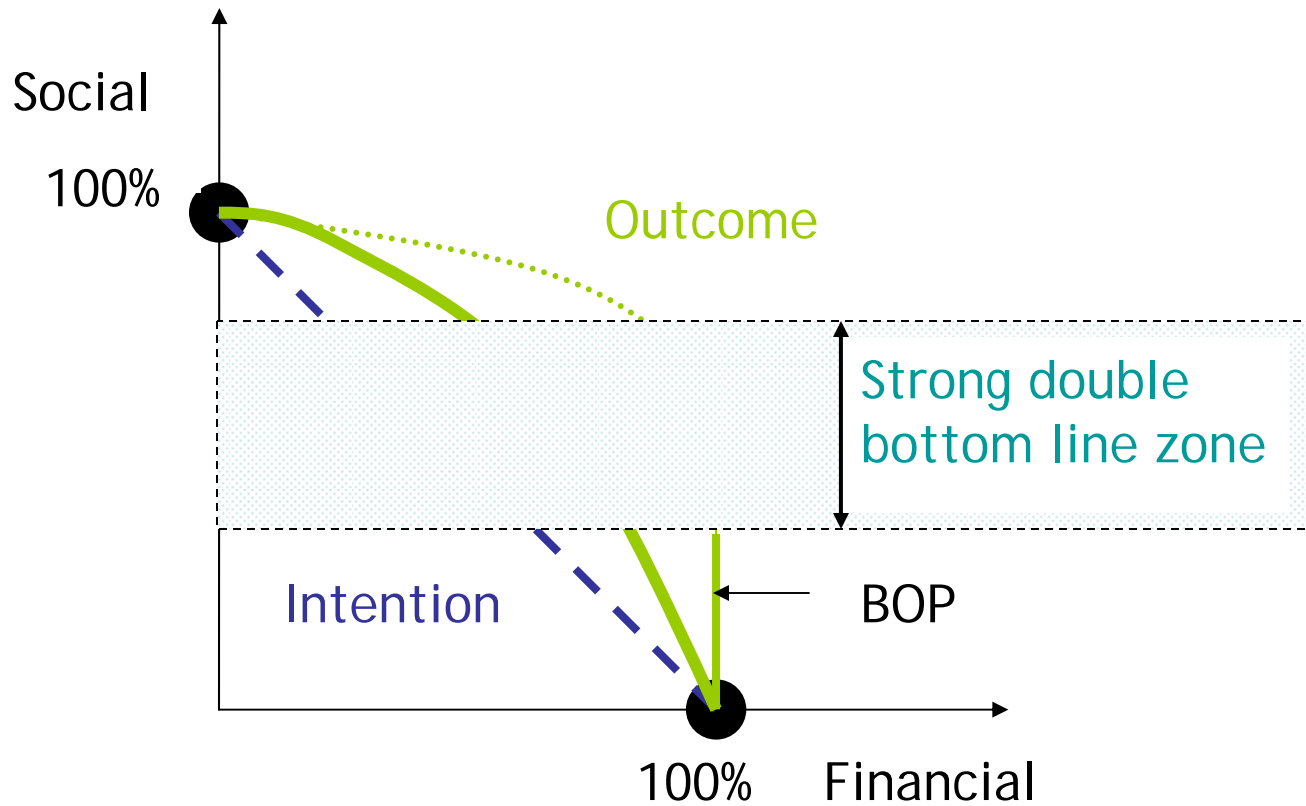


**PRIVATE DEVELOPMENT
BANKING:
Managing the tensions**

David Porteous
HBS Conference on Global Poverty

Double Bottom Line Business



Hypotheses

Conventional: Companies which intentionally seek to locate in the “Strong Double Bottom line zone”, will be dynamically unstable in outcome:

