PSPs in countries and at enhancing the take-up of mobile payments in Europe.

But perhaps even more important still were the decisions taken by ERPB regarding instant payments. Indeed, at its meeting in June, it decided to invite the European Payments Council (EPC) to define the main features of an instant payments scheme based on credit transfers. As member of both the ERPB and EPC representing the interest of co-operative banks, the EACB concentrated its efforts in the discussions on instant payments on:

- The need to ensure solutions that can also accommodate banks that do not have direct access to clearing and settlement mechanisms;
- The need to ensure a realistic timeline for the development of the scheme that allows the involvement of all stakeholders; and
- The need for the scheme rules to address the risk management issues arising from the fact that clients will have to be credited before banks themselves have received the funds.

Work on the instant payment scheme will continue in 2016 with a view to delivering a set of scheme rules by November 2016.

C. LENDING AND BORROWING

1. FOCUS ON IMPLEMENTING THE MORTGAGE CREDIT DIRECTIVE

Mortgage lending is at the very core of the co-operative banking business and co-operative banks believe that a good relationship between creditor and consumer is the best guarantee for establishing an effective co-operation based on trust where it can be established at an early stage whether consumers are going into 'payment difficulties'. Since the adoption of the Mortgage Credit Directive (MCD) in February 2014, the attention of EACB has shifted towards monitoring the transposition of the MCD and the activities of the European Commission's MCD Transposition Committee and towards supporting members with implementation issues by ensuring regular exchanges. It also followed up on the recently published EBA Consultation on its proposed benchmark rate under Annex II of the MCD.

2. THE USE OF BENCHMARKS

The EACB has followed the proposal for Benchmarks Regulation which aims to restore confidence in the integrity of

benchmarks used for the pricing of financial instruments and contacts up until the trilogue negotiations. It has made very targeted suggestions that focused on ensuring that (1) the scope of the Regulation is not far too wide – unintentionally covering simple price setting mechanisms which are comparable to that of other economic actors and that (2) the requirement that banks must assess benchmark suitability for consumer and mortgage credits is removed from the proposal, considering that lending is already highly regulated in the consumer credit and mortgage credit directives, and the regulation of consumer protection should not be fragmented in this regard.

D. INVESTMENT SERVICES

1. FOCUS ON IMPLEMENTATION OF THE REVISED MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE (MIFID II)

With the new European rules on the protection of investors and the way in which the market for securities organises itself in place – i.e. the Markets in Financial Instruments Directive II and Markets in Financial Instruments Regulation (MiFIR) – European co-operative banks are currently waiting for the adoption of the implementing measures which will further specify their obligations. The new MiFID rules require significant business decisions and organisation of the service offering, adjustment or rebuilding of IT systems and documentation that can only be fully assessed and implemented when the final delegated acts are published. Moreover, these implementing measures potentially have a big impact on co-operative banks because of some important foreseen changes. They concern in particular:

- The rules directed at managing potential conflict of interests that might see consumers being recommended or sold products that are more in the interest of the seller than of the buyer;
- The rules around the design and distribution of investment products; and
- Some rules concerning the organisation of the market for trading securities and the extensive transparency requirements that could affect liquidity in the bond markets.

The fact that the implementing measures have been considerably delayed makes on-time implementation of MiFID II/MiFIR an even bigger challenge.

Continuing the work that had already started last year, the EACB focused on ensuring that all the relevant requirements are appropriately defined and well calibrated, communicating the concerns of its members to the co-legislators and to the competent European authority (ESMA) by developing position papers and consultation responses.

Furthermore, considering that the MiFID II implementation project is a very complex exercise for the EACB members, the Secretariat continued efforts to facilitate exchange on implementation challenges and possible solutions among its members by way of dedicated workshops.

2. ON THE ROAD TO IMPLEMENTATION OF THE PACKAGED RETAIL AND INSURANCE-BASED INVESTMENT PRODUCTS REGULATION (PRIIPS)

Another important initiative regarding investment services which occupied the agenda of the EACB in 2015 was the implementation of the Regulation on Key Information Document (KID) for insurance and investment-based insurance products (with the acronym PRIIPS). This initiative aims at improving the quality of information that is provided to consumers when considering investments and making it more comparable and easier to understand. Co-operative banks being among the major distributors of a large variety of retail investment products, the interests of the EACB focused on contributing to the work of European Supervisory Authorities (ESAs) around the appropriate new format and content of the KID. The aim was to ensure that KIDs are helpful and meaningful for retail investors, appropriate for the specific products covered and the distribution channel, while ensuring consistency with other legislation such as MiFID II and the Prospectus Directive.

