Current positions on the regulation of banks and the financial markets

Exit from the COVID-19 crisis – supporting the economic rebound
VÖB in Europe

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- Main lobbying office, with close to 80 staff members
- Professional support for member institutions
- Positioning and exchange of views in expert committees and working groups
- Contact with the German Federal government, and with both chambers of the German parliament (Bundestag/Bundesrat)

**BONN**
- Regular exchange of views with the German Federal Financial Supervisory Authority (BaFin)
- Registered office of VÖB-Service GmbH subsidiary

**FRANKFURT**
- Regular exchange of views with BaFin, the Bundesbank and the European Central Bank (ECB)
- Five press conferences per year
- Eight local member institutions

**PARIS**
- Liaison office
- Regular contact with the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA)

**BRUSSELS**
- Eight local employees
- Regular contact with the European Commission, the European Parliament, the Permanent Representations of the Member States and other banking industry associations
- Member of the European Association of Public Banks (EAPB)
Current VÖB positions on the regulation of banks and the financial markets

JUNE 2021
Dear readers,

The COVID-19 pandemic continued to have a profound impact on social life in Germany and Europe in the first half of the year. Stringent protective measures, resulting in a complete shutdown for many sectors of the economy, triggered severe economic volatility. Many struggled with the restrictions imposed on social interaction and mobility, as well as with the closure of universities and schools. Clear signs of hope are, however, starting to emerge now that national and international vaccination campaigns are yielding promising results. It is important to remain well organised in the drive to vaccinate as much as the population as possible, an undertaking that relies on sufficient quantities of the vaccines being available. The population and the economy need prospects and a quick return to more normal and stable conditions.

In Germany, the big economic slump has failed to materialise so far, thanks in particular to unprecedented budget and fiscal packages featuring subsidy and funding programmes offered by federal and state governments alike. These have provided businesses with vital support and helped to mitigate the impact of the crisis. What is more, policymakers and society have always been able to count on the country’s efficient public banks, which have made a very significant contribution towards allowing the economy to digest the economic shock provoked by the COVID-19 crisis. They will also be providing the economy with close support as it charts a recovery once the pandemic is over. But the country’s public banks also have another important role to play in these turbulent times: they will make a decisive contribution towards the process of transition to a more sustainable and digitalised economy. The Landesbanken as well as promotional banks will use appropriate product offerings to ensure that Germany is well-positioned and competitive.

We, as the Association of German Public Banks (Bundesverband Öffentlicher Banken Deutschlands, VÖB), strive to use sound skilled work and a transparent exchange of information to help shape the overall conditions for the work of our member organisations. With this in mind, our “Current positions on the regulation of banks and the financial markets” provide policymakers, regulators, member institutions and other stakeholders with information on key legislative initiatives and regulatory requirements, and on our take on these plans. This issue marks the fourth time that we are addressing measures designed to help the economy cope with the pandemic. We now also want to illustrate appropriate steps towards a regulatory exit from the crisis, and an economic recovery.

I hope this publication makes interesting reading. Together with my colleagues, I will be happy to answer any questions you may have.

Yours sincerely,

IRIS BETHGE-KRAUSS | EXECUTIVE MANAGING DIRECTOR
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Despite what is currently a significant drop in infection rates, meaning that the economic outlook is starting to look much rosier, the COVID-19 crisis persisted throughout the first quarter of 2021 with what remains a marked impact on social and economic life. The measures taken to contain the pandemic are still plunging a very large number of businesses into dramatic existential crises that need to be cushioned. In order for the economic rebound to continue, it is also crucial that the corporate sector is given access to sufficient liquidity. Just as Germany’s public banks made a very significant contribution towards allowing the economy to digest the economic shock provoked by the COVID-19 crisis, they will now also make a decisive contribution in helping the economy to exit the crisis and bounce back. What is more, they will play an indispensable role in supporting the process of transition to a more sustainable and digitalised economy.

OUR POSITION

SUPPORTING MEASURES FOR THE ECONOMY
- **We** remain advocates for EU provisions on state aid to remain relaxed during the COVID-19 pandemic, since this is the only way for promotional banks to contribute to saving jobs and companies with their development programmes.
- **We** are advocates for the perpetuation of support for start-ups and, as a result, for the continuation of the successful cooperation model between the German state-owned bank KfW and promotional banks owned by the German Federal states that first emerged as part of pillar II of the package of measures launched by the German Federal government. This will ensure that the successful range of promotional services can be continued.
- **We** call for the swift implementation of the regulations and the approval of the planning documents regarding the EU structural funds, so that the promotional offerings can be launched by the beginning of 2022.
- **We** are advocates for the European Commission finalising its negotiations with the EIB Group and the InvestEU implementing partners. Promotional banks need planning certainty which InvestEU financial products can be incorporated into regional and national promotional/offering.

BANKING REGULATION AND SUPERVISION
- **We** argue that the support and participation of institutions in governmental promotional measures and programmes should be treated as non-contributory in terms of the ex-ante contributions, and we see urgent need for improvement in the process of passing through trustee loans, or development and promotional loans to end-clients, which should be excluded from the basis for calculating the ex-ante contributions. Furthermore, the target level of the Single Resolution Fund (SRF) should depend on the level of deposits as at the entry into force of the SRM Regulation (1 January 2016).
- **We** are in favour of postponing burdensome regulatory initiatives. By way of example, the minimum loss coverage requirement for non-performing loans (“NPL backstop”), which is already in force, should only be applied to claims that arise after 1 January 2022. In addition, the new substitution approach within the large exposures regime should be applied twelve months following publication of the final EBA Q&A at the earliest.
- **We** believe that first-time application of the Basel III finalisation (Basel IV) should be postponed beyond 2023, namely until the economic impact of implementation can be determined based on actual data.

Cometh the hour, cometh the man: the COVID-19 crisis has called upon public-sector banks to step into the light. We advocate the following measures aimed at counteracting the pandemic and allowing the economy to make an exit from the crisis and bounce back.
We call for an extension of the exclusion of central bank exposures from the calculation of the leverage ratio (which is set to expire on 27 June 2021). Sticking to this deadline would cancel out the impact of monetary policy measures before a sustainable economic recovery emerges.

We advocate the suspension of further non-mandatory reporting obligations and statistical requirements, together with the postponement of data deliveries.

We advocate the suspension of burdensome announcements by supervisory authorities, or the provision of corresponding legislative clarifications.

