



AN ETHICAL BANK

- A **cooperative bank** operating in **Italy** and in **Spain**
- Owned by a movement of citizens and social organizations
- Inspired by the principles of **Ethical Finance**:
 - transparency
 - participation
 - sobriety
 - efficiency
 - awareness of the non-economic consequences of economic actions
 - credit as a human right
- Pioneer in **ESG and Impact Investment Funds**



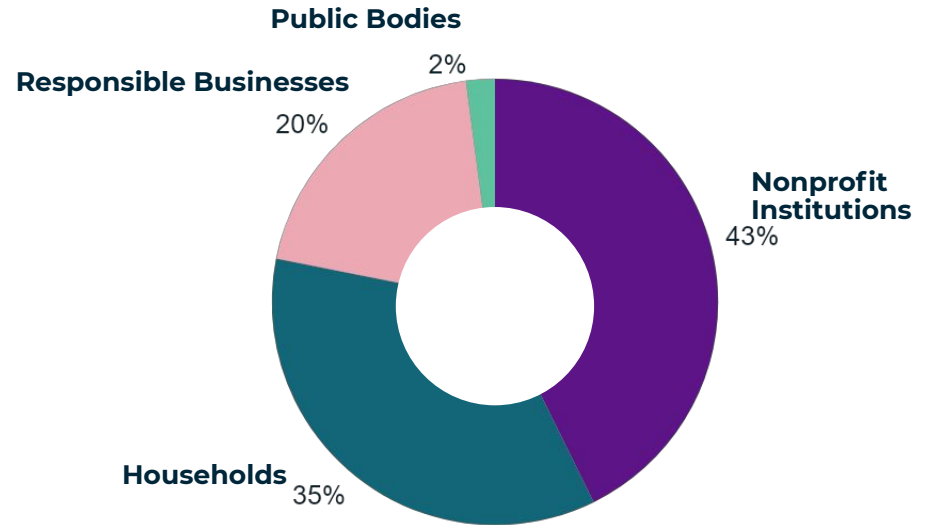


FOCUSED ON NONPROFIT AND IMPACT BUSINESS

Compared to its initial positioning, dated to the time it was established in March 1999, Banca Etica has no longer an exclusive focus on **Third Sector**; it has now also opened to so-called **Responsible Businesses** (organic agriculture, social innovation, innovative startups, etc.).

Furthermore, in the last few years, due to the financial crisis, there is also an increase of all financial services and credit activities dedicated to **individuals' financial inclusion**.