3. FOCUS ON THE IMPLEMENTATION OF THE AMENDMENTS OF UNDERTAKINGS FOR THE COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES DIRECTIVE (UCITS V)

In the total landscape that makes up the market for securities trading, European co-operative banks are not only large distributors of UCITs but sometimes act as custodians – i.e. they take the role of the party that securely safeguards the financial assets that are held by European investment funds. In the context of the 5th review of the Directive, the EACB has closely followed the European Commission's work on the detailed implementation measures, with the aim to make sure that these would not end up prescribing the need to legally separate the asset management activity of banks from the depositary activity in order to avoid conflict of interest. This would cause a fundamental restructuring of the banking landscape, without there being proven case to do so.

4. IMPLEMENTATION OF THE REGULATION ON OTC DERIVATIVES, CENTRAL COUNTERPARTIES AND TRADE REPOSITORIES AND ITS UPCOMING REVIEW (EMIR)

EMIR came into force on 16 August, 2012 and introduced requirements aimed at improving the transparency of OTC derivatives markets and reducing the risks associated with those markets. In order to achieve this, EMIR requires that OTC derivatives meeting certain requirements are subject to the clearing obligation and that for all OTC derivatives that are not centrally cleared risk mitigation techniques apply. In addition, all derivatives transactions need to be reported to TRs. Despite the fact that the clearing (the first clearing of Interest-Rate Swaps will start in June 2016) and margin requirements are not yet in force, the Commission is currently undertaking a review of EMIR as required by the Regulation itself. The EACB is following the relevant work stream and has provided feedback to the Commission services in assessing

improvements in the relevant framework. As EACB has been advocating for quite some time now on the issue that smaller co-operative banks, which are not part of a group, cannot obtain access to the institutions that are supposed to clear derivative transactions. As a result, these banks are not in a position to hedge their risks. This means that, against their will, they might not be able to comply with the law or limit the services they provide. In addition, for the larger EACB members, there are also issues arising from the differing and sometimes contradictory regulations of the EU and the US, which create implementation issues. Moreover, the EACB has proposed some improvements that could make the EMIR more efficient and less complex and burdensome.

5. LAUNCH OF THE CAPITAL MARKETS UNION

Different working groups of EACB have actively followed the European initiatives taken in the context of a Capital Markets Union – including the proposals for a securitisation and the review of the Prospectus Directive – with the aim to support the Commission's plans to promote investments throughout Europe and to focus on the real economy and on small- and medium-sized enterprises (SMEs). One of the goals of the EACB is to ensure that improvements to the European Capital Markets are done appropriately and continue to acknowledge the key role of banks (as issuers, investors and intermediaries) in financing the EU economy. This role clearly assumes a special relevance for co-operative banks because of their direct relationship with retail investors on the one hand and with SMEs on the other.

E. DATA PROTECTION AND ANTI-MONEY LAUNDERING

1. DATA PROTECTION

One of the milestones of 2015 at EU level has been the discussion about comprehensive reform of data protection rules in the EU, which is a cornerstone of the Digital Single Market Strategy launched by the European Commission on 6 May, 2015. On this subject, the EACB engaged in an outreach to the Parliament and Council putting forward its concerns and key priorities as well as suggestions on some issues of particular concern for co-operative banks. In addition to the key topics such as the definition of consent, lawfulness of processing and profiling, the EACB stressed the importance of recognising the peculiarities of the co-operative banking business model. Co-operative banks – due to their size and the fact that they tend to be organised in groups to create efficiency and economies of scale – may have a legitimate interest in transmitting personal data within the group for internal administrative purposes, including the processing of clients' or employees' personal data. They should be allowed to appoint a Data Protection Officer at group level.

2. MONEY LAUNDERING

In May 2015, the European Parliament adopted the 4th Anti-money Laundering Directive and the Regulation on

Transfers of Funds. The objective of this new framework is to enshrine in law the risk-based approach to fighting money laundering and terrorist financing and to make the traceability of transfers of funds easier. On the basis of the AML Directive, the European Supervisory Authorities (ESAs) have launched two public consultations on risk-based supervision and the factors to be assessed in defining the extent of the bank's customer due diligence. The EACB is in the process of consulting its members to make sure that the resulting ESAs Guidelines will consider the specificities of co-operative banks in the field of anti-money laundering. The EACB also voiced co-operative banks concerns in the field of anti-money laundering at international forums. Indeed, the EACB provided comments to the Basel Committee on Banking Supervision on the customer information that has to be collected by banks at the time of the opening of an account and to a consultation by the Committee on Payments and Infrastructures on correspondent banking.

