



Supporting the social economy

Alessandro Messina, CEO, Banca Etica, Italy



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Who we are



- Banca Etica is a cooperative bank operating in Italy since 1999 and Spain since 2014, owned by citizens and social organizations and inspired by the principles of ethical finance: transparency, participation, efficiency, awareness of the non-economic consequences of economic actions
- Banca Etica is independent from politics and economic-financial groups: the owners are 40.000 citizens and social organizations; 87 groups of active members in Italy and Spain guarantee local relationships on territories and contribute to the strategic orientations of the bank.
- The principle “one head, one vote” rules in the General Assembly that elects the main corporate bodies.
- With the collected savings Banca Etica provides loans exclusively to people and organizations with sustainable projects in the areas of social cooperation; social innovation; inclusion; environment; culture and quality of life; international cooperation; microfinance.
- Banca Etica is the only bank in Italy to publish online all the loans to organizations and enterprises.



What we do

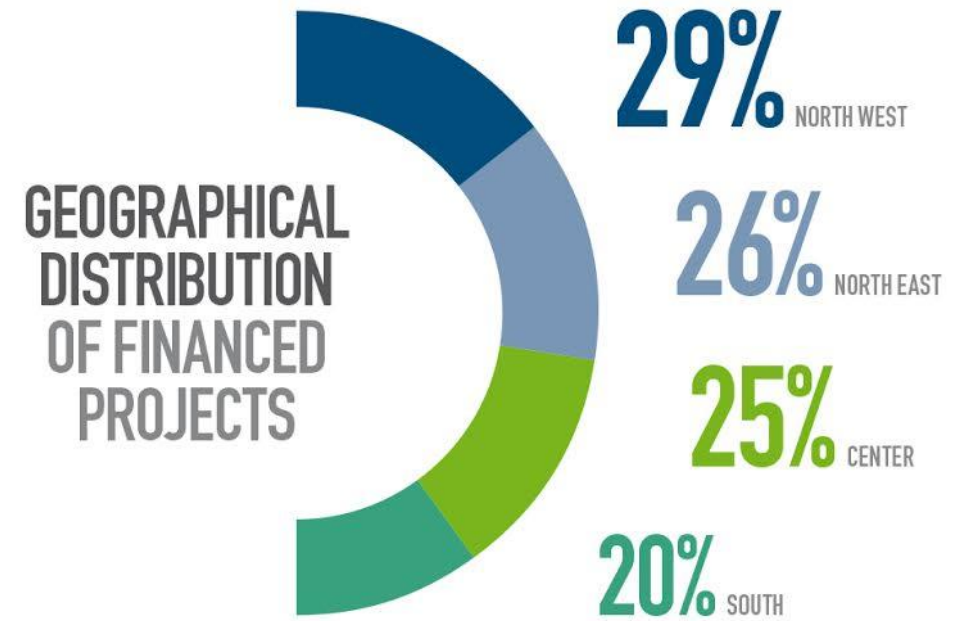
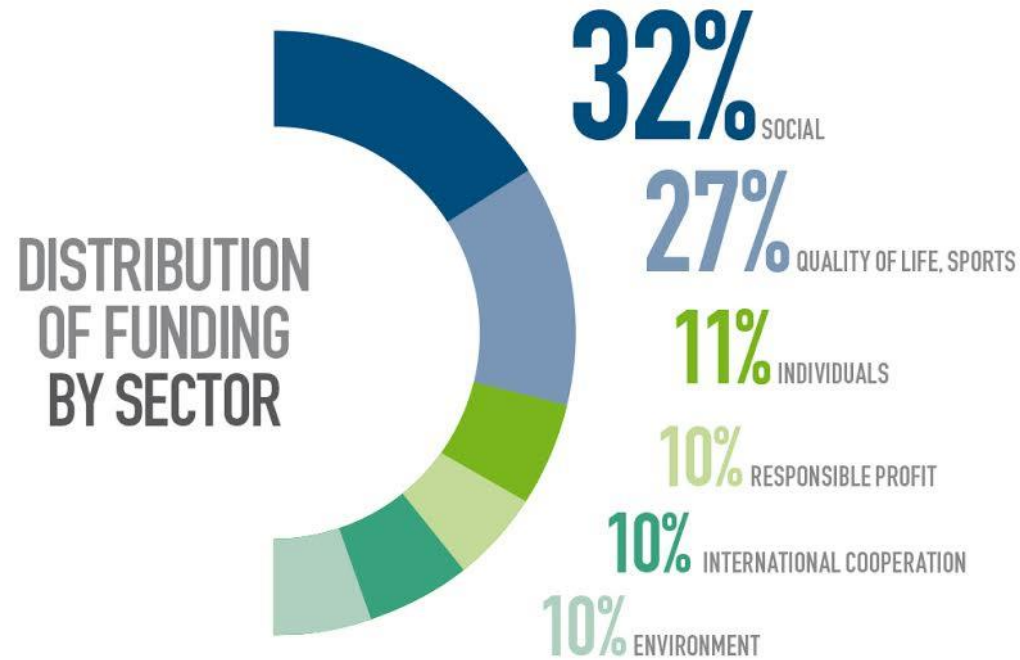


