



ProCredit
H O L D I N G

2019

ProCredit Group
GREEN BOND REPORT



1. INTRODUCTION

In October 2018, ProCredit Holding AG & Co. KGaA ("ProCredit Holding") published its Green Bond Framework (GBF), outlining the conditions under which the company may issue financing instruments to support the ProCredit banks' green lending operations. In 2019 the first such instrument was issued under the GBF, when green bonds totalling USD 90 million were placed with the International Finance Corporation (IFC). This issue was followed by a number of smaller placements with commercial investors. The conditions of the GBF specify that ProCredit Holding will publish an annual Green Bond Report, providing information on the amount and number of green loans disbursed and outstanding during the year under review, and assessing their environmental impact.

Irrespective of the terms of the GBF, ProCredit Holding publishes a highly detailed annual ProCredit Group Impact Report, the first of which assessed the impact of the group's activities in 2017. In fulfilment of its obligations under the GBF, the present Green Bond Report shows data in a similar format to data published in the ProCredit Group Impact Report 2019. However, it should be emphasised that the figures given in the tables below do not correspond exactly to those shown in the Impact Report. In particular, the "Eligible Green Loan Portfolio" reported under the GBF is smaller than the group's "Green Loan Portfolio" as shown in the Impact Report. This is due to the fact that, for the purposes of this Green Bond Report, the following categories of loan have been filtered out of the total Green Loan Portfolio:

- Loans issued under credit lines granted directly to the individual ProCredit banks for the purpose of green financing.
- Loans which have a measurable positive environmental impact but which involve technologies that are not categorised as Eligible Green Assets under the narrower terms of the GBF, which focuses on those sub-categories that represent the largest share of the Green Loan Portfolio and/or are expected to show the highest growth rates in the future.

Unless otherwise specifically established herein, the terms defined in the Green Bond Framework shall have the same meaning in this first Green Bond Report as in the Green Bond Framework.

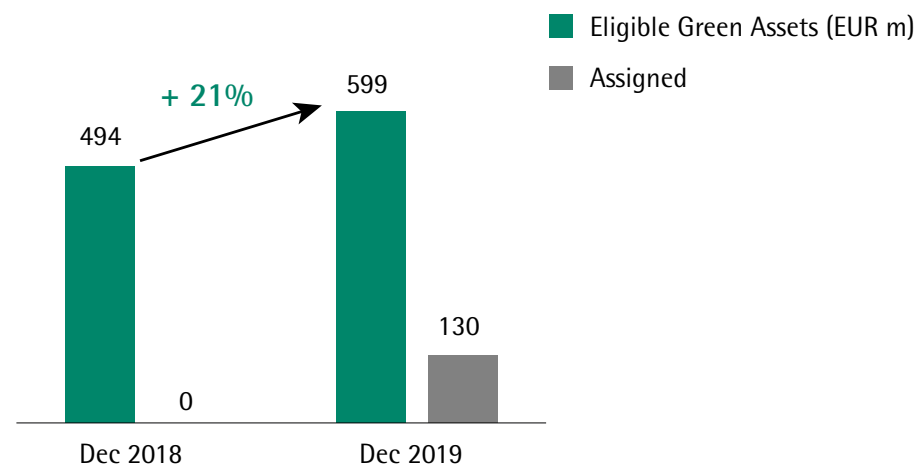


2. ALLOCATION

As of 31 December 2019, all proceeds from green bonds issued in 2019 had been assigned to assets meeting the GBF selection criteria.

In 2019 the first green bond was issued, when green bonds totalling USD 90 million were placed with the International Finance Corporation (IFC). This issue was followed by a number of smaller placements amounting to EUR 50 million with commercial investors. In other words, ProCredit Holding issued a total of EUR (equivalent) 130 million.

Out of the EUR 599 million outstanding Eligible Green Loan Portfolio in 2019, 40% were new loans disbursed in the course of 2019.