We call for a one-year period to be granted for the implementation of new requirements from the time of publication/entry into force (e.g. for amendments to the Minimum Requirements for Risk Management (MaRisk) and the Supervisory Requirements for IT in Financial Institutions (BAIT)).

We are in favour of a cautious exit from the relief granted during the crisis, for example with regard to the use of the liquidity and capital buffers, so as to avoid potential cliff effects and ensure that the economic recovery is not jeopardised.

LABOUR LAW

We advocate that the Federal Staff Representation Act and all state staff representation laws throughout Germany incorporate a co-determination right of the staff council on short-time working as soon as possible, since this would allow departments to save jobs by independently and temporarily introducing short-time working with their staff representatives.

TAX LAW

Regarding the impact of the COVID-19 pandemic, we call upon the German Federal Ministry of Finance to provide clarification regarding partial write-offs as soon as possible: as far as the annual financial statements for 2020 and 2021 are concerned, the impairments that need to be recognised under commercial law also have to be recognised, most likely permanently, in the tax balance sheet without the need for additional proof.

CAPITAL MARKETS

We are committed to ensuring that, as in the past, the upcoming reviews of capital markets regulation (MiFID II/MiFIR, MAD/MAR) are used to seriously examine rules impeding efficient capital markets, in a quest to support a sustainable market recovery following the COVID-19 crisis. Therefore, we welcome the relief as to information requirements in the securities business adopted in the MiFID Quick Fix at the end of 2020 as an important first step. However, further steps are necessary to yield effective improvements. In particular, further regime revision may not create new bureaucratic burdens.
1 Sustainable finance

The EU Commission sees the COVID-19 pandemic as a "sustainability crisis", which is why the pandemic also features prominently in the Commission’s amended sustainable finance strategy, expected to be published on 6 July 2021.

The EU regulation on sustainable finance centres around the Taxonomy, an EU-wide sustainability classification system that will be applicable as from 2022. Numerous industrial policy discussions amongst the member states delayed publication of the law setting out the first two climate-environmental objectives until April 2021. In May 2021, the EU Commission also presented the draft for a second act for the disclosure of Taxonomy indicators at company level (Article 8). The draft features a high degree of granularity with regard to the calculation and presentation of new indicators, such as the green asset ratio.

Meanwhile, the EU Sustainable Finance Platform (SFP) is constantly working on further developing the Taxonomy, with a particular emphasis on the “social” and “harmful” taxonomies. Two interim reports on this are apparently due for publication in June 2021, followed by a public consultation. Final SFP reports are expected for autumn 2021.

Requirements for the integration of ESG factors in the investment process, including their disclosure (SFDR, applicable as from spring 2021) and the structure of sustainability benchmarks (immediately applicable) entered into force as early as December 2019. The ESAs have published draft regulatory technical standards (RTSs) on the particular specifications of the disclosure requirements under the SFDR, and proposed their applicability as from 1 January 2022. An EU Commission Delegated Act is still pending. In addition, ESAs have consulted on drafts for disclosure requirements on products that meet the Taxonomy requirements. Finally, the EU Commission published its long-awaited Delegated Act concerning MiFID II at the end of April, which set out the requirements for determining a target market for sustainable products during the design phase, and for investment advice on sustainable financial instruments.

How to define sustainability risks – and their inclusion within the capital adequacy regime and the Supervisory Review and Evaluation Process (SREP) – continues to be the subject of discussion.
of intensive discussion. A first EBA report on this is expected in June 2021. In December 2019, BaFin published a guidance notice on dealing with sustainability risks. In November 2020, the ECB published a Guide on climate-related and environmental risks. At the start of 2021, the ECB requested all institutions in question (SIs) to carry out a self-assessment of the extent to which they comply with the 13 supervisory expectations of the guide. The EBA submitted for consultation a discussion paper on the management and supervision of ESG risks at the end of 2020. In the first half of 2021, the EBA also conducted the Implementing Technical Standard (ITS) on ESG disclosure in the regulatory Pillar 3 report.

On 21 April 2021, the EU Commission presented a proposal for updating the Non-Financial Reporting Directive (NFRD), starting with 2023 as the first reporting year. The objective of this Corporate Sustainability Reporting Directive (CSRD) is to amend several guidelines and the Audit Regulation. In addition to extending the contents, the scope of application of the mandatory sustainability reporting should be expanded to include all large companies, including banks and most capital market-listed companies. Regarding disclosure requirements under Article 8, the Taxonomy Regulation came in ahead of the NFRD amendment: it is applicable to non-financial statements for the first time for the 2021 financial year. Granular templates for credit institutions follow the EBA’s recommendation. The sustainability data must be iXBRL-tagged and should be included at a later stage in the scope of application of the planned European Single Access Point (ESAP).

The EU Commission is also planning a legislative proposal on sustainable corporate governance. Companies should be encouraged to take sustainability-related aspects such as human rights, climate change and the environment into account in their business decisions, and focus more on long-term sustainable value creation.

established. Capital relief for green loans must be granted solely on the basis of measurably low risks. We support a Federal Government guarantee framework for sustainable financing.

- We believe that a non-product-specific ESG disclosure in the annual non-financial statement should be transparent and standardised, with the option to disclose outside the management report. The extent of this disclosure should follow the risk management. Principles-based global disclosure standards should be striven for. The granularity of banks’ new sustainability reporting requirements appears to be too high, and the timelines for implementation are ambitious. In addition, certain inconsistencies in legislative texts, such as diverging dates in the first-time application and the use of the regulatory scope of consolidation for the sustainability data in accordance with reporting under commercial law, must be eliminated. Missing or unclear definitions must also be drawn up in a structured manner.

• We consider the standardisation and comparability of ESG criteria to be necessary for their mandatory inclusion in the investment advisory and financial portfolio management. Requirements for sustainable products under the SFDR and the applicable requirements within the scope of advisory services in accordance with the Delegated Regulation on MiFID II are structured differently. This hampers uniform disclosure and product design.

• We are convinced that a sector-specific transition period, together with economic, environmental and fiscal policy support, are necessary to bring about a lasting change in the economy.
In 2020 and also during the first half of 2021, support measures by promotional banks at national and European level were dominated entirely by efforts to overcome the effects of the pandemic. The German promotional banks were mandated by their public owners to implement the various COVID-19 aid programmes. Thanks to the existing support structures, a comprehensive supply of grants, liability exempted loans and other financial instruments were offered quickly and flexibly to companies, municipalities, self-employed and organisations in question.

