# Table of Contents

A message from Peter Blom, Chair ................................................................. 3  
A message from Dr Marcos Egiguere, GABV Executive Director .................. 4  
What is GABV? ......................................................................................... 5  
Essence of the Movement .......................................................................... 6  
Time for Focus ......................................................................................... 6  
Time To Begin Building A Global Brand ................................................... 6  
Governance .............................................................................................. 7  
Members .................................................................................................... 10  
Membership Criteria .................................................................................. 10  
Our new member banks ............................................................................ 13  
Strategic objectives ................................................................................... 14  
Business Development .............................................................................. 16  
Profile development .................................................................................. 18  
  #BankingOnValues Campaign ................................................................. 21  
  Media profile ......................................................................................... 21  
  Building Banking on Values Radio Show ................................................. 21  
  Events ..................................................................................................... 22  
  Headlines and Highlights ...................................................................... 22  
  Partnership development ........................................................................ 23  
Network and Services Development ......................................................... 24  
  2016 Annual meeting in Amsterdam ....................................................... 24  
  Communities of Practice ...................................................................... 24  
    Governing Board ................................................................................ 25  
    Human Development ......................................................................... 26  
    Impact Metrics ................................................................................... 28  
    Marketing and Communications ......................................................... 29  
    Risk and Control ............................................................................... 30  
  Regional Chapters ................................................................................... 31  
    European Chapter ............................................................................ 31  
    North American Chapter .................................................................. 33  
    Latin American Chapter ................................................................... 34  
Overall Development (Research, Scorecard, knowledge sharing) ............. 35  
  Research ................................................................................................ 35  
  Knowledge Management ...................................................................... 36  
  Financial Capital .................................................................................. 37  
  SFRE .................................................................................................... 37  
  Scorecard ............................................................................................. 37  
GABV Secretariat ...................................................................................... 39  
Financial Overview .................................................................................... 41  
Outlook 2017 ............................................................................................ 50
A message from Peter Blom, Chair

In a world of growing inequality, threatened by all forms of uncertainty, it makes more sense than ever that the GABV lives by its ambition to positively change the financial paradigm that has dominated our economies for decades. The Global Alliance for Banking on Values endures as a mutual commitment between like-minded CEOs who are committed to leading their banks according to the Six Principles of Sustainable Banking.

Let us not underestimate the power of finance and banking to provide a fresh response to a world full of uncertainties and fundamental challenges. We can no longer afford a financial system that puts profit before people, especially one that fails to be inclusive of the communities it serves. Clients are more than short term profit generators. Our client relationships are at the heart of our work to sustain current and future generations who are already asked to adapt and evolve and 'be resilient' in ways --e.g., through climate change, human migration and technological shifts --that we are only beginning to realise.

It is clear that if we commit to it, we can make use of our ‘financial power’ in positive ways. We can uphold the principles of sustainable banking, we can deliberately put people before profit and we can promote, through banking, a more sustainable and fair economy. There is no doubt that the challenges ahead are vast. It is not enough that each of us practice ‘banking on values’, we have to become more influential together. We must raise our ambitions and be more forward looking. If we are to have impact and become a stronger movement, we will also need to be more visible and live with its consequences. Our collective voice must bring a fresh message: "We are Banks that want to contribute to a change in the financial system - a system that must evolve beyond self-interest. To do this, we will need to visibly and transparently align our words and actions across our banks.

The last year has been a remarkable year for the GABV. We are proud to welcome a host of impressive new members and supporting partners. Our updated GABV 2020 strategy is already helping us build momentum and set the pace for years to come.

We welcome you to our Annual Meeting in Kathmandu graciously hosted this year by our colleagues at NMB Bank. The theme: “Shifting the Financial Paradigm: Courage to Act Together” makes a clear statement of our provocative intent. We very much look forward to seeing you for a few intense and productive days in the spiritual centre of the Buddhist and Hindu traditions of South Asia and the Himalayas. Bring your walking shoes!

On behalf of the Board of Directors of the Global Alliance for Banking on Values, I thank you for your commitment to this shared journey.
A message from Dr Marcos Eguiguren, Executive Director

We have finished 2016 with much growth in the size of our network, both in the number of members and supporting partners. Thirty-nine GABV Member Banks and four Supporting Partners are now forming this movement of systemic change makers. Yet, the GABV is not only growing but also, step-by-step, attracting the attention of many others: multilateral and other financial institutions, regulators, media and the public in general.

We have also worked in many other areas, setting the first cornerstones of the GABV2020 strategy and making progress in programmes and initiatives. We have made changes at the Secretariat, which is now restructured to better face the challenges ahead and deliver more and better services to members.

A great Annual Meeting in Amsterdam, hosted by Triodos Bank, another successful international #BankingOnValues day and the graduation of the first GABV Leadership Academy generation, are amongst many achievements this past year. It was especially gratifying to see the growing ambition and willingness to coordinate actions during 2016 by the different Regional Chapters (Europe, Latin America and North America).

We will keep on growing in 2017, adding more diversity to our membership, because growth is not a whim. If we really want to achieve our purpose and contribute to a positive change in the world of finance, we must expand the voice and strength of our movement. We have to work on identifying banks around the world that are also banking on values or who are very close to us and welcome them to our Global Alliance.

The values-based banking discussion should revolve both around what we should do to face the challenges coming from outside our banks (through regulation or by fintech disruptors, for example), but also on reinforcing our core role as bankers who are devoted to changing the economy and the communities we serve in a positive way. In 2017 we will keep working in the areas in which we can better align our efforts to achieve our collective purpose while creating value for each individual member.

At our next Annual Meeting in March 2017 in Kathmandu, Nepal, we will focus on the way we all create and support new systemic realities by practising values-based banking. We’ll think together about how we can strengthen our individual and collective capacities as “systemic changers” and how, by doing that, values-based banking becomes a relevant instrument to achieve a more sustainable economy.
What is the GABV?

The Global Alliance for Banking on Values (GABV) is a network of banking leaders from around the world committed to advancing positive change in the banking sector. Our collective goal is to change the banking system so that it is more transparent, supports economic, social and environmental sustainability, and is composed of a diverse range of banking institutions serving the real economy.

Founded in 2009, we are a growing network, with banks, banking cooperatives and credit unions, microfinance institutions and community development banks joining us from many parts of the world.

Our members have one thing in common: a shared mission to use finance to deliver sustainable economic, social and environmental development, with a focus on helping individuals fulfil their potential and build stronger communities.

Our members are deeply connected to the people and the communities they serve and are accountable for the risks they both take and create for the people who use their products and services. Our focus on inclusion puts basic banking products in service of a greater number of people, rather than highly sophisticated products in the hands of a few. We are also highly aware of the externalities produced by our banking activities in the projects and clients we finance.

The Global Alliance comprises 39 financial institutions and four strategic partners operating in countries across Asia, Africa, Australia, Latin America, North America and Europe. Collectively we serve more than 24 million customers, hold up to $110 billion USD of combined assets under management, and are supported by more than 42,000 co-workers.

We want to ensure that banking is a healthy and productive system of society and develop a positive, viable alternative to the current banking system. We know that only by changing finance are we able to finance change. Increasingly, people are becoming aware of the interdependence of the real economy, social cohesion and our natural eco-system, something values-based bankers have long understood, and which is at the heart of the business model. Knowing that people want to support positive change in society, we have an opportunity to demonstrate a healthy transformation of our sector, contribute to societal solutions, and become a reference point for others along the way.

At its heart, the GABV is a Chief Executive Officer network providing a unique space for collaboration for leaders who are committed to values-based banking. It also provides learning and development opportunities for senior executives, experts and banking professionals at member banks through our Communities of Practice (CoP). The GABV takes a leading role in the debate about how to build a sustainable financial future by managing joint projects among members, experts and partners to help deliver it and by advocating for change.

We have a strong belief in the value of our banking model and our research backs that up, showing that lending to the real economy delivers better financial returns when compared with the largest banks in the world. We have demonstrated through our focus on the real economy, our strong capital positions, and our steady financial returns that the values-based banking model provides a viable and needed alternative, adding strength to a diverse financial ecosystem.
Essence of the Movement

During the GABV Annual Meeting in Amsterdam in 2016, members approved the GABV2020 Strategy. This marked an important milestone for our Alliance; one that sees us take a significant next step in playing a more influential role in banking and in society. This is the long-term ambition of the Global Alliance and while it may have challenges, we are already successfully moving towards a new way of understanding our role as a movement of banks and banking cooperatives that are changing banking for the better.

Time for Focus
There are, of course, some pivotal elements in our new strategic direction that are obvious. They revolve around the need for:

Growth: To identify banks across five continents which are leaders in their respective markets, think about people before profit, and which operate by the Principles of Sustainable Banking. We are actively inviting them to be a part of this family of change makers.

