

Welcome aboard – your first months at ProCredit





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PROCREDIT

Our strength is our employees

In the last 20 years, ProCredit has set new standards in the financial services industry, but also in its approach to staff selection, training, and development.

Yes, we work hard. Our work gives us a sense of purpose and the ability to see the results of what we do, both in the cooperation with our clients and in the impact we are making on society.

Yes, we have fun – we are surrounded by people who enjoy the same sense of humour and who are driven by the same values.

Yes, we are always improving ourselves. This includes continually revising our internal processes and our daily interactions with clients and colleagues. More importantly, we are becoming stronger and more experienced individuals and professionals every day.

And yes, we know that we are good at what we do and we know that this is only possible because we have the right people to make things happen – our colleagues.

It is for all these reasons that we value and invest heavily in personal and professional growth. Training is an integral part of everything we do from day one.

You, as our new colleague, will participate in the ProCredit Onboarding Programme, which combines both theoretical and practical training modules. The Onboarding Programme shows you exactly what it means to work for ProCredit:

- It is dynamic, demanding, but also satisfying
- It is full of challenges, but also gives you a great feeling of accomplishment
- It is about working in teams, preparing projects and presentations, exploring and debating concepts, critically assessing processes, and adapting to cultural and social differences in an international environment
- And it is also about having fun and sharing experiences with great people

So let's prepare to get on board!





OUR TRAINING CENTRE

Where your ProCredit journey starts

Your ProCredit journey starts in the heart of Serbia, at the Avala Training Centre, where the first part of the Onboarding Programme takes place.

Welcome to the Avala Training Centre – a place where you will meet new people and discover new cultures while gaining the skills and knowledge you need to enter the world of ProCredit. A unique learning experience awaits you!

From the very first moment you set foot in Serbia, our employees and support staff at the training centre will take care of you and be at your disposal at all times. We will organise local transport from the airport or bus station to the training centre, assist you with getting settled into your rooms, explain the house rules, and make you feel comfortable and welcome. In short, during your stay we will do everything we can to offer a quality learning experience and make you feel at home.

The Avala Training Centre is located near Belgrade on the slopes of Mount Avala. It is situated on a 20-acre lot with an area of 945 m². It is a modern building that is fully equipped to meet the standards and needs for organising seminars, workshops and training events, offering ideal conditions for participants to fully dedicate themselves to improving their skills and gaining new knowledge.

The training centre provides comfortable rooms with two beds each – and has two classrooms, a “chimney room” for fun and relaxation, and a dining room with a big terrace that overlooks the city of Belgrade on one side and Mount Avala on the other. In order to ensure maximum comfort, in the event that the training centre is overbooked, we will arrange for accommodation at the nearby hotel “1000 Ruža” (“1000 Roses”).

The training centre is close to a big supermarket, pharmacy, post office, and bus stop. Also, there is very good public transport to Belgrade, allowing participants to move around the area and visit the city very easily.

We make every effort to ensure that your stay is safe. The training centre is very well secured and it can only be accessed with permission. Security officers monitor the gates and visitors, allowing entry only to authorised staff and participants. For all medical issues and emergencies, we organise local transportation and the best medical care in private clinics. All participants have full health insurance with 24/7 assistance from training centre employees.

Your stay will not only be about hard work. You will have leisure time as well. Since most of the weekends are free from training obligations, you will have time



Left: Avala Training Centre, Serbia

Above: Mount Avala
Centre: Artifact from Belo brdo, Vinča
Below: Kalemegdan Fortress



to relax or enjoy trips to nearby places and explore Belgrade. Here are some of the things we think you might enjoy!

The closest attraction is Mount Avala. It is not only Belgrade's favourite picnic destination, but is also known for its pine forest with springs and the Avala TV Tower, which offers spectacular views of Belgrade and the surrounding area. And just 15 km from Mount Avala you can discover Vinča – an archaeological site which dates back to the 6th and 5th millennia BCE and which is regarded as one of the most important settlements of Neolithic Europe.

