global alliance for banking on values

# Real Economy – Real Returns
# The Power of Sustainability-focused Banking
## 2015

Research Report

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A sustainable real economy[1] requires enterprises and individuals that put people before profit, focusing their resources on initiatives that deliver economic resiliency, environmental regeneration and social empowerment for the communities and people they serve. Banking and financial institutions are uniquely positioned to provide critical financial products and services needed to support enterprises and individuals in these initiatives.

Following the 2008 financial crisis, banks that put people before profit have gained recognition and are growing in strength and number. Whether called regenerative banking, ethical banking, values-based banking or sustainable banking; a growing number of banking institutions are reassessing their role in supporting the delivery of social, economic and environmental impact. We call these banking institutions sustainability-focused banks. This approach is more than corporate social responsibility or charitable giving. It is banks embracing a viable model that strategically take a longer term view of profit and prosperity. For sustainability-focused banks, profit is a result of sustaining and growing the real economy and healthy communities, not an end goal.

Sustainability-focused banks are growing in strength and number because they focus on serving real human needs in the real economy. They do this by providing the capital, deposits, and cash payment services required by enterprises and individuals living and operating in the real economy.

The importance of a real economy focus as well as tangible economic growth (as opposed to growth resulting from speculative banking or financial practices) is highlighted by research from the Bank for International Settlements (BIS) released in February 2015[2]. The research cautions us about 'the negative relationship between the rate of growth of the financial sector and the rate of growth of total factor productivity', and notes 'where skilled labour works in finance, the financial sector grows more quickly at the expense of the real economy.'

Since the financial crisis seven years ago, a group of sustainability-focused banks (all members of the Global Alliance for Banking on Values (GABV)[3]), have demonstrated that a focus on the real economy dedicated to supporting economic, social and environmental impact delivers steady financial returns. They operate in numerous markets, serve diverse needs, use distinct business models but share a foundation of common guidelines; the Principles of Sustainable Banking[4]. They are growing because they provide demand-driven economically viable banking alternatives that create a more diverse financial ecosystem.

In 2014 sustainability-focused banks continue to show that serving the real economy delivers better financial returns than those shown by the largest banks in the world. These sustainability-focused banks address the very real needs of enterprises and individuals within their communities for banking services, especially credit. The success of their banking approach is verified by independent research[5]. There is also increased evidence of the support for sustainability-focused banking from regulation in developing markets such as Peru and Nigeria and elsewhere.[6]

### Why isn't all banking done this way?

The data is clear: making the business case for sustainability-focused banking compelling. So why aren't all banks adopting this model? The reasons are many, ranging from: inertia and the power of the status quo; a lack of courage by banking executives and shareholders in changing course; limited awareness of the data that reports like this provide.

However, there is growing recognition of the need for a change in how banks behave and operate[7] that over time should result in the growth of sustainability-focused banks within the overall financial ecosystem.

## Research Outline

The GABV research comparing the results of sustainability-focused banks (SFBs) with Global Systemically Important Financial Institutions (GSIFIs)[8,9] focuses on the following key questions:

- What support does a bank provide to the real economy?
- How resilient is a bank in the face of economic challenges?
- What returns does a bank provide to society, clients and investors?
- What growth does a bank achieve to expand its impact?

This report provides a fifth update of that research and incorporates financial results through the end of 2014. The GABV research is based on publicly available financial information. Initial research released in March 2012 was based on financial information through the end of 2010.

What is most striking is the data consistency over the years proving the business case for investing in SFBs that serve the real economy, and the business case for banking institutions that operate in accordance with the Principles of Sustainable Banking.

## Results – Financial Perspective

Publicly available financial information does not currently provide a clear distinction between bank activities in the real economy, in contrast to the financial economy. Furthermore there is limited disclosure of non-balance sheet activities that could be relevant. Therefore this research uses lending and deposit information as a proxy for the distinction between the real and the financial economy activities of banking institutions.

The degree to which a banking institution finances the real economy is evident from the portion of assets on its balance sheet devoted to lending. As a group, the difference between SFBs and GSIFIs in the research is striking. For SFBs the level of lending is nearly double that of GSIFIs. And it remains core to their activity with just over 75% of their balance sheets devoted to lending compared to just under 40% of the balance sheets of GSFIs in 2015.