Co-operative (banks) social responsibility

The global financial crisis of the past few years, as well as the current reflection and concerns on the impact of climate change, have reinforced the call for a more responsible, trustworthy and sustainable banking sector. Responsibility has traditionally been for co-operative banks a cornerstone of their way of doing business. Owned by their clients/members, co-operative banks are key players at local and regional level in fuelling economies and boosting employment. In line with those principles, they act in a responsible and sustainable manner and also encourage their clients/members to do so.

A. CO-OPERATIVE SOCIAL RESPONSIBILITY AND RELATED INITIATIVES

Responsibility is one of the key values of co-operative banks, be it towards their members, their local communities or the environment. In this light, in 2015 the EACB was involved in several discussions and initiatives at EU and international levels. In particular, the EACB continued to monitor developments and inform its members about the evolution of the non-financial information directive that aims to introduce assessments on economic, social and governance performance for companies at EU level. Internal mapping was finalised to foster exchange among the EACB members on their respective transposition and application of the directive at national level. In the same regard, the EACB continued to exchange with relevant stakeholders and the European Commission in the field of CSR while outlining the major role that CSR could play in contributing in the long run to balanced development and growth of the economy and to society on the whole. To this end, the EACB and the members of its dedicated working group on CSR & Co-operative Affairs published together an inventory of best CSR practices (see www.eacb.coop). The aim was to showcase the connection between co-operative banking activities, co-operative values and specifics and their specific approach to CSR. On a related note, the EACB continued to update a specific webpage on its website on which the best practices of its members in this field are displayed on a weekly basis (see also www.eacb.coop). Lastly, the members of the EACB deemed it necessary to involve co-operative banks in the [COP21 conference](#)⁶ held in December 2015 in Paris by issuing a specific statement about [their commitment to better financing of the energy transition](#)

[towards green growth](#). The aim of this engaging text, the only one of this kind within the banking sector that includes 11 (co-operative) banks signatories, was to reiterate the existing engagement of co-operative banks in the fight against global warming and shed light on what has already been done by them in this regard. The small campaign organised for this statement by co-operative banks for COP21 was successful with more than 10,000 people reached (social media, press etc.) during the time of the conference. Resolutely committed, the EACB and its members will follow up on the aftermath of this decisive conference on climate change.

B. SOCIAL AFFAIRS AND EU SOCIAL DIALOGUE

Co-operative banks are major employers in Europe at regional and local levels with a total of 805,000 employees. As a consequence, the EACB remains an active player in the European Social Dialogue on Banking (ESDB), the dialogue between employer associations (EACB, EBF and ESG) and employees (UNI Finance) in the banking sector. During 2015, the European Social Dialogue focused mainly on two aspects: the conclusions and recommendations of the Life Long Learning (LLL) enlargement project together with its follow-up and dissemination conference; and discussions about the next project of the ESDB. In 2015, social partners from the banking sector finally concluded the LLL enlargement project with a final text including conclusions and recommendations that would be presented during the dedicated follow-up conference of the project in November 2015. This conference was also the occasion to hear the testimonies of the representatives from targeted countries (Romania, Bulgaria and Croatia) on the recent impacts of the LLL enlargement project at national level. Building on this impetus, exchanges also continued among social partners on the potential EU funded project of the European Social Dialogue, 'EU Banking Regulations' impact on employment: First step - Mapping exercise' for which the ESG is the project leader. All Social Partners agreed that this potential project would be one of the main focuses of the following year, together with a conference devoted to the follow up of the [CSR Joint Statement](#) (2014). All through the year Social Partners continuously exchanged within the European Social Dialogue in order to enhance reflection on employment within the European banking sector.

C. FINANCING OF SMALL AND MEDIUM-SIZED ENTERPRISES

Through their distinctive business model, based on their proximity to local communities, co-operative banks are the main partners of SMEs in Europe. In countries such as France, Germany, Italy and the Netherlands, 25-45% of all loans are granted by co-operatives, with SMEs representing between 20-50% of their clients. In this context, co-operative banks have provided a liquidity and stability anchor to the whole market throughout the financial crisis. In a joint letter to Commissioners Lord Hill and Elżbieta Bieńkowska, the [EACB and UEAPME](#) (European Association of Craft, Small- and Medium-sized Enterprises) highlighted their full support for the Commission's announcement of fewer legislative proposals in the future, the importance of considering the cumulative effect of regulation taking into account the different business models in the European financial landscape, and improving SMEs' access to finance. However, the EACB and UEAPME also expressed their concern about the plans of the Basel Committee (BCBS) to review the Standardised Approach for credit risk and asked the Commission to demand significant improvements to the BCBS plans. Some of the key elements of the BCBS proposal (i.e. treatment of exposures to corporates, retail portfolio and real estate exposures) would run against the EU's objectives and would not allow the EU's banking sector to act as an engine of growth. Finally, talks continued with the EIB in order to facilitate the access of smaller co-operative banks to the EIB group's instruments. Given the enhanced role of the EIB to increase funds to support EU growth under Jean-Claude Juncker's plan, there is a mutual interest in finding appropriate solutions in 2016 that allow local co-operative banks to play a major role in intermediating EIB facilities.