Knowledge exchange: Both amongst Alliance members and by developing programmes to train new values-based banking leaders to improve the capabilities of their organisations through cooperation and shared learning rather than through competition.

Increased visibility: Of all Alliance members and the #BankingOnValues movement we represent. We’re ready to amplify what we do and show the world that there’s a better way of leveraging the role of money in society, as well as demonstrating the critical role banking and finance can and should play in this.

Time to Begin Building a Global Brand
But there is also something implied in the GABV2020 Strategy that is of paramount importance and it deserves to be called out. It will help us achieve our ultimate goal of being a reference point to influence banking for the better. And it will help members clearly differentiate themselves from others in their regions, to grow their business and therefore their impact and reach. We are talking about the need, in the long term, to build a global brand.

The four elements of the GABV2020 Strategy* (growth, knowledge exchange, visibility and brand) are closely linked to each other and our programmes/initiatives such as the Scorecard, SFRE Fund, Communities of Practice and Leadership Academy. Building a global brand is a reasonable consequence of the work that has been done in the past and is a must if we want to increase our influence.

Leveraging each members’ successful individual brands with a global, connected and coordinated brand is the best way to raise our collective voices. We have an opportunity to use this global voice to call on policy makers, regulators and many other values-based bankers to join forces and change finance by financing change.

It’s More Than a Logo
But a brand is not just a logo on our stationary or a tab on our web site. Sharing a common brand requires time, lots of in-depth discussions and a careful approach. Most of the pillars are already in place: The Principles of Sustainable Banking, the Berlin Declaration, the Scorecard, the Governance Model of the GABV, and the GABV
Communications Tool Kit (which has been shared with Marketing and Communications contacts in every member organisation, in addition to CEOs, since March). However, this is only the beginning.

A movement normally aims to challenge the status quo and this is what the GABV is about; a movement of banking change makers dedicated to positive change in the world of finance. Building a global brand is going to be a great step towards success.

Governance

The Global Alliance was established as a Dutch not-for-profit foundation in 2009. Under its Articles of Incorporation, the Alliance is governed by a Board of Directors. Operational responsibilities and implementation of the strategy are delegated through the Chair of the Board to the Executive Director who leads the work of the GABV Secretariat.

The Board has a regional structure with the Chair selected on a global basis. In 2014, a decision was made to add an additional Board member to represent all members. Current members include:

Peter Blom, CEO, Triodos Bank (The Netherlands), Chair
Thomas Jorberg, CEO, GLS Bank (Germany), Europe
Kurt Koenigsfest, CEO, BancoSol (Bolivia), Latin America
Tamara Vrooman, CEO, Vancity (Canada), North America
Ken LaRoe, CEO, First GREEN Bank (USA), At-large

At the end of 2016, there are three regional vacancies that will be filled in the period 2017 – 2019 for the regions of Asia-Pacific; Middle East and North Africa; and Rest of Africa.
The current GABV Executive Director is Dr. Marcos Eguiguren (Spain).

At the 2015 GABV Annual Meeting the Board was pleased to bestow the title of Honorary Director on three pioneers who were part of the original 2009 Board, and who have completed their service as Directors:

Sir Fazle Abed (Bangladesh)
Luis Felipe Derteano (Peru) and
Mary Houghton (USA).

The Board held five meetings in 2016; three of these meetings were in-person and two were by teleconference. The meetings focused on issues strategic in nature.

### BOARD MEETINGS 2016

<table>
<thead>
<tr>
<th>Date</th>
<th>Meeting Type</th>
<th>Location</th>
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<tbody>
<tr>
<td>26th January</td>
<td>Conference call</td>
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<tr>
<td>6th March</td>
<td>In person – Amsterdam, The Netherlands</td>
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<tr>
<td>15th – 16th June</td>
<td>In person – Zeist, The Netherlands</td>
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<tr>
<td>4th – 5th October</td>
<td>In person – Washington, DC, USA</td>
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<tr>
<td>12th December</td>
<td>Conference call</td>
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In 2016 Tamara Vrooman was re-elected as the Regional Board Member – North America for a second term ending in March 2019.

As per the GABV By-Laws, the At-large Board member can be in office for three years but cannot be re-elected to give more possibilities for rotation. That is the reason why the process of replacing the current At-large Board member, whose term ends March 2017, started in November 2016.

During 2016, the Board developed a Charter of the Board to help guide its work, and add more transparency to its decision-making process. The Charter will be presented to members at the 2017 Annual Meeting in Kathmandu, Nepal.

In 2015 we developed the GABV2020 Strategy (whose main pillars were described in-depth in the Annual Report 2015) that was formally presented to members during the Annual Member Meeting in March 2016 in Amsterdam. Members gave their full support to the direction of the plan and the GABV has been operating under this guidance since March 2016.

Amongst other aspects, the GABV2020 Strategy defines a new category of membership and describes the role of Supporting Partners. According to this, new
Affiliates are defined as one of two categories: Member Bank and Associate Bank, and the GABV can also have Supporting Partners.

**Member Banks** fully operate by the Principles of Sustainable Banking and meet all assessment criteria. They are eligible for a number of member benefits and pay a fee based on the size of the bank as measured by total assets. Member Banks is the only category of Affiliates which has full political rights, can be consulted in the Annual Meetings, and can apply for Board membership.

**Associate Banks** partially comply with the Principles of Sustainable Banking and are in transition to a full values-based model or may not fully meet other requirements at the time of assessment but will do so in two to four years. Membership allows them an opportunity to accelerate their journey through association with other values-based banks. They pay a fee based on 80 per cent of the fee of a Member Bank with the same total asset size.

**Supporting Partners** are organizations such as development banks, multilateral and academic institutions, networks and others which share many values with the GABV and which are relevant in the GABV’s ecosystem. Supporting Partners are assessed using several of the Principles of Sustainable Banking and fees are paid depending on the nature of the organisation and its relationship with the GABV.
Members

Membership Criteria

GABV membership is based on the following set of criteria:

→ Regulated Financial Institution – the proposed member is a financial institution regulated by an authority established under the government of its primary geography and it makes loans and accepts deposits;

→ Core Business Values – the proposed member has a business model primarily driven by the Principles of Sustainable Banking with a double bottom line commitment but preferably a Triple Bottom Line commitment of People, Planet, and Prosperity;

→ Independent Stable Governance – the governance for the proposed member is stable ensuring ongoing ability to be committed to a business model consistent with the Principles of Sustainable Banking;

→ Leadership Commitment – the proposed member’s senior management and Governing Boards have strong commitments to maintaining or expanding business activities consistent with the Principles of Sustainable Banking. The CEO (or equivalent) is committed to active participation in GABV activities;

→ Financial Model Sustainability – the proposed member operates a financial model (earnings, capital, risk management, etc.) sustainable over the long term and resilient for responding to business challenges and opportunities; and

→ Expanding Impact Commitment – the proposed member has a commitment to growing the impact of its activities over time directly or indirectly.

Membership

The GABV member banks’ business models and activities are guided by the GABV Principles of Sustainable Banking, which describe the fundamental pillars of values-based banking. The GABV Principles play an important role in the development of the GABV membership, as they are used to assess the suitability of prospect banks to join the Global Alliance in the initial stages. They are also of utmost importance to member banks, since they seek to guide their day-to-day activities while steering their commitments to values-based banking into a common direction. There are six pillars to 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; and
6. All of these principles embedded in the culture of the bank.

→ Triple Bottom Line 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.

→ **Real Economy** Sustainable banks serve the communities in which they work. They meet the financial needs of these geographic and sector-based communities by financing sustainable enterprises in productive economies.

→ **Client Centred** 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.

→ **Long-term resiliency** 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.

→ **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.

→ **Culture** 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.

While considering these principles, GABV members gather in the Alliance in order to bring them to life, by presenting a coherent alternative to mainstream banking, advocating as a global movement for a fairer financial system, exchanging experiences and knowledge to improve products and processes, and developing banking ecosystems that serve the real economy.