Belgrade, the capital of Serbia, is located just 17 km from the training centre, which is very well connected with the city centre via various bus lines. Transport by taxi is not a problem, especially if the bill is split between 3 or 4 of you (the average price of the taxi ride from the training centre to downtown Belgrade is EUR 25; a daily bus ticket will cost you EUR 6.50).

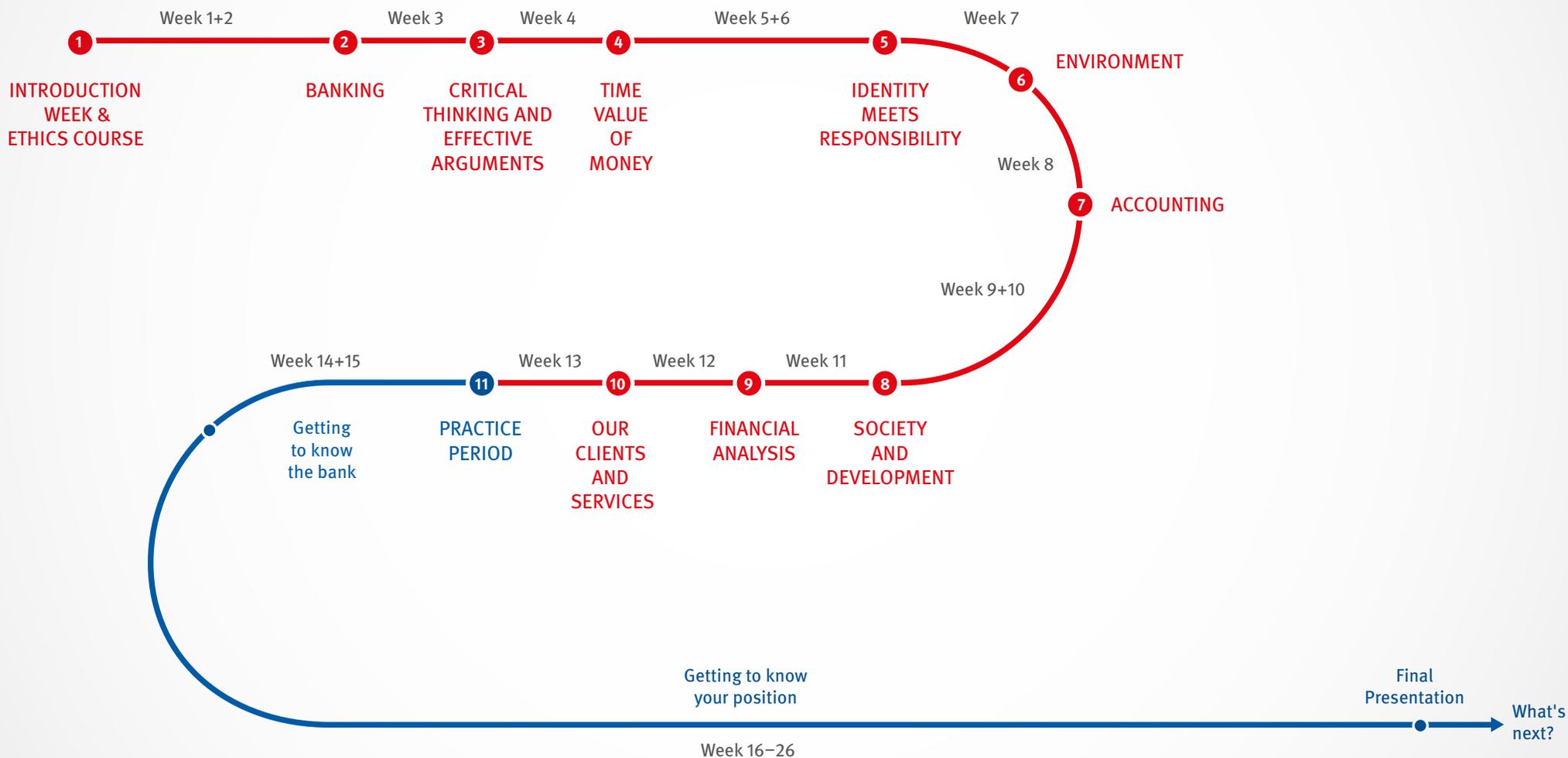
Belgrade is a popular tourist destination, “a city that never sleeps”, and known as one of the best places to have fun thanks to a variety of events. You can start your sightseeing from the ancient fortress of Kalemegdan, built on the spot where the Sava River meets the Danube.