Communication & research

In line with its communication policy, the EACB has continued to inform policy and opinion makers of the concerns and expectations of co-operative banks. During the course of 2015, several initiatives and activities were undertaken to highlight the distinct features of co-operative banks, one of which being the 6th Convention on Co-operative Banks. The principles of subsidiarity, proportionality and better regulation were at the core of the work of the new Commission. Via various means (organisation of public events, studies, key data etc.), the EACB and its members have continued to highlight that diversity is an element of financial stability and growth. A selection of relevant activities for 2015 is provided below.

A. PUBLIC EVENTS

1. 6TH CONVENTION ON CO-OPERATIVE BANKS

On 3 March, 2015, numerous European and international policymakers, rule-makers, supervisors, executive managers and co-operative bank representatives met along with other guests at Bibliothèque Solvay for the 6th Convention on Co-operative Banks titled '[The co-operative banking difference towards economic growth](#)'. This traditional bi-annual event opened with a keynote speech by Lord Jonathan Hill, the then newly appointed Commissioner for Financial Stability, Financial Services and Capital Markets Union. In his speech, Commissioner Hill praised co-operative banks' long history and close links to businesses and local communities as well as the diversity in the co-operative banking sector, ranging from small co-operatives right up to some of the biggest banks in Europe. The Convention was organised in three panels that analysed the evolution of the intermediation role of the banking sector in Europe's changing banking and economic environment. Two main topics were the possible effects of a disintermediation trend on the role of co-operatives banks and the financing of the real economy; and the implementation of new regulatory requirements, their effects on co-operative banks and whether the new supervisory architecture, driven by the EU's Banking Union, leads to policy implications on diversity in the banking sector. The 6th Convention offered a chance to strongly reiterate that co-operative banks have played their part in continuing to lend to the economy during the financial and economic crises. It was also the occasion to remind policy and rule makers to take into account the advantages and characteristics of co-operative banking,

and in particular to highlight that thanks to the specificities of their business models, their ownership structures, their governance, their physical proximity to the communities, the social value they generate and their resilience, co-operative banks are key in supporting Europe's investments, fostering growth and fuelling the economy. Finally, the 6th Convention was also an occasion to promote research on the co-operative banking sector. In this regard the winner of the third EACB award for young researchers on co-operative banks (See section B.2 below) was awarded with a prize. Also the new joint publication from the EACB-Business School of Tilburg University and Eindhoven University of Technology in the Netherlands (TIAS) on the current state of affairs in the European co-operative banking sector was launched and distributed to participants (see section B.3 below).

2. EACB FOURTH ACADEMICS AND STAKEHOLDERS' DAY

On 3 June, 2015, the EACB held the [Fourth Academics and Stakeholders'](#) Day which took place at the European Parliament and was hosted by Patrizia Toia an MEP in the Socialists and Democrats Group. The main goal of this event, organised on a yearly basis by the EACB, is to outline the latest research on co-operative banking and to highlight important points and challenges lying ahead for the co-operative banking sector. Top researchers from universities and institutions of various European countries, as well as European stakeholders and policymakers attended this successful day. The event was marked by the presentations of the two past winners of the EACB Young Researchers on Co-operative Banks Award and also with the presentation of the findings of the latest study of Dr Eric Lamarque (Professor, IAE Paris) on the identification and evaluation of Governance Models of Financial Co-operatives. This event provided a valuable platform for dialogue among stakeholders, academics and decision-makers.

B. RESEARCH AND SURVEY

1. THE EU THINK TANK ON CO-OPERATIVE BANKS IN EUROPE AND RELATIONS WITH RESEARCH CENTRES

The growing interest of the academic community and stakeholders in the specificities of the co-operative banking

model and the need to stimulate further research on the sector are among the reasons that led to the setting up of the Think Tank on Co-operative Banks in Europe in 2008. The think tank is composed of about 20 academic experts in the co-operative banking field and provides an important platform for discussion and exchange of information. Over the last year, several papers were produced and discussed by the members and their research networks. The topics covered the most important features of the co-operative banking model, and ranged from governance and memberships to performances. Moreover, the EACB has strengthened its synergies with other think tanks and research institutions specialised in co-operative finance, such as the International Research Centre on Co-operative Finance (HEC Montreal) and EURICSE. In particular, EACB is a partner of EURICSE's yearly workshop on co-operative finance and sustainable development that reached its sixth edition in 2015.

