



EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS

ANNUAL REPORT

MORE THAN A BANK, A CO-OPERATIVE BANK



2011

The voice of 4000 local and retail Banks - 50 million Members - 181 million Customers
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INTRODUCTION

The European Association of Co-operative Banks (EACB) is an international non-profit association which was founded in 1970 and is based in Brussels. As the voice of co-operative banks in Europe and at an international level, it is a leading trade association in the financial sector, representing 28 national associations and their member banks. The co-operative banking sector contributes significantly to growth, stability and competitiveness of the European banking industry at a local and regional level. Moreover, in the unique context of the global financial crisis, this sector demonstrated its robustness and resilience, as well as its ability to act as a key driver for the real economy:

- Co-operative banks serve more than 181 million customers
- Co-operative banks are mutual banks, owned by their 50 million members
- Co-operative banks share common values and foster local development and entrepreneurship through their 4,000 member banks and 65,000 branches
- Co-operative banks adhere to the key co-operative principle of “one person-one vote” and apply democratic principles in accordance with the European Co-operative Statute
- Co-operative banks contribute to the competitiveness and stability of the European banking industry. Their strong performance is a result of their strong focus on retail banking, solid capitalisation, and their high-quality credit portfolio
- Co-operative banks strongly believe that their customer-oriented business model benefits Europe, its banking system, its SMEs, its consumers and its economy.
- Co-operative banks have long been an integral and well-established part of the financial system in many European countries and they are an important part of the diversity and plurality in European banking with their own characteristic business models, ownership and governance structures¹.

¹ Ayadi, R., Llewellyn, D.T., Schmidt, R.H., Arbak, E., De Groen, W.P., CEPS (2010) Investigating Diversity in the Banking Sector in Europe



PRESIDENT'S ADDRESS

Piet Moerland, President



The economic and social crisis that has shaken Europe in 2011 is the biggest challenge that the European Union has ever encountered since its establishment in 1957. The pressure of globalisation has amplified the effects to the point that for the first time the survival of the single currency and the very model of European integration are being questioned. However, as reminded by the European Commission's President, Mr. José Manuel Barroso, "We must translate into facts what was observed in the Berlin Declaration signed by the European Commission, the European Council and the European Parliament for the 50th anniversary of the Rome Treaty: 'Today we live together, and united, like it has never been possible in the past. We can call ourselves lucky to be together, as citizens of the European Union.'"

Obviously, co-operative banks support the plans of action and stabilisation agreed by the Heads of States and the European Governments. In particular they welcome the progress achieved with the setting up of the European Stability Mechanism. However, they also call for measures to balance governments' budgets and to reform the economy and enhance the growth potential of Europe. For co-operative banks, created more than one century ago to support and enable local economic development, these are the most urgent challenges to be addressed by the European Union.

In this context, it is more than ever necessary to measure with cautiousness the impact of the new legislative measures on the financing of the economy. In the past the industry may have been insufficiently regulated and supervised, but now we are risking overregulation and create impediments for recovery and growth.

The year 2011 has been the year of regulatory actions to implement the global regulatory responses to the financial crisis with European legislative proposals, ranging from the transposition of Basel 3 to the crisis management framework; the deposit and investors compensations schemes; the governance and the financial transactions tax.

Taken each individually, these measures seem to be justified. The cumulative effects of those measures on banks, however, need to be carefully assessed to avoid doing harm to the real economy, that is growth and employment.

The European model of banking intermediation is an asset for the European economy. In this respect, it is important to take into account that in continental Europe the share of bank lending in the total lending to businesses is much higher than in the US and UK. In those countries, companies more often raise capital at the stock exchange, through private equity financing and hedge funds. In Europe the banks are the main financier of the real economy and therefore, reforms of the financial architecture need to be executed with prudence. In any case, co-operative banks want to increase lending and they have demonstrated their relevance in this financial and economic crisis, as a pillar of stability and confidence for their 181 million of customers and 50 million of members.

Co-operative banks operate on the basis of a business model that is different from the mainstream banking model. They are characterised by a strong focus on customers and members, a unique capital and governance structure and a long-term orientation. This long-term approach and solidity have revealed as important assets to the global financial system contributing to stability during the turmoil. They have proven their resilience, thanks to prudent risk policies and good governance while remaining committed to financing the real economy, also during the bad times.

The recognition of the specificities of the co-operative model within the legislation, starting with the upcoming transposition of Basel 3, would highly benefit the society at large, in the same vein as what was declared by the Secretary General for the United Nations, Mr Ban Ki Moon: "Co-operatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility."

In this context, I would like to mention that on the 31st of October 2011, at the occasion of the official launch event of the United Nations International Year of co-operatives, I was honoured to take part in the UN roundtable entitled "Co-operative Enterprises Build a Better World: Contributions to Sustainable Development". I have taken this opportunity to voice the specificities, concerns and also contributions of the 4,000 co-operative banks to this topic and I was delighted to witness the development of a fruitful dialogue about the role of co-operatives in overcoming the current economic, social and environmental challenges.

I would like to conclude by thanking all my fellow directors of co-operative banks or national federations, the two vice presidents, Christian Talgorn and Gerard Hofmann and of course, Hervé Guider and the staff of the secretariat for their intensive work for the benefit of the 28 co-operative banking groups that compose the EACB. This activity report illustrates the work conducted by the EACB in a co-operative spirit combined with the necessary will to make progress. I wish you a pleasant reading of this work.

Piet MOERLAND, *President*



WELCOME TO THE EACB



GENERAL MANAGER'S FOREWORD

The purpose of this report is to provide stakeholders, members, policy makers, and European Institutions with a better understanding of the EACB's core areas of focus and its successes during the past year. I hope it also demonstrates how the EACB is enhancing its reputation and standing within European regulatory and policy circles as far as financial services and banking issues are concerned.

Some of the major issues that the EACB focused on in 2011 are highlighted below. More details are provided further on in the report. Our lobbying activities would not be a success without the expertise of the various working groups and task forces, while the involvement and contribution of the chairmen and CEOs of co-operative banks has helped boosting the reputation of the EACB.

EUROPEAN REGULATORY FRAMEWORK

Over the past 12 months, the EACB has continually alerted policy makers and banking regulators upon the need to respect the diversity of the banking business models and specifically the co-operative banking business model. The legislative package following the decision of the Basel committee to require more capital in quality and quantity with the need to be compliant with new liquidity rules may undermine co-operative banks capacity to finance the real economy and specifically households and SME's.

In addition, the predominant role of the new supervisory authorities and in particular the European Banking Authority – EBA- with regards to the design of technical binding standards is a serious concerns for co-operative banks. A permanent dialogue between EBA and the EACB is a prerequisite to avoid any adverse effects on co-operative banks along the need to develop technical standards and a single rule book as a common tool for banking supervisors within the European Union.

The coming year 2012 will be in line with 2011 in terms of new regulations. In this perspective, the EACB and its members will take every opportunity to voice their concerns and to ask for a legislative framework which will fit all types of business models and statutes. In this respect, an overall impact assessment of the various initiatives undertaken by the EU Commission is appropriate to measure their cumulative impact.

CONSUMER AFFAIRS

Co-operative banks are the front runners in Europe with more than 4,000 retail banks operating under the co-operative statute and 181 million clients. They enjoy close proximity with their customers, who are frequently the owners of local co-operative banks. In other words, they are highly committed partners in the debate concerning the enhancement of consumer protection in the financial services domain. In this respect, the EACB has been deeply involved in developing self-regulation on transparency of retail bank account fees. Open to find out a balanced solution to allow comparable fees for bank account, it has shown its willingness to make progress and meet the expectation of the EU Commission. Finally, the negotiation has failed despite the efforts of co-operative banks representatives. Whatever the next steps, the EACB underlines again its availability to continue a constructive dialogue with the European Commission and other stakeholders concerning the consumer protection in the field of financial services. However, it is also true, that co-operative banks are heavily affected by the enhancement of the legislation which leads to additional costs and additional administrative constraints which are not always taken into consideration by the regulators.



PAYMENTS AND SECURITIES

In the area of payment systems and securities, EACB's main challenges lay in the proposals for settling derivative transactions (EMIR), the review of the Markets in Financial Instruments Directive (MiFID) and the proposal for a Regulation on an end date for SEPA. In the case of EMIR, EACB concentrated its efforts on preventing a distorted playing field from developing with non co-operative banks when it came to exemptions for transactions within a group.

As regards MiFID, the retail and decentralised nature of co-operative banks warranted that EACB kept a finger on the pulse of the changes to be proposed in the existing selling rules. Although EACB is in principle supportive of the intentions to create more transparency for customers, it considers that costs and benefits have to balance out and good intentions should not create unintended negative side-effects.

The Commission proposal for an end-date to migrate from national payment schemes to SEPA ones was well intended. Unfortunately, the regulatory proposal put forward commingled pure migration issues with interference in the business case for banks and EACB had to spend many hours trying to convey the improvements required.

CO-OPERATIVE BANKS AS SOCIALLY RESPONSIBLE BANKS

The EU Agenda 2020 and the Single Market Act released by the Commission in early 2011, have put a new emphasis on the CSR topics, bringing the objective of a sustainable, smart and inclusive growth at the heart of the new EU initiatives. Moreover the economic crisis environment and the subsequent need to restore confidence have implied for the financial sector, that the terms responsibility and sustainability became more relevant than ever. For co-operative banks however, those are not new features; created to serve members with a long-term stakeholders' value approach, they have been acting in a responsible and sustainable manner for more than two centuries. In this respect, the EACB is particularly involved in the different initiatives aimed at ensuring responsibility, warning however that sustainability cannot be imposed with legislative measures.

While recommending a voluntary approach in this field, the EACB has also warned about the importance of maintaining a certain flexibility. Attempts to standardize either through uniform reporting or uniform CSR standards would be detrimental as this would hamper the ability for co-operative banks to act according to their own governance and statutory principles.

COMMUNICATION AND RESEARCH

The EACB has intensified its efforts to improve awareness of co-operative banks among European and international policy and decision-makers. Several activities took place in 2011 and two events were particularly relevant.

The 4th European Forum organised in co-operation with the European SMEs organisation (UEAPME) was an occasion to discuss current common challenges. Co-operative banks are key financial partners of SME (they finance one third of European SMEs). During the event both SMEs and co-operative banks called for an appropriate transposition of the capital requirements rules to avoid unintended adverse effects on the financing of the real economy.

Explicitly recognising the vital role of the sector, the United Nations have invited co-operative banks and the EACB President to express their views, at the UN official event organised at the end of 2011 to mark the start of the International Year of Co-operatives (2012). The EACB took the occasion to organise a high level reception to highlight the role of co-operative banks in combining societal, economic and environmental objectives. Moreover, the EACB Secretariat General attended conferences and workshops in Europe and at the international level as a guest speaker to explain the added value of the co-operative banking model and the resilience of co-operative banks during the global financial crisis.