From there, continue your tour to the city centre – you will be amazed by the historical buildings, the museums, the parks and riverside walks, as well as the bars, cafés, restaurants and shops... Belgrade has it all!

Because Belgrade is famous for its nightlife, you must experience “Saturday Night Fever” at clubs on the riverfront at least once! And don't miss the opportunity to visit Belgrade's lake, Ada Ciganlija. Located in the middle of the city, it is also referred to as Belgrade's sea, with beaches that go on for kilometres. It offers various outdoor activities such as bike rides, golf, football, basketball, tennis, and a free climbing and adventure park, as well as lots of swimming and relaxing at beach bars and cafés.

There are so many places to discover and we will be more than happy to make your Onboarding experience and your entire stay in Serbia a memorable one.

STEPS OF THE ONBOARDING PROGRAMME – A CHRONOLOGICAL OVERVIEW



— Avala Training Centre, Serbia
— Practice period at ProCredit Bank in your home country

Above: Avala Training Centre
Below left: Head Office Georgia, Centre: Head Office Serbia,
Right: Head Office Bulgaria



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1 INTRODUCTION WEEK AND ETHICS COURSE

Let's get focused!

Your 13 weeks of theoretical training starts with a two-week period in which we will get to know each other better. First you'll take part in the **Introduction Week**, followed by a one-week **Ethics Course**.

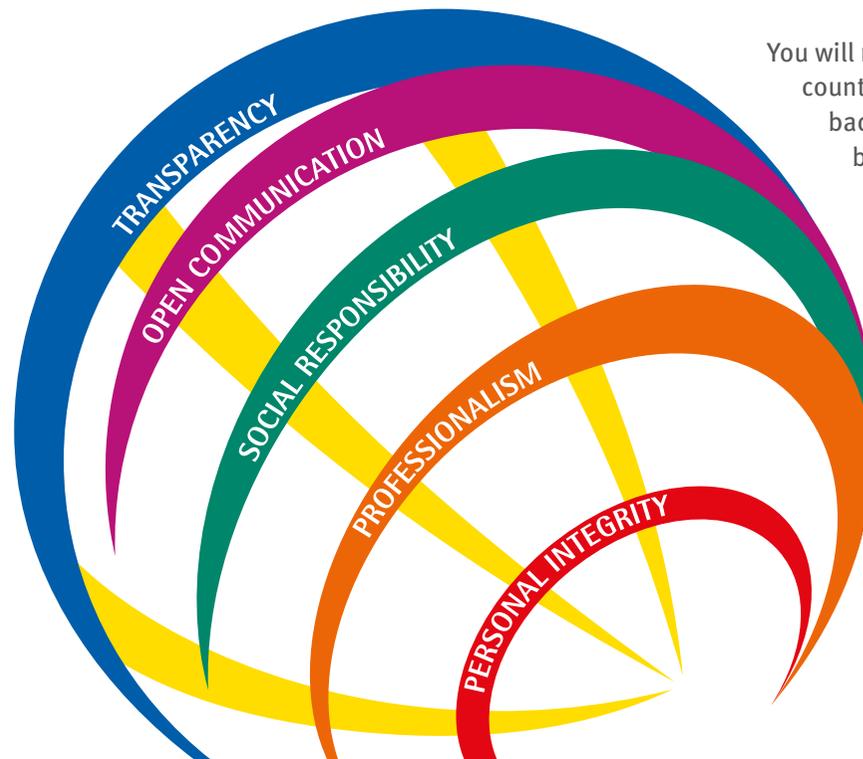
This is your first interaction with the ProCredit group, a period during which you will have the chance to ask questions and discover what ProCredit is all about. At the same time, you will also be given the unique

opportunity to explore, challenge and develop yourself, and ultimately, you will decide whether ProCredit's way of doing business is a good fit for your personality.