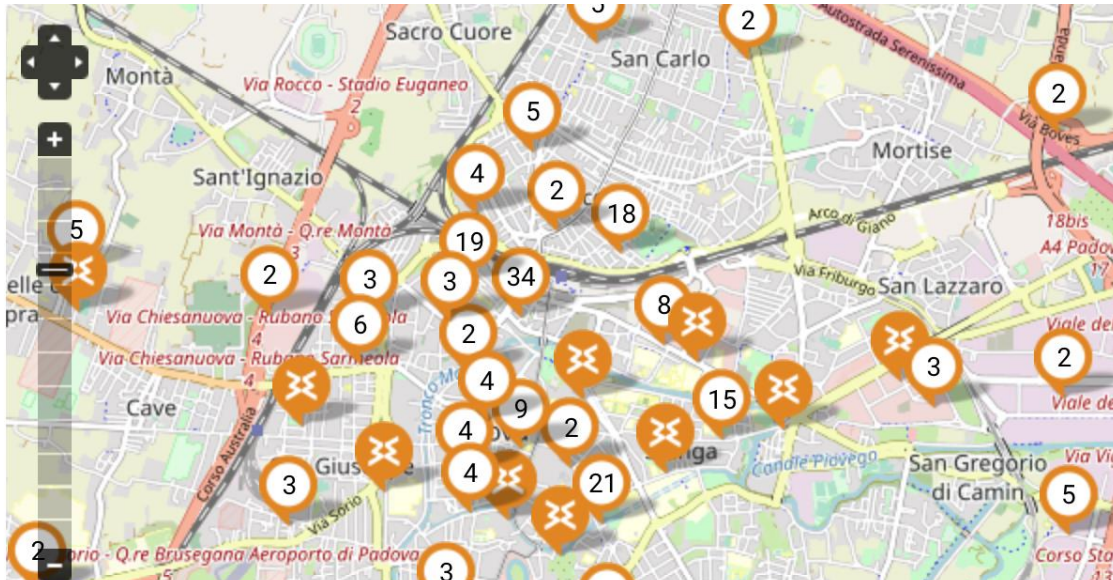
Loan Portfolio- June 2019





COMMITTED TO “REAL” TRANSPARENCY

- Banca Etica is one of the few financial institutions in the world **publishing on the web** all loans granted to business and nonprofit entities.
- Anyone can connect on website **www.bancaetica.it**, search for the data, and know more in details who, where, when and for how much we financed.



RICERCA LE REALTÀ FINANZIATE

Provincia (obbligatorio)

Settore

Tipo finanziamento

Ragione sociale



AN INTEGRATED IMPACT AND CREDIT ASSESSMENT

- Any credit risk assessment is conducted along a **social and environmental impact evaluation** of the borrower and the project submitted, of which the Bank is then accounting for. Such a process involves volunteer members who, properly trained, meet with applicant entities and assess them according to **environmental, social and governance criteria** (ESG).
- Such an Impact Evaluation is conducted by the Bank since its establishment.
- The assessment is carried out by mean of an on-line platform which allows interactions among clients, Bank's credit employees and the active members volunteering, properly trained for such a process.
- Just in 2018, Banca Etica has carried out **1,047 Impact Evaluations**.

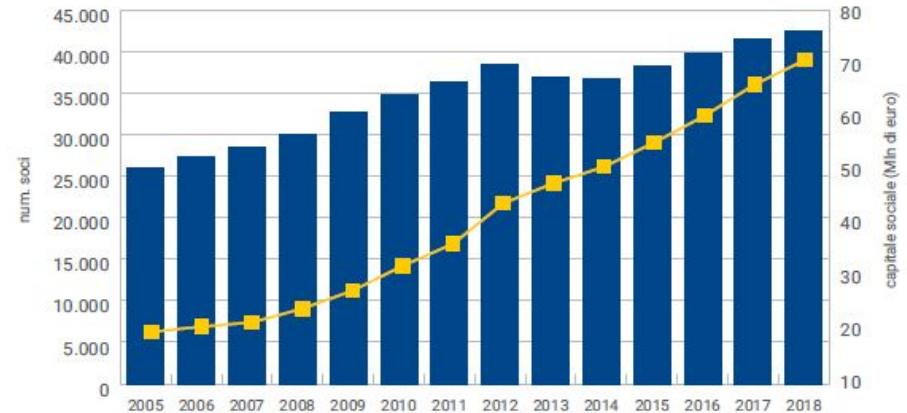


INCREASING MEMBERS AND SHARE CAPITAL

By the end of 2018, Banca Etica has **42,516 shareholders** (977 additional members compared to 2017), represented as follows:

- **16%** legal entities
- **84%** individuals

Banca Etica's totale **share capital** is **69,946,537.50 euro**, increased of 4,610,970 euro (**+6.59%**) compared to the end of 2017.