In our credit-policy the economic investigation is paired with a social and environmental assessment of the loan applicant. This evaluation is based on parameters such as: democratic participation, transparency, gender equity, respect for the environment and working conditions, ties of territorial proximity

- The ESG evaluation is carried out by the **Social Evaluator**, a volunteer member registered in a list of trained people.



Our fundings



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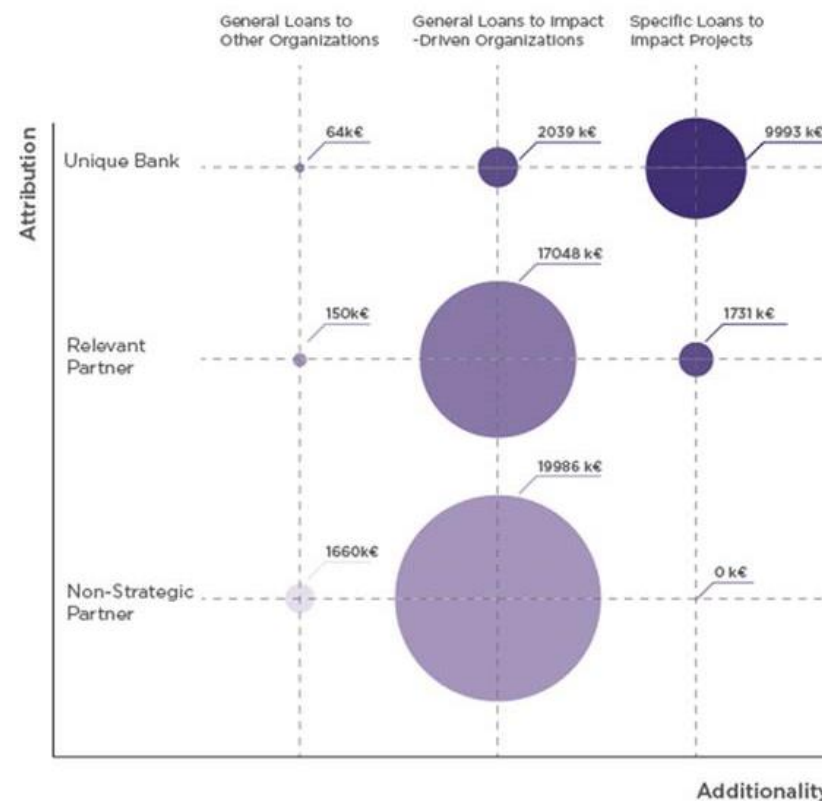


Social Impact

For Banca Etica's 15th birthday, ALTIS – postgraduate school for Business and Society of the Catholic University in Milan realized a research on the **social impact of our funding**. Some data:

50% of our borrowers had been previously rejected by the traditional banking system

82% of the borrowers said the loan obtained was a “**necessary condition**” to run their activity.



Detail with impact areas of a random sample of 5% of Banca Etica total portfolio, as of 31/12/2016. Impact increases from the lower left to the upper right

Source: A.Boem–Impact measurement for social banking: The case of Banca Etica-2017

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HOW DO WE DO THAT?