- Stunted in growth, vulnerable to competition
- Diluted in their social impact

Therefore, expect them to be small and/or shortlived in the SDBL zone






<http://www.marmalademoon.com/desktops.html>

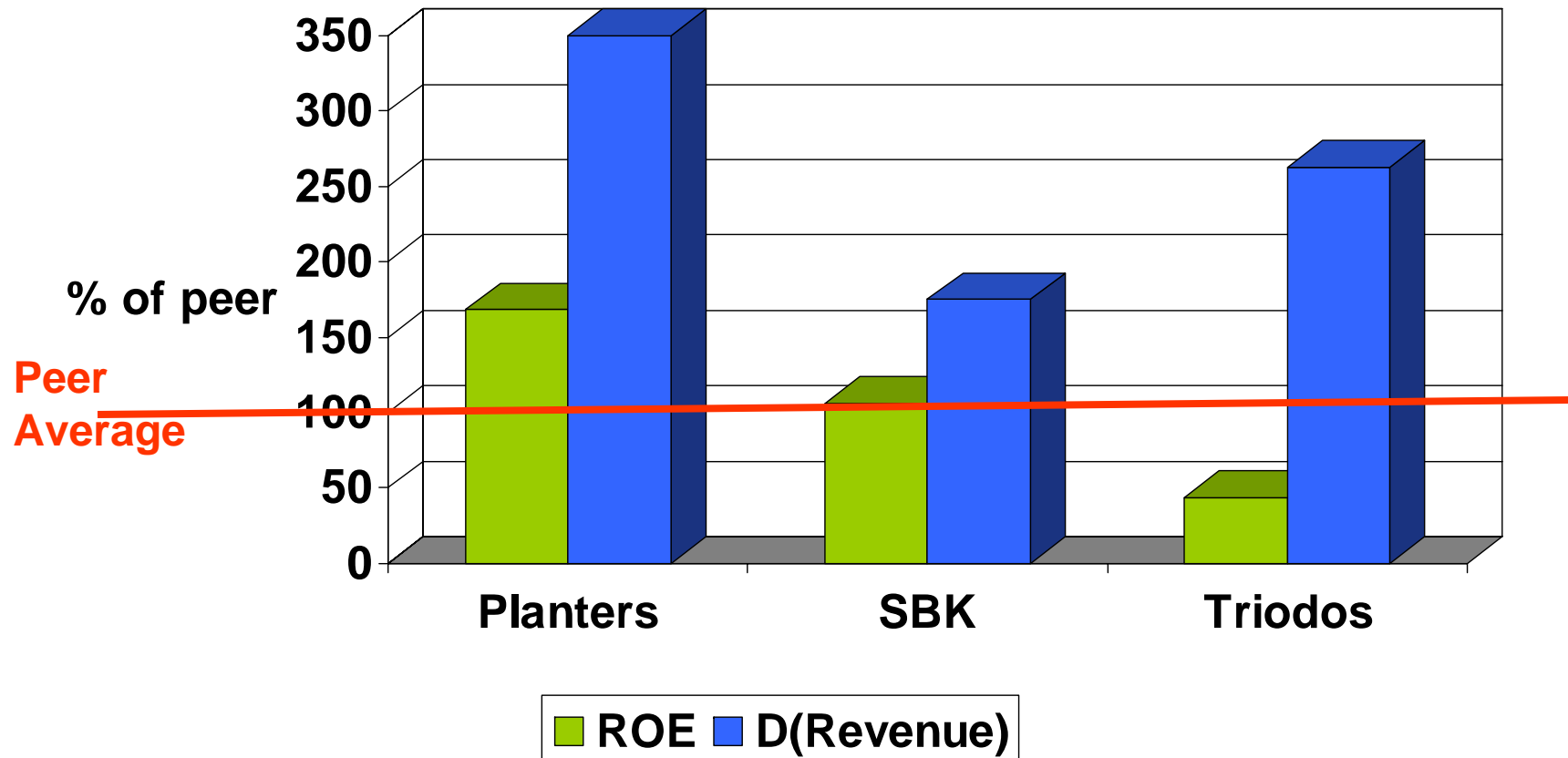
This paper: blended return intention is possible and sustainable over time; and may even produce superior outcomes



Sample: 3 banks

| |  |  |  |
|----------------------------------|---|---|---|
| Date of formation | 1961; (1972) | 1973 | 1980 (1971) |
| Countries of operation | Banking: Philippines | Banking: USA Fund management | Banking: Netherlands, UK, Belgium, Spain. Fund management |
| Size (2004) (Gross Assets) | \$620m | Bank \$1.48bn Group \$1.66bn | Bank \$1.28bn Group \$2.25bn |

Financial performance: 1999-2003



Conclusion

These three banks:

- Intention:
 - Blended return in SDBL zone
- Outcome:
 - Strong social impact over 30 years
 - Financial performance exceeding peer group; growth

Questions

Questions:

- How was this achieved?
 - How to manage the tensions?
- Are these exceptions?
 - Oasis or reclaiming the desert?