



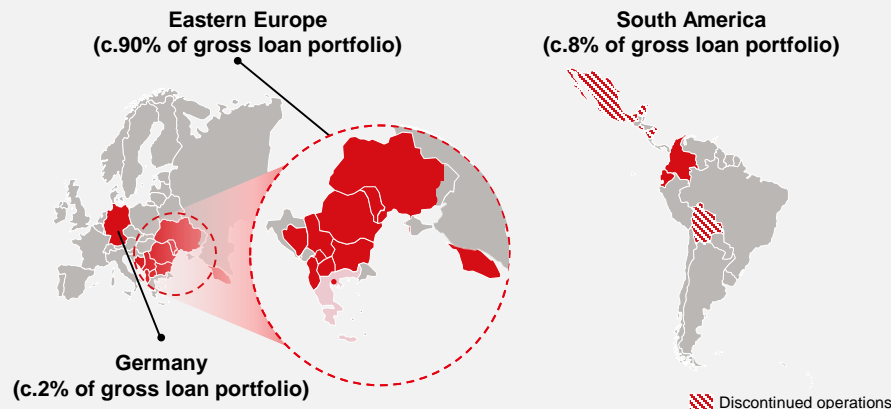
**Financing Innovative SMEs in Romania**  
**Bucharest, March 2017**

# ProCredit – A unique approach to banking

## Summary

- ▶ Internationally established group of development-oriented banks for SMEs
- ▶ Headquartered in Frankfurt and supervised by the German Federal Financial Supervisory Authority (BaFin) and Deutsche Bundesbank
- ▶ Mission of promoting sustainable development with ethical corporate culture and long-term business relationships
- ▶ Track record of high quality loan portfolio
- ▶ Profitable every year since creation as a banking group in 2003

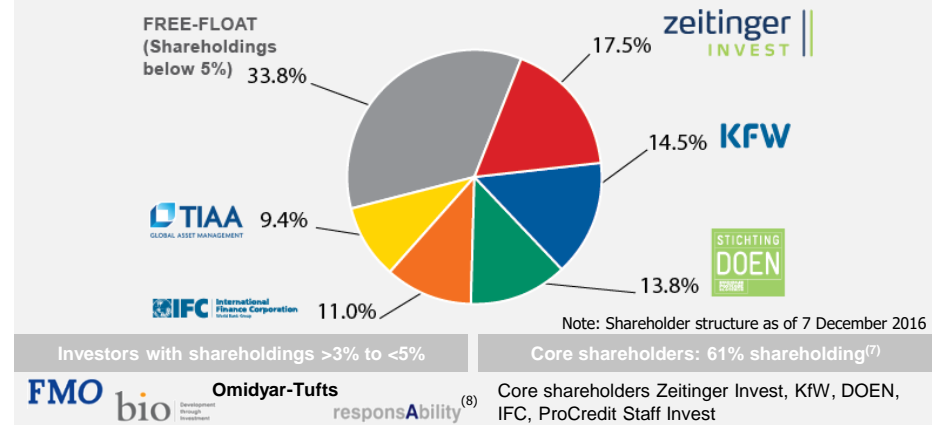
## Geographical distribution



## Financial overview

| In EUR m  | Sep-16                                |
|---|---------------------------------------|
| Total assets  | 6,046                                 |
| Gross loan portfolio                                | 3,565                                 |
| o/w loans to businesses                             | 3,266 <sup>(1)</sup>                  |
| Customer deposits                                   | 3,338                                 |
| Shareholders equity                                 | 603 <sup>(2)</sup>                    |
| Return on average equity                            | 7.6%/ 10.4% (adjusted) <sup>(3)</sup> |
| Equity ratio (Fully loaded CET1/ TC) <sup>(4)</sup> | 12.3%/ 15.2% <sup>(5)</sup>           |
| Leverage ratio (Fully loaded)                       | 10.3% <sup>(5)</sup>                  |
| Customer deposits/ total gross loans                | 94%                                   |
| Number of employees                                 | 4,212 <sup>(6)</sup>                  |
| Rating (Fitch)                                      | BBB (stable)                          |
| Rating (Corporate responsibility, oekom research)   | Prime                                 |

## Reputable development-oriented shareholder base



Notes: As of 30 September 2016; (1) Defined as loans to businesses and agricultural loans, finance leases and other loans; (2) Excluding non-controlling interest; (3) Annualised, reported RoAE of 7.6% adjusted for one-off effects; see appendix for explanation; (4) CET1 = Common Equity Tier 1, TC = Total Capital; (5) Adjusted for the positive effect of the capital increase by EUR 31.9 million of ProCredit Holding in November 2016 (assuming regulatory recognition) and of the sale of Banco PyME Los Andes ProCredit S.A. in Bolivia, which closed on December 14, 2016; (6) Continued operations only; 5,513 employees in total; (7) Shareholders of the general partner entity (does not include ProCredit Staff Invest 3 GmbH & Co. KG); (8) Aggregate of different investment entities, each with a shareholding below 3%