Finally in 2011, the EACB has launched the 1st award for young researchers on co-operative banks, to stimulate research on the sector.

Hervé GUIDER, *General Manager*



ABOUT THE EACB (International Non-Profit Association)

The EACB Mission Statement:

The EACB is committed to representing, defending and promoting co-operative values and the interests of its members within a competitive environment that allows co-operative banks to best serve their members and clients at a local level. To this end, the Brussels-based association provides information and advice, and ensures that the voice of the co-operative banks is represented in the dialogue between the European Institutions and stakeholders.

OUR ROLE

Working with decision-makers

The EACB supports a legislative and regulatory framework based on better regulation principles that accommodate the co-operative banks business model; it voices 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.

Promoting co-operative values

The EACB supports and promotes the values of the co-operative business model in European and international institutions. Central to these values are: the principle of democracy – with the principle of “one person-one vote” at its core materialised by the co-operative share; a strong commitment to social values; and close links with 65,000 bank branches.

Commitment

The EACB is fully committed to defending and promoting the unique qualities and values of co-operative banks on behalf of its members vis-à-vis the European and international institutions. It is recognized as the official voice of co-operative banks at European and international level by policy makers and regulators.

Delivering value-added services

Through its conventions, workshops, seminars, publications and dissemination of information, the EACB provides its members and other co-operative organisations with the tools to increase their awareness and knowledge of European issues, keep them up to date with legislative and regulatory developments and offer them a platform to develop co-operation.

OUR VALUES

Transparency

The EACB's governance principles give each full member the same weight in the decision-making process regardless of its size, its country of origin or its financial contribution. In addition, the Secretariat has a commitment to inform, consult, consider and respect all opinions and advice from members under the principle, “everything we do – everything you know”.

Trust

Relationships between members and the EACB are based on trust. Members trust the Association to defend their interests and this is the binding principle that drives the activities of the Secretariat and members' representatives on the various EACB bodies. This mutual trust is a key component of lobbying efforts. In addition, the EACB supports the code of conduct on lobbying and is registered in the EU lobby register.

Efficiency

The EACB is a leading professional lobbying organisation in the banking industry in Brussels. The expertise and professionalism of its staff allows it to make relevant contributions in European Parliament committees, in the consultations of the European Institutions, in EU expert panels and in other relevant hearings. We provide a high quality, credible voice for our 4,000 member banks.



CO-OPERATIVE BANKS RESILIENT DURING THE CRISIS CONFRONTED BY TIGHTER BANKING REGULATION AND SUPERVISION AIMING TO ENHANCE THE STABILITY OF FINANCIAL SYSTEM

The year 2011 may be characterised as the year of concrete European regulatory initiatives and actions for implementing the global regulatory responses to the financial crisis i.e. a European legislative proposal for the implementation of Basel III, for financial transaction tax, for credit rating agencies. The Euro-crisis marked the need to further enhance the proposed pillars for a stable European financial system beyond prudential reforms by means of a European crisis resolution framework in order to prevent that tax payers' money will be used to save both banks and national governments. It can be observed that the European Union is in many respects a first mover that often goes beyond the globally proposed standards, touching the level playing field at global level. The proposed European initiative may undermine the foundation of co-operative banks. In this respect, the EACB underlines the need for proportionate European rules which reflect the diversity of business models as a fundamental asset for the Single Market and take account of the global level playing field.

A/ THE ESTABLISHMENT OF A SOLID AND STABLE EUROPEAN FINANCIAL SYSTEM

New Regulatory Proposals for banks' prudential framework

The "Basel III" accord being approved in December 2010 requires significant changes of the current prudential rules for banks, which are to be phased in from 2013 onwards. The Commission services therefore submitted proposals for a legislative package in July, which immediately were a priority for the Association. During the second half of the year, the Association developed a detailed set of comments and proposals for amendments regarding the legislative text. At the same time, activities were undertaken in view of the more than 100 regulatory standards that EBA has to develop for complementing the rules of the legislative proposals.

Numerous meetings were held with Commission officials, Members of the European Parliament and their assistants, as well with the representatives of the European Banking Authority (EBA).

The Association's main concerns remain the overall level of capital and the liquidity ratios included in the CRD 4 directive and the CRR regulation.

Since co-operative banks are non-listed banks and cannot raise capital on financial markets, but have to generate capital by retained earnings, the overall impact of this legislative package, which will most probably be accompanied by increased contributions to Deposit Guarantee Schemes (DGS), contributions to resolution funds in the context of Crisis resolution framework, Financial Transaction Tax and other measures, remains an issue of serious concern. The Association therefore urges regulators and politicians to take the cumulative effect of these measures into consideration. Furthermore, no new regulation should be envisaged as long as the suggested measures are not implemented and their effects are not tested.

Not least, due to work of the Association the proposals of the legislative package may be satisfying regarding recognition of co-operative shares as Core Tier 1 Capital and in the views of members the discussion should not be reopened. Nevertheless, it remains necessary to address some specific cases, where the suggested rules do not lead to appropriate results. The Association underlined that the appropriate findings and comments of the former CEBS (Committee of European Banking Supervisors) should be taken into consideration by EBA and that no additional layer of requirements should be added via technical standards.

The members of the EACB take the view that specific group structures of co-operative banks need to be better reflected in the legal package. While a specific rule on the deduction of holdings in central institutions is appreciated in principle, those regarding minority interest seem less satisfying.

As regards the new "Liquidity Coverage Ratio" members are in favour of an extension of the possibilities for a group perspective, while demanding significant improvements for those co-operative liquidity systems that do not allow such a consolidated approach. However, one of the most acute problems relates to the definition of the highly liquid assets which is far too restrictive and the calibration of the inflows and outflows which is excessive.



The sovereign debt crisis calls for a liquidity regulation which does not rely too much on a general rule that sovereign instruments are “highly liquid”. Furthermore, market liquidity proves to be too procyclical and volatile. Therefore the formula of the LCR ratio should not only comprise assets which benefit from market liquidity, but also assets which are of good credit quality, noticeably what central banks recognize according to their minimum criteria for central bank refinancing. Furthermore, the mechanism of the ratio should not oblige banks to invest high amounts into highly liquid assets, since these funds reduce to possibility to give loans to customers, especially SMEs. Equally, deposits of corporate customers should be treated in a better way and the category of SME deposits, which is treated in a more favourable manner, should be extended.

As regards the outflows the current definition of “operational relationship” almost eliminates the possibility for banks to benefit from the lighter run off rate of 25% applied on deposits in the context of an operational relationship. Co-operative banks are also deeply concerned that the run-off rate that is applied to corporate and other non-financial institutions deposits is extremely punitive to the European industry. They suggest that the run-off factor be more consistent with actual experience and that SMEs be understood in the Basel and European framework.

Finally as regards governance, the definition of “group” also needs to be aligned when it comes to number of limited mandates that executives and directors may hold according to the suggested corporate governance rules. Since many co-operative banks have subscribed to a “bankinsurance” group structure, the association is also strongly favouring a “conglomerate approach to joint supervision”, which aims at a consolidated approach to both bank and insurance risk.

A major concern remains the possible impact of the new regular standards on “real economy”. The EACB therefore suggests considering a reduction of risk weights in retail banking, especially to reduce the impact on SMEs.

Work in progress for European Framework for Winding Down Banks

As a last complement to the reform of the banking system in the European Union, the European Commission is contemplating on a proposal for a European regime to wind down banks in an orderly fashion as proposed in subsequent G20 Summits.

In early 2011 the European Commission consulted the general

public, banks and other stakeholders on what the technical details of a future EU framework for recovery and resolution of banks should look like. The Commission consultation document proposed that each member state should set up a fund prepaid by the banks to be used in case of a failure of a bank. Furthermore, suggestions were made for a set of harmonised rules with on the one hand requirements that Member States should designate which national authority should be overseeing a recovery or winding down of banks, indicate what kind of powers they should have in these situations for example to take over the management of the bank when it starts to have problems; on the other hand requirements that banks shall draw up plans and foresee how they will recover in case upcoming problems are noticed or what they will do in case of serious problems and the bank needs to be wind down. The Commission also suggested specific concrete criteria for determining when a bank is failing, triggers which indicate when national authorities can intervene, and tools for resolution authorities to e.g. divide a bank to maintain it healthy, sell off the bad parts or have the shareholders and creditors to take in the debt instead of reverting to taxpayers’ money.

The EACB has been active on this public consultation and acknowledges that taxpayers’ money should not be used to save banks and that there is a need to set out a general EU framework to improve the effectiveness of the arrangements for dealing with troubled and failing banks, especially on a cross border basis, in order to ensure financial stability.

Nevertheless, the EACB stated that certain suggestions made would lead to far-reaching changes to the way in which banks operate on a daily basis. EACB members consider that the need for a prepaid fund should be further investigated. In addition, it was indicated that there are some deposit guarantee schemes and institutional protection schemes in certain Member states that already dispose of functionalities for internal early intervention in a bank or wind down of a bank. The EACB considers that such systems should be acknowledged in any future crisis resolution framework and a duplication of contributions to such systems and a prepaid resolution fund should be avoided.

Furthermore, as regards the proposed measures for resolution authorities to intervene in a bank at an early stage of the problem and take over the management would be very intrusive considering that the bank is still functioning. Moreover, the customers of the banks and the investors may become aware of the change of management and



react negatively by taking their money and investments from the bank which may cause the bank actually to have serious problems. The EACB deems it necessary to reconsider these proposals.

In addition, EACB mentioned that the crisis management should be seen in the context of the other stricter regulatory measures for banks such as the above mentioned CRD IV, the enhanced supervision via the new European Supervisory Authorities has to prevent a future crisis. A crisis management framework is not an isolated exercise.

The EACB continues to follow the Commission activities as regards Crisis Management very closely and awaits the publication of the proposal in this respect.

B/ THE TRANSFORMATION OF THE EUROPEAN BANKING SUPERVISORY ARCHITECTURE

The newly inaugurated European Banking Authority in action

The new EU financial supervisory architecture as envisaged by Mr. Jacques de Larosière came into being at the beginning of 2011.

The former advisory Committee of European Banking Supervisors (CEBS) transformed into the European Banking Authority (EBA) is part of the new European System of European Financial Supervisors (ESFS), which also includes ESMA (European Securities and Markets Authority) and EIOPA (European Insurance and Occupational Pensions Authority). Like the other authorities, the EBA will have the status of a European agency accountable to the European Parliament and Council. The EBA will have a leading role in ensuring an effective and consistent application of banking regulation by national supervisors, strengthening the oversight of cross-border banking groups, execute peer reviews among supervisors, coordinate the college of national supervisors, and follow developments regarding consumer products.

