ProCredit is an international group of development-oriented commercial banks with a geographical focus on South Eastern and Eastern Europe and a structural emphasis on small and medium-sized enterprises (SMEs). The parent company of the group, ProCredit Holding AG & Co. KGaA (ProCredit Holding), is headquartered in Frankfurt and controls 100% of the shares in all ProCredit banks.

ProCredit Holding has been licensed by the German Federal Financial Supervisory Authority (BaFin) as the superordinated company of the group. The main functions of ProCredit Holding vis-à-vis its subsidiaries are strategic guidance and supervision, and the provision of equity and debt financing.

If you are interested in learning more about our organisation, please visit the ProCredit Holding website www.procredit-holding.com.

Structure of the ProCredit group

- ProCredit Holding AG & Co. KGaA
- Quipu GmbH – IT service provider
- 12 ProCredit banks
- ProCredit Academy GmbH – training centre
ProCredit countries and regions of operation

Germany
- ProCredit Holding
- ProCredit Bank Germany
- ProCredit Academy
- Quipu

Eastern Europe
- 3 ProCredit banks in Georgia, Moldova and Ukraine

South America
- ProCredit bank in Ecuador

South Eastern Europe
- 7 ProCredit banks in Albania, Bosnia and Herzegovina, Bulgaria (including branch in Thessaloniki, Greece), Kosovo, North Macedonia, Romania and Serbia

1 All data as of 31 December 2019
| **Key figures 2019** |  
|----------------------|---|
| **Total assets (EUR m)** | Dec 2019 |
| **Customer loan portfolio (EUR m)** | 4,797 |
| of which, loans to businesses | 93% |
| of which, green loan portfolio | 17% |
| **Number of business clients** | 35,256 |
| **Share of credit-impaired loans (%)** | 2.5% |
| **Customer deposits (EUR m)** | 4,333 |
| **Profit for the period (EUR m)** | 54.3 |
| **Return on average equity** | 7% |
| **Number of employees** | 3,123 |
| **Number of financial institutions** | 12 |
| **Number of outlets** | 81 |
Through our responsible banking policies and practices, we contribute to solving sustainable development challenges, and in this sense we strive to address many of the SDGs formulated by the United Nations. For the purpose of our impact reporting, we have selected eight SDGs and 23 associated targets which are most relevant for us and to which we can make the greatest contribution.

Curious to learn more? You can find more information starting on page 65 of our 2019 Impact Report.
In its 2018 Impact Report, the group set itself three specific goals aimed at helping us to achieve our sustainability ambitions more widely. The graphic illustrates the progress made with regard to these three goals in the course of 2019.

**20% green loans**
Increase the relative size of the group’s green loan portfolio to 20% of the total loan portfolio, while at the same time maintaining its high quality.

By the end of 2019, the share of the green loan portfolio in relation to the total loan portfolio amounted to 17%.

**Carbon neutral**
Become carbon neutral with regard to the group’s own CO₂ emissions.

The group was able to reduce CO₂ emissions by 19% in 2019 compared to the previous year thanks to investing in energy efficiency and sourcing renewable energy for our electricity supply.

**Staff competence**
Maintain and further increase the high level of social and environmental competence among our staff.

Due to our comprehensive and regular environmental training (>12,000 total person-hours), we are continuously increasing the competence of our staff.
The concept of materiality is key to meaningful impact reporting in line with the Global Reporting Initiative (GRI) Standards. It requires us to evaluate, along with our stakeholders, a variety of issues which are specific to ProCredit and relevant for assessing our economic, environmental and social impacts and which substantively affect the decisions of our stakeholders.

We grouped our material topics under three key areas. The overarching topic is our business model, which is supported by two pillars, our approach to clients and our approach to staff.

**KEY MATERIAL TOPICS FOR THE PROCREDIT GROUP**

**Our approach to clients**
- Reliable partnership and transparent services
- Sustainable finance
- Prudent credit risk management

**Our approach to staff**
- Ethical values and working environment
- Fair recruiter and employer
- Staff development

**Our business model**
- Economic development
- Corporate governance
- Environmental management
- Technology and innovation
Recognising the exponential growth in plastic production and related problems with plastic waste, ProCredit has developed a group-wide strategy which aims to achieve the direct and indirect reduction of plastic use.

Environmental protection and awareness have been high on our agenda for many years. By implementing our three-pillar Environmental Management System we have increasingly formalised our approach to managing and improving our environmental performance.

**Internal environmental management**

Our approach is based on processes and procedures that help us to systematically reduce our direct environmental footprint and raise awareness.

**Management of environmental and social risk in lending**

We do not support practices and activities that are harmful to the environment and society.

**Green finance**

We encourage our clients to invest in green measures that have a direct positive impact on the environment in our countries of operation.

Recognising the exponential growth in plastic production and related problems with plastic waste, ProCredit has developed a group-wide strategy which aims to achieve the direct and indirect reduction of plastic use.

**SAY NO TO PLASTIC**
The ProCredit group's environmental and social performance – Highlights in 2019

- Electricity consumption was reduced by 5%.
- Our own PV systems produced 204 MWh in 2019 (increase of 25%).
- We collected 24 tonnes of e-waste, of which 78% was recycled and 22% was reused.
- CO₂ emissions were reduced by 19%.
- More than 12 different types of internal training courses and events for employees on environmental and social topics.
- The group only uses recycled or certified paper.
- Printing paper per employee was reduced by 23%.
- We collected 104 tonnes of paper waste, of which 100% was recycled.
- We collected 24 tonnes of e-waste.
- 65% of our car fleet consists of electric and hybrid cars.
- Regional schools enjoy free weekly swimming classes in the ProCredit Academy's solar-powered pool.
- Where possible we switch to carbon neutral electricity suppliers.