Banca Etica finance SE, green economy, international cooperation and culture



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FIGURES

SHARE CAPITAL	€ 63.704.000	updated on 30.06.2017
OWN FUNDS	€ 96.406.000	updated on 30.06.2017
CET.1	12,58%	
TOTAL CAPITAL RATIO	14,03%	
DEFAULT RATIO updated on 30.06.2017	4,53%	(average Italian Banking System 10,8% - ABI)
NET DEFAULT RATIO	0,94%	(average Italian Banking System 4,6% - ABI)
NUMBER OF MEMBERS	40.879	updated on 30.06.2017)
SAVINGS COLLECTION	€ 1.314.941.000	updated on 30.06.2017
LOANS APPROVED 30.06.2017	€ 1.026.578.000	updated on 30.06.2017
NUMBER OF LOANS	9.053	updated on 30.06.2017
NUMBER OF WORKERS	287	updated on 30.06.2017



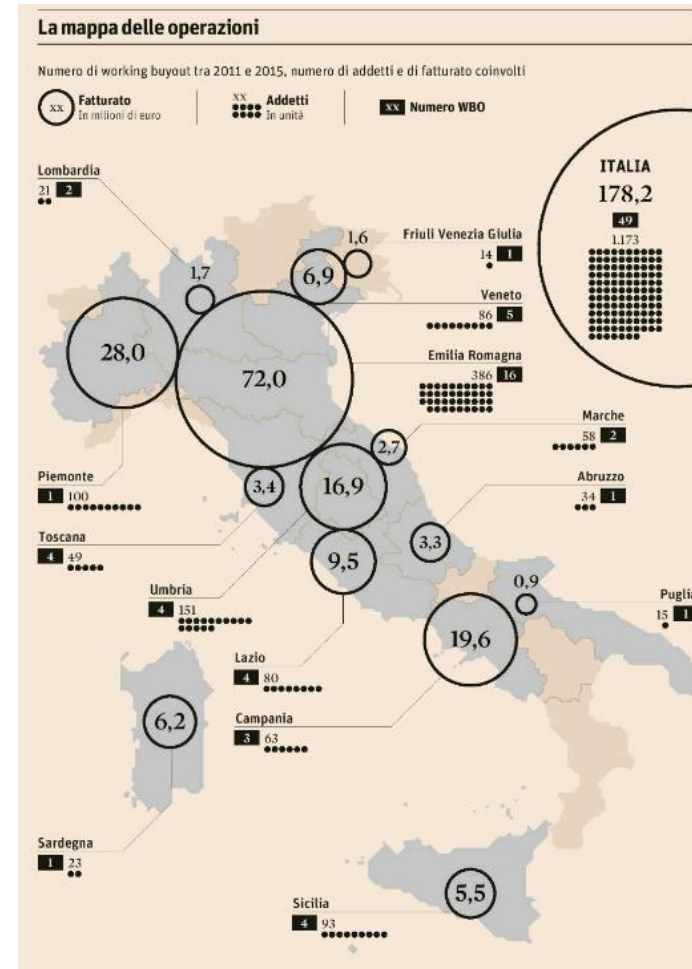
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BpE best practices WBO for employment

During the crisis we started to provide financial support to companies in bankruptcy: **WORKERS-BUY-OUT**

- 34 companies and 14,3 mln € loans approved
- 863 work places saved (march 2017)



BpE best practices Microfinance



Banca Etica's microfinance projects are for:

- **social security** (in support of vulnerable people)
- **entrepreneurship** (to create or consolidate social enterprises)