At EU level, the pandemic delayed the preparation for the new EU programming period from 2021 to 2027. The order of the day was determined by the short-term reallocation of remaining funds, regulatory easing and wrangling over an EU recovery fund. Meanwhile, the budgets and the content of the different programmes are set, so that the promotional banks are now in a position to develop new or adjusted products.

German promotional banks are largely incorporated in the implementation of the EU structural funds – with around €24 billion earmarked for Germany. Besides the European Regional Development Fund, the European Social Fund and Interreg, promotional banks will also disburse funds from the new EU recovery fund and the new Just Transition Fund, thereby proving the long-term expertise these banks have built up in implementing EU funds. In addition to grant programmes, loans and equity instruments will be offered from the EU structural funds and from InvestEU, which benefit companies from different sectors and of different sizes.

Even faster than was thought before the crisis, sustainability aspects and digitalisation requirements will determine the promotional business on the full range. The transformation of the economy must therefore be accompanied by adequate promotional support.

**2 Promotional business in the post-COVID-19 era**

Promotional banks can make a key contribution to stimulating post-pandemic economic and social life.

We are committed to ensuring that the successful cooperation between KfW and the regional promotional banks under Pillar II of the Federal government’s package of start-up measures can be sustained after the pandemic, and maintain the funding offers. The Federal and regional governments should make effective use of the capacities that have been built up and continuously earmark appropriate budgets for start-up support.

We appeal to all parties involved to give priority to the promotional banks’ new business after the pandemic, and its importance for a forward-looking economic development. As a matter of principle, the promotional banks’ business must not be impeded by excessive administrative requirements. The extraordinary volume of promotional loans and very large number of such loans during the pandemic will have a long-lasting effect on promotional banks. Not only the ongoing processing of applications but also the checks on the use, reporting obligations and much more, will involve huge expenses for promotional banks.

We argue that no new regulatory hurdles should be added to the Structural Fund support from 2021 to 2027, such as additional transparency requirements and audit obligations. Thus, promotional banks can continue on their successful path taken with financial instruments fuelled by EU structural funds. Strategy documents and operational programmes must be adopted in the second half of 2021.

We call on the EU Commission to finalise its negotiations with the EIB Group and the InvestEU implementing partners. Promotional banks need planning security as to which InvestEU financial products can be incorporated in their promotional offerings.
3 Capital Markets Union

On 24 September 2020, the EU Commission presented another action plan on the implementation of the Capital Markets Union (CMU), which proposes 16 individual legislative and non-legislative measures in different areas, for which concrete legislative proposals will be drawn up in the next two years. The important European objectives of sustainability and digitalisation are seen as further driving the development.

The new action plan proposes, among other things, a European single access point (ESAP) – a kind of central EU database – for all relevant publicly-available mandatory information concerning European companies. In addition, investments by private investors should also be promoted further and the information overload stemming from the securities regulatory requirements reduced. In this context, the EU Commission also wants to review the requirements for commissions and ensure that clear and comparable product information is made available to investors. Furthermore, the equity capital base of small and medium-sized enterprises (SMEs) is to be strengthened, and regulatory requirements of these entities simplified. The legal framework for the securitisation of loans is set to be re-examined, and cross-border settlement improved within the EU. Finally, measures for a standardised EU-wide withholding tax are planned, along with the minimum harmonisation or alignment of specific insolvency regulations for non-banks. The different requirements in relation to tax law and – above all – insolvency law, especially in the EU member states, have been viewed up to now as major obstacles to a real capital markets union.

The EU Council and the European Parliament have welcomed the CMU action plan and have demanded efforts to accelerate integration in the EU capital markets. We can therefore expect increased CMU activities in the next two years. First consultations have already been held, for example, on the ESA review, which reviews the structure and roles of the EU regulatory authorities every three years, or the EU Commission’s retail investment strategy.

We welcome the EU Commission’s new action plan from September 2020 and will continue to critically accompany further developments concerning the Capital Markets Union. We would like to point out that the COVID-19 crisis in Germany has shown how important it remains to secure funding via banks. In this respect, a balance should also be struck between different forms of financing within the scope of the CMU.

We support the reduction of the information overload for investors that stems from the securities regulatory requirements, and we view the MiFID Quick Fix – which came into effect at the start of 2021 – as appropriate and important. In this case, bureaucratic requirements for banks and investors were scaled back and the securities business made easier, especially in respect of transactions involving eligible counterparties and professional clients. It is important for the retail investment strategy to consistently remain on the chosen path and not to introduce new obligations elsewhere (e.g. for commissions). Consistent regulation should be aimed for, and contradictions and multiple regulations (regulatory hotchpotch) avoided.

The Capital Markets Union can open up new sources of financing through capital markets that are further integrated in the EU. However, it is key that securing funding via banks will continue to retain equal status.
4 Discussion concerning the European Deposit Insurance Scheme (EDIS)

The EU Commission plans to present its proposals on the revision of frameworks for the bank resolution regime and the deposit insurance scheme in the final quarter of the year. Unlike its original proposed regulation for establishing the European Deposit Insurance Scheme (EDIS) from 2015, a public consultation procedure will precede the submission of the legislative proposals. In its progress report in June, the Portuguese presidency of the Council of the European Union took up the hybrid model again as an interim step towards a fully-fledged EDIS. The Federal Ministry of Finance severely criticised the report as being one-sided and not reflecting the opinion of Germany or other member states.

The proposed regulation from 2015, which provided for a gradual transition from a reinsurance to a co-insurance and ultimately to full insurance, was shelved for the time being due to a lack of political consensus. In 2017, the EU Commission proposed a watered-down EDIS approach, whereby EDIS should merely provide liquidity coverage initially (limited reinsurance). Only at a later point would losses from national deposit guarantee schemes be taken over (limited co-insurance). The third phase – full insurance – would be deferred, but not dropped altogether.

A proposal for compromise reached under the Austrian presidency of the Council of the European Union in late 2018 gained broad approval. The hybrid model is based on the reinsurance model on the one hand, built on the Commission’s proposals, and on a system of mandatory lending between EU members’ national deposit guarantee schemes on the other. This would mean that in the first stage of a payout event, the individual Member State’s national deposit guarantee scheme would bear the losses. In a second stage, the national deposit guarantee scheme would raise extraordinary ex-post contributions, prior to defaulting. Should this not be possible, or not to a sufficient extent, EDIS liquidity could be accessed. Should the second-stage funds not suffice, national deposit guarantee schemes across the EU would be required to provide liquidity in the third stage. The latter situation would lead to a departure from the current model of voluntary support.