2. STIMULATING NEW RESEARCH: THE EACB AWARD FOR YOUNG RESEARCHERS ON CO-OPERATIVE BANKING

In 2015 the EACB, in collaboration with its academic Think Tank, awarded the winner of its [Third Award for Young Researchers on Co-Operative Banks](#). The initiative aims to raise interest and knowledge of the co-operative banking model among researchers – specifically the younger ones – and the academic community as a whole. Despite the role played by the co-operative banking system in Europe, it is estimated that only 1% of the existing research is devoted to co-operative banks. For its third award, the EACB received applications on a broad array of subjects ranging from governance models in the Italian co-operative banking landscape to co-operative banking performance and lending capacity during the crisis. Following a careful examination, the scientific committee selected Mitja Stefancic as winner for his research on [the 'Performance of Italian co-operative credit banks'](#). The award ceremony took place during the 6th Convention (See section A.1 above). A new call for papers for the Fourth EACB Award for Young Researchers was launched: the deadline for submitting a paper was the end of November 2015. The scientific committee is currently in the process of evaluating the submissions. The winner will be announced in spring 2016.

3. TIAS AND EACB PUBLICATION: 'THE CURRENT STATE OF AFFAIRS IN THE EUROPEAN CO-OPERATIVE BANKING SECTOR'

In 2015 a new publication on co-operative banks was released through a joint effort between the Business School of Tilburg University and Eindhoven University of Technology in the Netherlands (TIAS) and the EACB. The publication ['European co-operative banking: actual and factual assessment'](#) was launched and distributed during the 6th Convention. The publication cast some light on the current state of affairs of the European co-operative banking sector, contributing to greater understanding and

increased awareness of the co-operative banking business model, which is highly important in light of present economic and financial perspectives, structural developments in banking and imminent changes in banking supervision and regulation. The publication analyses facts and figures and the overall performance of 14 European co-operative banking groups in 10 European countries during the period 2011-2013 on the basis of a range of selected indicators.

References

1. EACB & TIAS School For Business & Society study
2. The COP21 conference is an annual event organised together by Climate Action & the United Nations Agency UNEP. In December 2015, COP21 brought together leaders from more than 150 countries with the official aim of achieving a legally binding and universal agreement on climate (keeping global warming below 2°C.)
<http://www.cop21paris.org/>
3. Milan, 24th November 2015
4. (EBA/GL/2014/13)
5. ERPB is a body created by the European Central Bank in December 2013 as a follow up to the SEPA Council. It unites seven demand side and seven supply side representatives at Executive Board level and is chaired by Yves Mersch, ECB Board members. Its mandate is mainly to identify strategic issues and work priorities (including business practices, requirements and standards) and ensure that they are addressed. The EACB is represented in the Board by Dr Christian Brauckmann, Member of the Executive Board of WGZ Bank
6. The COP21 conference is an annual event organised together by Climate Action & the United Nations Agency UNEP. In December 2015, COP21 brought together leaders from more than 150 countries with the official aim to achieve a legally binding and universal agreement on climate (keeping global warming below 2°C).
<http://www.cop21paris.org/>

Glossary of Abbreviations

AQR:	Asset Quality Review	MCD:	Mortgage Credit Directive
AML:	Anti-Money Laundering	MEP:	Member of the European Parliament
APRC:	Annual Percentage Rate of Charge	MiFID:	Markets in Financial Instruments Directive
BRRD:	Banking Recovery and Resolution Directive	MS:	Member States
BSMR:	Bank Structural Measures Regulation	NCA:	National Competent Authorities
CCD:	Consumer Credit Directive	OTC:	Over-The-Counter
CCPs:	Central Counterparties (clearing houses)	RTSs:	Regulatory Technical Standards
CRD4:	Capital Requirements Directive 4	PAD:	Payments Accounts Directive
CRR:	Capital Requirements Regulation	PRIPs:	Packaged Retail Investment Products
CSR:	Corporate Social Responsibility	PSD:	Payment Services Directive
CRD:	Capital Requirements Directive	SEPA:	Single Euro Payments Area
CSDs:	Central Securities Depositories	SMEs:	Small and Medium- Sized Enterprises
CSR:	Corporate Social Responsibility	SFT:	Structure Finance Transactions
DGS:	Deposit Guarantee Schemes	SoF:	Statement of Fees
DPO:	Data Protection Officers	SREP:	Supervisory Review and Evaluation Process
EACB:	European Association of Co-operative Banks	SSM:	Single Supervisory Mechanism
EBA:	European Banking Authority	SRMR:	Single Resolution Mechanism Regulation
EBIC:	European Banking Industry Committee	TR:	Trade Repositories
EC:	European Commission	UCITS:	Undertakings for Collective Investments in Transferable Securities
ECB:	European Central Bank		
EFFRAG:	European Financial Reporting Advisory Group		
EIB:	European Investment Bank		
EP:	European Parliament		
EPC:	European Payments Council		
ERPb:	Euro Retail Payments Board		
ESAs:	European Supervisory Authorities		
ESD:	European Social Dialogue		
ESIS:	European Standardised Information Sheet		
ESMA:	European Securities Markets Authority		
FID:	Fee Information Document		
FTT:	Financial Transaction Tax		
GDPR:	General Data Protection Regulation		
IASB:	International Accounting Standards Board		
IFRS:	International Financial Reporting Standards		
IPS:	Institutional Protection Schemes		
ITSs:	Implementing Technical Standards		
KID:	Key Information Document		
LLL:	Life Long Learning		
LCR:	Liquidity Coverage Ratio		