The EBA will not only have the power to issue guidelines and recommendations for advising national supervisors for the appropriate application of EU law but it will also have the power to draft regulatory and implementing technical standards which may complement the EU legislation in order to create a harmonised way in which national supervisors make controls over banks, the so-called 'Single rule book'. This means that EBA will no longer be a mere advisory body but will also draft legal standards subject to the limited approval of the European Parliament and Council.

In the course of this year, the EACB closely followed EBA as it transformed its internal organization to suit the assigned tasks.

In mid-2011, the EACB met with Mr. Andrea Enria, Chairperson of the EBA and Mr. Adam Farkas, Executive Director of EBA to ensure that the new structures must prove to be efficient, and that they do not lead disadvantages for co-operative banks and their specific structures. Moreover, a group was created within EBA in which inter-alia consumers, academics and banks are represented, the so-called EBA Banking Stakeholder Group (BSG). In the EBA BSG two experts of co-operative banks have a seat. The EBA BSG is required to be consulted on EBA initiatives and actions when drafting regulatory and implementing technical standards. In mid-2011, a delegation of EACB members experts met with the representatives of national supervisory authorities in the EBA Working Group on Own Funds to discuss the upcoming EBA mandates to draft regulatory technical standards as regards the capital instruments of co-operative banks and deductions in the context of the CRD IV/CRR. The aim of the EACB presentation was to convince EBA that there should be no any additional requirements for co-operative shares beyond those of the CRD IV/CRR text and the ones in the CEBS 2010 Guidelines.

EACB has established good contacts with EBA and its working groups throughout 2011 and efforts will be taken to stay well connected to EBA and specifically with the Cluster Regulation, its Standing Committee on Regulation and Policy. A main issue for the EACB is to ask for EBA to create expert groups to ensure that banks' technical expertise for drafting rules is used at an early stage. The aim is to continue to present the EACB as a politically aware, knowledgeable, competent and well-known representative of the co-operative banks in Europe as shown in the past regarding the good cooperation with EBA's predecessor in drafting several guidelines. Numerous mandates are attributed to EBA by the proposals for the CRD IV/CRR I and for the Directive on deposit guarantee schemes. Upcoming directives will enhance this role. Therefore, 2012 will require an intensive involvement in the work of EBA.

Moreover as regards the consultation of the banking sector, the EACB regrets the decision of the EU Commission to disband the so called consultative Committee "GEBI" which was an appropriate platform to exchange views on concerns and expectations related to banking and financial issues and different from the EBA's Banking Stakeholder Group. Co-operative banks reiterate their request to the EU Commission to reset up an equivalent committee which contributes to a constructive dialogue between the authorities and the banking industry including co-operative banks representatives.



C/ ACCOUNTING AND AUDIT

IASB Agenda Consultation

With the idea to make the stakeholders participate in the identification of new accounting issues for consideration by the IASB, the latter launched a public consultation on the strategic direction and overall balance of its future work programme in July 2011. The IASB was seeking feedback on how it should balance the development of financial reporting with the maintenance of IFRSs.

In its contribution, the EACB supported “a period of calm” to permit users to implement the new standards and the enhancement of the Conceptual Framework including a disclosure framework. In November 2011, The EACB Secretariat sent its comment to the IASB Agenda consultation. The EACB will continue to closely follow the initiatives of the IASB.

Proposals to replace the Fourth and Seventh Council Accounting Directives or “Company Laws”

As a part of adapting the present and the future needs of preparers and users of financial statements, the European Commission submitted Legislative Proposals, in October 2011 to replace the Fourth and Seventh Council Directive or “Company Laws”. The key changes are the reduction of the administrative burden on companies that are relatively small in size and the increase of the relevance of financial reporting.

The Audit and Accounting Working Group is working on these proposals. The EACB will develop positions on these issues in 2012.

Commission Proposals reforming the Audit Market

As the current financial crisis highlighted considerable shortcomings in the European audit system, the European Commission issued legislative Proposals on Audit Market in November 2011. The directive is mainly focused on developing significant measures to strengthen the independence and reliance of the auditors and enhancing a Single Market for statutory audits allowing auditors to exercise their profession freely and easily across Europe.

The EACB is developing positions on these proposals and foresees that the final legislation will have significant impact on the European audit market and on the banks.

D/ TAXATION

European Financial Transaction Tax

With the idea to make the financial sector contribute to the cost of the crisis on public finances, decision-makers agreed to lead efforts to set a global approach for introducing systems for levies and taxes on financial institutions. On September 2011, the president of the European Commission, Mr. Barroso officially presented the plan of creating an European Financial Transactions Tax, which the European Commission claimed could raise 55 billion Euros per year. The proposed EU-wide tax - 0.1% tax on bond and equity transactions, and 0.01% on derivative transactions between financial firms – would be introduced by 2014 provided that the unanimity from the 27 Member States is reached.

Considering the ongoing discussions regarding Financial Transaction Tax (FTT) and Financial Activity Tax (FAT), the EACB and the relevant Working Groups will actively work on a position on this matter in order to address general aspects of the situation.



NEW DEVELOPMENTS AFFECTING RETAIL BANKING AND CONSUMER ISSUES

A/ IMPROVED INFORMATION TO CONSUMERS IN SELLING FINANCIAL PRODUCTS AND SERVICES

Pre-contractual information to mortgage borrowers as part of responsible lending

The co-operative banks have a long standing tradition of diligence in providing clear and comprehensive pre-contractual information to their clients. In the context of mortgage credit and home loans, this was demonstrated through the EACB's contribution to the drafting and then complying with the EBIC 'Code of Conduct on Home Loans' and its European Standardised Information Sheet (ESIS), back in 2001. The choice made by the European Commission in 2011, to use the ESIS form as a basis for the pre-contractual information sheet enclosed in Annex II of the proposed Directive on credit agreements relating to residential property (CARRP) seems a logical choice and is a testimony to the value the Commission assigns to that self-regulatory initiative. At the same time, however, the EACB warns about the complications deriving from varying scope of implementation of the Directive 2008/48/EC on credit agreements for consumers (CCD) to mortgage credits on the one hand, and maximum harmonisation of pre-contractual information in the CARRP draft directive on the other (c.f. point B/1).

Accessible, understandable and comparable information on fees for bank accounts

At the end of 2010, Commissioner Barnier invited the European banking industry to develop self-regulation on the presentation of retail bank account fees. The co-operative banks, being dedicated to providing clear information to their customers, decided to try and work in co-operation with other EU banking associations, on solutions that would achieve the shared objectives while at the same time doing justice to the various market conditions of the different Member States, representing diverse consumer habits, needs and expectations. The EACB took the challenging task of holding the secretariat of a dedicated Task Force set up by four European Banking Trade Associations. A significant effort was made to meet the expectations of the European Commission and

the European Consumers' Organisation, BEUC and as a result of 17 various meetings and intensive written consultations, three different proposals, accompanied by detailed explanations of the rationale and methodology, were put on the table by EBIC. The EBIC proposal was intended to complement the Directive on payment services in the internal market (PSD), and it would have guided 27 national banking communities in introducing additional measures to enhance transparency and comparability. Despite all those efforts the European Commission did not accept the proposal. In the view of the EACB, the proposal represented a significant step forward as it would have led to the enhancement, within each national market, and in close involvement of national consumer stakeholders, of a number of harmonised tools. It is worth stressing that many of the proposed solutions were completely new to the vast majority of the national banking communities. Whatever the next steps, the EACB remains available to continue a constructive dialogue with the European Commission and consumer organisations on this point.

Important changes in the pre-contractual information and selling rules to the Markets in Financial Instruments Directive (MiFID)

The biggest new development affecting retail banking and consumer issues was the release of the European Commission's massive revision of the Markets in Financial Instruments Directive (or MiFID for short) at the end of October 2011. MiFID constitutes one of the quintessential legislatures dealing with, among other things, the basic rules on how financial products can be sold to investors, the main focus of our retail-focused co-operative banks. The new MiFID is now split up into two different legal documents, a Directive and a Regulation. The draft Directive basically covers revisions to organisational and conduct-of-business rules for investment firms, but it also introduces a few novel provisions for alternative markets for small numbers of stocks (Small and Medium Sized Enterprises). The Regulation introduces a new form of trading facility called organised trading facility (OTF), which should cover all so-called "dark pools". Furthermore the Commission proposed increased price transparency (its applicability was widely extended to a multitude of new financial instruments) and open access provisions to clearing houses are regrouped under this legislation. This legislation effectively amended the European Market Infrastructure Regulation (EMIR) before the legislator had even agreed on its final form at the end of the year.



After having responded to the Commission's wide-reaching public consultation in early January, the EACB used these early stages of the parliamentary to work closely with its members to evaluate the new changes and entered into dialogue with both the European Parliament and Council. The EACB expressed its preliminary key concerns such as the need to properly formulate the scope of the directive and keep savings products out, the mandatory requirement to record clients' orders and the need to be careful in formulating requirements around investment advice. Negotiations for this vital piece of legislature are expected to last, at least, through 2012.

B/ RIGHTS AND OBLIGATIONS OF BANKS VERSUS CUSTOMERS AND VICE VERSA

In the context of consumer lending

Mortgage

During the last few years, the EACB was closely involved in a dialogue with the EU Institutions and other relevant stakeholders, concerning responsible mortgage lending and borrowing. In 2011, the EACB responded to consultations and participated in relevant events where this issue was discussed. In March 2011 the long expected Commission proposal was announced, taking the form of a directive on credit agreements relating to residential property (CARRP). Following a thorough analysis of the proposal, the EACB drafted a position paper, various suggestions for detailed amendments, and worked on commenting in detail on the amendments tabled in the relevant Committees of the European Parliament. The EACB argued that co-operative banks, known as stakeholder value banks as opposed to shareholder value banks, supporting the objectives of consumer protection and focused primarily on a long-standing relationship with their clients rather than on profit maximization, have no incentive to engage in irresponsible lending. With co-operative banks focused on an individualised approach to each of their clients/members, the EACB recommended that the future directive should not introduce highly prescriptive and standardised methods of assessing creditworthiness, which in the view of the EACB would mean trying to introduce an EU solution to what was essentially a problem in the US mortgage market. Given the extended implementation of the Directive 2008/48/EC on credit agreements for consumers (CCD) in many Member States, the EACB called for as much convergence between the CCD and the new mortgage directive as possible.

Throughout 2011, the EACB discussed its observations and recommendations with various policy makers on these points.