Since 2001 we financed, in Italy, **3.464 operations** for **23,6 millions €**

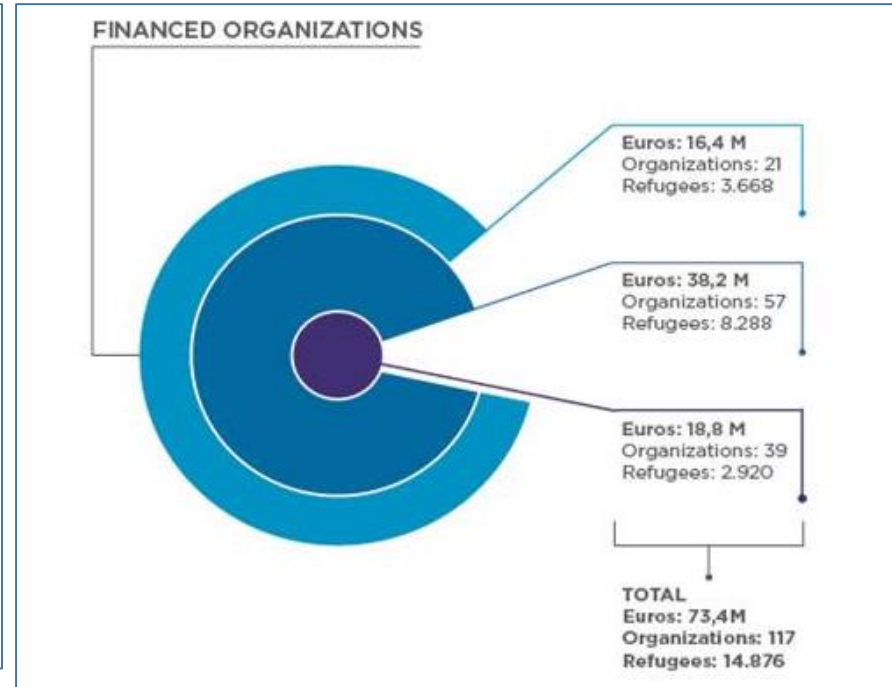
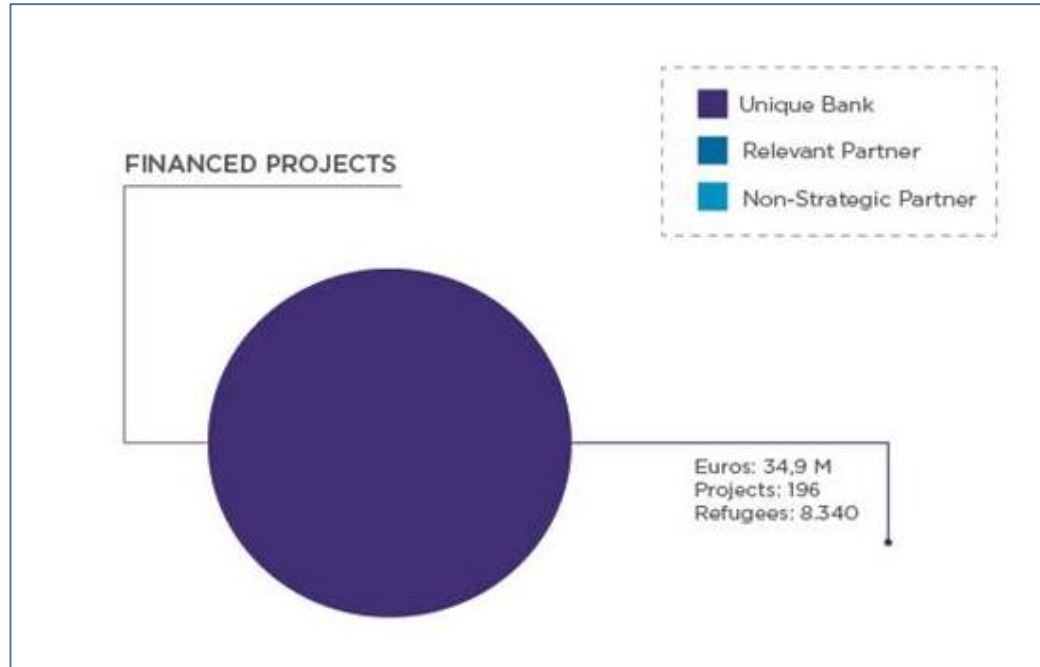
- social security 1.396 loans for 8,3 mln €
- entrepreneurship 2.068 loans for 15,5 mln €

In Europe, Latin America, Africa and Palestine **17.5 millions €** reaching more than **30.000 beneficiaries**

Microfinance projects are carried out in collaboration with local social networks to ensure tutoring to beneficiaries and a strong relationship between the bank and the borrowers.



