

# Executive Summary



Banking Reinvented

January 2014

## Executive summary

EBank is a democratically run social enterprise designed to provide the best possible banking services for its clients, while actively promoting sustainable economic development for the communities in which it's operating. EBank is employing several innovative concepts in order to fulfill its mission.

### Innovative business model

EBank will do business with both individual and business customers. Low-risk banking with individual customers is crucial for the maintenance of bank stability and good capital position. For business customers, EBank will provide the cheapest possible financing without any aim to make interest rate profits. Instead, EBank will participate in the profit of its financed projects, and reinvest this profit into the expansion and improvement of its services. In order to make this model successful, EBank will establish close relations with its customers and their needs so as to be always involved throughout all phases of project planning and execution. Furthermore, EBank will provide a model for customer participation in its governing structure so as to create a mutually beneficial economic system.

### Robust/Antifragile risk assessment models

EBank has developed an innovative state-of-the-art risk assessment model that consists of both qualitative and quantitative analysis, and is suitable for individual (peer-to-peer) evaluation of any possible project. EBank's risk assessment takes into account potential synergies with other financed projects, and aims to create a platform for distributed economy of scale and approach, which encourages the clustering of financed projects to logically connected economic chains to reduce the risks of each individual project. Besides that, EBank has developed the methodology and tools for the monitoring of all projects it takes part in, the detection of new risks as soon as they arise, and actions for their speedy mitigation. EBank will make investment in groundbreaking projects possible by encapsulating such projects in an existing economic structure, thus reducing their individual risks.

### Sustainable investment policy

Investing only in projects that are contributing to the real economy can serve as a powerhouse for sustainable economic growth, creating substantial positive social impacts for the community:

- Sustainable agriculture
- Industrial production, processing and crafts (at SME level)
- Energy
- New technologies and innovations
- IT
- Ecology projects
- Social entrepreneurship

### Highest ethical and social responsibility standards

All projects supported by EBank need to meet the following criteria:

- Must have a positive societal impact
- Must contribute to employment (creation and preservation of workplaces)
- Must be ecologically sustainable
- Must be supported by the community in which they are operating
- Must be socially inclusive and nondiscriminatory
- Must be economically viable over the long term



## Transparency

In its operations EBANK is ultimately transparent, following the principle that we shouldn't do something if we're not comfortable publishing information about it on our website. Following this policy, EBANK is aiming to establish deep trusting relationships with its customers and the community within which it operates. Transparent policy needs to encompass all areas of EBANK operations, including:

- EBANK strategy, policies, procedures and investment criteria
- List of realized investments
- Information about EBANK balance-sheet and risks
- Remuneration policy
- Surplus sharing policy

## Launching strategy

EBANK is starting its operations in Croatia in the last quarter of 2014. Croatia has several characteristics that can greatly contribute to EBANK's success:

- Foreign-owned banking sector uninterested in investing in the real economy
- Lack of alternative financing sources for SME
- Strong industrial tradition
- Abundance of highly-educated young people
- Vast underdeveloped areas
- Legislation in line with EU directives
- Access to EU development funds (starting 2014)
- Existing banks have a poor reputation throughout population

EBANK has established partnerships with local government entities and development incubators across Croatia, and has collected an initial list of prospective development projects. Contrary to other banks operating in Croatia that charge exorbitant fees for its services, EBANK will ensure that all development funds are utilized in the most efficient way for its intended purpose, supplementing with funds from other sources if necessary. Moreover, EBANK will provide structural financial and consulting support to all development-based projects that are aiming to receive support from EU funds. In parallel, EBANK will build up its client base and expand its investment activity with its own projects, as well as projects in collaboration with other development institutions (EBRD, Croatian bank for reconstruction and development, etc.).

## Investment

The founders of EBANK are a group of institutional and private investors in Croatia (local councils, companies and individuals). In order to achieve its goals, EBANK will need 5 million EUR of initial capital, and 15 million EUR of start-up investment capital. Besides that, the costs of initial investment in bank infrastructure and personnel in the first year of operations (20 FTE, experienced professionals for key positions) are 1 million EUR. EBANK is projecting a full return on initial investment within first 3 years of operation.

## Model of growth

Because of its development goals and interest in social development, EBANK needs to build strong relations with local community, and must develop a decentralized model of growth that will be able to maintain those relations. Therefore, EBANK sees itself more as a platform providing knowledge, infrastructure, shared services, resources and common capital base to its autonomous branches, than as a centralized, strictly hierarchical organization. EBANK is ready to support the creation of similar platforms wherever there might be the need and desire to do so, provided that such initiatives share EBANK's principles and goals. For 2020, EBANK is projecting 400.000 Croatian customers, managing a portfolio of 1 billion EUR and at least 8 bank partners in other countries.