### Chart 1. Loans to Total Assets

| Loans/Total Assets | 2014 | 2011 | 2008 | 2005 |
|---|---|---|---|---|
| SFBs | 75.2% | 77.0% | 75.7% | 73.0% |
| GSIFIs | 39.6% | 39.4% | 39.8% | 41.8% |

In addition to the focus on lending, SFBs rely much more on client deposits to fund their balance sheets in comparison with GSIFIs. This focus on deposit taking is another example of their focus on real needs of individuals and enterprises and the real economy. Furthermore this reliance on customer deposits reduces the liquidity risk of their funding strategies while returning to the roots of banking that intermediated between clients with excess capital and those in need of capital for productive investments.

### Chart 2. Deposits to Total Assets

| Deposits/Assets | 2014 | 2011 | 2008 | 2005 |
|---|---|---|---|---|
| SFBs | 78.0% | 76.0% | 71.6% | 73.9% |
| GSIFIs | 49.0% | 46.1% | 43.6% | 45.1% |

SFBs also maintained strong capital positions, relative to GSIFIs, especially when measured as a comparison of Equity/Total Assets ratios. At the same time, high levels of capital did not reduce their appetite to lend, challenging claims by some larger banking institutions that higher capital requirements lead to less lending.

SFBs did not show higher levels of capital than GSIFIs relative to risk-based capital measures[10]. However, the ratios for GSIFIs were significantly impacted by the relatively low level of Risk Weighted Assets (RWA) compared to total assets, as calculated by their risk models. There is an ongoing discussion as to whether these calculated levels of RWAs fully capture the risks for which capital is required[11]. Therefore the strength of the Equity/Total Assets ratios of SFBs positions them well for challenging economic conditions.

**Chart 3. Capital Comparisons**

| **Equity/Total Assets** | **2014** | **2011** | **2008** | **2005** |
|---|---|---|---|---|
| SFBs | 7.9% | 8.0% | 7.3% | 6.4% |
| GSIFIs | 6.9% | 6.1% | 5.0% | 4.9% |
| **Tier 1 Ratio** | | | | |
| SFBs | 12.7% | 12.1% | 11.3% | 11.5% |
| GSIFIs | 12.7% | 12.4% | 10.2% | 8.3% |
| **RWA/Total Assets** | | | | |
| SFBs | 61.8% | 62.9% | 60.7% | 53.2% |
| GSIFIs | 44.5% | 40.3% | 42.2% | 49.2% |

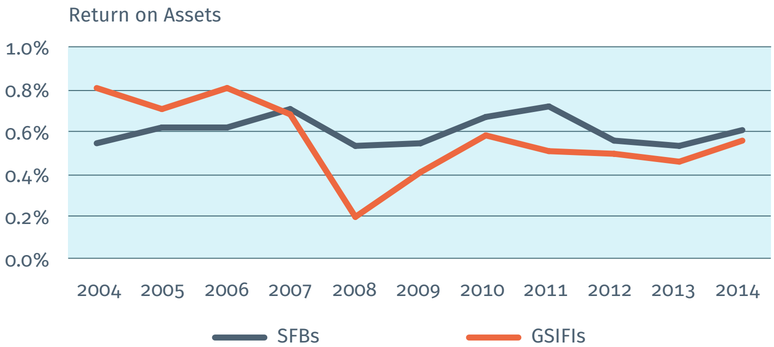
SFBs have historically stable Returns on Assets (ROA), although prior to the crisis at levels below those reported by GSIFIs. However, the SFBs provided resilient financial returns better than GSIFIs over the last ten years, with lower levels of volatility. As noted in earlier reports this result challenges the prevailing assumptions of many investors that SFBs would deliver lower returns than larger banks that have a focus on maximising financial returns.

Relative to Returns on Equity (ROE) GSIFIs performed better, on average, over the last ten years albeit with more volatility. However, post-crisis returns for SFBs are higher than those of GSIFIs, and with less volatility. In addition, a lower level of Equity/Assets for GSIFIs means that a portion of GSIFIs' returns is due to greater leverage; implying greater risk. Investors and others assessing the Return on Equity should expect higher returns for GSIFIs given both the higher degree of leverage and the greater volatility of the returns.