# Continuous training in centralised academy is the cornerstone of ProCredit's corporate culture

## ProCredit entry programme

- ▶ Mandatory for all new recruits
- ▶ Six-month programme before final hiring
- ▶ Dual education through hands-on job training and courses
- ▶ 2/3 of participants usually receive a final employment offer<sup>(1)</sup>

## Continuous training

- ▶ Systematic, intensive on-the-job training
- ▶ Seminars and training units with specialist topics
- ▶ Salary linked to training level
- ▶ "Up-or-out" in the first two years, with long-term prospects thereafter

## International management development

- ▶ ProCredit Management Academy:
  - Training of middle management as well as future senior management
  - Catalyst of the closely-knit management network
- ▶ ProCredit Banker Academy:
  - Training of middle management



Note: (1) In relation to participants of six-month ProCredit entry programme

# “Green loans” as key pillar of business model

## Environmental engagement is based on three pillars

1

### Internal environmental management

- ▶ Continuous monitoring and improvement of own energy and resource consumption

2

### Management of environmental risk in lending

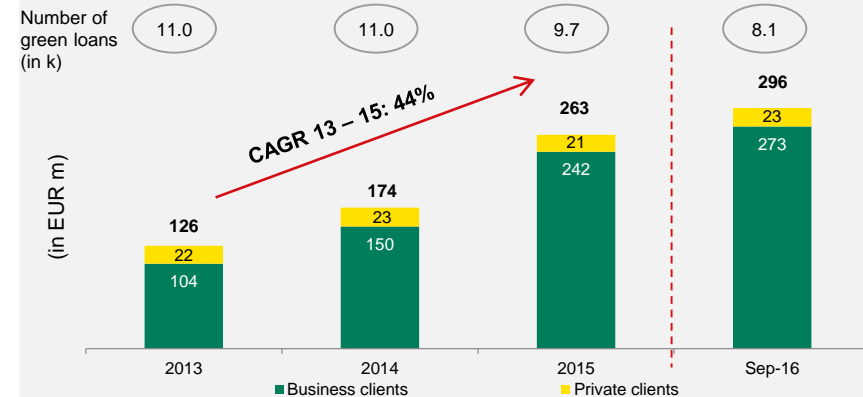
- ▶ Granting of loans only to applicants whose activities are in line with ethical principles
- ▶ Exclusion list includes inter alia
  - Underground mining
  - Charcoal production
  - Logging activities and trade of forestry products (except sustainably managed forests)

3

### Green finance / green loans

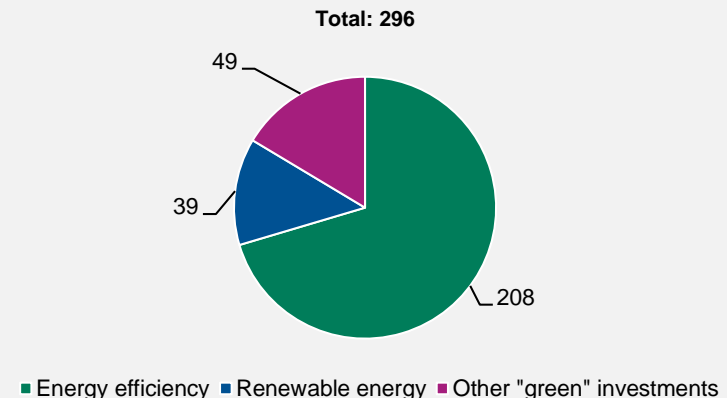
- ▶ Credit products for investments in
  - Energy efficiency
  - Renewable energies
  - Other environmentally-related activities
- ▶ Mid-term ambition of min. **10%** of the total loan portfolio (currently at **8.3%**)