Eligible Green Loan Portfolio by Investment Category

Indicator	South Eastern Europe		Eastern Europe		South America		Germany		Total	
	Dec 2018	Dec 2019	Dec 2018	Dec 2019	Dec 2018	Dec 2019	Dec 2018	Dec 2019	Dec 2018	Dec 2019
Energy efficiency (EE)										
Volume (EUR m, gross)	270.5	348.2	56.2	66.8	5.1	1.6	4.2	3.2	336.0	419.7
Number of loans	2,393	2,347	455	491	110	46	5	4	2,963	2,888
Renewable energies (RE)										
Volume (EUR m, gross)	46.0	68.2	5.7	8.9	-	-	14.6	-	66.4	77.0
Number of loans	149	197	25	41	-	-	5	-	180	238
Environmentally friendly projects (GR)										
Volume (EUR m, gross)	61.8	77.1	24.8	24.3	4.7	1.2	0.1	-	91.4	102.6
Number of loans	376	449	190	228	109	25	1	-	676	702

Source: ProCredit Central Data Base, unaudited

Note: Only categories that are eligible under the GBF are shown. Loans that are funded with other dedicated green funds are excluded.

3. IMPACT

Energy Efficiency and Environmentally friendly measures (loan volume)

Indicator	South Eastern Europe		Eastern Europe		South America		Germany		Total (volume)	
	Dec 2018	Dec 2019	Dec 2018	Dec 2019	Dec 2018	Dec 2019	Dec 2018	Dec 2019	Dec 2018	Dec 2019
Loan volumen (EUR m, gross)										
Energy efficiency (EE)	270.5	348.2	56.2	66.8	5.1	1.6	4.2	3.2	336.0	419.7
EE1 Building envelope and energy efficiency buildings	99.6	149.9	4.6	13.2	-	-	-	-	104.2	163.0
EE2 Heating, cooling, ventilation and air conditioning (HVAC)	24.5	24.4	10.4	8.6	0.6	-	0.1	-	35.6	33.0
EE3 IT equipment and white goods	1.4	0.9	0.3	0.3	-	-	-	-	1.7	1.2
EE4 Lighting - efficient lighting systems, such as LED	0.1	0.3	-	-	-	-	-	-	0.2	0.3
EE5 Production and processes (machines ect.)	144.9	171.8	40.9	44.7	4.5	1.5	4.1	3.2	194.3	221.2
EE6 Transport (electric and plug-in hybrid vehicles)	-	0.9	-	-	-	-	-	-	-	0.9
Environmentally friendly projects (GR)	61.8	77.1	24.8	24.3	4.7	1.2	0.1	-	91.4	102.6
GR1 Environmental protection	6.8	10.2	6.1	6.3	0.9	0.1	-	-	13.8	16.7
GR2 Recycling, prevention of waste, waste management	8.0	8.7	0.3	1.2	1.8	0.8	-	-	10.1	10.7
GR3 Services improving environmental performance	2.2	3.4	-	-	0.2	0.1	-	-	2.4	3.5
GR4 Sustainable certified products	6.0	12.8	5.3	6.1	0.2	0.1	-	-	11.5	19.0
GR5 Supply, design, production and installation of EE, RE, and GR equipment	38.8	42.0	13.0	10.6	1.7	0.1	0.1	-	53.6	52.7

Source: ProCredit Central Data Base, unaudited

Note: Only categories that are eligible under the GBF are shown. Loans that are funded with other dedicated green funds are excluded.