Our membership comprises a wide range of regulatory environments, diverse regions, economic activities and client segments, but has one thing in common: a commitment to change the financial paradigm and build a better economy.
Our members

1. **Affinity Credit Union** (Canada)
2. **Alternative Bank Switzerland** (Switzerland)
3. **Amalgamated Bank** (USA)
4. **Assiniboine Credit Union** (Canada)
5. **Banca Etica** (Italy)
6. **Banco Ademi** (Dominican Republic)
7. **Banco FIE** (Bolivia)
8. **Banco Solidario** (Ecuador)
9. **BancoSol** (Bolivia)
10. **Bank of Palestine** (Palestine)
11. **Beneficial State Bank** (USA)
12. **BRAC Bank** (Bangladesh)
13. **Caja Arequipa** (Peru)
14. **Centenary Bank** (Uganda)
15. **City First Bank of DC** (USA)
16. **Crédit Coopératif** (France)
17. **Cooperativa Abaco** (Peru)
18. **Cultura Bank** (Norway)
19. **Ecology Building Society** (United Kingdom)
20. **Ekobanken** (Sweden)
21. **First GREEN Bank** (USA)
22. **Freie Gemeinschaftsbank Genossenschaft** (Switzerland)
23. **GLS Bank** (Germany)
24. **LAPO Microfinance Bank** (Nigeria)
25. **Merkur Resource Bank** (Denmark)
26. **Magnet Bank** (Hungary)
27. **New Resource Bank** (USA)
28. **NMB Bank Limited** (Nepal)
29. **SAC Apoyo Integral, S.A.** (El Salvador)
30. **Southern Bancorp** (USA)
31. **Sunrise Banks** (USA)
32. **Teachers Mutual Bank** (Australia)
33. **The First Microfinance Bank-Afghanistan (FMFB-A)** (Afghanistan)
34. **Triodos Bank** (Europe)
35. **Vancity** (Canada)
36. **Vision Banco** (Paraguay)
37. **VSECU (Vermont State Employees Credit Union)** (USA)
38. **XacBank** (Mongolia)
During 2016 the GABV was honoured to welcome 12 new member banks. This included four new Latin American members: Caja Arequipa (Peru), Banco Ademi (Dominican Republic), Banco Solidario (Ecuador), and Cooperativa Abaco (Peru); two new North American members: Amalgamated Bank and VSECU (USA); our first member bank in the Middle East: Bank of Palestine (Palestine); two new members in the Asia and the Pacific region: First Microfinance Bank of Afghanistan (Afghanistan) and Teachers Mutual Bank (Australia); two new European members: Freie Gemeinschaftsbank Genossenschaft (Switzerland) and MagNet Bank (Hungary); and one African member; Lapo Microfinance Bank (Nigeria).

Our new member banks
To explore the impact stories and find more information about our members, please click on their logos.
The First MicroFinanceBank
Strategic objectives

Business Development

The GABV set ambitious objectives for the expansion of the network in its GABV2020 Strategy. These objectives are ambitious not only when looked from the numerical outreach perspective—but also when considering associated challenges of such expansion.

2016 offered a great opportunity to explore these issues, while focusing on those which are of utmost importance to our members and partners. Maintaining a solid, credible, diverse and regionally representative network, while working towards the aspiration of building a movement, remains the GABV’s main objective when speaking about business development. In this sense, we have directed our efforts to establishing gradual and inclusive onboarding processes, which allow prospective institutions and long-standing members to interact in the context of GABV activities long before any membership is accepted, thus, safeguarding the GABV essence and purpose, and ensuring that each of our members understands both the value and commitments of joining the Alliance. It is also important to point out that the expansion of the GABV has been guided by the pledge of making the GABV a formidable global initiative. Growth has been particularly encouraged in Latin America and Asia and the Pacific with favourable results, while membership in other regions has also increased although not as significantly. Overall the Global Alliance grew from 27 members in 2015 to 39 members by the end of 2016, which represents nearly 40% growth throughout the year.
GABV Facts and Figures

**WHO**

is the Global Alliance for Banking on Values?

We are a not-for-profit alliance of banking leaders and changemakers from around the world. Our members represent innovative banks, banking cooperatives, credit unions, microfinance institutions and community development banks that believe in putting people before profit.

>42,000 CO-WORKERS

>110 Billion IN ASSETS

39 FINANCIAL INSTITUTIONS

>24 Million CUSTOMERS

We are creating positive social, economic and environmental change by investing our people, capital and resources in initiatives that make the world a better place.
WHAT

is the GABV approach?

GABV members operate by the Principles of Sustainable Banking. These are the fundamental pillars of what’s now known as values-based banking. It involves:

1. A triple bottom line approach of people, planet and prosperity being at the heart of the business model;
2. Being grounded in communities, serving the real economy and enabling new business models to meet the needs of both;
3. Transparent and inclusive governance;
4. Self-sustaining organisations with a long term outlook, resilient to outside disruptions;
5. Long-term relationships with clients and a direct understanding of their economic activities and the risks involved.

CULTURE

All of these principles being embedded in the culture of the bank.
WHY
is the GABV doing things differently?

We realise that people increasingly understand the interdependence of the real economy, social cohesion and our natural ecosystem. Banking should be at the heart of this.

So the GABV is leading the change to ensure that banking is better; and banking is a healthy and productive support for people, planet and prosperity.

We call this #BankingOnValues

We know that only by changing finance, are we able to finance change.

And that #BankingOnValues means Thinking People before Profit.
Profile development (#BankingOnValues campaign, media profile, events, new website)

2016 was a busy year for the Global Alliance in terms of marketing and communications activities. We made significant progress in the following areas:

→ Strengthening our corporate identity through redesign of the website
→ Enhancement (content and functionality) of five online channels (www.gabv.org, Twitter, Facebook, LinkedIn and YouTube);
→ Monitoring of Basecamp online community and operational portals;
→ Evolution and distribution of five eZines (subscribers grew 28%);
→ All our key communications are bilingual (English and Spanish);
→ Further enhancements of #BankingOnValues campaign.

The purpose of this activity was to extend the foundations necessary for the GABV to begin to establish itself as a vocal entity of experts in the field of values-based banking. Having the right channels in place, defining improvements, evolving content, testing online marketing strategies, listening to our members, partners and Communities of Practice, and gathering best practice ideas and initiatives has helped to position the GABV as an amplification forum for #BankingOnValues. This is evident in the following activity overviews.

Website development
In September, we launched a redesigned website under www.gabv.org. The website follows the steps set in the GABV2020 Strategy and supports efforts in implementation of new GABV branding. The website is fully equipped to support
publishing of the Scorecard and to be an active tool for knowledge and information exchange amongst members.

New features include:
→ Cross-platform responsiveness including desktop and mobile/handheld devices
→ Multi-language functionality using Google Translate
→ New look, layout, site map and navigation design

#BankingOnValues Campaign
On October 20, we called on all members to join the third international #BankingOnValues campaign. We asked all members, partners and co-workers actively involved in the Global Alliance, such as CEOs, programme participants and experts in our Communities of Practice (CoP), to lead and actively contribute to the campaign locally. By collaborating on one topic, with one voice, on one day, we aim to amplify this movement to new audiences and keep current stakeholders engaged.

We have seen significant increase of activities in all social media channels (Twitter, Facebook, LinkedIn, YouTube). During the campaign the newly redesigned GABV website attracted even more visitors with the page views increasing by 35% as compared to 2015. The detailed campaign report is available upon request.

Media profile
In 2016 the GABV fielded more than 50 interviews, which represents a 60% increase from 2015, resulting in media mentions in books, print and online articles, radio and video blogs. All mentions are available at www.gabv.org/news and are profiled regularly in the GABV eZine and mentioned on our social media channels, Twitter, Facebook, LinkedIn and YouTube.

The GABV also launched an online portal of marketing and communications tools. The portal houses sample presentations, speaking points, videos, media inserts, logos, co-branding guidelines, and all related published articles, blogs and content for sharing and amplifying the news and initiatives of the Alliance among GABV members, partners, Communities of Practice and other audiences.

The GABV also distributed four media releases, which included:
→ 20 Million For #WorldValuesDay and #BankingOnValues Collaboration The release was distributed to 1,357 journalists and was published on 223 websites.
→ Global Alliance Announces Eight New Banking Members Committed to Building #BankingOnValues The release was distributed to 1,357 journalists and was published on 214 websites.
→ GABV Supports MIT in April 19 Launch of World’s First #BankingOnValues Massive Open Online Course The release was distributed to 1,357 journalists and was published on 209 websites.
→ Banco Ademi (Dominican Republic) joins like-minded banks from around the world to become a member of the Global Alliance for Banking on Values The release was distributed to 1,357 journalists and was published on 242 websites.

Building Banking on Values Radio Show

VoiceAmerica Talk Radio Network, the world’s leading producer, distributor, and online broadcaster of original live and on demand talk radio programming worldwide, teamed up with the Global Alliance for Banking on Values to take a behind the scenes look at the people, passion and potential of the values-based banking movement. The show was called Building Banking on Values and was aired
live on Thursdays at 3 PM Pacific time on VoiceAmerica Business from April 7 to June 30.

VoiceAmerica Talk Radio Network is an online broadcast network reaching a rapidly expanding international audience of millions of listeners every month in more than 140 countries worldwide. The show had more than 9,000 listeners and the numbers are still growing with on-demand listening.

The full episodes can be accessed through this link.

