

# Banca Popolare Etica, Italia

## SOCIAL RATING <sup>S</sup> A

Good sustainable performance management and client protection systems. Sustainability goals likely to be achieved.



Social Rating Committee jun-19 Previous SR: A- April 2018

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## SOCIAL RATING RATIONALE

### SOCIAL

### PERFORMANCE MANAGEMENT SYSTEM

Ownership, BoD and managers of Banca Etica show a high level of commitment to the institutional mission. The risk of intentional deviation from the mission is absent. The social objectives are included and adequately described in the strategic planning documents. However, a better definition of the social indicators would allow a more accurate measurement of the bank's social performance and the achievement of the established objectives. Staff training and appraisal systems are consistent with the mission.

### CLIENT PROTECTION AND SOCIAL RESPONSIBILITY

Staff turnover is very low, the contractual and remunerative conditions are good, as well as the training offer. The performance of Banca Etica in terms of client protection is high, especially regarding the adequacy of the services to the target clients' needs and the transparency of the cost structure of the offer. Debt collection practices are respectful with the clients. The policies and tools to prevent client over-indebtedness are appropriate. The social responsibility towards the environment and the community is very high, with constant monitoring of the direct and indirect impact of the bank.

### OUTREACH

The size of the bank is medium-small, growing in the last three years, with a geographical presence in 13 of the 20 Italian regions. The profile of the credit clients is consistent with the mission as the majority of clients are physical persons, while the corporate clients are mainly micro and small no-profit organizations and cooperatives.

### QUALITY OF THE SERVICES

The bank has a wide range of products and services. The loan products respond to the needs of the target customers, including specific segments and specific short-term needs. The branch network is still limited, not always guaranteeing an adequate proximity of the service. The quality of the service and the relationship with the client are competitive advantages for Banca Etica. Investigations of the reasons for client drop-out (closing current accounts) could be improved.

Institutional data		Dec-18	Social indicators		Dec-18
Active borrowers		9.251	Agriculture, loans		2%
Active savers		61.577	Female clients		45%
Gross portfolio, €		824.327.126	Female staff		45%
Total active savings, €		1.210.809.346	Female staff in management		12%
Branches		18	Average disbursed loan amount, €		105.394
Total staff		285	Clients at third loan cycle		na
Legal form		Bank	Loans in > third cycle		na
		Cooperative Bank	Average loan balance / GNI pc		327%
Inception	1999	Network ABI	Average saving balance, €		19.663
Area		Urban and rural	Client drop-out ratio		na
Credit methodology		Individual	NPL		6,1%
Financial services		Credit, savings, insurance, soc. sec.	Staff turn-over ratio		3%
Non fin. services		-	Average annual percentage rate (APR)		5%
Coverage		Italy and Spain	Average transparency index		91
			Growth in active borrowers		2%

See annex 2 and 4 for more details.

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## Social Rating Scale

Grade	Definition
<sup>s</sup> AA	Excellent sustainable performance management and client protection systems. High likelihood of achieving the sustainability goals.
<sup>s</sup> A	Good sustainable performance management and client protection systems. Sustainability goals likely to be achieved.
<sup>s</sup> BB	Adequate sustainable performance management and client protection systems. Satisfactory alignment to the sustainability goals.
<sup>s</sup> B	Moderate sustainable performance management and client protection systems. Partial alignment to the sustainability goals.
<sup>s</sup> C	Weak sustainable performance management and client protection systems. Medium environmental and social risk.
<sup>s</sup> D	Poor sustainable performance management and client protection systems. Environmental and social risks.

The modifiers “+” and “-” which can be added to the rating grade indicate small relative differences within each rating category.

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