It is of interest that there are new sources of stress on the financial returns for GSIFIs and other large global financial institutions. The costs related to legal and compliance issues have consistently grown over several years. The CCP Research Foundation estimates that these costs exceed GBP 205 billion for the period between 2010 and 2014.[12] The vast majority of these costs were incurred by GSIFIs.

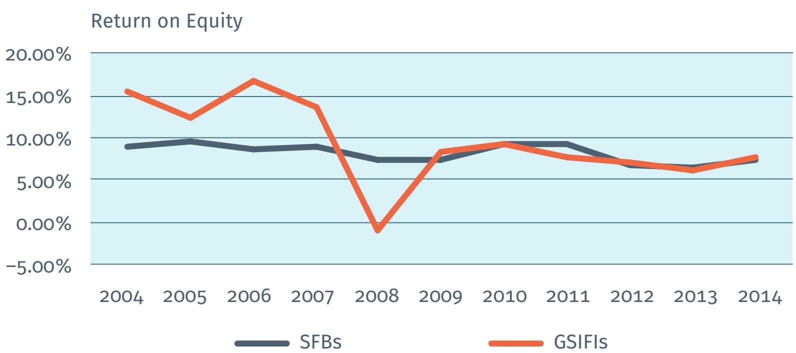
The issue of growth further demonstrates marked differences between the two groups. SFBs had much higher growth in Loans, Deposits, Assets and Equity compared to GSIFIs over time especially since the crisis began. Total Income has also grown faster over both time periods for SFBs, although the difference in growth rates for Total Income is less between the two groups.

## Chart 4. ROA and ROE Comparisons




| | 5 years (2010–2014) | |
|---|---|---|
| **RoA** | **Average** | **St. Dev.** |
| SFBs | 0.60% | 0.17% |
| GSIFIs | 0.50% | 0.18% |

| | 10 years (2005–2014) | |
|---|---|---|
| **RoA** | **Average** | **St. Dev.** |
| SFBs | 0.63% | 0.24% |
| GSIFIs | 0.52% | 0.38% |




| | 5 years (2010–2014) | |
|---|---|---|
| **RoE** | **Average** | **St. Dev.** |
| SFBs | 7.9% | 2.3% |
| GSIFIs | 7.7% | 2.9% |

| | 10 years (2005–2014) | |
|---|---|---|
| **RoE** | **Average** | **St. Dev.** |
| SFBs | 8.4% | 2.8% |
| GSIFIs | 8.9% | 8.7% |

## Chart 5. Growth (two time periods)

| | 2010–2014 | 2005–2014 |
|---|---|---|
| **Loans** | | |
| SFBs | 12.2% | 12.4% |
| GSIFIs | 5.4% | 7.5% |
| **Deposits** | | |
| SFBs | 12.0% | 12.4% |
| GSIFIs | 5.9% | 8.7% |
| **Assets** | | |
| SFBs | 11.8% | 11.7% |
| GSIFIs | 3.5% | 7.6% |
| **Equity** | | |
| SFBs | 12.0% | 13.3% |
| GSIFIs | 7.3% | 10.9% |
| **Total Income** | | |
| SFBs | 9.1% | 9.5% |
| GSIFIs | 6.8% | 5.7% |

## European Challenges

The research has been extended to specifically make a comparison in the European market[13]. There are eight SFBs and 14 GSIFIs based in Europe[14]. Comparing these two groups operating with similar market conditions further highlights the strength of the sustainability-focused banking model. As shown in the global comparison, SFBs in Europe show significantly higher levels of finance for the real economy, stronger levels of equity capital, and better levels of Return on Assets. They also delivered significantly stronger levels of growth over the cycle, especially post-2008 when the crisis became evident.

The challenges facing European GSIFIs and their ability to meet the needs of the European real economy is further illustrated by comparison with US GSIFIs. Although comparisons are complicated by differences in accounting rules, especially relating to derivative portfolios, the relative strength and improvement in the capital position of US GSIFIs, as well as their higher levels of profitability, provide US GSIFIs with a better basis for addressing the economic challenges facing the US through support of the real economy.