Consumer credit

In 2011, the European Commission decided to launch a Comitology procedure to amend the APRC (Annual Percentage Rate of Charge - aims to give the consumer an indication of overall annual cost) calculation assumptions listed in the Annex I Part II of the Directive 2008/48/EC on credit agreements for consumers (CCD), as well as to issue Interpretative Guidelines concerning these assumptions. The EACB made efforts to engage in a close dialogue with the Commission, which proved to be somewhat difficult as the transparency was lacking. Nevertheless, being an important aspect of the day-to-day business of co-operative banks, the EACB drew forces with other EBIC members, and a number of written contributions were developed, commenting on the Commission's draft Interpretative Guidelines. Following no objections from the European Parliament or the Council, the final amending Directive 2011/90/EU was published in the OJEU on the 15 November 2011. The EACB will continue closely monitoring the developments on the Commission's Interpretative Guidelines which, as understood, should be finalized in early 2012. In parallel, the EACB takes note of the fact that as a follow-up of the 6th edition of the Consumer Market Scoreboard, the Commission decided to launch a market study on consumer credit, while the European Parliament's IMCO Committee announced that it will publish a study on the implementation of the CCD. The EACB is concerned about how those new market studies will fit with the European Commission's benchmarking indicators and the impact assessment which is scheduled for 2013.

Interest rates in general

The EACB co-operated with the European Banking Industry Committee (EBIC) on a response to the European Commission's consultation on a Study on Interest Rate Restrictions (IRR) developed by ZEW/IFF. The EACB argued that any action in this field - if necessary - should be limited to national level, because of the wide diversity of national systems, which are deeply rooted in national regulatory frameworks and are to be explained exclusively by local factors. As such, the EACB welcomes the fact that the European Commission has not decided to take further action at EU level in this area.



In the context of bank accounts

Access to bank accounts

The issue of access to a basic bank account remains on top of the EACB agenda. In 2011 the EACB maintained a dialogue with the European Commission services and the European Parliament, explaining that co-operative banks, not being purely driven by the need to maximise their profits, already play a role in financial inclusion. Thus, the EACB welcomed the fact that the European Parliament's 2011 Study on Basic Banking Services² did recognize this particular role of co-operative banks, and that the European Commission decided to opt for a recommendation as an appropriate instrument to address this issue. The EACB notes that this principle-based recommendation is drafted in the spirit of the OECD high-level principles on financial consumer protection and that it is flexible and aims at allowing taking into account national specificities. The EACB also recognizes that the Commission may replace the recommendation with a directive should the outcomes of the Member States' actions be considered insufficient, and that the European Parliament is currently working on a resolution requesting adoption of a binding legislative act. In this context, the EACB would recommend taking a careful approach, allowing for a longer assessment period following the application of the recommendation before embarking on binding EU measures, which would mean additional red tape without evidence of providing added-value for EU citizens.

Mobility of bank accounts

Throughout the 2011, the EACB was involved in an open dialogue with the European Commission and the European Consumers' Organisation, BEUC, concerning the issue of EBIC Common Principles on Bank Account Switching. In January 2011, the EACB together with other federations of the European Banking Industry Committee (EBIC) presented to the European Commission the final "Review of the EBIC Common Principles on Bank Account Switching in the European Member States", in which it is reported that the

EBIC Common Principles have been implemented in all 27 Member States, making it easier for European consumers to switch their bank account. This is considered a highly successful achievement, in comparison with existing self-regulatory initiatives at European level, but also in comparison with the average lapse of time necessary to transpose and implement legislative initiatives at EU level.

Attachment of bank accounts

The EACB also monitored the developments concerning the European Commission's proposed Regulation creating a European Account Preservation Order to facilitate cross-border debt recovery in civil and commercial matters, and it will follow the debate in the European Parliament and the Council in 2012. In particular, it will monitor the aspect of the possibility for banks to be compensated for the administrative costs incurred in relation to exercising the preservation order.

In the context of investments

The Investor Compensation Scheme Directive (ICSD) provides for investment firms' clients receiving services linked to investments to be compensated in specific circumstances where the firm is unable to return the assets it holds on a client's behalf because of fraud, administrative malpractices or operational errors. In 2010 the European Commission had adopted a proposal for a revision of the ICSD. Some of the Commission's suggestions included a significant increase in the level of compensation and target fund level, elimination of the co-insurance principle and an extension of the compensation for claims related to the failure of a third party custodian.

EACB's main concerns were the inclusion of UCITS funds and third-party custodians into the scope of ICSD, as well as that the funding to the scheme should be relative to its relative riskiness, therefore alleviating co-operative banks' contributions. In 2011 these concerns were communicated to the Polish and impending Danish Presidency, various other Council members and the Parliament's rapporteur on ICSD, Mr Olle Schmidt. Final discussions between Parliament, Council and Commission are expected to start in early 2012.

² Cf page 16: "According to this report, the presence of socially-oriented financial service providers, such as (...) co-operative banks (...) banks helps deal with the issue of financial exclusion. As some of these institutions are not purely driven by the need to maximise their profits, they tend to be more inclined to offer accounts to those individuals who may not be offered accounts by other financial service providers. Examples of these institutions across the EU include (...) the co-operative banks in Austria, the UK and France. All of these institutions offer access to a bank account to those who would otherwise likely to be financially excluded".



In the context of consumer contracts in general

Tying

The EACB welcomes the fact that following the 2010 consultation on tying, bundling and conditional sales (cross-selling), the European Commission did not decide to take specific action in this area. The EACB had previously argued on several occasions that such practices may present numerous benefits for banks and consumers alike, and that the provisions of the Unfair Commercial Practices Directive provide sufficient protection for the latter. The EACB, in the context of presenting its position on issues such as bank fees transparency, the review of the Unfair Commercial Practices Directive, mortgage credit directive, or the review of the Markets in Financial Instruments Directive, consistently reinforced those views.

Consumer Rights Directive

Following active lobbying in 2010, in 2011 the EACB very closely monitored the last stages of the political debate concerning the adoption of the new Consumer Rights Directive. From the very start of the legislative process, the EACB supported the objectives of the Commission's proposal to improve the functioning of the Internal Market for businesses and consumers by introducing a more coherent legal framework, and to ensure a high level of consumer protection. However, taking into account the already existing body of EU, sector specific legislation and industry measures regulating the provision of financial services to consumers, and having concerns for the legal certainty, the EACB had recommended the exclusion of financial services from the scope of the directive, and therefore welcomed the adoption by the European Parliament and the Council in October of the final text in which financial services are indeed excluded from the scope.

European Contract Law

The EACB monitored the developments concerning the EU measures on contract law. Through an EBIC expert in the Sounding Board, it followed the work of the Commission's Legal Expert Group, whose task was to transform the Draft Common Frame of Reference into a simple, user-friendly workable solution adapted to the needs of consumers and the reality of the business environment. Following the publication of the European Commission Expert Group's feasibility study, the EACB together with other EBIC federations delivered high-level messages on the study.

The EACB also analysed in detail the Regulation on European Sales Law proposed by the Commission in October and it will pay attention to the exclusion of financial services from the scope of the new proposal, due to the already existing body of EU legislation providing for relatively high level of harmonisation of the protection of consumers in the context of concluding contracts with financial service providers.

Unfair Commercial Practices

In 2011 the EACB contributed to the European Commission's study on the application of the Directive 2005/29/EC on Unfair Commercial Practice (UCPD) in particular in the fields of financial services and immovable property. The secretariat liaised between the European Commission, the consultant and its members, and a number of EACB members sent their responses to the Commission's questionnaire. The EACB closely monitors the developments and anticipates the publication of the Commission report on the application of the UCPD in 2012.

Consumer redress

In 2011 the EACB contributed to the European Commission's consultation on the use of Alternative Dispute Resolution (ADR) as a mean to resolve disputes related to commercial transactions and practices in the European Union. In its position paper it supported mechanisms that provide consumers with access to remedies that do not impose costs, delay or burden disproportionate to the economic value at stake, and that such can be delivered by out-of-court settlements. However, the EACB expressed its view that the exact features of ADR schemes should not be addressed via EU regulatory intervention. The EACB also monitored the developments in the European Parliament, where the JURI and IMCO committees engaged in an active debate on the matter. The EACB took note of the publication by the European Commission of its late-2011 proposal for cross-sectoral Directive on Alternative Dispute Resolution (ADR) and a Regulation on Online Dispute Resolution (ODR), and has started its work on developing constructive comments on the text to be conveyed to the relevant stakeholders in the course of the upcoming legislative process.

The EACB also monitored the progress made in the area of collective redress and welcomes the fact that a careful approach is being taken by the European Commission concerning any possible legislative proposals in this field at EU level.



C/ INFRASTRUCTURES AND RULES UNDERLYING THE SERVICE OFFER TO CUSTOMERS

Infrastructure underpinning the trading of securities

Final stage of the proposal for settling financial derivatives in Europe (EMIR)

In 2010 the European Commission published its proposal for legislation covering the field of financial derivatives. The main objectives of the European Markets Infrastructure Regulation (EMIR) were to ensure that almost all derivatives are cleared via authorised central clearing houses (CCPs), to ensure transparency via reporting obligations to trade repositories, to ensure the safety and soundness of CCPs and to remove barriers preventing links between market infrastructures. Overall, European co-operative banks were supportive of more transparency in the area of derivatives. A major concern, however, was that small and medium-sized banks, which use these instruments solely for insurance purposes, would have difficulties in meeting the strict requirements set out and struggle with the costs involved compared to the small volumes of these transactions. Due to the constant dialogue in 2011 engaged by the EACB and its members, co-operative banks were exempted from clearing these types of transactions within their own groups. Negotiations on this important file are expected to be finished before the middle of 2012.

The initiative of the European Central Bank to set up a single European platform for securities settlement

Target2-SECURITIES (T2S) is a milestone project operated by the European Central Bank (ECB) aimed at creating a single pan-European platform for securities settlement in central bank money by 2015. Since joining the T2S Advisory Group last year in its observer role, the EACB has closely monitored its developments. It called - by way of a joint letter with the European Savings Banks Group and oral interventions - for future T2S prices to be transparent and insisted on the fact that those prices should not - in the long run - exceed the current level of domestic transactions. 2011 further saw the finalisation of the T2S framework agreement between the Eurosystem and the involved Central Securities Depositories (CSDs), which now will have time to sign the agreement until the middle of 2012. Future T2S users will also be part of a change group that will deal with all possible alterations to T2S once it becomes operational. This also resulted from the constant pressure applied

by user representatives in the Advisory Group such as the EACB.