Annexes



A. KEY STATISTICS (FINANCIAL INDICATORS) ON 31/12/2014

EU Countries	ECONOMIC INDICATORS					
	Total assets (EUROmio)	Total deposits from customers (EUROmio)	Total loans to customers (EUROmio)	Net profit after taxes (EUROmio)	Total equity (EUROmio)	Leverage Ratio (%)
Austria						
Österreichische Raiffeisenbanken *	285.557	174.162	190.475	129	17.604	N.A.
Österreichischer Volksbanken *	36.678	24.129	26.541	-0,3	2.563	5
Bulgaria						
Central Co-operative Bank	2.138	1.900	928	4	186	0,09
Cyprus						
Co-operative Central Bank *	13.937	12.393	10.127	37	2.131	9
Denmark						
Nykredit	195.601	8.750	159.307	77	7.982	4,10
Finland						
OP Financial Group *	110.427	48.775	70.660	607	7.213	6,4
France						
Crédit Agricole *	1.762.763	622.686	709.884	4.920	91.643	5,2
Crédit Mutuel *	706.720	305.237	364.824	2.955	43.938	6,4
BPCE	1.223.298	473.540	378.000	2.907	55.290	4,5
Germany						
BVR *	1.135.760	713.485	670.683	7.807	86.501	7,6
Greece						
Association of Cooperative Banks of Greece	3.261	2.630	2.923	0,389	362	11,32
Hungary						
National Federation of Savings Co-operatives (a)	6.386	4.366	2.707	N.A.	N.A.	N.A.
Italy						
Associazione Nazionale fra le Banche Popolari *	453.693	434.704	393.668	-4.243	62.463	13,7
FEDERCASSE *	222.289	157.410	122.111	372	18.996	8,5
Lithuania						
Association of Lithuanian credit unions (a)	477	403	265	-12	39	8,20
Luxembourg						
Banque Raiffeissen *	6.658	5.499	4.939	18	310	4,36
Netherlands						
Rabobank Nederland *	681.086	326.471	430.391	1.842	38.871	4,9
Poland						
National Union of Co-operative Banks (KZBS)	31.784	20.176	16.127	164	2421,5 (2)	9,85 (2)
Portugal						
Crédito Agrícola *	13.267	10.620	8.147	25	1.168	8,8
Romania						
Creditcoop(a)	199	134	132	N.A.	N.A.	N.A.
Slovenia						
Deželna Banka Slovenije d.d.(a)	856	646	530	-17	45	N.A.
Spain						
Unión Nacional de Cooperativas de Crédito	94.235	68.579	51.405	350	9.965	10,57
Banco de Crédito Cooperativo (BCC)	36.031	29.686	31.084	37.113	2.760	6,52
Sweden						
Landshypotek (b)	9.105	251	7.084	24	481	5,28
United Kingdom						
The Co-operative Bank p.l.c. (a)	52.093	39.615	21,1	898	2.134	2,4
Building Societies Association *	431.710	306.729	322.504	1.568	22.632	4,1
Total	7.516.007	3.792.978	3.975.446			
Non-European Countries						
Canada						
Desjardins Group	229,400	146.324	150.454	1.593	18.893	7,1
Japan						
The Norinchukin Bank ***	586.841	350.912	122.779	1.099	42.183	N/A
Switzerland						
Raiffeisen Schweiz *	156.938	119.642	132.095	632	10.017	6,4
Total (Non-EU)	744.009	616.879	405.328			