**OUR POSITION**

- **We** advocate taking great care during the COVID-19 crisis concerning decisions of major significance such as the introduction of a European Deposit Guarantee Scheme. Uncertainty amongst depositors must be avoided.
- **We** welcome the opening of a public consultation procedure and call for an impact analysis to precede the submission of the legislative proposals.
- **We** support the EU Commission’s aim of further strengthening the role of the national deposit guarantee schemes, and call for current uncertainties to be clarified with regard to reconciling alternative deposit guarantee scheme measures with those of EU state aid.
- **However**, we firmly maintain our objections to the Commission’s concrete proposals for EDIS. Whilst a deepening of the Banking Union is only conceivable after successful implementation of risk-reducing measures, it must not threaten the viability of tried-and-tested German deposit guarantee schemes. Regardless of the specific structure of the scheme, the prerequisites to be fulfilled before such a scheme can be established are crucially important.
- **We** reject an excessive restructuring of the institutional architecture in crisis management and in the deposit insurance scheme according to the US models, as we do not have the constitutional basis for this.
Due to the COVID-19 pandemic, the Basel Committee on Banking Supervision (BCBS) has deferred the implementation date of the Basel III framework finalised in December 2017 (Basel IV) by one year, to 1 January 2023. The aim is to free up resources at the banks and supervisors so that they can cope with the crisis. It is foreseeable that the transposition of Basel IV into European law will also be significantly delayed. The European Commission recently postponed the submission of a corresponding legislative proposal to the end of September 2021.

In its second report to the European Commission on the implementation of Basel IV, published in December 2020, the European Banking Authority (EBA) forecast a 18.5 per cent increase in capital requirements for European banks. With regard to German credit institutions, the EBA actually identified an increase of about 35 per cent. In the EU, 6.7 percentage points of the overall increase are accounted for by the so-called output floor, which raises the capital requirements of banks using internal models to at least 72.5 per cent of the value calculated using regulatory standardised approaches. This contribution is much higher for German banks, where around half of what is already a marked increase in capital requirements is likely to be attributable to the output floor. In addition, with Basel IV the risk weight for exposures to banks that are not rated externally (and whose rating therefore currently depends on their own central government’s rating – the ‘country of origin’ principle) is set to double to 40 per cent in standard cases. This would particularly impact development and promotional banks, as they frequently extend development loans via smaller principal banks that have not been rated by a rating agency.

**OUR POSITION**

- We are concerned that the new Basel IV regulations will hit the banks during the phase following the COVID-19 crisis. The massive capital increases could considerably delay the recovery of the real economy – or even trigger another economic slump. The EU institutions should only discuss when and how Basel IV will be implemented in the EU following a comprehensive impact assessment.
- We believe that in addition to the leverage ratio, the output floor should be implemented in the EU as a second separate capital requirement (“backstop”) for risk-based capital requirements. The EBA’s calculations suggest that this would significantly reduce the negative impact of the floor.
- We are in favour of justified deviations from the Basel agreements (such as the SME supporting factor for lending to small and medium-sized enterprises, or the proven EU practice concerning the treatment of real estate loans) being continued even after the implementation of Basel IV.
- We would like to point out that the energy turnaround in Germany (the “Energiewende”) is largely being financed by German banks. If the European banking industry is burdened as feared, this raises the question, as to whether the EU can reach its ambitious climate and sustainability targets.
- We continue to advocate that the new regulations on the treatment of claims on banks should not impede the development and promotional business. As a result, pass-through loans should generally be included with a risk weight of 20 per cent in the standardised approach. Final borrower receivables assigned to development and promotional banks within the scope of the Internal Ratings-Based Approach (IRBA) should be recognised as collateral.

### THE NEW BASEL REFORM PACKAGE (BASEL IV) AT A GLANCE

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<th>Category</th>
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<td>Credit risk</td>
<td>Revision of the Credit Risk Standardised Approach (CRSA)</td>
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<td>Revision of the Internal Ratings-Based Approach (IRBA)</td>
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<td>Operational risk</td>
<td>Introduction of a newly developed standardised approach</td>
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<td>Abolition of all alternative approaches</td>
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<td>CVA risk</td>
<td>Revision of the standardised approach</td>
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<td>Introduction of a basic approach</td>
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<td>Abolition of the internal model approach (IMA-CVA)</td>
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<td>Market risk</td>
<td>Revision of the standardised approach</td>
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<td>Revision of the internal model approach</td>
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<td>Output floor</td>
<td>Gradual implementation over a five-year period, starting with 50% in 2022 (to reach a final level of 72.5% in 2027)</td>
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<td>Calculated on the basis of institution-specific RWAs, according to the standardised approaches of the risk types</td>
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<td>Leverage Ratio</td>
<td>Introduction of an add-on for globally systemically important banks (G-SIBs)</td>
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<td>Revision of the framework</td>
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Source: Bundesverband Öffentlicher Banken Deutschlands, VÖB
Details of the review of European supervisory law for the financial markets, the Markets in Financial Instruments Directive (MiFID II) and the Markets in Financial Instruments Regulation (MiFIR), are starting to take shape.

The beginning of this year saw the ‘MiFID Quick Fix’ enter into force, the aim being to make targeted changes to reduce a number of red tape requirements, particularly for securities transactions executed with professional clients and eligible counterparties. The product governance requirements for bonds with make-whole clauses have also been lifted. The regular MiFID II/MiFIR reviews will also be continued with a focus on further investor protection requirements, mainly in the coming year. The regulations governing commission, for example, are set to be put under the microscope again.

This year will see the review and revamping of individual MiFIR requirements, with a proposal set to be put forward by the European Commission by the end of 2021. ESMA has presented its report on transaction reporting requirements, setting out extensive changes, including plans to abandon the concept based on which only financial instruments traded on trading venues have to be reported. Instead, reporting obligations are to be linked to a party’s status as a systematic internaliser. It is also suggested that the client classification (retail or institutional clients) be included in the report, the argument being that the reporting system should increasingly be used not only as a form of market abuse surveillance, but also to monitor market integrity. Other issues that are expected to be up for review in the Commission’s proposal are pre- and post-trade transparency (summarised in the key word ‘consolidated tape’).