In this short amount of time, you will be able to identify your strengths and weaknesses by jumping into the deep end of a very dynamic and challenging environment. In addition, we will offer constructive feedback: we will explain to you what we believe your strengths are and in which direction you should point your future development.

You will meet new people from different countries with various cultural backgrounds. And this is just the beginning of the journey!

Let's see what you'll be doing in these two weeks...

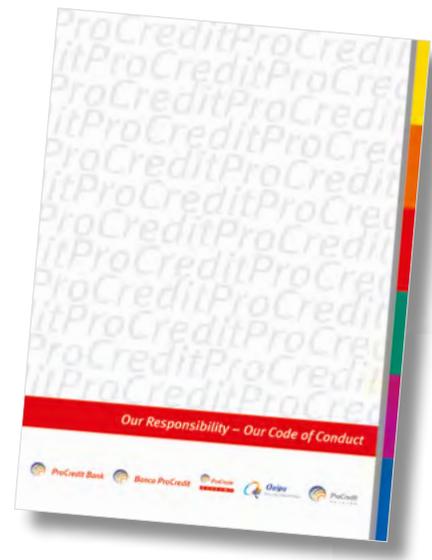


Introduction Week

We will start with a challenging but rewarding week, packed with lively discussions, exciting projects and plenty of opportunities to get to know your future employer and your future colleagues. Along the way, you can expect to receive answers to many of the questions you may have:

- Who exactly is behind ProCredit?
- What drives the company?
- What is the ProCredit way of banking and what is the rationale behind it?
- Is ProCredit's claim of being a "responsible bank" more than just hot air?
- Are ProCredit and I a good fit?

During this week, we will clearly explain to you who we are and who we are not. This part of the programme provides you with information about the banking system in general, and more specifically, banking from the ProCredit perspective. Additionally, you will get to know our core values and principles as described in our Code of Conduct.



Ethics Course

During the course, you'll learn something about us, but in order for us to better understand each other, we'll need to go beyond the surface and start exploring the wonderful land of ethics and philosophy. This week is philosophical, thought-provoking, and exciting. It is full of intriguing discussion topics. You will debate the moral perspectives of how (business) relationships should – and should not – be defined and how morality and justice can or cannot influence our own decision-making.

The ProCredit Code of Conduct

The ProCredit Code of Conduct is much more than a catalogue of appropriate responses to specific situations. It is rooted in the key principles of what constitutes the ProCredit res publica, which in turn is anchored in the fundamental principle of human dignity.

The Code of Conduct explains how these principles apply to the daily reality and environment in which ProCredit works and takes decisions. There are numerous opportunities for ProCredit staff to study and discuss the Code of Conduct in more detail: during trainings, regular discussions and at the Academies.

Employees are expected to comply with the Code of Conduct not just because it is binding but because it reflects the group's values, mission and vision as a development-oriented banking group. It reflects in particular the strong sense of social and environmental responsibility that ProCredit has, as well as the determination to act ethically and sustainably at three levels:

(1) At the economic level. The ProCredit group supports SMEs because such businesses promote economic growth, create jobs and thereby contribute to stability.

(2) At the social level. ProCredit banks are not just banks but also compliant legal entities and fair employers. As an active part of the community, they contribute to a stable civil society and democratic mechanisms.

(3) At the environmental level. ProCredit entities have a comprehensive and ambitious ecological approach to both their internal organisation and external activities, and encourage their clients to invest in environmentally friendly measures.