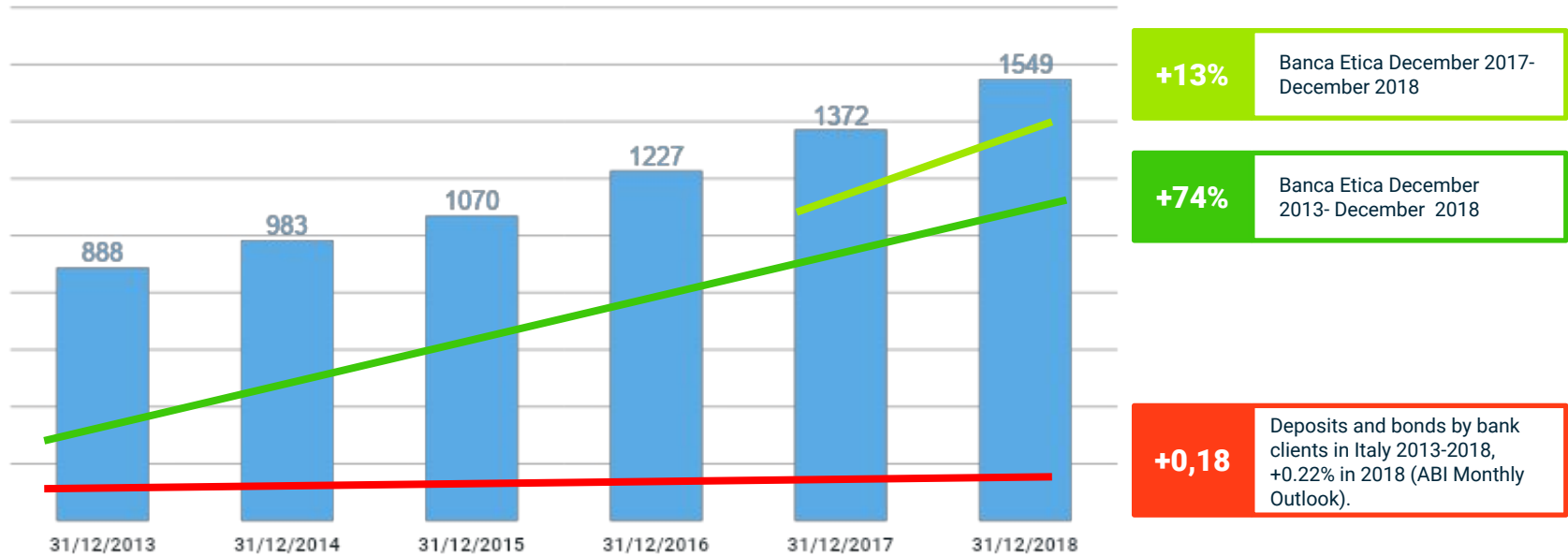


■ Share Capital

■ Members



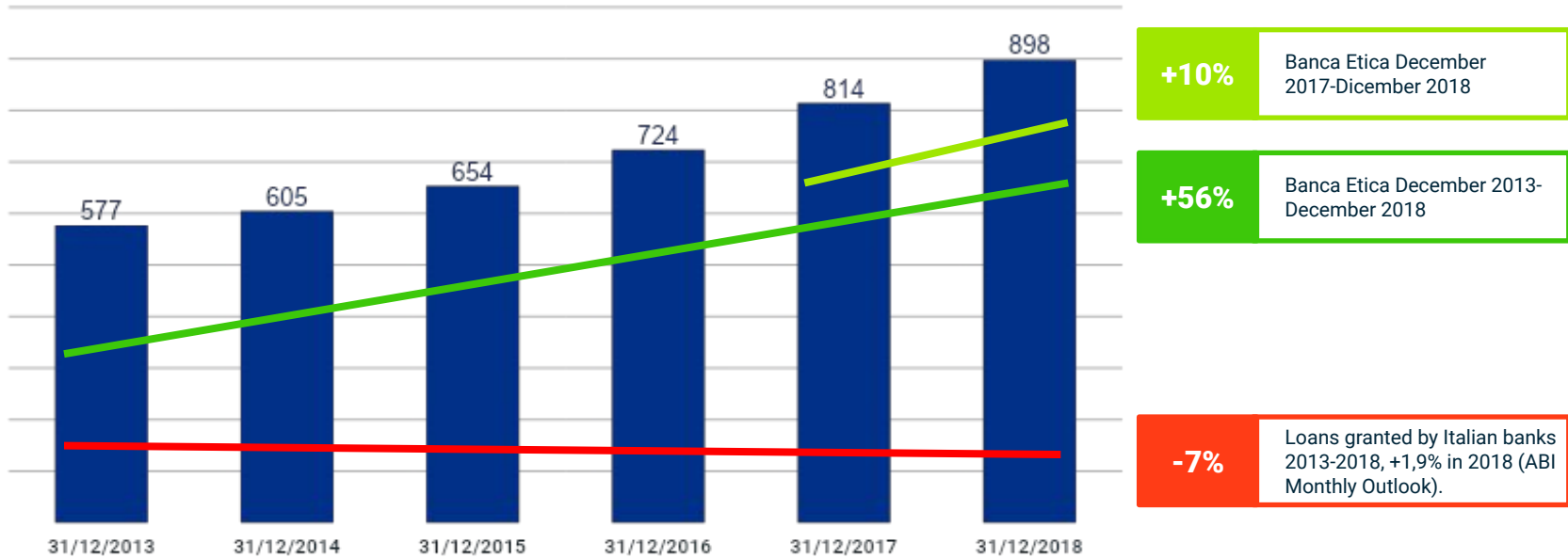
DEPOSITS AND SAVINGS TREND IN 2013-2018 (€, million)