European Regulator decides on the scope of safekeeping for alternative investment funds in Europe

In mid-2011 the European Securities and Markets Authority (ESMA) started a consultation with stakeholders concerning its future advice to the Commission regarding technical measures for the Alternative Investment Fund Managers Directive (AIFMD), which had been passed in June. The main question posed in this context was, if a depositary - while safekeeping assets of an alternative investment fund - should be faced with liability, in case of a loss along its sub-custodian lines. European co-operative banks are affected by this directive, as they provide depositary services for a large number of European and non-European Alternative Investment Funds. The EACB conveyed its message that the current proposal shifted the responsibility away from the manager and onto the depositaries by making them strictly liable for all acts and omissions of any sub-custodian - even when having acted with all proper care and due diligence. ESMA published its advice at the end of the year and whose basis the Commission is expected to release its own proposal in the first half of 2012.

Pan-European Securities Regulator, ESMA, started its work in 2011

The European Securities Markets Authority (ESMA), the new pan European Financial Regulator, was founded on 1 January 2011 and replaced the Committee of European Securities Regulators (CESR). It is an independent EU Authority that contributes to safeguarding the stability of the European Union's financial system by drafting legally binding EU standards and supervising national authorities. ESMA also established a Securities and Markets Stakeholder Group, which should give council on its various initiatives and one co-operative bank is represented in this new Committee.

D/ PAYMENT SYSTEMS AND THE SINGLE EUROPEAN PAYMENTS AREA (SEPA)

Accompanied and monitored by both the European Commission and the ECB, the banking industry has been working, since 2002, on an initiative that should lead to the replacement of the different business rules and standards for making payments at national payment level (also referred to as "schemes") by pan-European ones. This initiative is generally referred to as the Single Euro Payments Area (SEPA). The work on SEPA is a response to a



request of the European regulators, who considered that – with the Euro having replaced many European currencies – the differences in systems running electronic payments between countries should be removed. It is technically supported by a specifically created association, called the European Payments Council (EPC), which unites elected representatives of banks and payment institutions and of which the EACB is a founding member.

Commission proposal for a Regulation on end-dates for SEPA

In 2011 the Commission put forward a proposal to set an end-date to ensure the migration of payment flows from national payment schemes to SEPA by a certain date. EACB initially welcomed the Commission's proposal. Indeed, as there was no market demand for abandoning national payment schemes and the SEPA schemes had come about as part of a political vision for Europe, getting a migration realised would need regulatory pressure.

Unfortunately, the regulatory proposal put forward commingled pure migration issues with interference in the business case of individual banks. Indeed, without the new SEPA schemes even in place, the Commission proposed to prohibit the application of the multilateral interbank fee (MIF) that the European Payment Council had put forward to support the launch of the scheme. This MIF was meant as a remuneration that would be paid by the bank of the payee to the bank of the payer as a remuneration for the services rendered by the payer bank to make the automated debiting of their client accounts by other banks possible in a safe, secure and reliable way. This MIF would only apply if no bilateral contract could be put in place to determine another agreement. Prohibiting this MIF meant that – de facto – payer banks would have to open their client accounts to other banks without any form of remuneration for the service rendered, while at the same time not being able to ask their clients to pay for it as the service would not add any significant value compared to what they know today. At the same time, payee banks would be able to add significant value to their customer service and would be able to create a revenue on the back of SEPA Direct Debit. In other words, the abolition of the MIF would result in the discrimination of retail banks versus wholesale banks. EACB therefore invested heavily in discussions with policymakers to educate them on the rashness of this proposal.

Another big flaw in the proposal was that it moved a big step forward in taking the development of payment solutions away from banks and moving it into the hands of policy makers. EACB, as representative of banks that have been frontrunners in payment innovation over the last decades, put a lot of effort in persuading regulators to preserve the market economy thinking that has operated very satisfactorily over the last decades. It questioned the need for regulators to become involved in setting the business rules for payment schemes but found the Commission not susceptible to its ideas.

Best practice exchanges on helping customers move to SEPA

Having committed to support the EU authorities in realising SEPA, EACB spent several meetings in 2011 with its member to exchange best practices on how best to help co-operative bank customers in the move to SEPA payment schemes. Members from different EU Member States explained to their peers how they interacted with their customers, what tools they offered and what were the experiences to be avoided/to best apply.

EACB versus the SEPA EU Council

Early in 2010, the European Commission and the ECB finalised the creation of the so-called SEPA EU Council, which is a specific governance body where the supply and demand sides meet in the presence of the European Commission and Eurosystem to discuss issues related to retail payments in the EU. The EACB welcomed this development and, as it attaches great importance to a good dialogue with other stakeholders, designated its Chairman as its representative in the SEPA Council. The EACB actively contributed to the discussions on the agenda items addressed by this new body, stressing the importance of the freedom to contract and the need for a business. On innovation, EACB expressed the view that real innovation has to be driven by the market, not by regulators and that to innovate in the present market - which is awaiting migration to SEPA payment schemes, is a challenge.

Overall, EACB is conscious of the importance of the SEPA Council and values the way in which it developed as a body in the course of 2011. It now looks forward to developments and results that 2012 may bring.



CO-OPERATIVE BANKS AS SOCIALLY RESPONSIBLE BANKS

The EU Agenda 2020 and the Single Market Act released by the Commission in early 2011, have put a new emphasis on the CSR topics, bringing the objective of a sustainable, smart and inclusive growth at the heart of the new EU initiatives. Moreover the economic crisis environment and the subsequent need to restore confidence have implied for the financial sector, that the terms responsibility and sustainability became more relevant than ever. For co-operative banks however, those are not new features; created to serve members with a long-term stakeholders' value approach, they have been acting in a responsible and sustainable manner for more than two centuries. In this respect, the EACB is particularly involved in the different initiatives aimed at ensuring responsibility, warning however that a sustainable approach cannot be imposed with legislative measures.

Anti-discrimination

The EACB continued its engagement in the Dialogue on anti-discrimination, between the European Commission, other industry stakeholders, civil society and consumer organisations. The Dialogue had been launched to discuss the practical implications of the exemption envisaged in the Article 2(7) of the draft Equal Treatment Directive, with a view to ensuring legal certainty.

Active role in financial education and child and youth finance

Co-operative banks across the EU are committed to raising the levels of financial literacy of their members, their clients and of local communities as a whole. The EACB continues its engagement in the area of financial education through participation in the European Commission's Expert Group on Financial Education, and follows other relevant developments at a EU level in this area. For co-operative banks it is particularly important to promote financial education among children and youngsters. In this light, during 2011 the EACB has become a partner of ChildFinance – a newly established organisation- that aims at providing financial access and education to 100 million children and youth in 100 countries by 2015. ChildFinance is also supported by international organisations

such as OECD, UNICEF and UNESCO, financial organisations and private corporations, NGOs and universities. The EACB believes that for any considered measure, designed to protect consumers, in order to reach its maximum potential, financial education must be enhanced, and thus the EACB regrets that financial education receives little support from consumer advocates.

Co-operative social responsibility and new EU initiatives

With their long-term approach and stakeholders' value orientation, co-operative banks represent an inclusive and sustainable banking model that has proved itself to be responsible and solid during the crisis. Responsibility is one of the key values of co-operative banks, be it towards its members, towards the community to which they belong or towards the environment. In this light, in 2011, the EACB has been involved in several discussions and initiatives at EU level in the fields of social responsibility. It has answered the new Commission Communication on CSR and the Communication on Social Business at the end of 2011 and has participated in the debate on non-financial reporting aimed at introducing assessments on economic, social and governance performance for companies at EU level. The views expressed by the EACB and its members in those debates can be summarized as follows: co-operative banks have their own specificities and their own responsibility principles that derive from the key objectives of serving the community of the members' interests. While recommending a voluntary approach in this field, co-operative banks also warn about the importance of maintaining a certain level of flexibility. Attempts to standardize either through uniform reporting or uniform CSR standards would be detrimental as this would hamper the ability for co-operative banks to express and act according to their own governance and statutory principles. In this light, the EACB members have started a project to develop specific "co-operative" indicators allowing catching the differences of co-operative banks and measuring their specific added value. The EACB has also been involved in a dialogue with Members of the European Parliament active in GLOBE (Global Legislators Organisation for a Balanced Environment) who intend to submit a written declaration to encourage European public and private financial institutions to mobilise capital through their investment and lending policies to achieve a sustainable growth (EU 2020 Agenda). Co-operative banks already play a role in enhancing responsible investments and are therefore following with attention this initiative. The EACB is also preparing in joint co-operation with



its members, a document aimed at showcasing the “Co-operative banks Responsibility”. The Report will be published in 2012.

Financing of Small and Medium-Sized Enterprises

With an average market share of 30% of loans to SMEs, co-operative banks are among the main providers of finance for the sector. The European Commission, recognising the crucial role of SMEs in driving growth and job creation, has set-up a High Level Forum on SMEs' Finance (HLF) in order to address the problems of access to funding. The EACB has been an active player in the HLF and its technical working groups during 2011. Among the several issues addressed- the topic of facilitating access to EU/ EIB instruments also for smaller banks and the need to improve the information to banks on EU financing tools for SMEs, were particularly relevant for the EACB. The Association particularly welcomed the acknowledgement in the Small Business Act of the European Commission that “it is important that all banks independently of their size, can have access to EU financial instruments”. The EACB will continue its active involvement in the initiatives stemming from the Action Plan on SMEs Access to Finance that was issued at the end of 2011 by the Commission. Another important topic debated in the HLF was the impact of CRD4 on SMEs financing. In the light of the strong concerns that have emerged, the Commission requested EBA (European Banking Authority) to conduct a specific impact analysis and to consider the possibility of lowering the risk weighing for loans to SMEs. Moreover, during 2011 the EACB has joined efforts with the EIB groups to try and tackle the problems of smaller co-operative banks when dealing with EIB group products. To this end, a workshop was organised with the goal to identify gaps, drawbacks and difficulties encountered by smaller co-operative banks in dealing with the EIB groups' instruments and to indicate possible solutions, but also to raise awareness of the range of structures offered by the EIB group. As the current context of the crisis will probably lead to a greater use of those instruments to deleverage banks activities, the issue is particularly topical.

The workshop offered a platform for exchange, while bilateral discussions between the EIB group and co-operative banks followed during 2011. Moreover, the EACB followed closely and warned about the unintended consequence of the new EIB initiative aimed at ensuring an increased transfer of financial advantage to SMEs in the framework of its operations in the coming years.