Extract from the Code of Conduct

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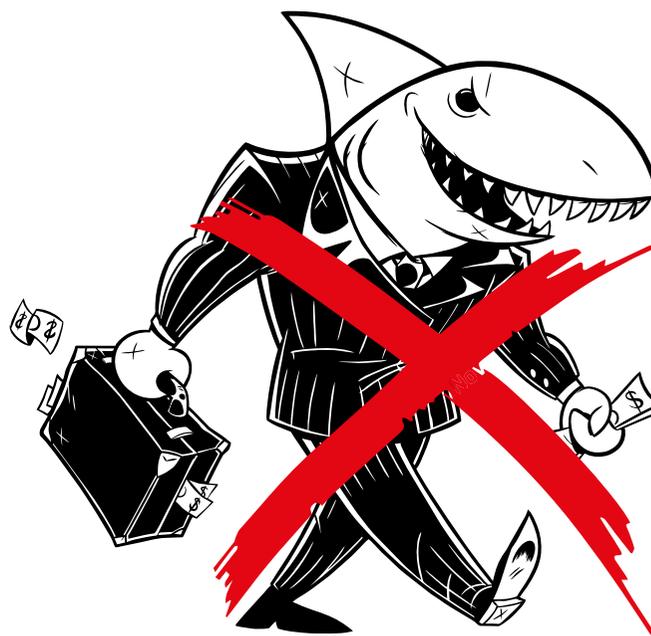
2 BANKING

Bankers – Masters of the Universe?

“You don’t see yourself as a typical banker? Neither do we. That’s why you’re with ProCredit!”

Who controls banks? Where does their money come from? How does this affect society and you personally?

As a ProCredit staff member, you will become a part of a rapidly changing banking system. Therefore, you will need to know how these changes influence us and where the future of banking lies. The financial industry is closely connected to the overall economy and society.



Given this interconnection, even a minor “earthquake” can have tsunami-like repercussions. Think back to the collapse of Lehman Brothers, one of the largest and most well-known investment banks in the USA. This occurrence was a seminal event in history that greatly intensified the economic crisis and contributed to the erosion of close to USD 10 trillion in market capitalisation from global stock exchanges in October 2008 – the most significant monthly decline on record at the time. The consequences of the crisis are still being felt today.

For that reason, it is very important to understand the following:

- What is the role of banks and other financial actors (institutions) in the economy?
- What is debt and what role does money play?
- What is the position of the ProCredit group of banks in their markets of operation?

Besides answering these questions, you will be introduced to tools and skills that will allow you to analyse specific banks and banking markets. You will also understand the importance of trust in the banking system as well as why central banks are crucial in regulating the financial sector.

Two projects will enable you to understand the banking system and its concepts:

- Analysis of the local financial and banking sectors in which ProCredit operates
- Assessing the role of central banks and regulators in the financial sector

This project will give you insight into the logic behind the pivotal role of central banks in preserving the basic foundation of the overall financial system – the trust of the participants in the market and what measures can be employed in order for this trust to be maintained. Participants will identify the key ratios regulated by the central bank in their country and learn how these indicators (e.g. capital requirements or liquidity ratios) could warn regulators and the public of potential problems in banks' balances. After completing this project, you will be more aware of the importance of central banks in the financial sector.



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3 CRITICAL THINKING AND EFFECTIVE ARGUMENTS

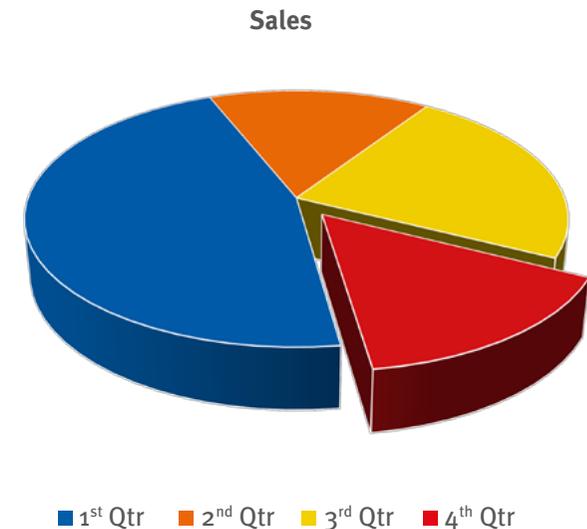
Sympathy for the devil's advocate

Never before has so much information been so easily available as it is today – and never before has so much of it been fake. But why are people so easily fooled by false, emotionally charged arguments? Why do we attach too much importance to unrepresentative facts? Why do we find it hard to make rational decisions when presented with more than two choices? Why do we tend to invent links between things that may be totally unrelated? And why do we put so much faith in so-called experts?