Events

The GABV engaged in a range of event collaborations involving speaking opportunities, panel participations, co-branding, member offers, and media and social media amplification. Examples of these events:

2nd Meeting Companies with values: Alliances for change (Spain);
Doing good doing well (Spain);
Segunda Conferencia Regional BID (Peru);
Economia Del Be Como 'Economy for the Common Good' (Spain);
From footprint To Handprint (Germany);
The Real Economy And the Financial Sector (Spain);
Almedalsveckan/Almedalen Week 2016 (Sweden)
Folkemødet (Denmark);
Global Islamic Finance Forum (Malaysia);
Foromic (Jamaica);
Nexos +1 (Peru);
Felaban Annual Assembly (Argentina)
Encuentro Internacional, Modelando el Sistema Bancario (Spain)

Headlines and Highlights

Values-based banks across the world made headlines in 2016 because of the social, economic and environmental impact they support. Here’s a sample...

2016’s Top Equity Victories in Finance
Banking with a Public Benefit
Conscious Company Magazine: Names Three GABV Members As Top-25
Times Square Investment Journal: Your Bank Can Align With Your Values
New York Times: Getting Rid Of Your Big-Bank...
SFRE Fund Capital Supports $1.8 Billion Real Economy Lending
There’s A Global Movement That Wants To Bank For People...
GABV Featured In World Finance-Voice of the Market
Prime Time For Banca Etica’s ‘Different’ Approach
Values-based Banking & Global Islamic Finance Forum
Strong Foundations Lead to a Sustainable Future
Banking – The Heart of the Economy (El Comercio, Peru)
‘Movement’ In The Banking Sector
Open Source Banking! Vancity Publishes 5 Year Business Plan
David Korslund (GABV) and Ken LaRoe (First Green Bank) Talk About Money & Spirit
We Can Do Better: Values-based Credit Unions Living Up to Their Roots
**Partnership development**

When we collaborate, we create and sustain greater economic, social and environmental impact across the world.

That’s why we consider strategic partnerships a critical factor in building an inclusive, sustainable and representative #BankingOnValues movement. Supporting Partners are those organisations (development banks, multilateral and academic institutions, networks, and initiatives) that believe in missions and visions based on people-focused, real economy, and Triple Bottom Line solutions. Our Supporting Partners at the end of 2016 are:

**FMO**
FMO is the Dutch development bank. The bank creates capital and knowledge solutions for companies, projects and financial institutions in developing countries. FMO is GABV’s longest Supporting Partner. The collaboration with FMO has been focused in the active promotion of the GABV to FMO’s banking clients all over the world. FMO has also played an important role in identifying financial institutions that comply with the GABV sustainable banking principles, therefore being crucial to its growth. FMO participates actively in several GABV communities of practice.

**Aga Khan Agency for Microfinance (AKAM)**
For more than 60 years, agencies of the Aga Khan Development Network (AKDN) have offered microfinance services through integrated development programs and self-standing microfinance institutions. Today, these programs come together under the Aga Khan Agency for Microfinance (AKAM). AKAM’s partnership with the GABV focuses on the promotion of microfinance banks, as well as creating ties between the GABV and the larger Aga Khan network of banks. AKAM is an active participant in the Impact Metrics CoP and has used the GABV Sustainable Banking Scorecard with all its entities. The GABV and AKAM are now in conversations to use the Scorecard further.

**B Lab Europe**
B Lab Europe is the organization behind the B Corporation Movement in Europe. B Lab is a non-profit organization that serves a global movement of people using business as a force for good. Its vision is that one day all companies compete not only to be the best in the world, but the Best for the World® and as a result society will enjoy a more shared and durable prosperity. Some GABV members are also certified B-Corp companies and we are working to extend our relationship further in areas such as usage of the Scorecard, joint advocacy efforts and information exchange.

**SME Finance Forum**
The SME Finance Forum works to expand access to finance for small and medium businesses. The Forum operates a global membership network that brings together financial institutions, technology companies, and development finance institutions to share knowledge, spur innovation, and promote the growth of SMEs. The SME Finance Forum and the GABV will work together in areas such as joint research and information exchange.
Network and Services Development

2016 Annual meeting in Amsterdam: “It’s banking But Not as We Know It”

The banking system is experiencing a period of unprecedented and profound change. While the future is uncertain, the power of new disruptive technologies, the challenges of increasing regulation, and the convergence of social and environmental crises mean continuing to do the same things in the same ways is no longer an option. The role of banks will change. The level of social inclusion, environmental resilience and economic development achieved by finance activities will be a significant building block for the license to operate. And it will likely change the business model of banks completely. CEOs from the world’s leading sustainable banks, united in the Global Alliance for Banking on Values, came together in Amsterdam from 8-10 March 2016 to meet some of Europe’s creative and entrepreneurial thinkers to discuss how to harness these developments and how banks can support building a more socially equitable, low carbon/climate friendly economy.

As part of the GABV Annual Meeting 2016 hosted by Triodos Bank in Zeist, Her Majesty Queen Máxima of The Netherlands attended a panel discussion: It’s Banking but Not As We Know It: Values-based Banking At a Crossroads.

The event focused on the impact of technological developments and innovation in banking. Queen Máxima attended the event in her capacity as United Nations Secretary-General’s Special Advocate for Inclusive Finance for Development (UNSGSA). Queen Máxima is a leading global champion and spokesperson for the essential role of financial services in alleviating poverty, fostering equitable economic growth, and furthering diverse development goals including environmental sustainability, food security, clean water, good health and universal education.

The GABV returned to The Netherlands for the first time since the foundation of the Alliance in 2009. CEOs and experts from 28 member banks met and collaborated on how to build a growing, global, #BankingOnValues movement by using their people, capital and resources to create positive impact.

Communities of Practice

The Communities of Practice (CofP) have played and will play an important role in the life and development of the GABV. They have opened the Alliance to member banks’ subject matter experts and professionals, beyond CEOs.

Achievements from existing communities are many. They have enabled, for example:
→ The Governing Board CoP to develop powerful insights into the unique approach to governance and leadership required to make values-based banks positive, proactive and profitable agents of social, economic and environmental change.

→ The Human Development CoP to connect HR experts from each bank, build foundational relationships, and facilitate in-depth sharing and open discussion about best practices in values-based banks.

→ The Impact Metrics CoP to play a key role in developing the GABV Scorecard, which has incredible value as a measuring and differentiating tool in assessing the qualitative and quantitative impact of values-based banking.

→ The Marketing & Communications CoP to collaborate on the worlds’ first #BankingOnValues Day, an internationally coordinated initiative that is helping to build visibility and appetite for the values-based banking movement globally.

→ The Risk and Control CoP to work together and exchange knowledge to establish a common view on how to apply risk and control functions within a values-based banking environment by focusing on those characteristics that make this environment so special and more connected to the values-based singularities.

**Governing Board**

The Governing Board Community of Practice (CoP) seeks to build and exchange the knowledge and skills of its members by addressing current and emerging governance issues for values-based financial institutions.

The Governing Board CoP provides a network for Chairs and other Governing Board representatives. It identifies opportunities to share information on best practices related to strengthening governance practices including crisis management, capital structuring, strategy, CEO compensation, succession for Board and CEOs, and the unique nature of management/Board relationships in values-based banking. In addition, the Governing Board members act as a bridge to build relationships with GABV among the Boards of their own financial institutions, CEOs, employees, other banks, and the public.

In cooperation with the University of Edinburgh, the CoP has undertaken a research project to explore governance mechanisms used by supervisory boards or non-executive directors to ensure values integrity, promote ethical performance and support transparent and healthy governance under the growing pressure of regulatory requirements. Nine member organizations of the GABV are participating in the research: Alternative Bank Schweiz (ABS) (Switzerland); Affinity Credit Union (Canada); Assiniboine Credit Union (Canada), BancoFie (Bolivia) Bank Australia (Australia), Caja Arequipa (Peru), Triodos Bank (Europe), Vancity (Canada), Vision Banco (Paraguay).

One of the goals is to identify the best board governance practices and make recommendations for more effective and efficient implementation of the values-based banking philosophy in corporate supervision and oversight functions. This work will support GABV advocacy as well making practical contributions to help GABV boards navigate the complexity of their guidance and oversight functions. The development of a guide with conclusions that can be used by GABV banks or as inspiration for other banks is contemplated.
**Human Development**

The Human Development CofP oversees learning processes within the GABV Network, and identifies best practices of values-based banking. In 2016, the group:

- organized exchanges and fellowships between GABV member banks,
- helped create the first values-based banking MOOC,
- oversaw the GABV Leadership Academy, and
- explored best practices in HR of values-based banking.

The group met in March 2016 in conjunction of the GABV annual meeting, and in October 2016 at MIT in Cambridge, USA to graduate the first cohort of the GABV Leadership Academy. In addition, the group organizes monthly check-in and coordination calls among its members.

**Just Money- Banking as if Society Mattered – Free Online Program**

In April 2016, the Human Development group supported Dr. Katrin Kaeufer and Lily Steponaitis (MIT CoLab and the Presencing Institute, Cambridge, MA) in launching a five-week Massive Open Online Course (MOOC) on values-based banking.