Deposits and savings reached 1.549 billions euro, +13% (banking sector +0.18%, source: ABI Monthly Outlook): **growing by 74% from the end of 2013 to the end of 2018.** Total assets under management by ETICA SGR reached 594 millions euro, **increased by 4%** compared to December 31, 2017.



LOANS AND CREDITS TREND IN 2013-2018 (Net loans € million)

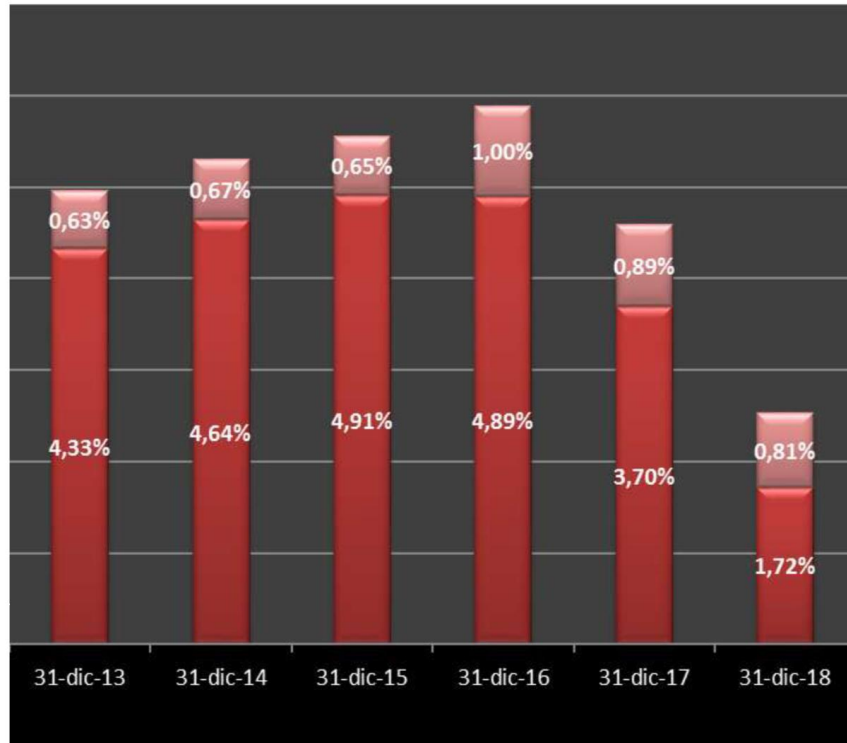


**Net loans and credits exceed 898 million euro +10% (banking sector +1.9%, source: ABI Monthly Outlook):
growing by 56% from the end of 2013 to the end of 2018.**