As a ProCredit staff member you'll be expected to take well-founded, logical decisions, so you'll need to be sensitive to false information and use your critical abilities to filter it out. At the same time, to convince clients and colleagues to follow your arguments and suggestions, you'll need to communicate effectively. Critical thinking and effective argumentation are learnable skills, and the purpose of the week is to give you some hints on where to start.

As well as learning about the cognitive biases that get in the way of critical thinking, you'll also learn how to identify the techniques that people use to mislead you, and how to counter them with superior logic. For example, you'll learn how to dodge the bullets of a "Texas sharpshooter", how to fight real opponents instead of "straw men", and how to stand firm on a "slippery slope". If you're aware of the false logic that others use in their arguments, you can learn to avoid using it

yourself. This is one aspect of effective argumentation. Another is to clearly structure your communication in order to guide your audience in the direction you wish



In terms of sales success, which is the correct order:

- A. Q1, Q4, Q3, Q2?
- B. Q1, Q3, Q4, Q2?
- C. Q1, Q2, Q4, Q3?
- D. Some other order?

Answers during the Critical Thinking block.

to take them. And you need to take the possible objections seriously, by asking yourself: “Why might someone disagree with me? What can I say to change that person’s mind? How can I say it in such a way that they are sure to hear it?” In other words, you need to have sympathy for the devil’s advocate.

What better way to practise logical precision and clear structuring than to write an argumentative essay on a controversial topic? And if those techniques work in an essay, let’s see if they can be transferred to a live presentation. What other factors are important when you present an argument to a live audience? Body language? Tone of voice? What else...?

The course is not directly related to banking or any of the other subjects covered during the programme, yet it is indirectly related to all of them. You can practise the skills you learn in this course every day and everywhere, both passively, when you read news, observe discussions, or listen to politicians’ speeches with a critical mindset, and actively, when you argue a case or explain something.

*Above: Every picture tells a story. But wait a minute...! Is that real?
Below left: Infographics should inform, not confuse.
Below right: Which tools and techniques is this Onboarder using to deliver a powerful message?*



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4 TIME VALUE OF MONEY

The magic of modelling

Although this course is commonly referred to as Financial Mathematics, in fact the word “mathematics” is not really appropriate. Why? Because the calculations involved rarely go beyond simple arithmetic: multiplication, division, addition and subtraction. In other words, we use mathematics only on an elementary level for solving simple equations, which is why we prefer to call the course “Time Value of Money”. But what does that mean? Let’s give an example: A bank lends a client EUR 50,000, and a year later the client pays back a total of EUR 50,500, including interest. From the bank’s point of view, the value of the loan has increased over time. To take informed decisions, banks need to be able to predict how much the value of their money will increase during a specific period under specific conditions. In other words, they need to calculate the “time value”.

During this course you will model all the basic operations of a bank, and calculate them precisely, as every bank is required to do. The calculation directly follows the structure of the problem (the model); the whole process is therefore “mathematics-free” – so don’t worry! The block is very evenly balanced between classroom teaching and intensive practice. The trainer and an

assistant work in a team to support you with the exercises, and one of them is always available outside the lessons to answer your questions. A textbook has been written specifically for this course, enabling you to work through all the topics in detail on your own, so there’s no need to take lots of notes. Instead, you have time to focus on understanding the explanations given in the classroom, and to ask questions, make suggestions and take part in discussions.