Over 7,800 participants explored core tenets of values-based banking, drawing on theory and real-world examples from GABV member banks. The MOOC engaged learners around the world. Co-workers at many GABV member banks created local hubs where they met in person to discuss values-based banking practices. Member banks also used the MOOC to connect to other values-based bankers within the GABV, as well as with customers and clients. The MOOC will run again in April 2017. If you have any questions, contact Lily Steponaitis at lstep@mit.edu. For more information go to: https://www.edx.org/course/just-money-banking-if-society-mattered-mitx-11-405x
GABV Leadership Academy

“To be part of the first GABV Leadership Academy was a once in a lifetime opportunity for me. A chance for me to grow in my own personal leadership, to be more courageous and confident in my role. It also allowed me time for reflection, I learned that a strong leader has to look outward and inward and to always bring my authentic self.”

(Graduate of the 2015/16 GABV Leadership Academy)

In October 2016, the first class of the GABV Leadership Academy graduated after completing their final module at the MIT CoLab in Cambridge, USA. The program brought together 19 mid-career leaders from GABV member banks, as well as one external participant.

The Leadership Academy is designed to help values-based bankers advance their leadership skills and capacity in order to help their respective banks address current challenges. Each of the modules consisted of two parts: Part I focused on discussions with thought leaders and innovators, such as Prof. Hans-Joachim Schellnhuber, Potsdam Institute for Climate Impact Research, Isabel Guerrero, Harvard Kennedy School, and Prof Simon Johnson, Professor of Entrepreneurship, MIT Sloan School of Management. Part II of each module was focused on the individual leadership skills and capacities of participants.

The program will host its second class in 2017. For more information contact Sonia Reinhardt: Sonia.Reinhardt@gls.de
Impact Metrics
The Global Alliance has worked for several years on developing ways to measure and report to stakeholders the results of its activities. This effort was driven in part by the results of its research published in 2012 that identified a need for providing standardized information. Furthermore, as follow up to its Berlin Declaration, the Global Alliance sought to take a leading role in developing a transparent approach to reporting for values-based banking.

To develop a common stakeholder reporting approach the Global Alliance has created a network of metrics experts from its members. All members participate in this network, which seeks to develop reporting tools and standards. The Global Alliance Scorecard is the result of this effort. This Scorecard was beta tested in 2013 and moved to version 1.0 for 2014 reporting.

The Scorecard was developed using the practitioner knowledge of its members who are already active in reporting to their stakeholders the impact of their efforts to operate under the Principles of Sustainable Banking. These Principles focus on the delivery to individuals, enterprises and communities a Triple Bottom Line of economic resiliency, environmental regeneration and social empowerment (Prosperity, Planet and People).

In 2016, the European group met in Padova (Italy) hosted by Banca Popolare Etica and the North American metrics group met in Oakland (USA) hosted by Beneficial State Bank.

In 2016 the Global Alliance focused on developing tools to publish the results of members’ Scorecards on its website. The tools have been developed and the first 10-15-member bank scorecards are expected to be published by the Annual Meeting in the Spring of 2017. Some members have already begun publishing their scorecards individually as part of their annual reporting processes. In addition, the Scorecard is also used by SFRE to assess investments. The long-term goal is for the Scorecard to become an industry standard for assessing the alignment of any banking institution with a values-based strategy.

For 2017 the Impact Metrics Network will focus on the following initiatives:
→ Publication of member scorecards on the GABV website
→ Replacement of the Scorecard gathering tool
→ Extending the use of the Scorecard beyond the GABV
→ Development of detailed processes for determining Triple Bottom Line classifications and qualitative calibration
→ Re-start webinars in 2017 with a plan to have them in January, April and July

We accomplished much this year with the support of interns Mona Hakim and Hannes Bohne; special thanks go to them for great results. We have two new interns starting in January 2017 to provide support for both our metrics and research efforts--Sten Stein and Matthijs Henseler.
Marketing and Communications
The Marketing and Communications Community of Practice has been gathering momentum since 2014, when GABV members collaborated on the first international awareness initiative celebrating #BankingOnValues Day. The purpose of the CofP is to collectively establish all members as ‘the’ reference point for values-based banking through a clearly defined point of view; key relationships; strategic partnerships; and public profile opportunities. Through a series of collaborations, the CofP hopes to use earned, paid, owned and social media locally to collectively amplify an alternative point of view to the current banking system and its role in society; advocate for changes to the banking system; influence changes in policy and regulation; and establish members and partners as a highly regarded vibrant network of banks and supporters committed to influencing policymakers and regulators to develop a healthier banking system.

In 2016, Marketing & Communications CofP activity included:
→ Regular Community of Practice conference calls
→ Document sharing through the Basecamp online portal. Total members: 91 (bi-lingual);
→ Bilingual (English and Spanish) meeting minutes and communications;
→ Design and distribution of the #BankingOnValues campaign-in-a-box to over 70 members and partners. The campaign-in-a-box was a 60+ page how-to guide containing messaging, tips, tools, timelines, graphics, a video, and collateral in English and Spanish to support regional amplification and collective collaboration on the international #BankingOnValues Day.
The Risk and Control

The Risk and Control Community of Practice had its inception meeting in Q1 2016 by presenting the community during the GABV Annual Meeting in March 2016 in Amsterdam, The Netherlands. This is a vibrant community with close to 30 participants registered by December 2016. In 2016, the CofP organized 5 conference call meetings.

The main objectives of the community are:

→ To improve the performance of those functions in values-based banking by exchanging knowledge, getting common materials and supporting each other with peer-to-peer advice;
→ To develop common materials, evidences and positions to face relationships with regulators;
→ To develop content that can be widely used for advocacy purposes and to engage policy makers and regulators; and
→ To help GABV CEOs in achieving a broader view of the R&C functions and to develop strategies for the future in those areas.

Long-term goals include exchanging knowledge and experience, offering training, developing content, performing research, understanding the differentiators in controls of values-based versus mainstream banks, incorporating good conduct, culture and trust in control and audit work, and engaging with prestigious academic institutions in knowledge-related activities.

The Risk and Control CofP will focus on storytelling aspects to convey what the group is doing and to build trust – drawing the line between the values-based business model and risk, finance and control. During 2016, four topics were selected based on a survey, which will be further detailed and investigated during 2017. These topics include:

→ Controls to ensure achievement of social impact objectives
→ The manifestation and maintenance of an auditable control structure regarding the mission-driven culture
→ Social impact considerations in pricing
→ What does a values-based bank reputation management control structure looks like?
→ Risk framework in values-based banking compared to mainstream banks, and why it makes values-based banks more resilient.
Regional Chapters

GABV members meet annually in-person to collaborate at regional levels. They strengthen connections and advance shared agendas to support the growth of the GABV and values-based banking in their geographic areas.

GABV Regional Chapters act as roundtables to provide knowledge and perspective on substantive issues to the larger CEO group, programmes and Communities of Practice (CoP). Leadership of each chapter is provided by the Board member responsible for the region.

European Chapter
The GABV European Chapter is a CEO group of European GABV member and partner banks. Established in 2013. It has 11 member banks and meets once a year to discuss regional banking issues. It is led by Thomas Jorberg, CEO, GLS Bank and GABV Board member, European region.

Participants provide updates on the development of their own banks and markets, and receive updates on the work of the GABV from a European perspective. The European Chapter cooperates on regional initiatives and explores possible new members. Together they combine forces to speak on behalf of values-based banking in Europe.

The European Chapter held its 2016 meeting in Olten, Switzerland, hosted by Alternative Bank Schweiz. With 22 participants, 10 out of 11 members were present as well as representatives of two Supporting Partners and guests. Attendees explored how banks are facing similar challenges and opportunities, the underlying causes, and the solutions being developed to address the issues. Common challenges and opportunities discussed included:

→ How to deal with low or negative interest rates;
→ Regulations, i.e. the possibilities to influence regulators by values-based banks and the link between what supervisors want and how sustainable finance can support society;
→ Crowd funding: A strategic discussion on the relevance and opportunities of crowd funding; and
→ The GABV Scorecard and its use as a strategic development tool for GABV bankers.

In the evening of the first day, ABS held a joint public event with The Swiss Finance Institute (SFI), one of the leading education and research organizations on banking in Switzerland. It has recently published a White Paper taking a critical look at sustainable finance in the country. One of the lead researchers, Prof. Annette Krauss...
from the Institute for Banking at the University of Zurich presented her results, which were then discussed by representatives of the key policy making bodies and industry associations as well as attendees.

The 2017 European Chapter Meeting will be in Barcelona November 21-22.

