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PRESS RELEASE - FOR IMMEDIATE RELEASE

Banks step up commitment to financing growth

- **Priority focus on growth, energy transition and digital**
- **EBF creates new Steering Committee for Financing Growth**
- **Banking rules require careful recalibration, says EBF Board**

BRUSSELS, 24 November – European banks, represented by the Board members of the European Banking Federation, on Friday agreed to step up their work on funding the real economy with a priority focus on financing the energy transition and on the rapid digital shift in the global banking sector.

European banks already are lending more as access to funding is improving for all types of loans. Evidence of this development was again provided in the third quarter by the ECB's bank lending survey. The quarterly ECB survey showed that euro area credit standards eased while demand for loans and mortgages rose.

In order not to undermine the nascent economic recovery in Europe the EBF Board called on policymakers to carefully calibrate the range of EU and international regulatory measures for banks that are nearing completion. The Board specifically outlined the upcoming finalisation of the Basel framework, the completion of the EU Risk Reduction Package, the EU action plan to tackle Non-Performing Loans and the introduction of the second EU Payment Services Directive, known as PSD2.

"Our sector is firmly committed to financing growth and prosperity in Europe," said EBF President Frederic Oudea. "In a bank-financed economy such as the one as we have in Europe we need clarity and visibility so that we as lenders can continue to deliver on our commitment. This also requires a carefully assessed and calibrated finalisation of the regulatory framework and a pragmatic, realistic approach."

Addressing the finalisation of the global bank regulatory capital requirements by the Basel Committee on Banking Supervision, the EBF Board reiterated its concerns over the process commonly known as 'Basel IV'. The Board notes that the Basel Committee has booked only limited progress in its discussions during 2016 and 2017. Some specific measures currently under discussion, such as the proposed Output Floor, may unbalance risk sensitivities and threaten financing in the European economy by harming low-risk exposures, in particular the massive market for residential mortgages.

The Basel IV framework should only be finalized in such a way that it does not harm the European economy and the international competitiveness of European banks. Should it turn out that the Basel Committee is unable to reach a compromise without a floor, then

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appropriate action should be taken at the European level to mitigate the damage to the real economy.

The 125th Board meeting of the EBF was joined on Friday by Valdis Dombrovskis, European Commission Vice-President for the Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union. The Board expressed its sincere appreciation for the opportunity to directly exchange views with Commission Vice-President Dombrovskis.

In his presence EBF board members, while underlining that banks embrace innovation and value competition, expressed their serious concern over the European Commission's upcoming adoption of the technical standards for secure communication under PSD2. These standards should not come at the expense of privacy and security at a time when data breaches and cyber incidents are rising exponentially.

More broadly the banking sector reiterated its commitment to financing the real economy and expressed its specific support actions designed to improve the functioning of the European single market, including Capital Markets Union and the plans to deepen Economic and Monetary Union, and to finance the energy transition. The EBF Board also discussed the need for achieving a real single market for the banking sector.

EBF board members approved the creation of a new Steering Committee for Financing Growth. The high-level committee will enable the banking sector to enhance the funding of the real economy. Christian Ossig, the incoming Chief Executive Officer of BdB, the German national banking association, was appointed as committee chairman.

The EBF Board renewed the two-year mandate of Giovanni Sabatini, Director-General of the Italian banking association ABI, as Chairman of the EBF Executive Committee. His second two-year term will start in January.

"At a time when the European economies are showing clear signs of improvement we have adopted a strategy for 2018 that ensures EBF can further develop its role as a reliable and trustworthy partner for all stakeholders, working for an efficient and safe banking sector in Europe that contributes to the prosperity for all in Europe," said Mr Sabatini.

Annex:

For more on the outcome of the 125th EBF Board meeting see the annex attached.

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About the EBF:

The European Banking Federation is the voice of the European banking sector, uniting 32 national banking associations in Europe that together represent some 3,500 banks – large and small, wholesale and retail, local and international – employing approximately two million people. EBF members represent banks that make available loans to the European economy in excess of €20 trillion and that securely handle more than 400 million payment transactions per day. Launched in 1960, the EBF is committed to creating a single market for financial services in the European Union and to supporting policies that foster economic growth.