Energy Efficiency and Environmentally friendly measures (loan number)

Indicator	South Eastern Europe		Eastern Europe		South America		Germany		Total (number)	
	Dec 2018	Dec 2019	Dec 2018	Dec 2019	Dec 2018	Dec 2019	Dec 2018	Dec 2019	Dec 2018	Dec 2019
Energy efficiency (EE)	2,393	2,347	455	491	110	46	5	4	2,963	2,888
EE1 Building envelope and energy efficiency buildings	1,287	1,049	84	105	1	-	-	-	1,372	1,154
EE2 Heating, cooling, ventilation and air conditioning (HVAC)	267	216	103	105	15	2	1	-	386	323
EE3 IT equipment and white goods	26	19	12	16	6	1	-	-	44	36
EE4 Lighting - efficient lighting systems, such as LED	3	7	6	4	1	1	-	-	10	12
EE5 Production and processes (machines ect.)	810	1,035	250	260	87	42	4	4	1,151	1,341
EE6 Transport (electric and plug-in hybrid vehicles)	-	21	-	1	-	-	-	-	-	22
Environmentally friendly projects (GR)	376	449	190	228	109	25	1	-	676	702
GR1 Environmental protection	72	91	54	61	27	6	-	-	153	158
GR2 Recycling, prevention of waste, waste management	39	44	9	15	37	12	-	-	85	71
GR3 Services improving environmental performance	12	15	-	-	5	1	-	-	17	16
GR4 Sustainable certified products	43	64	37	44	5	3	-	-	85	111
GR5 Supply, design, production and installation of EE, RE, and GR equipment	210	235	90	108	35	3	1	-	336	346

Source: ProCredit Central Data Base, unaudited

Note: Only categories that are eligible under the GBF are shown. Loans that are funded with other dedicated green funds are excluded.

Renewable Energy

Indicator	South Eastern Europe		Eastern Europe		South America		Germany		Total	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Number of RE projects										
Solar	32	45	2	3	-	-	-	-	34	48
Hydro	9	10	1	1	-	-	-	-	10	11
Wind	-	-	-	-	-	-	-	-	-	-
Biomass	3	5	1	1	-	-	-	-	4	6
Total	44	60	4	5	-	-	-	-	48	65
Installed capacity (MW) of RE projects										
Solar	24.2	32.2	3.1	4.3	-	-	-	-	27.3	36.5
Hydro	14.6	15.0	0.3	0.3	-	-	-	-	14.8	15.3
Wind	-	-	-	-	-	-	-	-	-	-
Biomass	2.3	4.3	0.6	0.6	-	-	-	-	2.9	4.9
Total	41.0	51.5	4.0	5.2	-	-	-	-	45.0	56.7
Electricity generated (in MWh) of RE projects										
Solar	32,020	41,424	772	3,983	-	-	-	-	32,792	45,407
Hydro	46,281	34,033	843	1,313	-	-	-	-	47,125	35,346
Wind	-	-	-	-	-	-	-	-	-	-
Biomass	14,589	29,778	3,811	4,091	-	-	-	-	18,401	33,869
Total	92,891	105,235	5,427	9,386	-	-	-	-	98,318	114,621
tCO₂ emission savings through RE projects										
Solar	15,818	19,368	279	1,439	-	-	-	-	16,097	20,808
Hydro	16,125	12,039	70	109	-	-	-	-	16,194	12,148
Wind	-	-	-	-	-	-	-	-	-	-
Biomass	10,826	20,396	1,847	1,982	-	-	-	-	12,672	22,378
Total	42,768	51,804	2,195	3,530	-	-	-	-	44,964	55,333

Source: ProCredit RE Monitoring Tool, unaudited

Note: The data shown do not include power plants for which no information is available on how the electricity is generated and/or which are financed with other dedicated green funds. In 'emissions avoided' only electricity emissions (based on the regional electricity mix) are considered. The source of the emission factors is the International Energy Agency (2019), Emission Factors. The reference year used for emission factors is 2017; however, for those countries where 2018 estimates were available, the latest data was used.

Please note, the impact of the green asset sub-categories is illustrated by means of individual case studies in the ProCredit Group Impact Report 2019 (pages 47-48) published on the ProCredit Holding website (https://procredit-holding.com/wp-content/uploads/2020/03/ProCredit_Impact_Report_2019_L.pdf).

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