European Chapter members include:

→ Alternative Bank Schweiz (Switzerland)
→ Banca Popolare Etica (Italy)
→ Crédit Coopératif (France)
→ Cultura Sparebank (Norway)
→ Ecology Building Society (UK)
→ Ekobanken (Sweden)
→ Freie Gemeinschaftsbank Genossenschaft (Switzerland)
→ GLS Bank (Germany)
→ MagNet Bank (Hungary)
→ Merkur Cooperative Bank (Denmark)
→ Triodos Bank (The Netherlands, with branches in UK, BE, SP and GE)
North American Chapter

During a year where refugees, pipelines and politics in the United States and Canada made global headlines, the GABV’s North American chapter came together to explore the state of values-based banking on both sides of the border and its role in ensuring that banking plays a healthy role across social, environmental and economic sectors.

The 11 chapter members (eight from the USA and three from Canada) agreed to develop a strategic plan in 2017 to guide their work and ensure the voice of sustainable banking is heard as well as refine potential areas of collaboration for the group. As part of a ramping up of chapter activity, members would like to see more knowledge and staff exchanges, greater use of leadership networks and see an opportunity for greater use of the GABV brand to support their work.

Member networking and referrals also introduced several potential members to the Chapter, which as a result will see growth in 2017.

While too numerous to list, Chapter members continue to receive recognition for their work through positive media coverage, awards and other citations.

The North American Chapter held its fourth annual meeting in October 2016 in Washington D.C., USA, hosted by City First Bank of DC. With 16 participants, the eleven members of the Chapter were present as well as some guests.

The agenda of the meeting comprised a broad range of topics including the state of values-based banking on both sides of the border and how best to advance it in our organizations; issues related to capital management; wealth management offerings in a values-based framework; and an update on the GABV’s long-term strategy.

Members also had the opportunity to attend a day-long summit hosted by City First Foundation: The Community Development Finance Conference: Commerce, Culture and Community Investment.

Chapter members include:

USA
- Amalgamated Bank, New York City, New York
- Beneficial State Bank, Oakland, California
- City First Bank of DC, Washington, District of Columbia
- First GREEN Bank, Orlando, Florida
- New Resource Bank, San Francisco, California
- Southern Bancorp, Arkadelphia, Arkansas
- Sunrise Banks, Minneapolis, Minnesota
- VSECU, Montpelier, Vermont

Canada
- Affinity Credit Union, Saskatoon, Saskatchewan
- Assiniboine Credit Union, Winnipeg, Manitoba
- Vancity, Vancouver, British Columbia

The next Chapter meeting will be held in October 2017.
Latin American Chapter

The second meeting of the GABV Latin American Chapter took place in Asunción, Paraguay in September 2016. Visión Banco was a courteous host and the team attentively welcomed representatives from the regional members of the GABV and guests. GABV's new members, Caja Arequipa and Banco Solidario, could not attend the meeting due to recent earthquakes in their regions.

The meeting was based on discussing the best use of banking technology in order to achieve greater financial inclusion. During the meeting the participants defined the working areas for the Latin American Regional Chapter for 2020. Among some of the areas to be addressed were: initiating more interaction with important global institutions such as associations of regulators, Mastercard, Visa, multilateral organisations, etc.; expanding the number of Latin American members; aspiring to have a GABV seal of quality; actively participating in regional events; being part of the GABV's Communities of Practice by creating Spanish-speaking groups; and trying to host one of the GABV Annual Meetings in Latin America before 2020.

The next Latin American Regional meeting will be held in the Dominican Republic in September 2017.

Chapter members include:

→ Banco Ademi (Dominican Republic)
→ Banco FIE (Bolivia)
→ Banco Solidario (Ecuador)
→ BancoSol (Bolivia)
→ Caja Arequipa (Peru)
→ Cooperativa Abaco (Peru)
→ SAC Apoyo Integral, S.A. (El Salvador)
→ Vision Banco (Paraguay)
Overall Development (Research, Scorecard, Knowledge Sharing)

Research
In 2016, the Global Alliance made significant efforts in further developing its research work jointly with its members and partners. Here are some research highlights from 2016:

→ The Global Alliance produced research entitled “The Real Economy Real Return” during the last quarter of 2016 reinforcing the business case for the growing values-based banking movement. The data is clear: making the business case for sustainability-focused banking is compelling.

Since the financial crisis in 2008 (but operating long before it), GABV members have demonstrated that a focus on the real economy with a dedication to supporting economic, social and environmental impact delivers steady financial returns. These banks operate in numerous markets, serve diverse needs, use distinct business models but share a common strategic foundation; the Principles of Sustainable Banking. They are growing because they provide economically viable banking alternatives focused on the needs of society thereby creating a more diverse financial ecosystem.

The updated research report shows that sustainability-focused banks are continuing to deliver stable risk-adjusted financial returns by focusing on the real economy. They are acting as financial intermediaries dedicated to supporting economic, social and environmental impact while retaining strong capital positions. We can find these banking institutions in different markets, all serving diverse needs but they all are using specific business models driven by a set of common guidelines, the Principles of Sustainable Banking. One of the reasons why these banks are growing in size and number is because they are meeting the needs of individuals and enterprises in the local communities. The full report is accessible on our GABV website.

→ In the fall of 2016, the GABV, together with the University of Edinburgh, undertook a research project to explore governance mechanisms used by supervisory boards or non-executive directors to ensure values integrity, promote ethical performance and support transparent and healthy governance under the growing pressure of regulatory requirements. Nine member organizations of the GABV are participating in the research: Alternative Bank Schweiz (ABS) (Switzerland); Affinity Credit Union (Canada); Assiniboine Credit Union (Canada), BancoFie (Bolivia) Bank Australia (Australia), Caja Arequipa (Peru), Triodos Bank (Europe), Vancity (Canada), Vision Banco (Paraguay). The outcomes of the research will be presented in 2017.

→ The GABV Human Development Community of Practice is currently conducting internal research about the compensation systems within GABV banks. Outcomes are expected to be released during 2017.

→ The Global Alliance in Management Education (CEMS), a network of the world’s leading business schools and universities with multinational companies and NGOs, is working with the GABV in its Global Management Practice Course on
defining cultural approaches to banking and business relationships in different areas of the world.

→ Another important research activity is being undertaken by Saint Gallen University, supported by Alternative Bank Switzerland. The University is working on improving the Triple Bottom Line approach of the GABV Scorecard. The outcomes are expected in 2017.

The GABV research efforts in 2017 will take more structured approach with a well-defined research agenda, allocating specific resources to coordinate the research and linking it further to advocacy efforts.

Knowledge Management
During the last quarter of 2016 the GABV devoted significant efforts to the development of a Knowledge Management Strategy, which we plan to implement throughout 2017. The GABV Knowledge Management Strategy focuses on the work of the Global Alliance at three levels: 1) the Chief Executive Officer network, 2) Communities of Practice (CofPs), and 3) Member co-workers. The objectives of the strategy lie in four main areas:

→ Strengthen the mechanisms in place to share knowledge and experience within the Alliance;
→ Establish the GABV as a knowledge hub in all matters related to values-based banking;
→ Ensure that the experiences of our members are profiled and used effectively to build the movement; and
→ Increase awareness of the knowledge tools available to all members and supporting partners of the GABV.

The Knowledge Management Strategy is rooted in the GABBV2020 Strategic Focus Areas, and seeks to build on and complement the efforts already taken by the Secretariat, member banks and Supporting Partners.

A unified approach to Knowledge Management processes is critical to ensure that knowledge is considered a common strategic asset and is broadly accessible to all members. The implementation of Secretariat-level services and management of the complexity of global operations - to achieve GABV goals - depend significantly on the effectiveness with which we create, exchange and store information coming from either inside or outside the network. As Knowledge Management moves to the forefront of GABV development, new opportunities exist to apply it and deliver added value for members and Supporting Partners.
Financial Capital

In February 2015, the GABV-initiated fund Sustainability | Finance | Real Economies (SFRE), closed on commitments in excess of $40 million. This fund is an innovative source of permanent and patient capital for banks throughout the world that operate in compliance with the Principles of Sustainable Banking.

The Alliance provided not only the project costs to develop SFRE but its members also invested over $17 million on an individual basis. As a Luxembourg registered SICAV-SIF, SFRE has a fully independent Board of Directors elected by its investors. However, the Global Alliance is the owner of a mission share that ensures ongoing focus of Sustainability-focused Financial Institutions (SFIs) for SFRE relative to its investments, primarily using the GABV Scorecard in the investment process.

SFRE began to invest in 2015 through acquiring preferred shares in Vision Banco, (a GABV member based in Paraguay) and subordinated debt in Desyfin (a Costa Rican based non-GABV member). In 2016, SFRE also invested through subordinated debt in PRASAC (a Cambodian non-GABV member) and kept on building the pipeline to grow with additional deals in the coming years in both members and non-members, as well as on a geographically diverse basis. Learn more.

SFRE continues to seek new investors to expand its impact. At the end of 2016 commitments were still slightly below $50 million since SFRE focused most of 2016 on restructuring its operations, and replacing the initial portfolio manager with the intention of better aligning the investment strategy with the mission of SFRE and with the values of the mission shareholder. A new portfolio manager is expected to be announced early in 2017 and a new phase of the life of SFRE will begin.