EU Countries	PROFITABILITY INDICATORS			CAPITAL SOLIDITY INDICATORS
	ROA (%)	ROE after taxes (%)	Cost/Income Ratio (%)	Total capital ratio (%)
Austria				
Österreichische Raiffeisenbanken *	N.A.	0,7	73,80	8.8 (Tier 1 ratio)
Österreichischer Volksbanken *	-0,01	0,00	78,60	14,7
Bulgaria				
Central Co-operative Bank	0,17	2,0	90,30	16,6
Cyprus				
Co-operative Central Bank *	0,30	3,50	50,90	13,6
Denmark				
Nykredit	0,04	0,93	43,80	18,20
Finland				
OP Financial Group *	0,57	8,10	56,00	17,3
France				
Crédit Agricole *	0.28 **	5.4 **	63,40	16,7
Crédit Mutuel *	0,42	6,73	64,00	15.3 (Tier 1 ratio)
BPCE	5,40		69,20	15.4 (Total capital adequacy ratio)
Germany				
BVR *	0,70	9,00	60,70	15,1
Greece				
Association of Cooperative Banks of Greece	0,01	0,11	60,11	9,7
Hungary				
National Federation of Savings Co-operatives (a)	0,47	6,48	72,25	7,07
Italy				
Associazione Nazionale fra le Banche Popolari *	-0,93	-3,30	63,60	13,6
FEDERCASSE *	0,20	2,00	52,20	16,5
Lithuania				
Association of Lithuanian credit unions (a)	-2.44	-30.8	57.45	21,7
Luxembourg				
Banque Raiffeisen *	0,30	6,20	74,10	11,4
Netherlands				
Rabobank Nederland *	0,28	5,20	62,70	21,3
Poland				
National Union of Co-operative Banks (KZBS)	0,8 (2)	7,5 (2)	68,9 (2)	14,6 (T1 Cap. Ratio) (2)
Portugal				
Crédito Agrícola *	0,20	2,20	54,20	13.1 (Tier 1 ratio)
Romania				
Creditcoop(a)	0,42	1,33	98,03	22
Slovenia				
Deželna Banka Slovenije d.d.(a)	-2.27	-28.4	62,48	9,83
Spain				
Unión Nacional de Cooperativas de Crédito	0,37	5,5	46,76	N.A.
Banco de Crédito Cooperativo (BCC)	0,1	1,54	41,35	11,78
Sweden				
Landshypotek (b)	0,26	5,10	45,00	27.77 (T1 Cap.Ratio)
United Kingdom				
The Co-operative Bank p.l.c. (a)	1,72	42,1	93,60	7,2
Building Societies Association *	0,38	8,99	56,62	21,5
Total				
Non-European Countries				
Canada				
Desjardins Group	0,72	8,70	73,40	17,90
Japan				
The Norinchukin Bank ***	N/A	N/A	N/A	25,24
Switzerland				
Raiffeisen Schweiz *	0,40	6,50	62,40	15,3
Total (Non-EU)				

EU Countries	OTHER INDICATORS					
	Nb Employees Full-time equivalent	Nb Clients	Nb of independent local co-operative banks (local/regional banks)	Nb of branches (in home country)	Nb members	Nb of domestic ATMs
Austria						
Österreichische Raiffeisenbanken *	29.000	3.600.000	473	1.587	1.700.000	N.A.
Österreichischer Volksbanken *	4.712	1.161.000	51	495	688.000	N.A.
Bulgaria						
Central Co-operative Bank	2.025	1.556.628	N.A.	51	6.782	461
Cyprus						
Co-operative Central Bank *	2.962	791.891	19	292	550.125	180
Denmark						
Nykredit	3.971	1.075.000	62	877	300.000	59
Finland						
OP Financial Group *	10.980	4.284.000	181	456	1.434.000	N.A.
France						
Crédit Agricole *	140.000	50.000.000	39	9,068 **	8.171.555	N.A.
Crédit Mutuel *	78.230	30.100.000	18	5.298	7.600.000	9.000
BPCE	108.000	36.000.000	35	8.000	8.900.000	N.A.
Germany						
BVR *	190.544	>30,000,000	1.047	12.770	18.000.000	19.614
Greece						
Association of Cooperative Banks of Greece	922	407.633	10	127	163.135	N.A.
Hungary						
National Federation of Savings Co-operatives (a)	7.326	1.150.000	105	1.484	84.000	N.A.
Italy						
Associazione Nazionale fra le Banche Popolari *	81.800	12.350.000	70	9.248	1.370.000	11.114
FEDERCASSE *	36.833	6,000,000 **	376	4.441	1.200.485	5.271
Lithuania						
Association of Lithuanian credit unions (a)	598	2.656	63	126	142.601,000	N.A.
Luxembourg						
Banque Raiffeissen *	567	102.500	13	44	15.000	52
Netherlands						
Rabobank Nederland *	48.254	8.800.000	113	547	1.959.000	2.305
Poland						
National Union of Co-operative Banks (KZBS)	32,940 (2)	N.A.	565	4810 (2)	1.012.568	3.751
Portugal						
Crédito Agrícola *	3.776	1.100.000	82	683	400.000	1.465
Romania						
Creditcoop(a)	2.235	919.467	763	46	660.000	N.A.
Slovenia						
Deželna Banka Slovenije d.d.(a)	355	85.000	1	85	260	39
Spain						
Unión Nacional de Cooperativas de Crédito	12.263	6.888.573	44	3.381	1.382.633	3.418
Banco de Crédito Cooperativo (BCC)	6.882	3.982.105	19	1.311	1.414.064	1.353
Sweden						
Landshypotek (b)	130	70.000	1	19	45	0
United Kingdom						
The Co-operative Bank p.l.c. (a)	6.704	4.700.000	N.A.	294	2.000.000	2.558
Building Societies Association *	30.300	N.A.	44	1.563	22.000.000	1.466
Total	805.305	205.126.453	4.194	67.103	81.154.253	62.106
Non-European Countries						
Canada						
Desjardins Group	40.779	7.000.000	360	1,17	5.594.000	2.225
Japan						
The Norinchukin Bank ***	3.323	N/A	896	20	3.790	0
Switzerland						
Raiffeisen Schweiz *	9.028	3.695.129	305	1.015	1.846.747	1.618
Total (Non-EU)	53.130	10.695.129	1.561	1.036	7.444.537	3.843