Social Affairs and EU Social Dialogue

Co-operative banks are major employers in Europe at regional and local levels with a total of 777,500 employees. As a consequence, the EACB remains an active player in the European Social Dialogue on Banking (ESDB), the dialogue between employers associations (EACB, EBF and ESBG) and employees (UNI Finance) in the banking sector. During 2011, the dialogue focussed on the follow-up of the previous social partners Long Life Learning (LLL) declaration (2003) considering that LLL has an important function in answering the new requirements following the crisis. A joint questionnaire was drafted to be answered by all European social partners. The answers aim at providing a mapping of the situation in the various EU countries and a booklet financed by the Commission should be published accordingly. Building on the results of the Life Long Learning follow-up and mapping, the social partners intend to launch a project to present those results in the “new” Members States, particularly in Bulgaria, Croatia and Romania. This project should aim at informing them about the European Social Dialogue and its concrete results. The ESDB also monitored closely the Eurofound study on the “Representativeness of the European social partner organisations: Banking” that was published in August 2011 after more than 1 year of work. The main aim of the study is to confirm with data and analysis the representative power of the organisations involved in the social dialogue for banks at EU level. This ambition was appreciated by the social partners despite the fact that, they have regretted a lack of reactivity all along the process in taking into account some corrections of data that would have resulted in a more complete and accurate picture of the situation.



COMMUNICATION, RESEARCH AND TRAINING ACTIONS

A/ PUBLIC EVENTS

In the framework of its communication policy, the EACB has continued its efforts to improve the awareness of co-operative banks among European and international policy makers and opinion-makers. Efforts were particularly focused on public events, training sessions, research activities and studies explaining the key features of the co-operative bank business model. At the eve of the 2012, declared by the United Nations the International Year of Co-operatives and in a fast changing post-crisis environment, there is a new appetite and interest in co-operative banks and their successful model.

4th European Forum “Co-operative Banks and SMEs”

On 6th October high level representatives of co-operative banks and SMEs have met in Warsaw during the 4th edition of the European Forum “Co-operative Banks and SMEs” devoted to “Challenges and opportunities for the development of the European economy”. Like in the past editions, the event was co-organised by the EACB and UEAPME (European Association of SMEs). The Forum was hosted by the National Union of Co-operative Banks (KZBS) and took place under the patronage of the Polish Presidency of the EU. The Forum was marked by the presence of the Polish Deputy Prime Minister, the Ministry of Finance and the Ministry of Agriculture together with other important Polish and European personalities. One of the key messages emerging in the debate was the necessity to recognise the diversity of the EU banking industry and notably the specificities of the co-operative banks business model when transposing the Basel 3 rules. Indeed, co-operative banks are typically locally oriented with very strong ties to their community and local businesses. As regional, decentralised networks, they proved their resilience during the crisis and remain traditionally key credit providers for local SMEs. In this light both co-operative banks and SMEs representatives called for an appropriate transposition of the capital requirements rules to avoid unintended adverse effects on the financing of the real economy.

EACB - EURICSE 2nd International Conference on Co-operative Finance and Sustainable Development

EACB joined forces with Euricse (The European research Institute on Co-operatives and Social Enterprises) to organise the 2nd International Conference on co-operative finance and sustainable innovation that took place at the beginning of June 2011 in Trento, Italy. More than 60 researchers from various countries presented their work on aspects such as governance, responsibility, organisational structure, performance and contributions to development of co-operative banks. The crisis has shed a new light on the role of credit co-operatives as proximity banks, trusted by members and clients. They have a deep knowledge of their territories that is crucial to keep driving the local development. The discussions have given rise to new research and debates on co-operative banks. A 3rd edition of the EACB-Euricse International conference, which is also supported by the Italian Association of Credit Co-operatives (Federcasse), is planned in June 2012.

Co-operative banks reception for the official launch of the United Nations International Year of Co-operatives

The 31st of October 2011 has been an historical date for the co-operative movement. The UN has officially launched the International Year of Co-operatives during the 66th plenary session of their General Assembly. The plenary was preceded by the UN informal Roundtable entitled “Co-operative Enterprises Build a Better World: Contributions to Sustainable Development”. The EACB marked its support to the event by organising a breakfast reception that successfully opened the day of the launch in the UN premises. The event was an occasion to highlight the characteristics of the co-operative banks' specific business model that has been recognized by the International Monetary Fund and by the European authorities as crucial for economic stability as demonstrated by the resilience of the co-operatives sector during the crisis. Indeed, their specific values and governance make the co-operative banks a unique and an alternative business model combining societal, economic and environmental objectives in line with the Millennium Development Goals for a more sustainable growth. Around 50 high level participants attended the EACB reception, including representatives of co-operative banks and the co-operative movement, UN



Ambassadors, international organisations, US financial authorities, academics, top UN officials and notably Mr. Sha Zukang, the Under Secretary General for Economic and Social Affairs for the United Nations. The event was very well received and the EACB will continue its fruitful collaboration with the UN throughout 2012 with the support of its members. The UN fully acknowledged the vital role of the co-operative banking sector. In its report on co-operatives in social development, it highlights their contribution to financial inclusion and also notes the importance of institutional diversity for the resilience of the financial systems. In this respect, a specific press conference dedicated to co-operative banks was organised by the UN during the official launch of the International year of Co-operatives. Mr. P. Moerland, Chairman of Rabobank and President of the EACB was one of the panellists.

Other events: participation in Members and external conferences

As a consequence of the current financial crisis, there is a growing interest in the co-operative banks model due to its resilience and the alternative it provides with its stakeholders value model. In this respect, the EACB was invited to bring its expertise and voice in various public events organised both by external bodies and member organizations. EACB General Manager, was a key note speaker at the SMEs Finance Summit in London, at the International Conference on “Basel 3 and the challenges for co-operative banks” in Trento, Italy and at the 3rd edition of the International Co-operative Dialogue organized by DGRV in Montabauer, Germany.

The EACB also marked its presence at important national events organised by the Members, like the celebration of the Portuguese co-operative banks centenary in Lisbon and the 14th National Congress of the Italian Co-operative Banks in Rome.

The participation of the EACB to this type of events is likely to grow in the future. Co-operating together at national and European level, being persistent, raising awareness on upcoming challenges is crucial for the co-operative banks, especially at the eve of the International Year of Co-operatives.

B / RESEARCH AND SURVEYS

The think tank on co-operative banks in Europe

The network of 15 academics from 11 countries that belong to the think tank on co-operative banks in Europe, is an important platform to exchange and stimulate research work on the sector.

During 2011, a number of papers were presented and discussed by the academics on different topics ranging from the analysis of the performance of co-operative banks in the crisis, the impact of organisational structures, the membership and governance issues. Moreover the EACB has intensified its co-operation with other international think tanks specialised on financial co-operatives such as the European Research Institute on Co-operatives and Social Enterprises (EURICSE), the US based Filene Research Institute and the Canadian based HEC Montreal. The EACB has also remained involved in the activities of the Brussels based think tank CEPS (Centre for European Policy Studies) devoted to the diversity of the banking industry. In this context co-operative banks representatives were invited to discuss the topic “Bank business models, diversity and the future of regulation “ that addressed the issue of the regulatory impact and the one size fits all approach of Basel III that poses the same requirements for all banks regardless of their risk levels and structures. As highlighted by the CEPS this raises concerns especially from the perspective of co-operative banks with retail business models that have an important role as lenders to the economy, in promoting economic growth.

The EACB Award for young researchers on co-operative banking

In 2011, the EACB, in collaboration with its academic think-tank, has decided to launch the 1st EACB award for young researchers on co-operative banks. The aim is to raise interest and improve awareness among researchers and specifically, the younger ones, on the co-operative banking sector that is widely neglected by mainstream economic research. The competition is launched in the framework of the UN International Year of Co-operatives to be celebrated in 2012. The young researchers were requested to address one of the following broad themes i) Regulatory challenges of co-operative banks, ii) Co-operative banks and financial stability, iii) Co-operative banks and social and environmental responsibility, iv) Co-operative banks: innovation and the development of small business, v) Governance aspects of co-operative banks, vi) Diversity in banking: the role of co-operative banks. Young researchers were invited to submit their work according to the call for papers that was published in July 2011. The ceremony to appoint the winner of the 1st EACB award for young researchers on co-operative banks will take place on 6th December 2012 at the occasion of the 5th Convention on Co-operative banks in Europe.



C / VISITS AND TRAINING SESSIONS

There is a growing appetite for more information on European affairs, co-operative banks in Europe and the role and missions of the EACB. To cater for this demand, the Secretariat has organised two kinds of activities.

Firstly, groups of visitors from local or regional banks from a number of European countries have been received throughout the year 2011. In this perspective, the EACB has welcomed delegation from Japan, United-Kingdom, Italy, Germany and France notably, both in the context of training programmes organised by member organisations with a specific focus on the European institutions and for specific interests on on-going activities.

At the same time, the EACB and the Unico Banking Group have rolled out the fifth year of their training programme in European Affairs designed for senior executives of co-operative banks. The objective is to explain the major current and future challenges that the sector faces and the impact of EU regulation on co-operative banks. More than 160 people have attended these training courses. Furthermore, the EACB secretariat has been invited to bring its expertise in the field of European affairs to a number of training programmes organised by its members at a national level.

Finally, during 2011 the EACB has also visited representatives from international bodies (International Monetary Fund, World Bank...), continuing the reciprocal visits initiated in the past and thus intensifying the relationship and awareness on co-operative banks.

D/ RELATIONS WITH OTHER CO-OPERATIVE BODIES

The EACB is a member of Co-operatives Europe, the umbrella body gathering European and national co-operative organizations and ICA (the International Co-operative Alliance). The collaboration and involvement of the EACB in the two bodies has been particularly intense in 2011 for the preparation of the International Year of Co-operatives. The EACB is a member of the steering committee set-up by ICA to ensure a fruitful 2012 IYC in close co-operation with the United Nations.