SFRE is an example of the innovation in finance arising from the work of the GABV. Meeting the growth capital needs of SFIs was identified as a critical step at the GABV Annual Meeting in 2010 in Dhaka. Developing an investment product that provided long-term growth capital, reasonable financial returns, and social and environmental impact required new thinking as well as outreach to investors sharing these goals.

With SFRE operational, the eco-system for SFIs with leadership from the Global Alliance is further strengthened. New sources of innovation and impact will result from SFRE investments. The transformation of the financial system by focusing on delivering social value will be enhanced and accelerated through SFRE.

Scorecard

In the fall of 2016 the Regional Impact Metrics CofP convened at Beneficial State Bank and at Banca Popolare Ética to review their 2015 Scorecards and with practitioner knowledge, sought to improve the Scorecard process. This meeting along with webinars ensured a direct link between the Scorecard and members using it.

The Scorecard consists of three elements that, on a combined basis, provide insight to the relative focus on delivering a values-based banking business model. Over time the Scorecard should provide a robust tool to assess the impact of any bank. The key elements of the Scorecard and future rating system are:
A key element of the Scorecard is the determination of a bank’s money-at-risk exposures that support the Triple Bottom Line of People (social empowerment), Planet (environmental regeneration) and Prosperity (economic resiliency). Working together, the network was able to create a simple decision tree that supports the classification process of these exposures to individuals and enterprises.

In addition to use by GABV members, the Scorecard was integrated into the investment process of SFRE. This ensured that investments were made in banks that operate under the Principles of Sustainable Banking.

For 2017 the Scorecard work will be focused on the following initiatives:
→ Publication of member scorecard on our website;
→ Replacement of our Scorecard gathering tool;
→ Extending the use of the Scorecard beyond the GABV; and
→ Development of detailed processes for determining Triple Bottom Line classifications and qualitative calibration.
GABV Secretariat

2016 was a year of great success and efforts for GABV. The GABV2020 Strategy saw early positive results: a 44% increase in the number of member banks, geographic expansion, especially in Asia and Latin America, creation of new Communities of Practice, and a values-based banking movement more united among members and more known externally.

These achievements made it necessary to re-think the structure of the Secretariat to offer better services to members and to create a global brand. To that end, three roles were created or redesigned.

**Knowledge Management and Services to Members Coordinator** oversees the design and implementation of GABV’s Knowledge Management Strategy and will ensure vibrant relationships between the GABV Secretariat and its member banking and partner institutions.

**Office and Project Coordinator** oversees the day-to-day operations of the GABV Secretariat and will lead the project management of the GABV Annual Meeting.

**Marketing and Communication Coordinator** is responsible for building the values-based banking movement: internally within the Alliance and its co-workers; and externally with GABV partners and the interested public; by using earned, paid, owned and social media.

**GABV Staff**

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Marcos Eguiguren  
Executive Director

Sofía Ortega  
Knowledge Management and Services to Members Coordinator

Jasmin Panjeta  
Marketing and Communication Coordinator

Rebeca Pastor-Berzoz  
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Independent Advisers

Carolina Benavides  
Latin American Regional Representative

David Korslund  
Scorecard Development & Senior Adviser to the Executive Director

Dr Katrin Käufer  
Leadership Academy and Human Development Senior Adviser

Member Secondments

Dr Christoph von Carlowitz  
European Regional Representative  
(Senior Adviser seconded by GLS Bank)

Paula Martin  
North American Regional Representative  
(Senior Adviser seconded by Vancity)

Tom Cummings  
Annual Meeting Design and Senior Adviser to the Executive Director  
(Senior Adviser seconded by Triodos Bank)

We are really sorry to see Adele Arendse, Linda Ryan, Janina Zajic and Christelle Sprokel leave the Secretariat. We thank you for all your work.

And special thanks to our Impact Metrics Interns.

Christiaan Broekman  
Hannes Bohne  
Mona Hakim

To learn more: http://www.gabv.org/about-us/the-team
Financial Overview

Balance sheet as at 31 December 2016
(before profit appropriation)

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<thead>
<tr>
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<th>2016</th>
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<td><strong>Current assets</strong></td>
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<td><strong>Total Current Assets</strong></td>
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<tr>
<td>Other reserve</td>
<td>170,803</td>
<td>882</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>69,920</td>
<td>16,380</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>240,723</td>
<td>17,262</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>EUR</td>
<td>EUR</td>
</tr>
<tr>
<td>Accruals</td>
<td>26,086</td>
<td>39,394</td>
</tr>
<tr>
<td>Deferred income</td>
<td>21,102</td>
<td>402,357</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>47,188</td>
<td>441,751</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>287,911</td>
<td>459,013</td>
</tr>
</tbody>
</table>

* References relate to the notes starting on page 43
### Profit and loss account 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>2016 EUR</th>
<th>2015 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership fees</td>
<td>627,604</td>
<td>407,000</td>
</tr>
<tr>
<td>Board member contribution</td>
<td>-</td>
<td>166,387</td>
</tr>
<tr>
<td>Other income</td>
<td>18,522</td>
<td>24,261</td>
</tr>
<tr>
<td>Total</td>
<td>646,126</td>
<td>597,648</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-worker expenses</td>
<td>506,339</td>
<td>480,526</td>
</tr>
<tr>
<td>Marketing and communication</td>
<td>32,149</td>
<td>32,123</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>33,634</td>
<td>33,706</td>
</tr>
<tr>
<td>Meeting and conference costs</td>
<td>31,018</td>
<td>24,996</td>
</tr>
<tr>
<td>Other expenses</td>
<td>11,622</td>
<td>9,917</td>
</tr>
<tr>
<td>Total</td>
<td>614,762</td>
<td>581,268</td>
</tr>
<tr>
<td>Operating result</td>
<td>31,364</td>
<td>16,380</td>
</tr>
<tr>
<td>Project Cost Website</td>
<td>-11,529</td>
<td>-</td>
</tr>
<tr>
<td>Annual Meeting</td>
<td>50,085</td>
<td>-</td>
</tr>
<tr>
<td>Net result</td>
<td>69,920</td>
<td>16,380</td>
</tr>
</tbody>
</table>

* References relate to the notes starting on page 43
Notes to the 2016 financial statements

General

Legal structure and principal activities
The Global Alliance for Banking on Values (GABV) is a foundation under Dutch law, having its legal address at Nieuweroordweg 1, Zeist, The Netherlands.

The GABV is governed by the board members:
Peter Blom, (chairman of the board)
Thomas Bernhard Jorberg
Tamara Rowanne Vrooman
Kenneth Earl Laroe
Kurt Koeningsfest

The day to day operations of the GABV, the implementation of the strategy and the overseeing of the work of the Secretariat is delegated by the chairman of the Board to the Executive Director: Dr. Marcos Eguiguren.

The Global Alliance for Banking on Values is an independent network of banks using finance to deliver sustainable, economic, social and environmental development.

Financial Reporting period
These financial statements cover the year 2016, which ended at the balance sheet date of 31 December 2016.

Accounting policies

General
Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured reliably.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

The financial statements are presented in euros, the foundation’s functional currency.

Receivables
Receivables are measured at initial recognition at fair value. After initial recognition, receivables are measured at amortised cost. The amortised cost is equal to the nominal value of the receivables, less a provision for uncollectible debts. These provisions are determined by individual assessment of the receivables.

Cash and cash equivalents
Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.
Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

**Current liabilities**
At initial recognition, current liabilities are recognised at fair value. After initial recognition, the liabilities are measured at amortised cost. If no premium or discount and transaction costs are applicable, the amortised cost is equal to the nominal value of the liability.