**OUR POSITION**

- **We** welcome the MiFID Quick Fix and the objective to simplify the securities business by reducing bureaucratic requirements for banks and investors, for example in respect of transactions involving eligible counterparties and professional clients. This is an area in which more far-reaching exceptions would be welcome.
- **We** consider the exemption of bonds with make-whole clauses from the product governance requirements to be the right approach. In our opinion, said bonds should also be exempted from the PRIIPs Regulation and the corresponding documentation requirements. We advocate exemption from the product governance regime for other ‘plain-vanilla’ financial instruments such as equities and bonds. We would caution against tightening up the regulations governing commission. Commissions allow a vast range of investment services, e.g. investment advice, to be offered to retail clients – i.e. also to people on low and middle incomes – across the board. The rules currently in place ensure very high levels of transparency and avoid conflicts of interest.
- **We** are extremely wary of the extensive changes to the reporting system for securities transactions that ESMA has proposed. Among other things, we are clearly opposed to the inclusion of client classification information, as this creates a risk that aspects of investment advice will be automatically analysed via transaction data.
- **We** are wary of ESMA’s proposed approach of linking a large number of aspects to a party’s status as a systematic internaliser. We advocate more appropriate thresholds for determining systematic internaliser status.
COVID-19 is putting considerable pressure on German exports. Due to the economy’s strong global interdependence, exporting companies are also feeling the effects of the pandemic in other parts of the world. Supply chains are being disrupted and project handling abroad is being significantly impaired. Financing conditions are also worsening. The mid-sized mechanical and plant engineering sector has been particularly hard hit by the pandemic. The mechanical and plant engineering sector, with its strong SME presence, is being hit particularly hard by the pandemic. It is precisely this industry that needs support in the form of government export guarantees in the post-COVID-19 period. Guarantees protect exporters and financing banks in the event of foreign buyers’ non-payment, particularly those from emerging markets and developing economies.

The pandemic has been a major catalyst for discussions on how the state Hermes export credit guarantee scheme needs refining to meet current needs. This Hermes guarantee is used where private insurers cannot provide sufficient cover. As partners to the German SME capital goods industry, public banks want to offer tailor-made Hermes-covered financing solutions to foreign buyers from the German SME sector. The key aim is therefore to facilitate cooperation between banks and exporters on the use of export guarantees.

To protect companies and employees in the export sector, the Federal government took steps back in July 2020, in the form of a five-point package of measures to mitigate the effects of the pandemic. As a result, further improvements have been made to financing conditions for Germany’s export industry. These include the Federal government reducing down payments, and delaying repayments for certain export transactions. It also relaxed the fees for Hermes guarantees and created new financing options for credit institutions. Both these measures are a step in the right direction.

That said, Germany’s exporters are facing pressure from their international peers as other European export credit agencies continue to increase levels of cover under their export insurance policies in light of the COVID-19 pandemic.

**Our Position**

- **We** are calling for greater flexibility to Hermes guarantees in order to mitigate the effects of the COVID-19 pandemic. In view of the fact that the Federal government is also keen to generate more export business, it is more important than ever to make the framework for financing German exports more flexible and to generate more liquidity inflows.
- **We** advocate the introduction of a carefully designed forfaiting facility by the Federal government for the purchase of Hermes-covered receivables by credit institutions. This would make it easier for medium-sized exporters to take out supplier credit guarantees, allowing exporting companies to deleverage their balance sheets more quickly.
- **We** would also like to see the Federal government’s participation in the export guarantee temporarily increased to 95 percent in the wake of the COVID-19 pandemic, in order to give small and medium-sized exporters – whose bank lines with their principal banks have been largely exhausted – greater scope for new business. This would also bring the general conditions for the export guarantee in line with other Federal guarantee facilities.

As a result of the COVID-19 pandemic, the Federal government has expanded Euler Hermes’ cover instruments for German exports to key foreign markets. Further structural improvements would be prudent.
BaFin has published the draft of the special section of the interpretation and application notes for credit institutions ((AuAs BT-E) for consultation. Within the scope of this consultation procedure, we have lobbied strongly in favour of the special role played by development banks in particular. The final version of the AuAs BT was published on the BaFin website on 8 June 2021. In these notes, BaFin sets out its administrative practice in relation to the special obligations of credit institutions under money laundering law. Comments on the individual regulations refer in particular to the results of the German Federal Ministry of Finance’s first National Risk Analysis (NRA).

The government had already adopted a draft law to amend the Money Laundering Act (Transparency Register and Financial Information Act – TraFinG Gw), which was the subject of a hearing with the Finance Committee of German Parliament on 26 April 2021. The planned amendments are based on interconnecting the transparency registers of the EU member states, as provided for by European law.

The German register will be converted into a full register to achieve this. This means that in future the beneficial owner of each legal entity in Germany will be directly and immediately identifiable from the register. In addition, the draft Crypto Asset Transfer Regulation, which was submitted for consultation at the end of May 2021, will require parties involved in the transfer of crypto assets to provide information on the originator and beneficiary so that – as in the case of money transfers – transactions can also be tracked with regard to the beneficiaries.

Action at European level:
The EU Commission presented its action plan to strengthen the fight against money laundering in May 2020, while the member states also spoke out in their Council conclusions in favour of increased cooperation on money laundering and terrorist financing at a European level, calling not only for a uniform set of rules in this area, but also for a central EU supervisory authority. As a result, the EU Commission now plans to present a proposal on these issues on 6 July 2021. In order to achieve a uniform set of rules, parts of the Anti-Money Laundering Directive will be transposed into a regulation to be directly applied by the member states. The proposed EU supervisor will be granted extensive powers, including the right to directly intervene in national supervisory authority matters.

**OUR POSITION**

- **We** would like to see supervision at national level specify the regulations on the prevention of money laundering among credit institutions, by providing a supplement to the interpretation and application guidance. We see further need for improvement in the design of the AuAs BT.
- **We** are committed to ensuring that the special features specific to development banks are also taken into account in BaFin’s supervisory practice in relation to money laundering.
- **We** welcome any constructive exchange with the supervisory authorities. It enables us to work out practical solutions with regard to the scope of AMLA requirements in conjunction with obligated parties and authorities.
- **We** explicitly welcome the planned conversion of the transparency register from a catch-all register to a full register. However, it is important to consider in detail the interaction of the due diligence obligations to be fulfilled by those obliged under money laundering law with the obligations of the companies to report to the transparency register. Steps must be taken to ensure that facilitation of identifying the beneficial owner – as announced in the preamble to the bill – actually takes place.
- **We** support a risk-based, European regulatory approach and would like to see low-risk activities remain appropriately supervised at national level. The banking sector is already subject to strict anti-money laundering supervision; efforts should be made to ensure that other vulnerable markets are also appropriately supervised and regulated.
9 Reform of digital competition law

The tenth amendment to the Act against Restraints of Competition for a Focused, Proactive and Digital Competition Law 4.0 (“GWB -Digitalisierungsgesetz”), which came into force on 19 January 2021, marked the first step towards creating a regulatory framework for digital markets and the most powerful digital companies. A new element will be introduced, enabling the German Federal Cartel Office to exercise more effective ex-ante control over those digital companies that are of paramount significance for competition across markets. A right to data access under competition law will be introduced, for example, in cases where access to data is of particular importance from a competition point of view.