February 2012



ANNEX – GLOSSARY OF ABBREVIATIONS

AG: Advisory Group

APRC: Annual Percentage Rate of Charge

CCD: Consumer Credit Directive

CCPs: Central Counterparties (clearing houses)

CEBS: Committee of European Banking Supervisors

CESR: Committee of European Securities Regulators

CRD: Capital Requirements Directive

CSDs: Central Securities Depositories

CSR: Corporate Social Responsibility

EBC: European Banking Committee

EBIC: European Banking Industry Committee

ECSAs: European Credit Sector Associations

EFRAG: European Financial Reporting Advisory Group

EP: European Parliament

ESIS: European Standardised Information Sheet

FASB: Financial Accounting Standards Board

IAS 32: International Accounting Standard 32 – Financial Instruments

IASB: International Accounting Standards Board

ICA: International Co-operative Alliance

IFRIC: International Financial Reporting Interpretations Committee

IMCO: Internal Market and Consumer Affairs Committee at the European Parliament

Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments

MEP: Member of the European Parliament

MiFID: Markets in Financial Instruments Directive

PAAinE: Pro-Active Accounting Activities in Europe

REO: Reassessed Expected Outcome approach (FASB)

SECCI: Standard European Information Sheet

T2S: TARGET2-Securities

UCITS: Undertakings for Collective Investments in Transferable Securities

ANNEXES

1. KEY STATISTICS OF THE ASSOCIATION ON 31.12.2010

2. MEMBER ORGANISATIONS ON 31.12.2011

3. MEMBERS OF THE BOARD AND EXECUTIVE COMMITTEE ON 31.12.2011

4. WORKING GROUPS AND THEIR CHAIRPERSONS ON 31.12.2011

5. SECRETARIAT GENERAL ON 31.12.2011



1. KEY STATISTICS AS ON 31-12-10 (Co-operative INDICATORS)

(When not specified figures refer to the domestic / local banks)

Full Member Organisations (a)	Governance	Employment		SME's financing		Territory coverage	
	Members / clients ratio (%)	Nr. of New employees hired this year	Expenses staff training / payroll (%)	SMEs loans on total loans (%)	Market share of loans to SME (%)	Nr. of clients / Nr. branches	Market share of ATM's (%)
Austria							
Österreichische Raiffeisenbanken	47,0	n.a	1,5	n.a.	39,0	2.071	43,9
Österreichischer Genossenschaftsverband	88,0	134(b)	n.a.	32,0	7,4	1.468	10,3
Bulgaria							
Central Co-operative Bank	0,57	-116	0,1	14,1	n.a.	4.590	12,2
Cyprus							
Co-operative Central Bank	84,8	54	n.a.	n.a.	n.a.	6.727	n.a
Denmark							
Sammenslutningen Danske Andelskasser (b)	50,0	14	1,2	62,0	0,5	2.450	n.a.
Finland							
OP-Pohjola Group	31,0	0	2,0	n.a.	n.a.	7.460	n.a. (d)
France							
Crédit Agricole	30,0	n.a.	n.a.	n.a.	25,0	n.a.	n.a.
Crédit Mutuel (b)	71,0	10.990	5,0	25,0	15,8	5.000	14,3
Germany							
BVR/DZ BANK	55,6	577 (b)	2,0	26,1	27,9	2.227	36,5
Hungary							
National federation of Savings Co-operatives	11,0	-364	n.a.	50,3	7,8	724	16,3
Italy							
Assoc. Nazionale fra le Banche Popolari	12,6	3.830	1,1	48,0	27,4	1.008	28,3
FEDERCASSE	19,0	515	n.a.	n.a.	n.a.	1.302	10,2
Luxembourg							
Banque Raiffeissen	6,0	29	6,4	18,8	8,0	2.594	15,0
Netherlands							
Rabobank Nederland	23,8	-597	2,5	14,0	43,0	8.306	37,4
Poland							
Krajowy Związek Banków Spółdzielczych	n.a.	212	n.a.	20,0	14,0	n.a.	17,0
Portugal							
Crédito Agrícola	33,2	150	0,3	36,9	5,0	1.710	10,0
Romania							
Central Cooperatist Bank Creditcoop	62,6	131	0,1	1,0	n.a.	1.385	n.a.
United Kingdom							
The Co-operative Bank	39	615	n.a.	0,7 (c)	0,6 (c)	14.944	3,4
Associate Member Organisations (a)							
Associate Member Organisations (a)	Members / clients ratio (%)	Nr. of New employees hired this year	Expenses staff training / payroll (%)	SMEs loans on total loans (%)	Market share of loans to SME (%)	Nr. of clients / Nr. branches	Market share of ATM's (%)
Canada							
Desjardins Group	100	2.099	2,5	6,0	n.a.	4.218	2,7
Japan							
The Norinchukin Bank	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7

(a) Selected members whose co-operative data are available (b) Group Data, Members to Clients ratio: domestic

(c) Using the BBA definition of SMEs (d)Atm network in Finland jointly owned



1. KEY STATISTICS OF THE ASSOCIATION ON 31.12.2010

(When not specified figures

Full Member Organisations	Economic indicators			Profitability indicators				
	Total assets (EUROmio)	Total deposits (EUROmio)	Total loans (EUROmio)	ROA (%)	ROE (%)	Cost/Income (%)	Tier 1 capital ratio (%)	Total c ratio
Austria								
Österreichische Raiffeisenbanken	255.220	149.742	162.777	0,6	10,5	65,7	7,80	11
Österreichischer Genossenschaftsverband	65.167	29.588	45.021	0,3	5,1	62,5	11,4	17
Bulgaria								
Central Co-operative Bank	1.168	990	610	1,10	8,56	73,4	13,5	13
Cyprus								
Co-operative Central Bank	19.936	13.513	12.515	0,67	13,4	54,5	10,1	5,9
Denmark								
Sammenslutningen Danske Andelskasser	2.037	1.333	1.283	(-)1,22	(-)12,1	128,0	11,9	12
Finland								
OP-Pohjola Group	83.969	39.205	56.834	0,50	6,80	59,0	12,8	12
France								
Crédit Agricole	1.730.846	811.800	882.035	n.a.	n.a.	60,9	10,3	11
Crédit Mutuel	591.309	228.412	323.065	0,50	11,88	60,8	11,5	4,6
BPCE (b)	349.000	167.900	122.700	0,30	5,80	78,5	9,1	11
Germany								
BVR/DZ Bank	1.020.313	619.985	583.326	0,80	13,0	63,3	8,9	13
Greece								
Association of Co-operative Banks of Greece	4,5	3,4	3,5	0,72	5,56	n.a.	17,5	9,8
Hungary								
National Federation of Savings Co-operatives	5.075	4.240	2.070	0,65	8,56	68,8	17,1	20
Italy								
Assoc. Nazionale fra le Banche Popolari	481.472	425.375	378.391	0,70	5,10	57,6	7,90	11
FEDERCASSE	179.960	151.037	135.300	0,20	1,70	74,2	14,1	15
Lithuania								
Association of Lithuanian credit unions (a)	315	259	173	(-) 3,33	(-) 0,36	1,10	18,3	19
Luxembourg								
Banque Raiffeissen	5.868	4.695	3.746	0,28	8,0	71,2	7,90	9,6
Netherlands								
Rabobank Nederland	652.536	298.761	436.292	0,42	8,60	64,5	15,7	5,2
Poland								
Krajowy Związek Banków Spółdzielczych	17.625	13.400	9.900	1,14	12,1	69,2	9,80	13
Portugal								
Crédito Agrícola	13.213	9.989	8.606	0,3	3,6	67,2	12,6	13
Romania								
Creditcoop	185	116	120	0,69	3,16	97,12	36,4	21
Slovenia								
Deželna Banka Slovenije d.d. (a)	911	625	643	0.05 (e)	0.53 (e)	76,8	11,8	13
Spain								
Unión Nacional de Cooperativas de Crédito (a)	119.455	98.222	95.589	0,37	4,60	52,8	n.a.	n.a.
Sweden								
Landshypotek (a)	5	n.a.	4.123	n.a.	n.a.	n.a.	n.a.	n.a.
United Kingdom								
The Co-operative Bank (e)	51.764	38.719	39.699	0,17	3,81	71,6	9,9	4,5
Total (EU 27)	5.647.349	3.107.906	3.304.818					
Associate Member Organisations								
Canada								
Desjardins Group	129.344	84.798	87.552	0,85	11,6	71,9	17,7	18
Japan								
The Norinchukin Bank / JA Bank Group (c)	591.579	348.363	119.098	0,2	3,5	89	16,8	22
Total (Non EU 27)	720.923	433.161	206.650					

a) 2009 Data b) 2008 Data c) Fiscal Term 1 April 2010 to 31 March 2011 d) Before Tax e) estimate f) 2,065 local banks



(refer to the banking groups)

Capital solidity indicators				Other indicators					Market share	
Capital (%)	Long term rating			Nb Employees	Nb Clients	Regional / Local Banks	Banking Outlets	Nb members	Market share deposits (%)	Market share credits (%)
	S&P	Moodys	Fitch							
4	A	A1	A	25.828	3.600.000	551	1.738	1.720.000	29,3	25,5
0	n.a.	A	n.a.	12.980	1.500.000	80	1.042	701.643	7,2	7,3
5	n.a.	n.a.	n.a.	2.203	1.220.811	30	266	6.953	4,10	2,26
0	n.a.	n.a.	n.a.	2.865	746.734	111	426	633.620	19,34	20,35
1	n.a.	n.a.	n.a.	623	125.000	16	51	63.000	0,62	0,51
8	AA-	Aa2	AA-	12.504	4.133	213	554	1.300.000	32,5	33,0
7	AA-	Aa1	AA-	161.276	54.000.000	39 (a)	11.500 (a)	6.500.000 (a)	n.a	n.a
7	A+	Aa3	AA-	75.805	29.200.000	18 (f)	5.875	7.200.000	14,2	17,0
1	AA-	Aa3	A+	40.855	7.800.000	20	2.938	3.300.000	6,7	7,6
7	A+	n.a.	A+	187.296	30.000.000	1.138	13.474	16.689.000	19,4	16,9
9	n.a.	n.a.	n.a.	1.307	430.686	16	191	212.488	1,0	1,0
8	n.a.	n.a.	n.a.	7.101	1.100.000	112	1.520	120.506	8,58	2,77
2	n.a.	n.a.	n.a.	84.500	9.593.158	100	9.514	1.212.739	26,9	24,7
2	n.a.	n.a.	n.a.	32.000	5.700.000	415	4.375	1.010.805	7,3	7,2
2	n.a.	n.a.	n.a.	478	102.403	61	167	101.501	2,0	1,0
7	n.a.	n.a.	n.a.	511	124.501	13	49	7.514	11,0	11,0
0	AAA	Aaa	AA+	58.714	10.000.000	141	911	1.801.000	40,0	29,0
6	n.a.	n.a.	n.a.	32.131	7.500.000	576	4.395	2.500.000	8,90	5,70
4	n.a.	n.a.	n.a.	4.314	1.181.291	86	691	391.782	4,50	3,10
8	n.a.	n.a.	n.a.	2.171	1.086.070	48	784	679.569	n.a	n.a
4	n.a.	n.a.	n.a.	405	86.000	n.a.	88	302	2,67	1,64
a.	n.a.	n.a.	n.a.	20.722	10.819.586	80	5.079	2.223.603	6,62	5,26
a	n.a.	A2	n.a.	100	69.216	10	n.a	57.606	n.a	n.a
9	n.a.	A2	A-	10.780	5.111.008	n.a.	342	2.004.743	5,0	1,5
				777.469	181.100.597	3.874	65.970	50.438.374	21,00 (e)	19,00 (e)
Capital (%)	Long term rating			Nb Employees	Nb Clients	Regional / Local Banks	Banking Outlets	Nb members	Market share deposits (%)	Market share credits (%)
	S&P	Moodys	Fitch							
7	AA-	Aa1	AA-	42.641	n.a.	451	1.375	5.806.001	43,4	32,4
8	A+	A1	n.a.	223.239	n.a.	715	9.015	4.778.919	10,5	6,8
				265.880	n.a.	1.166	10.390	10.584.920		



2. MEMBER ORGANISATIONS ON 31.12.11

Full Members

Austria

Fachverband der Raiffeisenbanken

Am Stadtpark 9 | A - 1030 WIEN

Tel.: +43 1 717 07 12 70 | Fax: +43 1 717 07 24 96

www.raiffeisen.at

Österreichischer Genossenschaftsverband (Schulze-Delitzsch)

Löwelstrasse 14-16 | A - 1013 WIEN

Tel.: +43 1 313 28 0 | Fax: +43 1 313 28 450

www.oegv.volksbank.at

Bulgaria

Central Co-operative Bank

103, G.S. Rakovski Street | BG - 1000 SOFIA

Tel.: +359 2 92 66 107/122 | Fax: +359 2 98 88 107

www.ccbank.bg

Cyprus

Co-operative Central Bank Ltd.