BpE best practices Migrants and refugees



Financed projects are loans specifically destined to refugees' hospitality. Financed organizations are loans destined to organizations carrying refugees' hospitality, regardless their specific destination. Data refer to the whole Banca Etica portfolio, as of 31/12/2016

Source: A.Boem—Impact measurement for social banking: The case of Banca Etica-2017

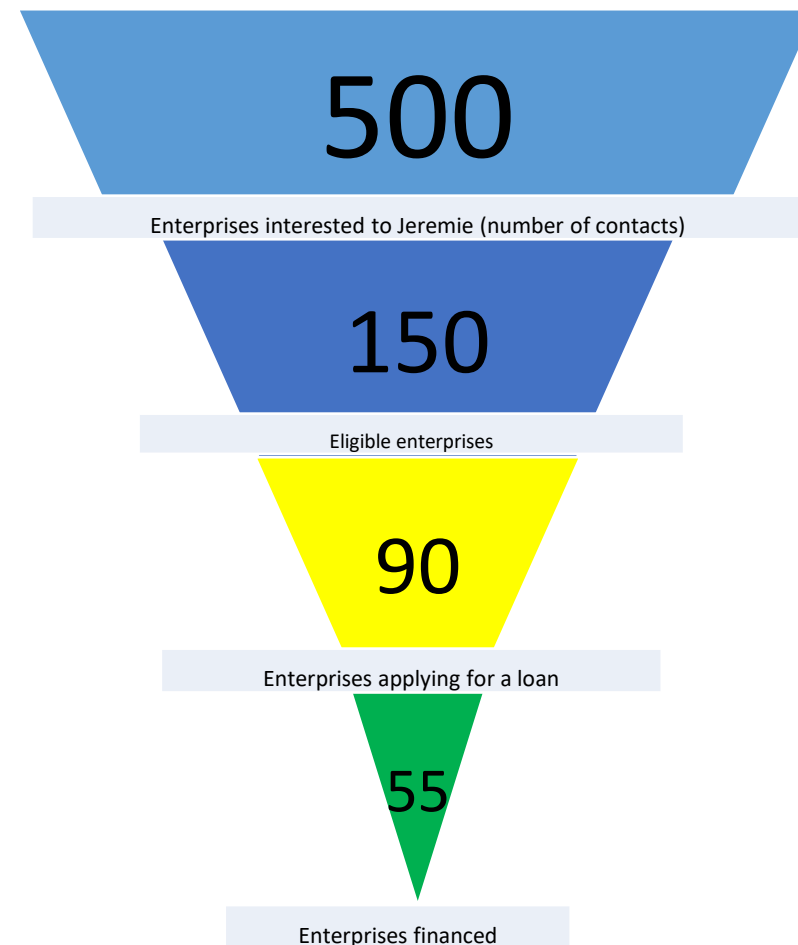


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BE & European Fund Jeremie Campania

Funded by	Regione Campania - Jeremie Holding Fund (JHF), from European Fund for Regional Development
Objectives	Promoting the development of micro and SMEs working in social fields, through a portfolio of financial resources characterized by favorable conditions.
Target group	Social enterprises: cooperatives, micro, small and medium enterprises
Type of loan	Managing of fund with favorable conditions: max € 250.000 (64% Jeremie, 0 interest rate + 36% Bank, cut rate).
Financed Enterprises	55
<i>of which startup</i>	10
Total Portfolio amount	6.270.000
<i>Sources by Jeremie (EFRD)</i>	4.013.000
Average entrepreneurship loan	114.000
Default (30.06.2017)	-
<i>Other informations (at the time of disboursign the loan)</i>	
Total of workers employed in funded enterprises	1.200
Total turnover of interprises financed	70.000.000