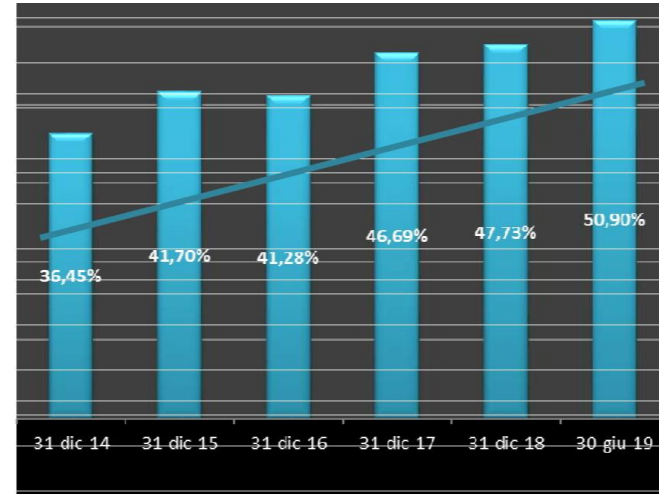


GOOD NPL QUALITY AND TRENDS (Net loans € million)

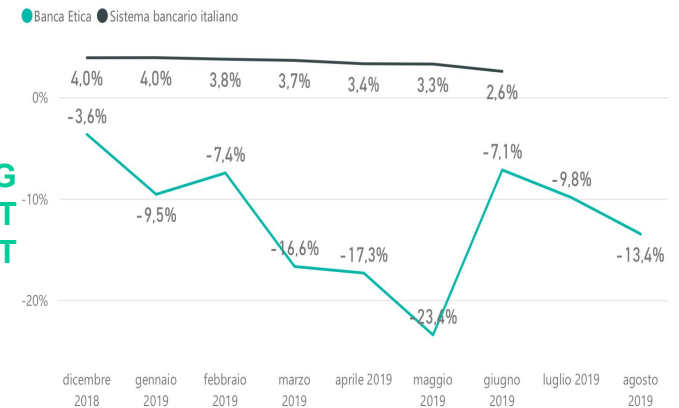
NET DEFAULT RATE
WELL BELOW THE MARKET AVERAGE