EU Countries	MARKET SHARE			
	Domestic market share deposits (%)	Domestic market share loans (%)	Mortgage market share (%)	Market share SMEs (%)
Austria				
Österreichische Raiffeisenbanken *	29,60	28,40	N.A.	N.A.
Österreichischer Volksbanken *	5,55	5,34	9,16	NA
Bulgaria				
Central Co-operative Bank	5,83	3,30	0,90	N.A.
Cyprus				
Co-operative Central Bank *	26,90	21,20	38,00	8,70
Denmark				
Nykredit	4,90	32,00	44,50	N.A.
Finland				
OP Financial Group *	34,00	32,80	38,00	N.A.
France				
Crédit Agricole *	24,80	21,00	28,60	37,00 **
Crédit Mutuel *	15,00	17,00	20,00	17,00
BPCE	22,00	21,00	N.A.	N.A.
Germany				
BVR *	20,9	20,1	26,9	32,9
Greece				
Association of Cooperative Banks of Greece	1,11	0,80	N.A.	15,00
Hungary				
National Federation of Savings Co-operatives (a)	8,69	4,44	N.A.	N.A.
Italy				
Associazione Nazionale fra le Banche Popolari *	25,50	25,90	21,70	25,60
FEDERCASSE *	7,90	7,30	9,20	19,3 **
Lithuania				
Association of Lithuanian credit unions (a)	2,93	1,79	0,43	4,49
Luxembourg				
Banque Raiffeissen *	18,00	13,00	13,00	10,00
Netherlands				
Rabobank Nederland *	36,00	N.A.	22 (1)	39,00
Poland				
National Union of Co-operative Banks (KZBS)	10,00	7,90	1,78 (2)	15,26
Portugal				
Crédito Agrícola *	6,40	3,70	2,20	3,90
Romania				
Creditcoop(a)	N.A.	N.A.	N.A.	N.A.
Slovenia				
Deželna Banka Slovenije d.d.(a)	2,34	2,22	N.A.	N.A.
Spain				
Unión Nacional de Cooperativas de Crédito	5,29	4,07	N.A.	N.A.
Banco de Crédito Cooperativo (BCC)	2,14	2,54	2,24	N.A.
Sweden				
Landshypotek (b)	0,50	2,00	2,30	1,00
United Kingdom				
The Co-operative Bank p.l.c. (a)	2,20	1,80	2,00	0,60
Building Societies Association *	18,7	N.A.	20,0	N.A.
Total				
Non-European Countries				
Canada				
Desjardins Group	43,00 (3)	23,5 (3)	36,1 (3)	N/A
Japan				
The Norinchukin Bank ***	N/A	N/A	N/A	N/A
Switzerland				
Raiffeisen Schweiz *	18,70	N.A.	16,6	N.A.
Total (Non-EU)				

(*) Data collected in collaboration with TIAS School for Business and Society of Tilburg University
(**) Data based on Tias estimation
(***) Data is as of 3 March 2014 unless otherwise stated. The Bank's Financial term is from 1 April to 31 March
(1) Data refers to market share new mortgages
(2) Data refers to co-operative banks without the two Polish affiliating banks
(a) Data 2013
(b) Data 2012

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