Key rules governing the digital economy are set to be introduced at EU level as well; the EU Commission published a regulatory package in December 2020 which includes two new pieces of legislation: the Digital Markets Act (DMA) and the Digital Services Act (DSA). The European Parliament’s (EP) Rapporteur of the lead committee issued his draft report on the DMA at the beginning of June 2021.

The DMA proposal provides rules of conduct for large online platforms. Its aim is to set out a series of harmonised rules applicable to digital services throughout the Single Market. Once the EU Commission has classified them, gatekeepers are subject to various prohibitions and obligations, with considerable sanctions imposed on them in the event of non-compliance.

The DMA is only intended to cover very large platforms. They will be required to carry out risk management measures, appoint a compliance manager and grant access to their data upon request by national supervisory authorities or the EU Commission. Member states will each appoint a digital services coordinator responsible for overseeing the intermediary services established in their member state and coordinating with the relevant specialised authorities.

The EP draft report goes even further. For example, the EU Commission must carry out market investigations so that appropriate measures to protect the market can be examined. Furthermore, it proposes the introduction of a body of European regulators for digital services.

 OUR POSITION

- We welcome reforms to EU competition law, which were already called for in the Competition Law 4.0 report published in 2019. This includes in particular the EU-wide uniform definition of the relevant market in each case with specific criteria for determining it, as well as open access to the interfaces of large digital providers – all of which are important basic requirements.
- We fundamentally support demands for equal access to interfaces and services provided by major digital providers. We believe that in order to create new ecosystems it is necessary to incorporate cost-based fees for access to data and services of major digital providers, in line with the current changes made by the German legislator (ZAG). This framework must ensure investment and innovation as well as a level playing field for all market participants.

This also forms the basis of the success of the Open Banking and cross-sectoral Open Data concepts. In order to access interfaces, neutral and fully standardised interface accesses and formats need to be referenced and applied. The compulsory use of proprietary accesses encourages the tipping effect.

- We welcome the fact that a legislative reference to uniform technical standards and formats will mean that openness to competition, which is desirable from the point of view of competition law, can actually have the desired effect. Harmonisation of the competition law framework for the entire EU internal market is necessary in order to avoid regulatory arbitrage.
With its “Digital Finance Package” unveiled in September 2020, the European Commission is aiming to establish a competitive European financial sector that ensures both consumer protection and monetary stability at the same time. The focus is on crypto-assets. As part of the “Digital Finance Package”, and in addition to the legislative proposals on crypto-assets (MiCA = Markets in Crypto Assets) and the prevention and mitigation of cyber risks (DORA = Digital Operational Resilience Act), the European Commission has also proposed a pilot regime for market infrastructures based on distributed ledger technology (DLT) (DLT Pilot Regime). This pilot regime will allow market infrastructures, such as central securities depositories (CSDs), or MTFs (multilateral trading facilities), to trial trading, and also settlement, of transactions in crypto-assets. The DLT Pilot Regime allows for temporary exemptions from existing regulations, such as the Central Securities Depository Regulation (CSDR) and MiFID/MiFIR in particular. It allows regulators and market participants to gather experience with the use of DLT in market infrastructures. The results are to be incorporated into the structure of the future regulatory framework.

The European Commission’s proposal includes the following thresholds for a possible issue under the DLT Pilot Regime:
- Threshold for bond issue size of less than 500 million euros
- Threshold for the issuer’s stock market capitalisation of less than 200 million euros

In its discussion sessions the European Parliament lowered these thresholds even further, to as little as 50 million euros in each case. Small issues like these are likely to be relatively unattractive to institutional investors.

The Council has presented its final position on the DLT Pilot Regime by the end of June; the European Parliament is scheduled to adopt its position in July 2021 at the earliest. After that, the European Parliament, the Council and the European Commission will enter into negotiations on the final wording of the legislation (a process known as trilogue). Once an agreement has been reached, the wording of the legislation will be published and, as the plans stand at the moment, the legislation will enter into force nine to twelve months later.

**OUR POSITION**

- We welcome the creation of a pilot regime for DLT-based market infrastructures. This will allow market participants to gain key experience to prepare them for future developments relating to DLT market infrastructures.
- We believe, however, that the conditions for using the pilot regime, as set out in the Commission’s proposal, are too narrowly defined and/or unattractive, meaning that only a small proportion of market participants are likely to take part.
- We would like to emphasise just how relevant the corresponding regulation is – irrespective of the potentially limited practical acceptance of the pilot regime.
11 Digitalisation boost for the German securities business

On 6 May 2021, the German Bundestag (lower house) passed the Electronic Securities Act (eWpG) in the version proposed by the Finance Committee. The Act was also approved by the Bundesrat (upper house) at the end of May. This paved the way for the issue and management of digital securities as an alternative to conventional physical securitisation. At the same time, it opens up German securities law to the application of blockchain technology.

There are considerable advantages associated with this modernisation of the legal framework: in particular, it makes the process involved in issuing debt securities more efficient and faster for issuers. This creates huge potential for Germany as a financial centre. The move to place physical certificates and electronic securities on an equal footing sees Germany move into line with other EU countries (such as France, Luxembourg, or Ireland).

The first step is to involve allowing debt securities and unit certificates to be issued electronically. There are also plans to open the system up to other securities, such as shares, in the future, an idea that we support.

The Act opens up the possibility of application for two types of electronic securities: centrally-registered securities which, if they are registered in the book-entry system, may only be held by authorised central securities depositories, and crypto-to-securities entered and transferred using DLT technology. Regulation of electronic securities will be technology-neutral and subject to established supervisory legislation. Responsibility for supervision lies with BaFin.

With the support of our member institutions, we have been closely involved in the legislative process and made constructive comments and suggestions. Among other things, VÖB organised dialogue sessions with ministries and policymakers. The outcome of our efforts is very encouraging, as our main proposals for amendments to the Government draft were taken into account.