## Strong growth of the green loan portfolio



## Green loan portfolio by use of proceeds<sup>(1)</sup>

In EUR m



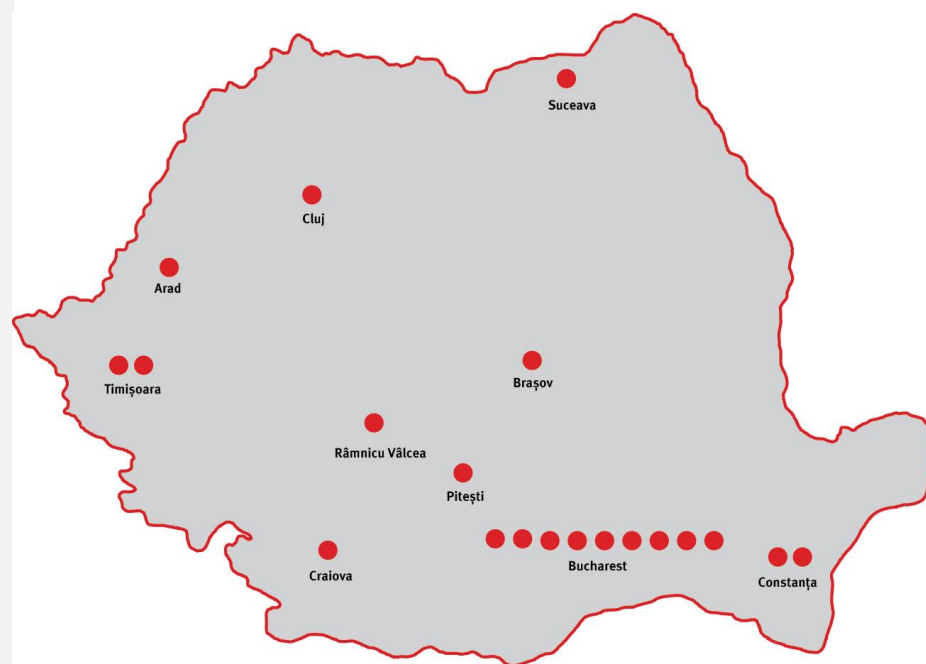
Note: (1) As per 30 September 2016





## German SME bank in Romania

- ▶ ProCredit Bank is the only German Bank operating in Romania for 15 years
- ▶ Modern branch network with well-equipped, comprehensive 24/7 zones
- ▶ Specialized in small and medium-sized enterprises
  - Growth in SME core portfolio in 2016 with 8%
  - Share of Agricultural loans 32%
  - More than half of our clients have 10-50 employees
- ▶ Dedicated, well-trained Business Client Advisor



# Trustful long-term relationships



**ProCredit Bank**

## Dedicated BCA and „Hausbank“ concept



- ▶ Client receive individual attention from specialised BCAs who
  - Truly understand the client, its situation and risk profile
  - Diligently assess the financial situation and avoid overindebting them
  - Provide advice on the entire range of banking services
- ▶ BCAs thus act as key drivers of low default risk and key facilitators of mutual beneficial client relationships
- ▶ High quality advisory service allows build up of client's trust as base for successful and long-term relationships
- ▶ „Hausbank“ approach, which means engagement in a long-term partnership and providing our clients with the full range of services according to their needs
- ▶ True client centricity instead of bonus-driven „sales personnel“



# InnovFin programme with ProCredit

- ▶ Framework agreement within the group “umbrella agreement” dated January 2016
- ▶ Total amount of the programme for ProCredit Banks: EUR 420 million
- ▶ Amount of individual credit facilities: EUR 25,000 –EUR 7.5 million



# InnovFin Implementation on Romanian “market” – marketing initiatives



ProCredit Bank



InnovFin advertorial



InnovFin press release



InnovFin digital screens in our 24/7 zones display



# Case study

## KroneMag Millenium Srl, Romania



*ProCredit Bank*

### Company

- Producer of outdoor and garden furniture made of wood and metal (street furniture, garden furniture, lighting posts)
- Produces for domestic and international markets (exports to various Western and Eastern European countries)
- Started in 2008 in Brasov; group turnover ~EUR 2,6 mil; No of employees ~30

### InnovFin project

- Investment in a production capacity, acquisition of a Robotic welding line and a Dyeing line, electrical transformer
- InnovFin loan amount ~**EUR 674,000**
- Benefits
  - New product type, high quality processes, efficiency increases
  - Reduced costs and collateral requirements



# Case study

## Zaris Autocom Srl, Romania



**ProCredit Bank**

### Company

- Bakery – manufacturing of bread, fresh pastry goods and cakes
- Founded in 1996 in Pitesti, Romania
- ~EUR 4,8 mil turnover and 172 employees

### InnovFin project

- Investment in production equipment
- InnovFin loan amount ~EUR 155,000
- Benefits
  - Additional production capacities (for a new product line) with increased functionalities and reduced energy consumption and higher efficiency
  - Lower costs and collateral requirements



# Case study

## Creative Bags Srl, Romania



ProCredit Bank

### Company

- Producer of paper bags: environmentally friendly production processes and special printing plates that allow clients to order customised bags
- Started in 2008 in Bucharest, Romania
- ~EUR 2,4 mil turnover and 28 employees today
- Fast growing SME

### InnovFin project

- Acquisition of an equipment of new generation (*user friendly, high quality of the products, high definition of the image*)
- InnovFin loan amount ~**EUR 175,000**
- Benefits:  
Due to the reduced collateral requirements and lending costs, the client is able to make the upgrade of the production to a higher quality faster