INCREASING
NPL
COVERAGE
RATIO

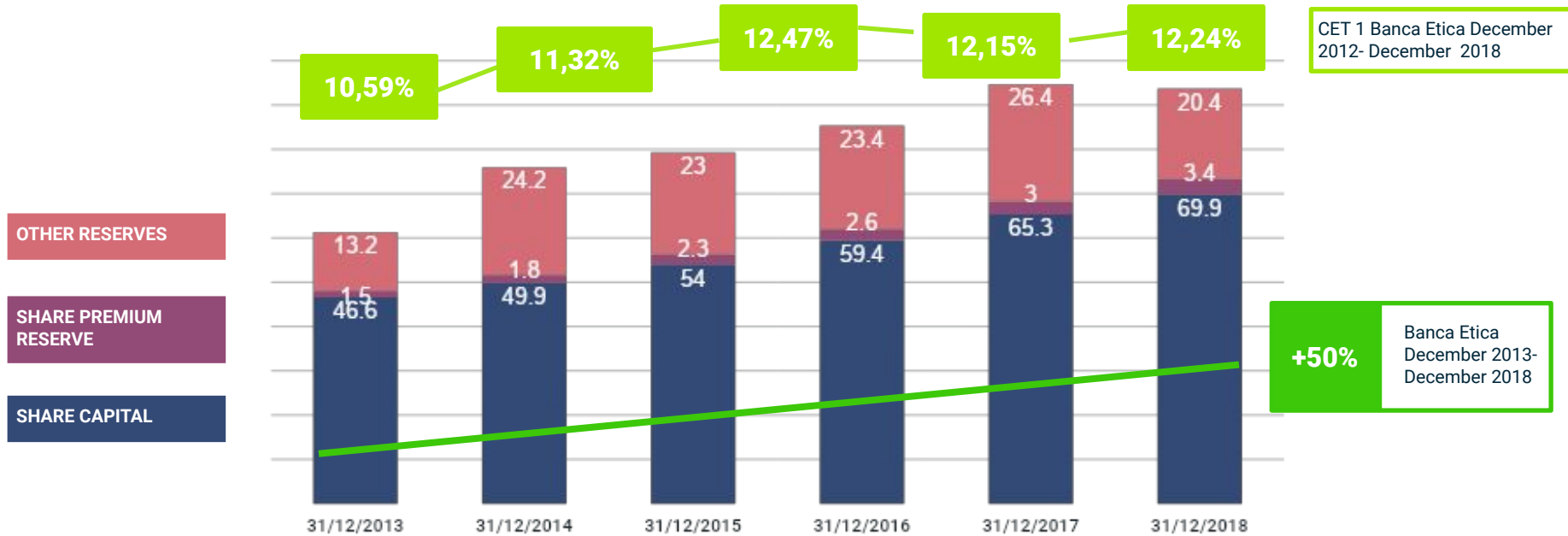


DECREASING
DEFAULT
AMOUNT





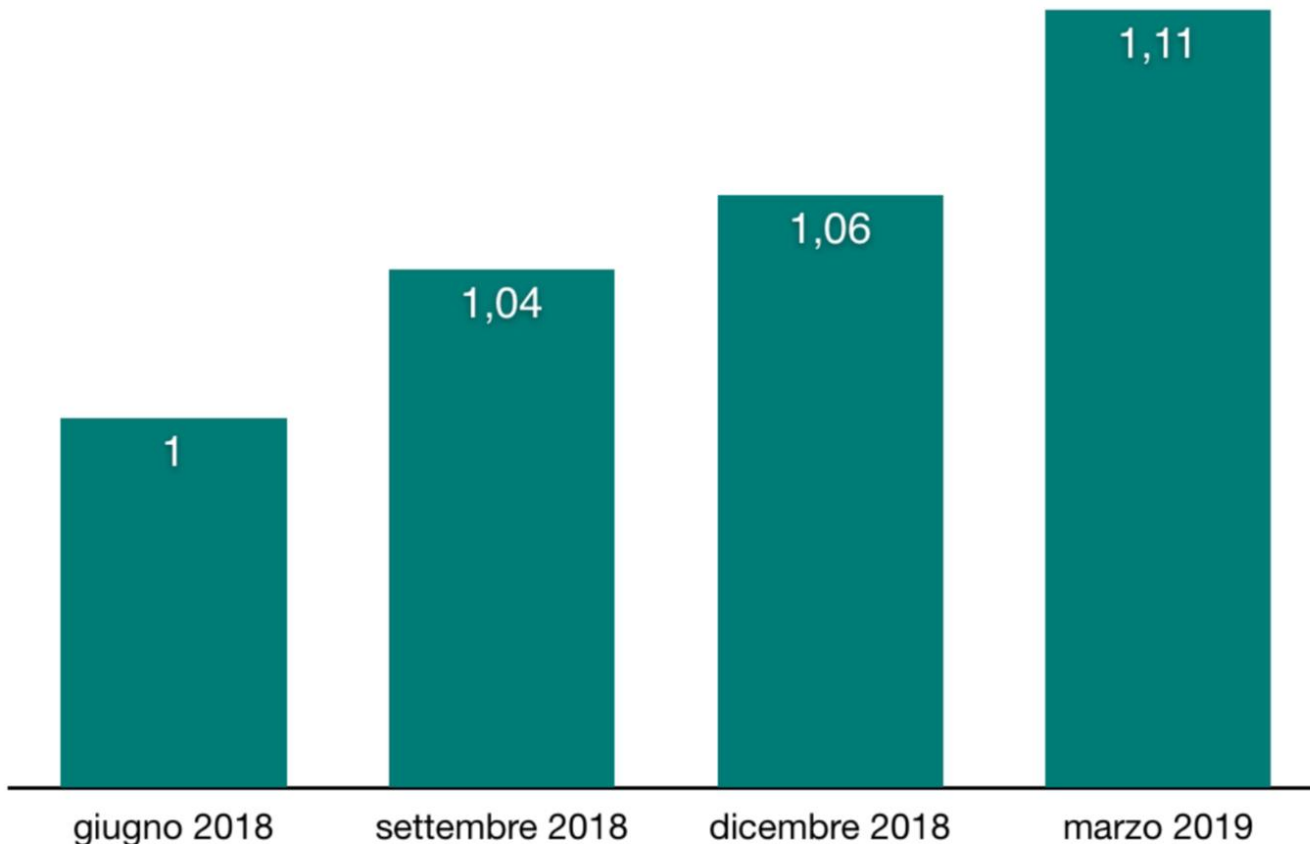
CAPITAL BASE TREND IN 2013-2018 (Net assets €, million and CET1)