Our position

- We have explicitly supported the Electronic Securities Act from the very start of the legislative process. Electronic securities have already been established in various neighbouring countries, such as France and Luxembourg. The German financial sector should also be able to make use of electronic securities. At the same time, we believe that maintaining traditional paper-based securities alongside digital securities is the right way to go, providing flexibility and ensuring a smooth transition.
- We are delighted to see that the aspects we raised have been incorporated into the legislation, including the option of restricting access to the issue terms and conditions, as well as clarification on the applicable law in a cross-border context.
- We welcome the move to open up the system to crypto fund unit certificates using delegated legislation, as introduced by the Finance Committee. It is now key that efforts aimed at the digitalisation of the securities business continue systematically. Further steps include, for example, moves to digitalise shares and the modernisation of German securities law as a whole.
- We support the technology-neutral structure, which leaves room for future technological innovations without having to amend the statutory provisions.
Ever since the Diem (formerly known as Libra) private sector digital currency project was announced, there has been growing debate about a digital euro. Services and business models in the European financial sector could benefit from a digital euro and be enhanced further, for example in combination with smart contracts. One crucial element is the need to make a fundamental distinction between a retail CBDC (Central Bank Digital Currency), which can be used by consumers and businesses directly, and a wholesale CBDC that is available to the banking industry only. This maintains the dual structure of the monetary system that is so important for economic success.

The ECB’s public consultation on the next steps to be taken, based on its “Report on a digital euro”, ran until January 2021. A decision will be taken midway through 2021 as to whether – and in what form – a digital euro project will be launched. The ECB favours the direct issue of a digital euro to consumers and businesses with a payment function, i.e. a retail CBDC. A Bundesbank working group – involving banks, including public-sector banks – set out various models for a digital euro in the period leading up to the end of 2020. One of the possible solutions discussed was a wholesale CBDC for the banking sector in connection with digital fiat money for banks. The Bundesbank emphasises the advantages of digital cash, as well as a wholesale CBDC, and points to the risks to financial and monetary stability associated with a retail CBDC. What is more, a retail CBDC could jeopardise the dual monetary system and, as a result, the EU’s economic success.

The European Commission proposed a regulation for markets in crypto-assets as part of its “Digital Finance Package” unveiled in 2020. It aims to create a clearly defined legal framework for harmonising the regulation of crypto-assets across the EU from 2023 onwards. The draft contains regulations for what are so far unregulated areas. It follows the “same risk, same rules” approach and defines requirements on the issuance of “stablecoins” in the EU.

**OUR POSITION**

- **We** support the idea of a digital euro as a valuable addition alongside the existing central bank money. We support the digital continuation of the dual monetary system of cash and wholesale central bank deposits and, as a result, the continuation of access to central bank money that is restricted to central banks and commercial banks. Within this context, digital cash that is standardised across Europe is made available by the banking industry. This safeguards lending, including the associated creation of money. Only if the design of a digital euro is well thought-out will it have the potential to strengthen the EU economy and set standards worldwide. It is, at the same time, imperative that the existing dual monetary system be maintained as the basis for a stable financial system. Immediate access to digital central bank money by consumers and businesses could result (particularly in times of crisis) in the significant transfer of current account balances held with commercial banks to ECB central bank money. This would restrict the credit supply and, as a result, lead to less favourable refinancing conditions for borrowers.
- **In** the event that the ECB opts for a retail CBDC, we strongly advocate a custody function at established financial institutions with a limit on the amount of digital money that can be held in custody. Even cash is not obtained directly from the ECB today.
- **We** would like to see standardised regulations for crypto-assets across Europe (MiCA regulation). The planned relief for CRR institutions, allowing them to issue crypto-assets without a separate authorisation procedure, should also apply to institutions under the German Banking Act (KWG) that are not (or are no longer) subject to the CRR. We would like to highlight the fact that the exemptions provided for in the proposed regulation on the regulation of crypto-assets are important. In particular, the planned regulation should not apply to financial instruments within the meaning of the Markets in Financial Instruments Directive (MiFID), as this Directive already sets out comprehensive provisions.
At present, there are still not enough banks outside of Germany that support SEPA real-time payments. The EU Commission wants to change this situation by introducing new legislation. A draft law is due to be published at the beginning of 2022. The results of the current consultation on real-time payments will be incorporated into this draft.

Depending on intended use, a SEPA real-time payment may offer advantages over a SEPA standard transfer. For example, standard SEPA credit transfers are often used for single transfers or bundled together by companies for daily transactions. Real-time execution and instant settlements are not general market requirements. They are neither necessary for every transaction in terms of business policy nor do they make technical sense.

The current lack of reachability for real-time payments in Europe is set to be remedied by a new obligation to connect to TIPS (TARGET Instant Payments Settlement). From the end of 2021, all clearing houses and direct participants must open a TIPS account. This will make clearing more difficult for institutions that use a market clearing house and which have to hold multiple accounts. This creates indirect pressure on banks to switch from their commercial clearing provider to the public TIPS system. This could result in market distortions.

Real-time payments also play a role in Open Banking. Key use cases are being standardised by the Berlin Group (OpenFinanceAPI), which is an open European market initiative. This standardisation forms the basis for European premium API systems. The German banking industry is a pioneer in this respect and is currently developing a premium API system. These European systems form the basis of a European ecosystem for financial services as part of the Digital Single Market.

**OUR POSITION**

- **We** call for specialist institutions such as development and promotional banks to be exempted from a mandatory introduction of instant payments. Payments traffic must not be regulated, and must be oriented towards market needs. Instant payments can complement other payment methods.

- **We** caution against less regulated market participants receiving access to these important infrastructures. This is because the planned access of non-banks to infrastructures such as TARGET, which are subject to the EU Finality Directive, must not jeopardise stability or pose liability risks.

- **We** call for the proposed EU Open Finance Framework not to lead to any restriction of functioning market initiatives such as the Berlin Group. Providers of data and services must be allowed to charge a market-based, non-regulated fee to companies that gain an economic advantage from them. This is a prerequisite for fair competition and investments in innovative Open Banking and Open Data infrastructures.

- **We** support the consolidation payment systems into a uniform service for all payment channels. This requires the support of policymakers and the competition authorities. A pan-European payment solution such as the European Payments Initiative (EPI) needs a viable business model framework.

- **We** call for less regulatory intervention so that European payment systems are not placed at a disadvantage when competing with global providers and platforms.

