Financing Innovative SMEs in Ukraine
ProCredit Holding and ProCredit Bank Ukraine

Kiev, 13 September 2016
Institutional overview ProCredit group
Key facts and figures of the ProCredit group

**Eastern Europe and Germany (78% of our assets)**

- **ProCredit Holding Germany**
- **ProCredit Bank Germany**
- **ProCredit Bank Serbia**
- **ProCredit Bank Bosnia and Herzegovina**
- **ProCredit Bank Kosovo**
- **ProCredit Bank Albania**
- **ProCredit Bank Macedonia**
- **ProCredit Bank Ukraine**
- **ProCredit Bank Moldova**
- **ProCredit Bank Romania**
- **ProCredit Bank Georgia**

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**Status June 2016**

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan portfolio</td>
<td>EUR 4.1 billion</td>
</tr>
<tr>
<td>of which, loans to SMEs</td>
<td>EUR 3.8 billion</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>EUR 3.8 billion</td>
</tr>
<tr>
<td>Shareholders’ equity (excl. minority interests)</td>
<td>EUR 600 million</td>
</tr>
<tr>
<td>Total assets</td>
<td>EUR 6.0 billion</td>
</tr>
<tr>
<td>Return on equity</td>
<td>9.5% YTD</td>
</tr>
<tr>
<td>Number of employees</td>
<td>5,000</td>
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<tr>
<td>Rating (Fitch)</td>
<td>BBB (stable)</td>
</tr>
<tr>
<td>Core shareholders</td>
<td>Zeitinger Invest, ProCredit Staff Invest 1 and 2, KfW, DOEN, IFC</td>
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</tbody>
</table>
ProCredit approach to staff development

Local programmes

ProCredit Entry Programme
All potential new recruits participate in a six-month programme before being hired.

The programme contains work-related topics as well as general topics, i.e. ethics, mathematics and accounting.

Bank training centres:
- Systematic, intensive on-the-job training
- Seminars and training units with specialist topics

Company-wide salary structure
Links professional development and salary levels to performance and training levels

International programmes

Regional Academies (Macedonia and Colombia):
- Training of middle management (over a one-year period)
- Short-term training on specific topics
- English training

ProCredit Academy (Fürth, Odenwald):
- Training of future senior management (over a period of three years)
- English training

Bank training centres:
- Systematic, intensive on-the-job training
- Seminars and training units with specialist topics

Company-wide salary structure
Links professional development and salary levels to performance and training levels
Diversified loan portfolio

Outstanding LP*
June-2016

Outstanding Business LP by sector
June-2016

- Business loans 92.5%
- Other 2.1%
- Housing loans 5.4%
- Agriculture 19.7%
- Trade 28.9%
- Industry and other production 20.1%
- Transport 5.2%
- Construction 3.6%
- Other 22.5%

*100% = EUR 4.1 billion
• The green loan portfolio had a volume of EUR 296m on June 30, 2016 with around 10,000 outstanding credit exposures as compared to the fiscal year ended December 31, 2011.
• The lion’s share of loans – 71% – was granted to finance investments in energy-saving measures.
InnovFin SME Guarantee
Group “umbrella agreement”

- Framework agreement within the group “umbrella agreement” signed 28 January 2016
- Total amount of the programme for ProCredit banks: EUR 320 million
- Amount of individual credit facilities: EUR 25,000 – EUR 7.5 million
First EFSI deal in Greece / InnovFin

**Additional “bank agreement” for Greece**

- Investment Plan for Europe: First EFSI deal signed in Greece by the EIF and the ProCredit group to provide loans to innovative SMEs

- EUR 20 million in loans will be provided to innovative companies in Greece over the next two years

**ProCredit Bank EAD and ProCredit Holding**
Group “umbrella agreement”

- Flexibility in allocating funds to participating countries: Albania, Bosnia and Herzegovina, Bulgaria, Greece, FYROM, Moldova, Romania, Serbia and Ukraine (Georgia – in progress)

- Joint due diligence and identical contracts for each bank
Case study – Organic food production

- Production of healthy organic food with 60 employees
- A market leader in Europe for organic bars, selling close to one million units monthly
- **Investment:** Aimed at the production and expansion of the assortment of high protein food bars
- Loan amount: EUR 450,000

Retain a strong local position and increase exports through investments in new product lines
Case study – Agricultural client

- Cereal cultivation (55%), oleaginous crops (41%), other plants (4%)
- Processing – 1,419 hectares of land (sunflowers, wheat, corn, barley, rapeseed, peaches, grapevines)

**Investment:** Combine for grain crop harvest
- Loan amount: EUR 122,291.55
ProCredit Bank in Ukraine
• Began operations in Ukraine in 2001

• Currently has 25 business units in 7 cities, which provide financing and banking services to SMEs all over the country

• As of June 2016, ranks 19th by total assets in the banking sector (moving up from 70th as of the beginning of 2014)
In 2015-2016 YTD, the loan portfolio of ProCredit Bank increased by 36.2%.

During the same period, the loan portfolio for the banking sector decreased.
ProCredit Bank disbursed EUR 318 million in loans in the period from 2015 – H1 2016.

Disbursements were distributed as follows:

- 49% Agricultural sector
- 23% Trade industry
- 20% Manufacturing
- 8% Other sectors
Financial uncapped guarantees for SMEs and Small Mid-Caps < 500 employees

Guarantee rate: up to 50% of net losses incurred in each loan

Attractive and fixed guarantee fees payable on the outstanding amount of the guarantee

Eligibility of final recipients and loans is examined by the financial institution in accordance with the specific eligibility criteria contained in the Guarantee Agreement

Recoveries realised by the FI, where the EIF paid amounts under the Guarantee, are to be shared pari passu with the EIF

Financial Benefit, i.e. saved risk points expected to be passed by the FI to SMEs
InnovFin
Benefits for ProCredit banks

- **Support of innovative SMEs** (small and medium-sized enterprises and small mid-caps up to 499 employees)

- **Reduction of the cost of risk**

- **Reduction of large exposures** making it possible to fully finance larger projects

- **Capital release** for the share guaranteed by the EIF (guarantees and counter-guarantees on debt financing)
InnovFin
Benefits for customers

Financial support for innovative investments under more favourable terms

- **Support for a variety of innovations**: innovations in products and services, processes, fast-growing enterprises, R&I-intensive enterprises as well as organisational and marketing innovations

- **Lower collateral requirements**: collateral requirements are significantly reduced allowing access to larger financing volume or provision of less collateral without impacting the cost of financing

- **Lower cost of financing**: reduced interest rates for loans disbursed under the InnovFin programme both in local and foreign currency
Thank you for your attention!