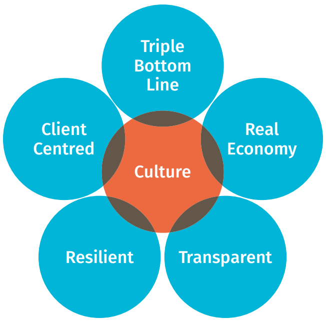
## Conclusions

Sustainability-focused banks continue to demonstrate the ability to deliver steady risk-adjusted financial returns by focusing on the real economy, and acting as financial intermediaries dedicated to supporting economic, social and environmental impact while anchored by strong capital positions. These banking institutions operate in numerous markets, serving diverse needs, using distinct business models but they are united by a set of common guidelines, the Principles of Sustainable Banking. These banks are growing in size and number because they are meeting the needs of individuals and enterprises in the communities where they live and operate.

The banking ecosystem will be strengthened as a result of the growth of financial institutions operating in accordance with the Principles of Sustainable Banking. Systemic strength and lower risk to depositors and deposit guaranty programs will come from the resilient and positive performance of these banks. These banks deliver shared economic, social and environmental value to multiple stakeholders including society, clients, co-workers and investors.

# Why isn’t all banking done this way?

## Appendix 1: Principles of Sustainable Banking




The Global Alliance for Banking on Values (GABV) principles of sustainable finance and sustainable banking are intended to describe fundamental pillars of sustainable banking:

1. Triple bottom line approach at the heart of the business model
2. Grounded in communities, serving the real economy and enabling new business models to meet the needs of both
3. Long-term relationships with clients and a direct understanding of their economic activities and the risks involved
4. Long-term, self-sustaining, and resilient to outside disruptions
5. Transparent and inclusive governance
6. All of these principles embedded in the culture of the bank

## Amplified principles/guidelines

**Principle 1. Triple bottom line approach at the heart of the business model**
Sustainable banks integrate this approach by focusing simultaneously on people, planet and prosperity. Products and services are designed and developed to meet the needs of people and safeguard the environment; generating reasonable profit is recognized as an essential requirement of sustainable banking but is not a stand-alone objective. Importantly, sustainable banks embrace an intentional approach to triple-bottom-line business—they don't just avoid doing harm, they actively use finance to do good.

**Principle 2. Grounded in communities, serving the real economy and enabling new business models to meet the needs of both**
Sustainable banks serve the communities in which they work. They meet the financial needs of these geographic and sector-based communities by financing sustainable enterprise in productive economies.

**Principle 3. Long-term relationships with clients and a direct understanding of their economic activities and the risks involved**
Sustainable banks establish strong relationships with their clients and are directly involved in understanding and analysing their economic activities and assisting them to become more sustainable themselves. Proper risk analysis is used at product origination so that indirect risk management tools are neither adopted as a substitute for fundamental analysis nor traded for their own sake.

**Principle 4. Long-term, self-sustaining, and resilient to outside disruptions**
Sustainable banks adopt a long-term perspective to make sure they can maintain their operations and be resilient in the face of external disruptions. At the same time they recognize that no bank, or its clients, is entirely immune to such disruptions.

**Principle 5. Transparent and inclusive governance**
Sustainable banks maintain a high degree of transparency and inclusiveness in governance and reporting. In this context, inclusiveness means an active relationship with a bank's extended stakeholder community, and not only its shareholders or management.

**Principle 6. All of these principles embedded in the culture of the bank**
Sustainable banks seek to embed these principles in the culture of their institutions so that they are routinely used in decision-making at all levels. Recognizing that the process of embedding these values requires deliberate effort, these banks develop human resources policies that reflect their values-based approach (including innovative incentive and evaluation systems for staff), and develop stakeholder-oriented practices to encourage sustainable business models. These banks also have specific reporting frameworks to demonstrate their financial and non-financial impact.