Net total capital is 94 million euro, with a decrease of 0.7 million euro compared to December 31, 2017.
Share capital increased by 4.6 million euro. Other reserves were reduced by IFRS 9 adoption (Floor, credit impairments) and a fair value decrease of the financial portfolios by the end of 2018.



GROWING LOANS MARKET SHARE (compared to LSI)



Impieghi: quota Banca Etica nel mercato delle banche minori italiane



A STRONG ORIENTATION FOR DIGITAL INNOVATION



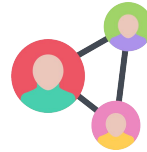
New on-line customer area fully operating (since May 2018)



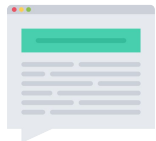
APP by Banca Etica (since Fall 2018)



credito.bancaetica.it for on-line loan requests and impact assessments (since March 2018)



www.sociinrete.it with with Satispay integration



Valori.it a web-based news platform for an independent information on finance and sustainability (since April 2018)



Crowdfunding partnership with *ProduzioniDalBasso*

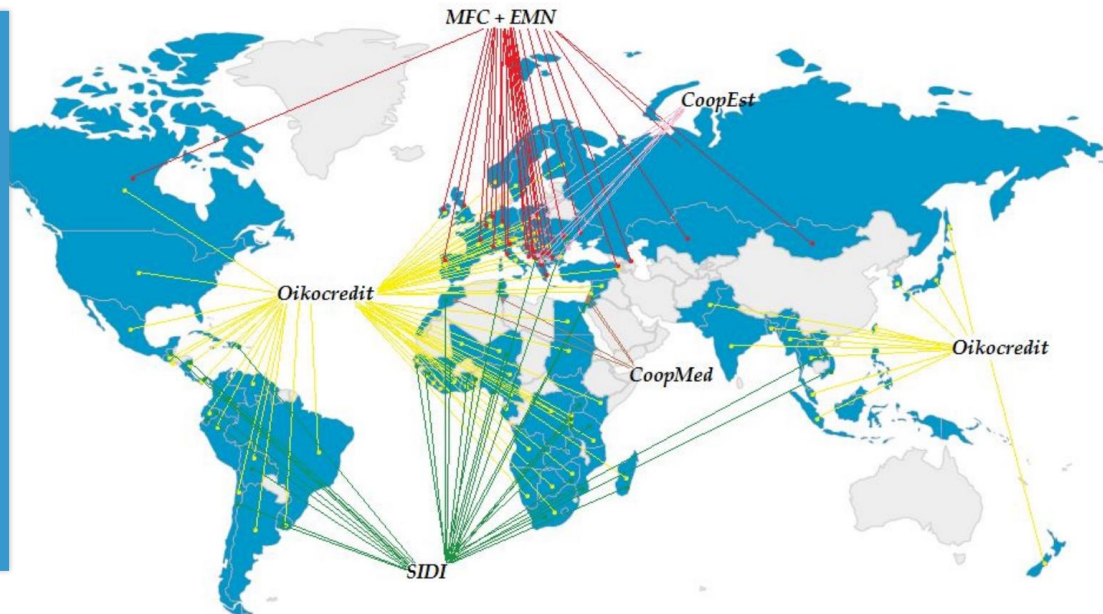
Equity crowdfunding with *StarsUp* and *Ecomill*



MICROFINANCE IN THE WORLD

Loans disbursed in order to provide support to Microfinance in the world are currently around 20 millions euro.