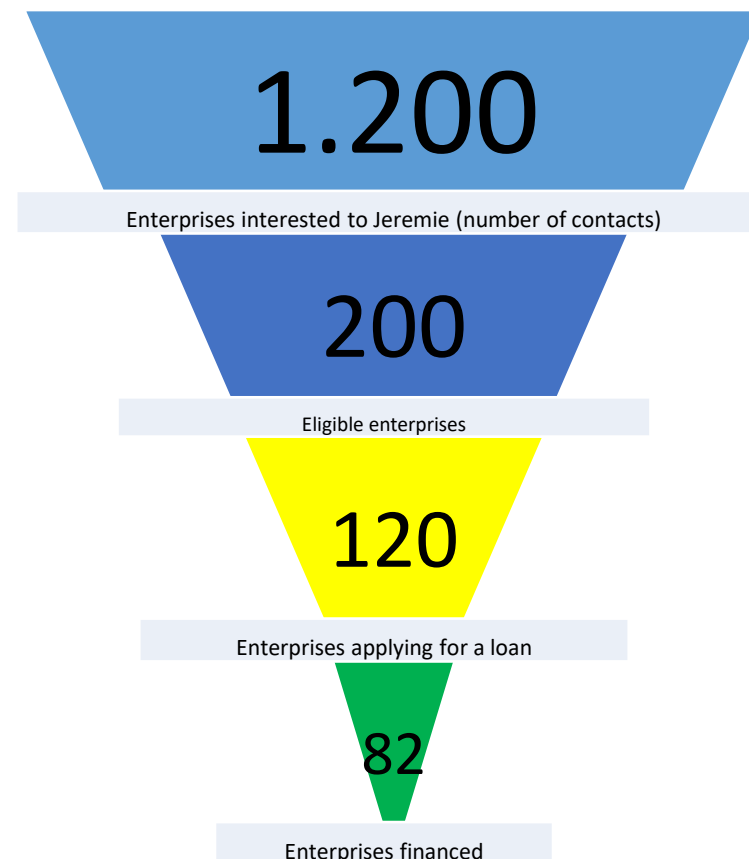
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BE & European Fund Jeremie Sicily

Funded by	Sicily Region - Jeremie Holding Fund (JHF), from European Social Fund
Objectives	Promoting the development of micro and SMEs working in social fields, through a portfolio of financial resources characterized by favorable conditions.
Target group	Social enterprises: cooperatives, micro, small and medium enterprises
Type of loan	Managing of fund with favorable conditions: max € 100.000 (58% Jeremie, 0 interest rate + 42% Bank, cut rate).

Financed Enterprises	82
<i>of which startup</i>	50
Total Portfolio amount	4.686.000
<i>Sources by Jeremie (ESF)</i>	2.718.000
Average entrepreneurship loan	57.000
Default (30.06.2017)	-
<i>Microenterprises financed</i>	24
<i>Microcredit Portfolio amount</i>	537.000
<i>Other informations (at the time of disboursign the loan)</i>	
Total of workers employed in funded enterprises	330
Total turnover of interprises financed	9.000.000



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BE & European Fund.. In the future?



Agreement Signed
EaSI Guarantee Social
Enterprises
3,2 mln guarante CAP
sources managed by EIF

Guarantee
Portfolio amount
40 mln

Loans Portfolio
amount
to generate
50 Mln

Social
Enterprises
financed
250 - 350



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International alliances

Banca Etica is member of:

- **Febea** – European Federation of Ethical and Alternative Banks (30 BLN € EURO LOANS)
- **Gabv** – Global Alliance for banking on values (110 BLN € LOANS)
- **EMN + MFC** (1.5 BLN € LOANS)



How to accelerate our social impact



Proposals – to do more and better our job :

- 1) Diversification of the financial system: values based/socially oriented Banks and Mfis are different - acknowledge the difference (see law n.232/2016 approved by the Italian Parliament on dec.7° 2016);
- 2) Support socially oriented Banking through capital requirements tailored to our low portfolio risk and high social impact (BE default ratio at 0.94%- 30.6.2017);
- 3) Supporting loan activity reinforcing Easi programme through portfolio guarantees and quasi equity instruments.



How to accelerate our impact

- Proposals - for the whole Banking System: all on board (**SOCIAL SUPPORTING FACTOR= 50% up to 3mln € loan**)!
- All Banks and Mfis which deal with these kind of loans should be supported: capital support, portfolio guarantees and reduced capital requirements for social and sustainable assets (in order to push all the financial institutions in a more inclusive loan activity, an opportunity for every European Citizen).



financial instruments revolving capacity building
 added value **ERDF** funding agreement **ESF** EU guidance
 governance technical support seminars leverage financial intermediaries microfinance
 co-financing **ESIF** case studies
 investments **fi-compass** final recipients
 business plan **Thank you** thematic objectives
 advisory services guarantees banks loans **EaSI** equity
 private investors life cycle combination of support
EAFRD conferences factsheets
 fund of funds **EMFF** investment strategy **CF**
 managing authorities manuals