



EACB Press Release:

European Co-operative banks take note with reservations about the choice of regulators with regard to the prudent valuation rules in the Capital Requirements Regulation

Brussels, 14 January 2012 – The European Association of Co-operative Banks (EACB) has issued last Friday its response to the EBA's consultation on prudent valuation. Herve Guider, General Manager of the of EACB noted: *"The endorsement of IFRS 13 on fair value measurement already covers most of the requirements of the prudent valuation as proposed by EBA"*. In case needed, a prudent value should not lead to double counting of risks and should not be further detached from the accounting value, but rather closely based on it. The determination for the need for a prudent value should take into consideration all the regulatory changes.

Mr Guider underlined the importance of considering any such requirement for a prudent value in the light of the efficiency in reaching the regulator's objective. *"A detailed and far reaching standard will result in burdensome requirements that might bring little added value to strengthening the resilience of EU financial system."* In this context appropriate proportionality criteria should be foreseen. Small institutions, have regionally focussed traditional deposit taking and SME lending business models and the size of the risks for the financial system is not significant. Moreover, smaller institutions may not the have human resources, the modelling expertise and/or the amount of data required for the calculation proposed. Thus, the relevance for strengthening the financial resilience by applying this burdensome requirements to such small banks is very limited.

EACB Contact:

General Manager: Herve GUIDER (Tel : +32 2 286 98 40), h.guider@eurocoopbanks.coop

Head of Department: Volker HEEGEMANN (Tel +32 2 286 98 48), v.heegemann@eurocoopbanks.coop

About the EACB:

The European Association of Co-operative Banks (EACB) has been the voice of co-operative banks since 1970. It represents, promotes and defends the common interests of its 28 member institutions and of co-operative banks in general. Co-operative banks form decentralized networks which are subject to banking as well as co-operative legislation. With 4,000 locally operating banks and 72,000 outlets, co-operative banks play a major role in the financial and economic system. They serve more than 217 million customers, mainly consumers, SMEs and communities. Europe's co-operative banks represent 56 million members and 860.000 employees and have an average market share of about 20%. Their resilience during the crisis make co-operative banks a key driving force in the economic recovery.

Website: www.eacb.eu