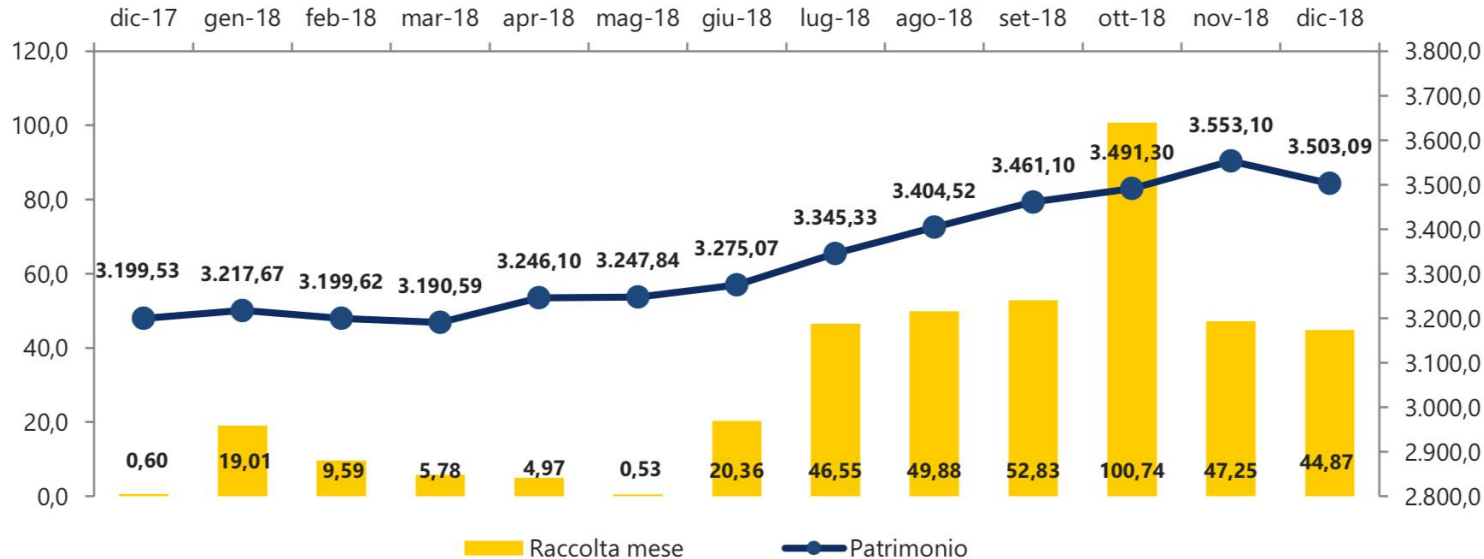
Through partnerships with 2 Impact Funds (CoopEst, CoopMed) and other strategic players of global microfinance (Sidi, Oikocredit, Acad, Reef Finance, Alterfin, Enda, BMS, just to name a few), Banca Etica indirectly reaches out about 56,000 beneficiaries globally.





ESG and IMPACT INVESTMENT FUNDS

Etica Sgr is the asset management company (4.1bln€ AUM, 243k clients) of Banca Etica Banking Group. Leader in the ESG/Impact/SRI Italian market it operates only ethical investment funds, which invest exclusively in listed securities of States and companies characterized by a high profile of social and environmental responsibility. Etica Sgr is going to enter the Spanish and European markets.





Etica Sgr

Impact report 2018

Main results



-70%

Average emissions per million euros of revenues of the firms in the Etica Sgr fund portfolios compared with the benchmark



+49%

The number of companies in the Etica Sgr fund portfolios that have set themselves emissions reduction targets compared with the benchmark

1,689



The average number of jobs created by firms in Etica Sgr portfolios over the past year

118

The number of satisfactory responses from firms during the engagement phase



109

Number of dialogue meetings with companies



Over **270** requests made to companies by Etica Sgr





www.bancaetica.it