# Appendix 2: Listing of Peer Groups as of 31 December 2014

## Global Systemically Important Financial Institutions[15]

1. Bank of America
2. Bank of China
3. Bank of New York Mellon
4. Banque Populaire CdE
5. Barclays
6. BBVA
7. BNP Paribas
8. Citigroup
9. Credit Suisse
10. Deutsche Bank
11. Goldman Sachs
12. Group Crédit Agricole
13. HSBC
14. Industrial and Commercial Bank of China
15. ING Bank
16. JP Morgan Chase
17. Mitsubishi UFJ FG
18. Mizuho FG
19. Morgan Stanley
20. Nordea
21. Royal Bank of Scotland
22. Santander
23. Société Générale
24. Standard Chartered
25. State Street
26. Sumitomo Mitsui FG
27. UBS
28. Unicredit Group
29. Wells Fargo

## Sustainability Focused Banks[16]

1. Affinity Credit Union
2. Alternative Bank Schweiz
3. Assiniboine Credit Union
4. Banca Popolare Etica
5. BancoFie
6. BancoSol
7. Bank Australia
8. Beneficial State Bank**
9. BRAC Bank
10. Centenary Bank**
11. Clean Energy Development Bank**
12. Group Crédit Coopératif
13. Cultura Bank
14. Ecological Building Society
15. First Green Bank**
16. GLS Bank
17. Merkur Cooperative Bank
18. Mibanco
19. New Resource Bank**
20. SAC Apoyo Integral
21. Sunrise Community Banks
22. Triodos Bank
23. Vancity
24. Vision Banco**
25. XacBank

** These banks did not have financial history for the full time period covered, primarily due to the fact that they were de novo institutions. They were included in the returns analysis after four years of operations and for all years for other ratios.

# Appendix 3: Financial Comparisons

## All Banks

| | 2014 | | 2011 | | 2008 | | 2005 | |
|---|---|---|---|---|---|---|---|---|
| | SFBs | GSIFIs | SFBs | GSIFIs | SFBs | GSIFIs | SFBs | GSIFIs |
| **Real Economy** | | | | | | | | |
| Loans/Assets | 75.2% | 39.6% | 77.0% | 39.4% | 75.7% | 39.8% | 73.0% | 41.8% |
| Deposits/Assets | 78.0% | 49.0% | 76.0% | 46.1% | 71.6% | 43.6% | 73.9% | 45.1% |
| **Capital Strength** | | | | | | | | |
| Equity/Assets | 7.9% | 6.9% | 8.0% | 6.1% | 7.3% | 5.0% | 6.4% | 4.9% |
| Tier 1 Ratio | 12.7% | 12.7% | 12.1% | 12.4% | 11.3% | 10.2% | 11.5% | 8.3% |
| RWAs/Total Assets | 61.8% | 44.5% | 62.9% | 40.3% | 42.2% | 42.2% | 53.2% | 49.2% |

| | 5 years (2010–2014) | | 10 years (2005–2014) | |
|---|---|---|---|---|
| | SFBs | GSIFIs | SFBs | GSIFIs |
| **Financial Returns and Volatility** | | | | |
| Return on Assets | 0.60% | 0.50% | 0.63% | 0.52% |
| Return on Assets – Standard Deviation | 0.17% | 0.18% | 0.24% | 0.38% |
| Return on Equity | 7.9% | 7.7% | 8.4% | 8.9% |
| Return on Equity – Standard Deviation | 2.3% | 2.9% | 2.8% | 8.7% |

| | 5 years (2010–2014) | | 10 years (2005–2014) | |
|---|---|---|---|---|
| | SFBs | GSIFIs | SFBs | GSIFIs |
| **Compound Annual Growth Rates** | | | | |
| Loans | 12.2% | 5.4% | 12.4% | 7.5% |
| Deposits | 12.0% | 5.9% | 12.4% | 8.7% |
| Assets | 11.8% | 3.5% | 11.7% | 7.6% |
| Equity | 12.0% | 7.3% | 13.3% | 10.9% |
| Total Income | 9.1% | 6.8% | 9.5% | 5.7% |