¹% refers to reductions 2018-2019
An increasingly important theme is the accessibility, efficiency and security of banking services. We have equipped our branches and service points with modern technology and 24/7 access for our clients. We are further investing in direct banking facilities, enhancing the services and communication options provided by our electronic and mobile banking applications.

At our 24/7 Zones, clients can make withdrawals, deposit cash and carry out cashless transactions, such as transfers and account information retrieval. Today, almost 100% of their transactions are handled through automated systems.

The new and innovative technologies we have implemented in our markets support modernisation, transparency and efficiency for our clients and the banking sectors in which we work.
ProCredit banks promote long-term reliable and stable partnerships with business and private clients as their "Hausbank".

We offer financial services through various easy-to-use digital channels with a high level of security. Our well-trained staff takes the time to provide sound advice to small and medium enterprises, a client group that is still underserved in terms of appropriate financial services. This approach contributes to sustainable development for our business clients and prevents them from becoming over-indebted.

In addition, we are increasingly supporting private clients with transparent and well-structured account services, savings options and lending products.
By offering sustainable finance we intend to put into action our economically, socially and environmentally inclusive approach to responsible finance. Our focus is on providing financial instruments for our client groups and on supporting projects which are innovative and relevant for the local economies. Our green loan portfolio promotes technologies which are climate-friendly and contribute positively to the environment.

Practical examples of our sustainable approach to finance include:

- Our successful and well-established cooperation with the European Investment Fund (EIF) InnovFin Guarantee Facility has incentivised many innovative SMEs in South Eastern and Eastern Europe over the years to further invest in their business.

- The placement of our first Green Bonds – totalling USD 90 million – with the International Finance Corporation (IFC) aims at financing green investments by SMEs in emerging economies.

### Green loan portfolio by investment category in 2019

- **Environmentally friendly projects**: 19%
- **Renewable energies**: 13%
- **Energy efficiency**: 68%

### Number of RE projects in the green loan portfolio

- **PHOTO-VOLTAIC**: 2017: 14, 2018: 36, 2019: 52
- **HYDRO**: 2017: 12, 2018: 10, 2019: 11
- **BIOMASS**: 2017: 3, 2018: 5, 2019: 7

In total **68,103 t** of CO₂ avoided in 2019

(2018 - 52,437 t)
Exclusion list

Despite ProCredit’s inclusive approach and openness towards the many different business models of our clients, there are certain harmful practices and activities that ProCredit banks categorically refuse to support. To ensure that the ProCredit banks apply this principle consistently, we have formulated an unambiguous Exclusion List which is subject to regular revision and updates, covering the following areas:

• Unethical practices and labour conditions
• Activities that are not in compliance with standard health and safety regulations
• Activities that are harmful from an ecological standpoint
• Activities with a negative impact on the community

The Exclusion List forms part of our Code of Conduct.
For more than two decades, the ProCredit group has been operating successfully and applying high standards of credit risk management in challenging markets. Our overall aim is to minimise the potential negative impacts of lending operations, such as over-indebtedness or negative environmental and social impacts of the projects we finance.

We have a long track record of sustaining low default and net write-off figures. In light of the continuously favourable development of the main quality indicators, we consider the credit risk level of our portfolio to be well managed.

As environmental and social risks may turn into financial risk for our clients and reputational risk for our banks, effective environmental and social risk management is indispensable to us.

### LP quality development

<table>
<thead>
<tr>
<th></th>
<th>Dec 2018</th>
<th>Dec 2019</th>
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<tbody>
<tr>
<td>Share of credit-impaired loans in total LP</td>
<td>3.1%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Share of credit-impaired loans in green LP</td>
<td>0.7%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

### Loan portfolio by environmental risk category

- **Not applicable**: 7.8%
- **High**: 5.6%
- **Medium**: 44.4%
- **Low**: 42.6%

- 2018: 42.3%
- 2019: 43.5%
STAFF

We promote a positive working environment characterised by diversity, flat hierarchies and open communication, with the aim of retaining key personnel on a long-term basis. Our ethical approach to banking is fundamental and fully integrated into our corporate culture.

Among other things, we heavily promote independence and critical thinking, responsibility, gender equality, diversity and fairness among our staff. Our values are manifested in our Code of Conduct and form the ethical compass of the ProCredit group.

Gender diversity of staff as of December 2019

<table>
<thead>
<tr>
<th>Total staff</th>
<th>61%</th>
<th>39%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle management</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>Management boards</td>
<td>53%</td>
<td>47%</td>
</tr>
</tbody>
</table>
Our approach to staff development emphasises capacity-building through comprehensive knowledge and skills training, regular performance reviews and clear career options.

We provide our employees with continuous training at various levels in the banks and at our Academy in Fürth, Germany.

Levels of training at ProCredit

- **Level 1**: Six-month ProCredit Onboarding Programme
- **Level 2**: Specialist courses & workshops, advanced English training
- **Level 3**: ProCredit Banker Academy
- **Level 4**: ProCredit Management Academy
Code of Conduct

Our ethical responsibility is documented in our Code of Conduct, which contains the core principles that all employees of the ProCredit group are obliged to observe:

- Personal integrity and commitment
- High professional standards
- Social responsibility
- Culture of open communication
- Transparency

The Code of Conduct is closely linked to the daily life of our staff and influences their dealings with clients, colleagues, and public authorities.

The Code of Conduct is a binding document which forms an integral part of the employment contract and is therefore discussed intensively with all our staff.
ProCredit Holding AG & Co. KGaA

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