8, Gregory Afxentiou Street | CY-1096 NICOSIA

Tel.: +357 22 74 30 00 | Fax: +357 22 67 02 61

www.coopbank.com.cy

Denmark

Sammenslutningen Danske Andelskasser

Baneskellet 1, Hammershøj, | DK – 8830 Tjele

Tel.: +45 (87) 99 30 06 | Fax: +45 87 99 30 98

www.sda.dk

Finland

OP-Pohjola Group

Teollisuuskatu 1b - P.O. BOX 308 | FIN - 00101 HELSINKI

Tel.: +358 10 252 011 | www.op.fi

France

Confédération Nationale du Crédit Mutuel

88-90, rue Cardinet | F - 75017 PARIS

Tel.: +33 1 44 01 10 10 | Fax: +33 1 44 01 12 30

www.creditmutuel.fr

Fédération Nationale du Crédit Agricole

48, rue La Boétie | F - 75008 PARIS

Tel.: +33 1 49 53 43 23 | Fax: +33 1 49 53 44 81

www.credit-agricole.fr

BPCE

50, avenue Pierre Mendès | F - 75201 PARIS Cedex 13

Tel.: +33 1 58 40 41 42 | Fax: +33 1 40 39 60 01

www.bpce.fr

Germany

Bundesverband der Deutschen Volksbanken und Raiffeisenbanken – BVR

Schellingstrasse 4 | D – 10785 BERLIN

Tel.: +49 30 20 21 0 | Fax: +49 30 20 21 19 00

www.bvr.de

DZ BANK AG

Platz der Republik | D - 60265 FRANKFURT AM MAIN 1

Tel.: +49 69 74 47 01 | Fax: +49 69 74 47 16 85

www.dzbank.de

Greece

Association of Co-operative Banks of Greece

50, Skoufa Str Kolonaki | GR - 106 82 ATHENS

Tel.: +30 1 36 36 311 | Fax: +30 1 36 10 210

www.este.gr

Hungary

National Federation of Savings Co-operatives

Fogaskerekü u. 4-6 | H – 1125 BUDAPEST

Tel.: +36 1 488 08 73 | Fax: +36 1 488 08 61

www.takarekszovetkezetek.hu

Italy

Associazione Nazionale fra le Banche Popolari

Piazza Venezia 11 | I - 00187 ROMA

Tel.: +39 06 69 535 203

Fax: +39 06 679 55 58

www.assopopolari.it

Federazione Italiana delle Banche di Credito Co-operativo- Casse Rurali ed Artigiane

Via Lucrezia Romana, 41 – 47 | I - 00178 ROMA

Tel.: +39 06 7207 1 | Fax: +39 06 7207 2790

www.creditocooperativo.it

Luxembourg

Banque Raiffeisen Luxembourg

Rue Charles Martel, 46 | L - 2134 MERL

Tel.: +352 24 50 1 | Fax: +352 22 75 41

www.raiffeisen.lu

Netherlands

Rabobank Nederland

Croeselaan 18 | NL - 3500 HG UTRECHT

Tel.: +31 30 216 18 54 | Fax: +31 30 216 00 00

www.rabobank.nl

Poland

Krajow Zwiasek Bankow Spoldzielczych - KZBS

ul. T. Boya-Zelenskeigo 6 Apt. 22/23 | PL - 00 – 621 WARSAW

Tel.: +48 22 875 30 30 | Fax: +48 22 875 30 40

www.kzbs.org

Portugal

FENACAM – Federação Nacional das Caixas de Crédito Agrícola Mútuas, F.C.R.L.

R. Professor Henrique Barros, Nº 4, 7º | P - 2685-338 PRIOR VELHO

Tel.: +351 (21) 313 69 00 | Fax: +351 (21) 313 69 91

www.creditoagricola.com

Romania

Central Co-operatist Bank Creditco-op

Plevnei Way 200 Sector 6 | RO - BUCHAREST

Tel.: +40 21 317.74.05 | Fax: +40 21 317 74 86

www.creditcoop.ro



Slovenia

Deželna banka Slovenije d.d.
Kolodvorska ulica 9 | SI-1000 LJUBLJANA
Tel.: +386 1 4727 100 | Fax: +386 1 4727 405
www.dbs.si

Spain

Unión Nacional de Cooperativas de Crédito
Alcalá 55, 3ª derecha | E - 28014 MADRID
Tel.: +34 91 781 94 18 | Fax: +34 91 578 38 24
www.unacc.com

Sweden

Landshypotek AB
Strandvägen 1, 1st floor | S – 10441 STOCKHOLM
Tel.: +46 8 459 04 00 | Fax: +46 8 459 01 21
www.landshypotek.se

United Kingdom

The Co-operative Bank p.l.c.
1 Balloon Street | UK - MANCHESTER M60 4EP
Tel.: +44 161 832 34 56 | Fax: +44 161 839 42 20
www.co-operativebank.co.uk

3. MEMBERS OF THE BOARD AND EXECUTIVE COMMITTEE ON 31.12.11

PRESIDENT

P. MOERLAND, Rabobank Nederland

BOARD

G. HOFMANN (Vice-President), Bundesverband der Deutschen Volksbanken und Raiffeisenbanken – BVR
Ch. TALGORN (Vice-President), Fédération Nationale du Crédit Agricole
M. COMOLI, Associazione Nazionale fra le Banche Popolari
R. BORNIS, Österreichischer Genossenschaftsverband (Schulze-Delitzsch)

MEMBERS

Austria

A. PANGL, Fachverband der Raiffeisenbanken
W. ROTHENSTEINER, Raiffeisen Zentralbank Österreich AG
F. SOMMER, Raiffeisen Zentralbank Österreich AG
R. BORNIS, Österreichischer Genossenschaftsverband (Schulze-Delitzsch)

Bulgaria

G. KONSTANTINOV, Central Co-operative Bank

Canada

M. LEROUX, Mouvement des caisses Desjardins

Cyprus

E. CHLORAKIOTIS, Co-operative Central Bank Ltd

Denmark

J. PEDERSEN, Sammenslutningen Danske Andelskasser

Finland

M. KOPONEN, OP-Pohjola Group

France

Ch. TALGORN, Fédération Nationale du Crédit Agricole
P. BRASSAC, Fédération Nationale du Crédit Agricole
B. CORBEAU, Fédération Nationale du Crédit Agricole
A. AUCOIN, Fédération Nationale du Crédit Agricole
F. PEROL, BPCE
E. PFLIMLIN, Confédération Nationale du Crédit Mutuel

Germany

U. FRÖHLICH, Bundesverband der Deutschen Volksbanken und Raiffeisenbanken – BVR
G. HOFMANN, Bundesverband der Deutschen Volksbanken und Raiffeisenbanken – BVR
W. KIRSCH, DZ BANK AG
St. GÖTZL, Genossenschaftsverband Bayern e.V.

Greece

N. MYRTAKIS, Association of Co-operative Banks of Greece

Hungary

A. VARGA, National Federation of Savings Co-operatives

Italy

A. AZZI, Federazione Italiana delle Banche di Credito Cooperativo - Casse Rurali ed Artigiane
G. DE LUCIA LUMENO, Associazione Nazionale fra le Banche Popolari
R. DE BRUYN, Associazione Nazionale fra le Banche Popolari
M. COMOLI, Associazione Nazionale fra le Banche Popolari

Japan

S. FURUYA, The Norinchukin Bank

Lithuania

S. BUBNYS, Lithuanian Central Credit Union

Luxemburg

G. HOFFMANN, Banque Raiffeisen Luxembourg

Netherlands

P. MOERLAND, Rabobank Nederland
A.J.A.M. KUIJPERS, Rabobank Nederland
W. BOONSTRA, Rabobank Nederland

Poland

J. ROZYNSKI, Krajowy Związek Bankow Spoldzielczych

Portugal

F. SILVA, Caixa Central de Crédito Agrícola Mutuo

Romania

A. MORAR, Central Cooperatist Bank Creditcoop

Slovenia

S. ANADOLI, Deželna banka Slovenije d.d.

Spain

M. DE CASTRO APARICIO, Union Nacional de Cooperativas de Crédito

Sweden

K. HEDMAN, Landshypotek AB

Switzerland

H. GERNET, Raiffeisen Schweiz

United Kingdom

F. FLOWERS, The Co-operative Bank p.l.c.



Associate Members

Canada

Mouvement des caisses Desjardins

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Lithuania

Lithuanian Central Credit Union

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Japan

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Switzerland

Raiffeisen Schweiz

Floraweg, 2 | CH - 6003 LUZERN

Tel.: +41 71 225 88 88 | Fax: +41 71 225 88 87

www.raiffeisen.ch

4. WORKING GROUPS AND THEIR CHAIRPERSONS ON 31.12.11

Co-ordination of Banking Law

R. BORNS

Österreichischer Genossenschaftsverband (Schulze-Delitzsch)

Payment Systems

G. GALL

Fachverband der Raiffeisenbanken

Consumer Policy

M.-Ch. CAFFET

Confédération Nationale du Crédit Mutuel

Social Affairs

S. DE TOMMASO

Federkasse

Financial Markets

E. DEROBERT

CACEIS Bank

Accounting

St. MORFELD – WAHLE

Bundesverband der Deutschen Volksbanken und Raiffeisenbanken – BVR

Corporate Social Responsibility

B.-J. KROUWEL

Rabobank Nederland

5. SECRETARIAT GENERAL ON 31.12.11



Mr. Hervé GUIDER
General Manager
 h.guider@eurocoopbanks.coop

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