## European/US Banks Comparison

| | 2014 | | | 2011 | | | 2008 | | | 2005 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | European SFBs | European GSIFIs | US GSIFIs | European SFBs | European GSIFIs | US GSIFIs | European SFBs | European GSIFIs | US GSIFIs | European SFBs | European GSIFIs | US GSIFIs |
| **Real Economy** | | | | | | | | | | | | |
| Loans/Assets | 71.7% | 44.2% | 27.5% | 76.4% | 43.8% | 27.3% | 70.3% | 42.5% | 29.4% | 65.0% | 43.6% | 32.0% |
| Deposits/Assets | 72.6% | 39.1% | 52.7% | 69.6% | 34.4% | 49.7% | 63.6% | 30.3% | 46.5% | 61.5% | 34.0% | 44.2% |
| **Capital Strength** | | | | | | | | | | | | |
| Equity/Assets | 8.4% | 5.6% | 9.5% | 9.2% | 4.7% | 9.2% | 8.4% | 3.5% | 8.0% | 7.1% | 4.0% | 6.9% |
| Tier 1 Ratio | 12.4% | 12.4% | 12.7% | 11.7% | 12.0% | 14.0% | 11.1% | 8.5% | 12.7% | 10.0% | 7.7% | 6.9% |
| RWAs/Total Assets | 68.8% | 30.5% | 58.9% | 72.0% | 32.8% | 49.4% | 69.1% | 32.3% | 53.8% | 67.7% | 37.8% | 51.3% |

| | 5 years (2010–2014) | | | 10 years (2005–2014) | | |
|---|---|---|---|---|---|---|
| | European SFBs | European GSIFIs | US GSIFIs | European SFBs | European GSIFIs | US GSIFIs |
| **Financial Returns and Volatility** | | | | | | |
| Return on Assets | 0.32% | 0.23% | 0.72% | 0.35% | 0.33% | 0.75% |
| Return on Assets – Standard Deviation | 0.11% | 0.21% | 0.18% | 0.16% | 0.35% | 0.44% |
| Return on Equity | 3.5% | 4.8% | 7.9% | 4.1% | 7.3% | 9.5% |
| Return on Equity – Standard Deviation | 1.3% | 4.0% | 1.7% | 2.0% | 9.1% | 6.4% |

| | 5 years (2010–2014) | | | 10 years (2005–2014) | | |
|---|---|---|---|---|---|---|
| | European SFBs | European GSIFIs | US GSIFIs | European SFBs | European GSIFIs | US GSIFIs |
| **Compound Annual Growth Rates** | | | | | | |
| Loans | 11.6% | 0.3% | 11.8% | 13.3% | 6.0% | 9.0% |
| Deposits | 12.2% | 3.1% | 9.3% | 13.4% | 6.2% | 12.5% |
| Assets | 11.7% | 0.3% | 5.1% | 12.3% | 5.8% | 8.6% |
| Equity | 10.6% | 4.0% | 6.6% | 14.5% | 8.9% | 11.7% |
| Total Income | 8.8% | −2.0% | 1.6% | 11.1% | 2.8% | 6.5% |

## Developing Market SFBs

| | 2014 | 2011 | 2008 | 2005 |
|---|---|---|---|---|
| **Real Economy** | | | | |
| Loans/Assets | 67.6% | 71.0% | 74.8% | 74.1% |
| Deposits/Assets | 66.8% | 70.7% | 67.9% | 62.3% |
| | | | | |
| **Capital Strength** | | | | |
| Equity/Assets | 9.4% | 9.8% | 9.1% | 11.5% |
| Tier 1 Ratio | 11.5% | 10.0% | 7.7% | 7.1% |
| RWAs/Total Assets | 73.6% | 81.0% | 77.3% | 73.0% |

| | 5 years (2010–2014) | 10 years (2005–2014) |
|---|---|---|
| **Financial Returns and Volatility** | | |
| Return on Assets | 1.78% | 2.04% |
| Return on Assets – Standard Deviation | 0.39% | 0.58% |
| | | |
| Return on Equity | 19.6% | 21.5% |
| Return on Equity – Standard Deviation | 3.9% | 5.7% |

| | 5 years (2010–2014) | 10 years (2005–2014) |
|---|---|---|
| **Compound Annual Growth Rates** | | |
| Loans | 24.0% | 27.2% |
| Deposits | 22.9% | 27.6% |
| Assets | 24.3% | 27.2% |
| Equity | 23.8% | 25.6% |
| Total Income | 22.9% | 24.0% |