Germany and Europe’s future positioning among their global competitors will largely depend upon the success of their digitalisation process. In this, the regulatory environment and successful market initiatives are paramount.
High levels of cyber resilience and information security are central supervisory and legal requirements for institutions and ICT infrastructures in the financial sector. European regulators are currently focused on harmonising the overall framework to make it future-proof. The German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – 'BaFin'), for its part, is ploughing ahead with the national implementation of existing IT requirements and – in the process – is expanding the regulations governing operational information security and comprehensive contingency management, with the amendment to the Supervisory Requirements for IT in Financial Institutions (BAIT).

BaFin’s public consultation on its amendment to the ‘Supervisory Requirements for IT in Financial Institutions’ (BAIT) ran up until the end of 2020. The BAIT regulations implement the European Banking Authority’s (EBA) provisions regarding ICT and security risk management, in particular in the new chapters ‘Operational information security’ and ‘IT emergency management’. The intensive dialogue on the BAIT amendment between the supervisory authority and the associations of the German Banking Industry Committee (GBIC), which was initiated by BaFin’s expert panel on information technology, was concluded with a discussion of the final draft as early as the end of January 2021. The new BAIT regulations are set to be published and enter into force, together with the sixth amendment to the Minimum Requirements for Risk Management (MaRisk) and the ‘Supervisory Requirements for IT in Payment Services’ (ZAIT), around the middle of 2021.

At the end of September 2020, the European Commission had already presented a legislative proposal on Digital Operational Resilience (DORA) which is to apply directly to all financial institutions. It includes a large number of new and more specific regulations for ICT and security risk management, as well as for cybersecurity tests. In particular, the draft regulation also stipulates a supervisory framework for critical ICT service providers, such as major cloud providers. The requirements are to be defined in even greater detail by the European supervisory authorities ahead of their implementation in regulatory technical standards (RTS), which is planned for the period from 2022 onwards.

### OUR POSITION

- **We** are in favour of clearly-worded requirements providing simplification for the handling of ICT security risks and IT outsourcing, in line with the principle of proportionality. We therefore also support the optional certification of selected IT products or services (for example, cloud services in the case of outsourcing). However, we reject the obligatory certification of (security-relevant) products and services. This would limit the selection of products available.
- **We** would like to point out that the planned regulations in the European Commission’s legislative proposal on digital operational resilience go significantly beyond the harmonisation target, and that the principle of proportionality is no longer given real consideration. This means that the planned regulations would apply equally to all banks, with no differentiation.
- **We** advocate a clear legal basis, to comprehensively include national supervisory authorities in future supervision and supervisory practice, in the European Commission’s draft regulation on operational resilience. Only the national competent authorities are capable of adequately assessing individual circumstances and connections.
- **We** support the European Commission’s plan to establish a supervisory framework for critical ICT service providers, especially for major international cloud service providers. This framework should definitely be accompanied by supervisory relief for financial institutions, e.g. by the service providers’ clear obligation to provide proof that in rendering their services they are complying with all requirements.
Landesbanken and DekaBank

DekaBank
Deutsche Girozentrale
Total assets:
€85.5 billion
→ www.deka.de

Landesbank Baden-Württemberg
Total assets:
€276.4 billion
→ www.lbbw.de

Landesbank Saarland
Saarbrücken
Total assets:
€15.2 billion
→ www.saarlb.de

BayernLB
Total assets:
€256.3 billion
→ www.bayernlb.de

NORD/LB Norddeutsche Landesbank Girozentrale
Total assets:
€126.5 billion
→ www.nordlb.de

Landesbank Hessen-Thüringen Girozentrale
Total assets:
€219.3 billion
→ www.helaba.de

* Consolidated financial statements in accordance with the German Commercial Code (local GAAP – “HGB”).

Source: own representations
S&P Global Market Intelligence database: Consolidated financial statements (in accordance with IFRS) as at 31 December 2020;
Association of German Public Banks (Bundesverband Öffentlicher Banken Deutschlands, VÖB)
As at: April 2021
Development and promotional banks in Germany

1. Landesförderinstitut Mecklenburg-Vorpommern – Division of NORD/LB
   Total assets: €1.1 billion (2020)
   → www.lfi-mv.de

2. Investitionsbank des Landes Brandenburg
   Total assets: €14.3 billion (2020)
   → www.ilb.de

3. Sächsische Aufbaubank – Förderbank
   Total assets: €8.2 billion (2020)
   → www.sab.sachsen.de

4. Investitionsbank Schleswig-Holstein (IB.SH)
   Total assets: €21.3 billion (2020)
   → www.ib-sh.de

5. Hamburgische Investitions- und Förderbank
   Total assets: €6.0 billion (2020)
   → www.ifbhh.de

6. Bremer Aufbau-Bank GmbH
   Total assets: €1.0 billion (2020)
   → www.bab-bremen.de

7. Investitions- und Förderbank Niedersachsen – NBank
   Total assets: €4.9 billion (2020)
   → www.nbank.de

8. Investitionsbank Berlin
   Total assets: €19.5 billion (2020)
   → www.ibb.de

9. Investitionsbank Sachsen-Anhalt – Anstalt der NORD/LB
   Total assets: €1.7 billion (2020)
   → www.ib-sachsen-anhalt.de

10. LFA Förderbank Bayern
    Total assets: €23.1 billion (2020)
    → www.lfa.de

11. Bayerische Landesbodenkreditanstalt
    Total assets: €21.1 billion (2020)
    → www.bayernlabo.de

12. NRW.BANK
    Total assets: €155.8 billion (2020)
    → www.nrwbank.de

13. Investitions- und Strukturbank Rheinland-Pfalz (ISB)
    Total assets: €9.3 billion (2020)
    → www.isb.rlp.de

14. SIKB Saarländische Investitionskreditbank AG
    Total assets: €1.8 billion (2020)
    → www.sikb.de

15. L-Bank, Staatsbank für Baden-Württemberg
    Total assets: €86.8 billion (2020)
    → www.l-bank.de

16. Wirtschafts- und Infrastrukturbank Hessen – legally-dependent institution within Landesbank Hessen-Thüringen Girozentrale
    Total assets: €25.9 billion (2020)
    → www.wibank.de

17. Thüringer Aufbaubank
    Total assets: €3.5 billion (2020)
    → www.aufbaubank.de

Federal level
KfW Banking Group
Total assets: €546.4 billion (2020)
→ www.kfw.de

Landwirtschaftliche Rentenbank
Total assets: €95.3 billion (2020)
→ www.rentenbank.de

Source: Annual reports of the development and promotional banks, as published on the respective websites.
As at: April 2021
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