So – what can you expect to learn from this course? Why was it that some years ago the ProCredit group launched an initiative requiring every employee to successfully complete a seminar on the topics covered in this course? Why is the seminar a mandatory element of the Onboarding Programme for new employees? After all, the bank has computers to calculate the results of its processes. So why can’t you just lean back and let the computers do the work? Because it is not simply the outcome, but the way you arrive at it that matters. You will learn a universally applicable problem-solving approach based on structuring and modelling that can also be used for addressing other problems. Since time immemorial, models have proven ideal as a means of

answering questions or solving problems by giving structure to them. The term “model” here refers primarily to a description of real processes in the form of visual illustrations and/or mathematical equations. Illustrations and equations are fundamental elements of the problem-solving process; they form the core of every solution to every problem discussed in this course. If you have modelled the problem correctly, you can in good conscience do the final calculation of the numeric result by yourself instead of leaving it to your calculator or computer.

TEST YOURSELF: WHICH OFFER IS BETTER?

A

- The loan amount is EUR 10,000.
- The nominal (annual) interest rate is 5%.
- Interest is compounded monthly.
- Loan and interest are repayable in monthly instalments.
- A EUR 100 fee is due at the time of disbursement of the loan.

B

- The loan amount is EUR 10,000.
- The nominal (annual) interest rate is 5%.
- Interest is compounded monthly.
- Loan and interest are repayable in monthly instalments.
- Instead of the disbursement fee, EUR 5.70 is due every month together with the instalment.



ANSWER:

Although the sum of the fee in B is larger than in A (EUR 102.60 versus EUR 100), offer B is better, because the effective interest rate is smaller (6.45% versus 6.48%).

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5 IDENTITY MEETS RESPONSIBILITY

What makes one company different from another?

“It is not only for what we do that we are held responsible, but also for what we do not do.” – Molière

Who am I? What makes me who I am? Who do I want to be? Do my actions reflect how I see myself? Do these questions also apply to institutions, such as ProCredit?

These questions are not only vital for tapping into our identity, but also for choosing an employer. After all, it is challenging to gain a sense of fulfilment or integrity when your personal values are not compatible with those of your employer.