## Footnotes

1. The real economy relates to economic activities that generate goods and services as opposed to a financial economy that is concerned exclusively with activities in the financial markets.
2. BIS Working Papers No 490: Why does financial sector growth crowd out real economic growth? by Stephen G. Cecchetti and Enisse Kharroubi, Monetary and Economic Department February 2015. Full paper available at: www.bis.org/publ/work490.pdf
3. More information on the GABV can be found at its website: www.gabv.org
4. Principles of Sustainable Banking (Appendix 1). www.gabv.org/about-us/our-principles
5. Growth for Good or Good for Growth: How Sustainable and Inclusive Activities are Changing Business and Why Companies Aren't Changing Enough produced by CitiFoundation, The Fletcher School, and the Monitor Institute (http://www.citifoundation.com/citi/foundation/pdf/1221365_Citi_Foundation_Sustainable_Inclusive_Business_Study_Web.pdf).
   Banking on Shared Value: How Banks Profit by Rethinking Their Business published by FSG (http://www.fsg.org/publications/banking-shared-value?srpush=true).
6. International Finance Corporation Sustainable Banking Guidance (http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Partnerships/Sustainable+Banking+Network/SB+Guidance+from+SBN+Members/).
   Central Bank of Nigeria Principles of Sustainable Banking (www.cenbank.org/out/2012/ccd/circular-nsbp.pdf)
7. John Gapper, Other Peoples Money; Luigi Zingales, Does Finance Benefit Society (faculty.chicagobooth.edu/luigi.zingales/papers/research/Finance.pdf)
8. Learn more at the Financial Stability website (www.financialstabilityboard.org)
9. Listing of Sustainability Focused Banks and GSIFI Peer Groups can be found in Appendix 2.
10. Due to changes in capital regulation over the full time period, Tier 1 Ratios and RWAs/Total Assets Ratios are not meaningful for the full cycle and in the pre-crisis period.
11. The Dog and the Frisbee; Andrew Haldane, Executive Director Financial Stability, Bank of England, delivered to the Federal Reserve Bank of Kansas City Economic Policy Symposium; Jackson Hole, Wyoming, 31 August 2012 (http://www.bankofengland.co.uk/publications/Pages/speeches/2012/596.aspx). Back to Basics: A Better Alternative to Basel Capital Rules; Thomas M. Hoenig, Director, Federal Deposit Insurance Corporation, delivered to The American Banker Regulatory Symposium; Washington, D.C., 14 September 2012 (https://www.fdic.gov/news/news/speeches/chairman/spsep1412_2.html).
12. Learn more from CCP Research Foundation (conductcosts.ccpresearchfoundation.com/conduct-costs-results)
13. Although it was not possible to make a comparison, an analysis of the performance of nine sustainability focused banks in developing markets provides useful insight into the strength of this banking model for those markets (Appendix 3).
14. Full comparison details of European SFBs and European and US GSIFIs (Appendix 3).
15. This list is defined and published by the Financial Stability Board (www.financialstabilityboard.org).
    Banks in orange were included in the European comparison.
16. SFBs were defined to include all banks that were members of the Global Alliance for Banking on Values as of 31 December 2014.
    Banks in orange were included in the European comparison. Banks in blue were included in the developing markets analysis. Given the variation in size of these banks all ratios are collected as a weighted average based on the US Dollar assets as of year end for each year of the analysis.

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The primary author of the report is David Korslund, Senior Advisor to the GABV (David.Korslund@gabv.org). Extensive analytical and other support was provided by Inès Bou-Abdallah, and Radek Halamka (GABV Interns). This initiative was supported by extensive input and guidance from GABV members for which the author is very grateful. Input and challenge from Laurie Spengler, President – Enclude, on the research and its consequences for banking has been invaluable. All conclusions and any errors remain the responsibility of the author.

## About the GABV
Founded in 2009, the Global Alliance for Banking on Values (GABV) is an independent network of banks and banking cooperatives with a shared mission to use finance to deliver sustainable economic, social and environmental development. The Global Alliance comprises 27 financial institutions operating in countries across Asia, Africa, Australia, Latin America, North America and Europe; serving 20 million customers; holding up to USD 100 billion of combined assets under management; and powered by a network of 30,000 co-workers.

**More information?**

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