**Income and expenses recognition**
Income from contributions are recognised in the profit and loss account when the amount can be determined reliably. Income and expenses are attributed to the period to which they relate or to the period in which the service was provided.
The movement of the other reserve is as follows:

1. Other reserve

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>EUR</td>
</tr>
<tr>
<td>Balance as at 1 January</td>
<td>882</td>
<td>914</td>
</tr>
<tr>
<td>Net result</td>
<td>16,380</td>
<td>-32</td>
</tr>
<tr>
<td>Capital Contributions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vancity</td>
<td>81,255</td>
<td>-</td>
</tr>
<tr>
<td>Triodos Bank</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>First Green Bank</td>
<td>8,593</td>
<td></td>
</tr>
<tr>
<td>NRB Bank</td>
<td>2,708</td>
<td></td>
</tr>
<tr>
<td>Sunrise Banks</td>
<td>985</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as at 31 December</td>
<td>170,803</td>
<td>882</td>
</tr>
</tbody>
</table>

2. Current liabilities

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>EUR</td>
</tr>
<tr>
<td>Accruals:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>8,378</td>
<td>22,021</td>
</tr>
<tr>
<td>RC Triodos Bank</td>
<td>9,200</td>
<td>5,062</td>
</tr>
<tr>
<td>Value added tax</td>
<td>1,843</td>
<td>5,031</td>
</tr>
<tr>
<td>Social insurances</td>
<td>3,750</td>
<td>3,801</td>
</tr>
<tr>
<td>Other accruals</td>
<td>2,915</td>
<td>3,479</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>26,086</td>
<td>39,394</td>
</tr>
</tbody>
</table>

Deferred income:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vancity Grant</td>
<td>21,102</td>
<td>21,102</td>
</tr>
<tr>
<td>Contribution Vancity transition period 2016 / 2017</td>
<td>-</td>
<td>81,255</td>
</tr>
<tr>
<td>Contribution Triodos Bank Annual meeting 2016 GABV</td>
<td>-</td>
<td>240,000</td>
</tr>
<tr>
<td>Contribution Triodos Bank transition period 2016 / 2017 GABV</td>
<td>-</td>
<td>60,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>21,102</td>
<td>402,357</td>
</tr>
</tbody>
</table>

Balance as at 31 December                             | 47,188| 441,751|
Off Balance

GABV has used project funding for the amount of € 695,484 for the purpose of establishing SFRE. Gabv will repay the member funding € 585,472 to the funder, only when it receives repayment from SFRE. It is intended that the project funding will be repaid by SFRE to the GABV in two equal instalments on 12 February 2019 and 12 February 2020.

GABV Member SFRE Project Funding

<table>
<thead>
<tr>
<th>Member</th>
<th>Total</th>
<th>Member Funding (€)</th>
<th>Project Donations (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affinity Credit Union</td>
<td></td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>Alternative Bank Switzerland</td>
<td></td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>Banca Etica</td>
<td></td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>BRAC Bank</td>
<td></td>
<td>72,972</td>
<td></td>
</tr>
<tr>
<td>Centenary Bank</td>
<td></td>
<td></td>
<td>2,500</td>
</tr>
<tr>
<td>Clean Energy Development Bank</td>
<td></td>
<td>2,500</td>
<td></td>
</tr>
<tr>
<td>Credit Cooperatif</td>
<td></td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>GLS Bank</td>
<td></td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>Merkur Cooperative Bank</td>
<td></td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>MiBanco/Grupo ACP</td>
<td></td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td>New Resource Bank</td>
<td></td>
<td></td>
<td>3,640</td>
</tr>
<tr>
<td>Triodos Bank</td>
<td></td>
<td>125,000</td>
<td></td>
</tr>
<tr>
<td>Vancity</td>
<td></td>
<td>50,000</td>
<td>75,000</td>
</tr>
<tr>
<td>XacBank</td>
<td></td>
<td></td>
<td>3,872</td>
</tr>
<tr>
<td><strong>TOTAL PROJECT FUNDING</strong></td>
<td><strong>€ 695,484</strong></td>
<td><strong>€ 585,472</strong></td>
<td><strong>€ 110,012</strong></td>
</tr>
</tbody>
</table>
3. Income

Membership Fees
The membership fees in 2016 are contributed by 39 member banks and 2 supporting partner and in 2015 by 28 member banks and 1 supporting partner.

Other Income

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>EUR</td>
</tr>
<tr>
<td>Project management SFRE</td>
<td>-</td>
<td>20,000</td>
</tr>
<tr>
<td>IP Fees SFRE</td>
<td>18,522</td>
<td>-</td>
</tr>
<tr>
<td>Exchange results for foreign currency transaction</td>
<td>-</td>
<td>4,261</td>
</tr>
<tr>
<td></td>
<td>18,522</td>
<td>24,261</td>
</tr>
</tbody>
</table>

4. Co-worker and other administrative expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>EUR</td>
</tr>
<tr>
<td>Salary expenses*:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>→ Executive director</td>
<td>200,186</td>
<td>146,847</td>
</tr>
<tr>
<td>→ Communication manager</td>
<td>63,430</td>
<td>93,917</td>
</tr>
<tr>
<td>→ Office program manager</td>
<td>44,047</td>
<td>3,407</td>
</tr>
<tr>
<td>→ Office and project coordinator</td>
<td>16,257</td>
<td>-</td>
</tr>
<tr>
<td>→ Network coordinator</td>
<td>42,343</td>
<td>83,450</td>
</tr>
<tr>
<td>→ Knowledge and service to members</td>
<td>14,740</td>
<td>-</td>
</tr>
<tr>
<td>→ Trainee</td>
<td>5,591</td>
<td>5,627</td>
</tr>
<tr>
<td>→ Financial administration</td>
<td>9,008</td>
<td>8,764</td>
</tr>
<tr>
<td>Fees for advice:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>→ Metrics and Capital advice</td>
<td>47,916</td>
<td>84,700</td>
</tr>
<tr>
<td>→ HR advice</td>
<td>18,650</td>
<td>21,300</td>
</tr>
<tr>
<td>→ Latin American advice</td>
<td>24,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Other expenses **</td>
<td>20,171</td>
<td>20,514</td>
</tr>
</tbody>
</table>

** The other expenses are mainly related payroll services and wage insurance.
Staffing level

During the 2016 financial year, the average number of staff employed in the group, converted into full-time equivalents, amounted to 3.85 people (2015: 2.95 people).

<table>
<thead>
<tr>
<th>Role</th>
<th>2016 (average of the year)</th>
<th>2015 (average of the year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director (Staff)</td>
<td>1.0</td>
<td>0.75</td>
</tr>
<tr>
<td>Communication and Programme Manager (Staff)</td>
<td>0.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Office &amp; Programme Manager (Staff)</td>
<td>0.8</td>
<td>0.05</td>
</tr>
<tr>
<td>Network Coordinator (Staff)</td>
<td>0.75</td>
<td>0.75</td>
</tr>
<tr>
<td>Financial Administration (Advice)</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Metrics &amp; Capital (Advice)</td>
<td>0.35</td>
<td>0.45</td>
</tr>
<tr>
<td>HR (Advice)</td>
<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
<td>Latin American Rep (Advice)</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>3.85</td>
<td>2.95</td>
</tr>
</tbody>
</table>

From a staffing perspective, the GABV work is also supported by a few part-time employees seconded by some member banks. Those seconded positions are in kind contributions of those member banks and not part of the costs borne by the GABV and thus, not a part of these Annual Accounts.
5. Project Cost Website

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>11,192</td>
<td>-</td>
</tr>
<tr>
<td>Costs</td>
<td>-22,721</td>
<td>-</td>
</tr>
</tbody>
</table>

-11,529

Beneficial State Bank and Alternative Bank Schweiz made special contributions which were dedicated to build a new website.

6. Annual Meeting

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Triodos Bank</td>
<td>240,000</td>
<td>-</td>
</tr>
<tr>
<td>Income from Participants</td>
<td>46,676</td>
<td>-</td>
</tr>
<tr>
<td>Costs</td>
<td>-236,591</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>50,085</td>
<td>-</td>
</tr>
</tbody>
</table>

Annual Meeting costs were exceptionally covered by the GABV and offset by a special contribution from Triodos Bank and fee participants.

Other information

Responsibilities of the Board for the financial report and financial statements

The Board is responsible for the preparation and fair presentation of the annual report of the past year and the accounts.

Profit appropriation

We propose to add the result of EUR 69,920 to the other reserve.
Outlook 2017

We achieved many significant milestones in 2016 and managed to go further than ever, reaching more people, consolidating a vibrant network, starting to work as a real movement and achieving a higher number of members.

The GABV in 2017 is planning to:

→ Continue the growth of the member base and work on more equal geographic representation of members.

→ See the inception of an Asia-Pacific Chapter.

→ Focus on onboarding more Supporting Partners to further support our activities and ensure the growth and visibility of the Global Alliance.

→ Start new areas of research in coordination with Communities of Practice, third parties and coordinated with the advocacy efforts of the Global Alliance.

→ Initiate and strengthen a Knowledge Management policy and make services to members more tangible.

→ Begin a new era of the Human Development Community of Practice, introducing more services to members.

→ Finalize the first full operational version of the GABV Scorecard and have the scorecard website presented at the GABV Annual Meeting in Nepal.

→ Focus our efforts on developing an initial advocacy plan.

→ Continue the work on redesigning the celebration around the #BankingOnValues day to ensure higher impact amongst member banks co-workers and aligned to the advocacy strategy.

→ Initiate work with two Advisory Committees on Global Branding and Digital Business. Both Committees will support GABV activities and help us achieve better results in these respective areas. The recommendations received from the Committees will serve as basis for our future efforts in these fields.

These are some of the areas of focus for 2017. We are working hard with all our members and partners to support all our efforts in achieving better results and the growth of the network and our movement.
The Global Alliance for Banking on Values is an independent network of banks and banking cooperatives with a shared mission to use finance to deliver sustainable economic, social and environmental development.

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