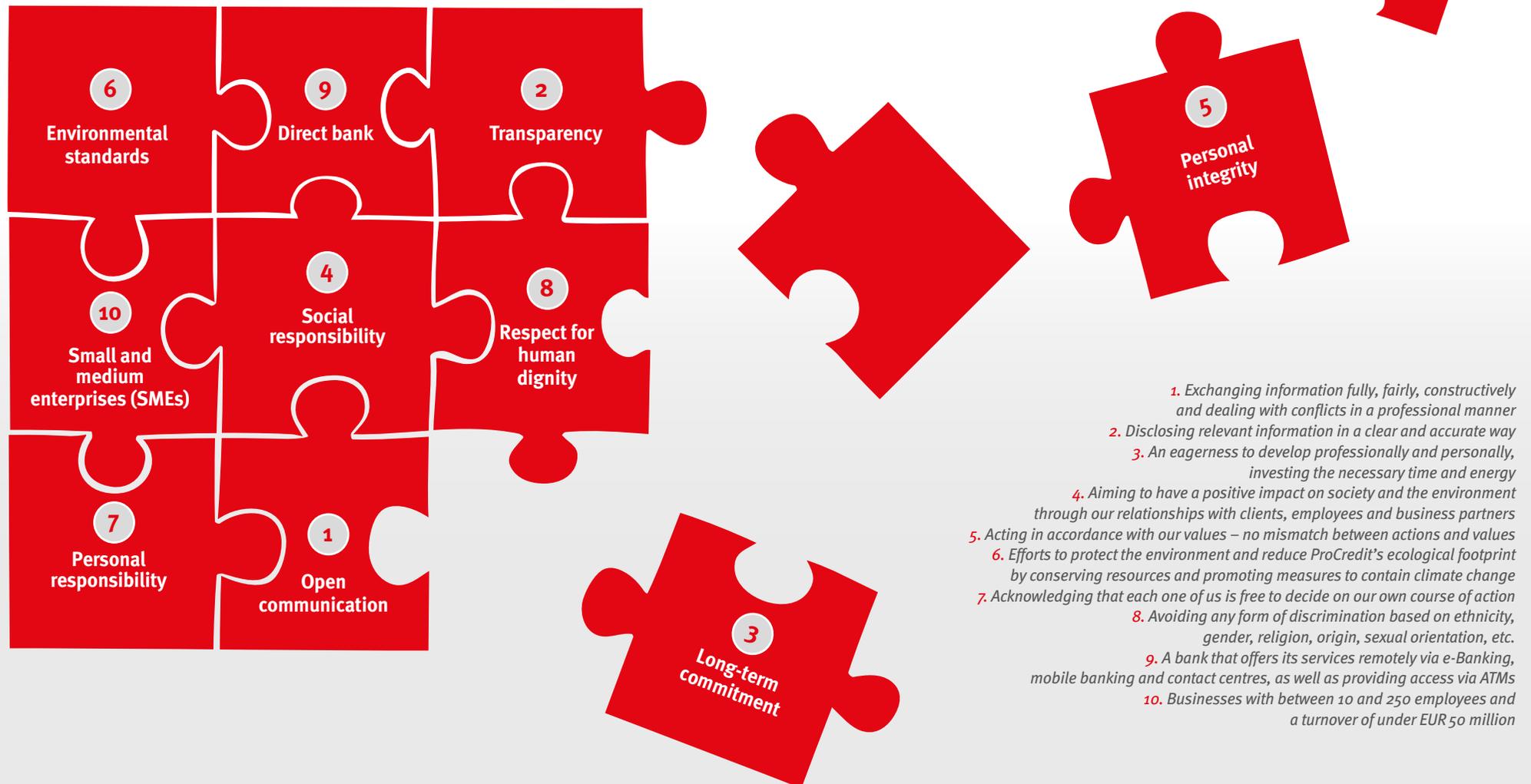
This course includes some challenging exercises designed to sharpen your awareness of personal and institutional identity and responsibility, including role-plays and discussions on real-life moral dilemmas. We begin by defining and then comparing the concepts of personal identity and corporate identity. What differentiates institutions? How do you recognise a company? What key ideas are companies founded upon? What challenges does defining an identity pose? Furthermore, you will find answers to the following questions: What are the key elements that define identity? Is it the totality of these elements that makes up the identity of a person or a corporation, or is it the individual components themselves? Does identity change over time? What are the factors that influence the formation of our own identity? How important is it for you to identify with the institution you work for? What values do you share with

ProCredit? These are extremely important questions for you to ask yourself if you want to be absolutely sure that your personal values and beliefs are in line with those of ProCredit. A sense of identity is a fundamental need, as it gives us meaning, unity, and a purpose. Harmonising your own personal identity with that of ProCredit plays a key role in how we think and feel and how we actually go about our daily work and lives.

We will then move on to the topics of personal and corporate responsibility. What does personal responsibility mean? To answer that question, it helps to consider the complexity of human nature and the relationship between human nature and the concept of rules and institutions. By setting rules, institutions enable individuals to cooperate effectively, which is the basis of societies. How exactly do human societies work? What is required to ensure social cooperation? Why do we need rules? How do institutions work? Which institutions and rules ensure a stable and productive social environment? In which situations do they fail to produce positive benefits for society? These are only some of the questions that this course aims to find answers for.

What does all this mean for personal responsibility, for you as an individual member of a society or as a staff member of an organisation? If you comply with rules and policies, is that all you need to do in order to be a “responsible person”? What is your compliance mainly driven by? Why wouldn’t you lie or steal? Because of the

IDENTITY: EVERY PIECE MATTERS



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legal consequences or because there is something in you which tells you that lying and stealing is wrong?

Having all this in mind, you will explore how the concepts of “responsibility” and “compliance” are applied at ProCredit and how we have implemented our values-based approach in our business model.

By the end of this course, you will have considered identity in general terms as well as what identity means to us at ProCredit with regard to how we do business now, how we did business in the past, and how ProCredit’s identity has changed over time. At the same time, you will have analysed responsibility at the institutional level as well as at the individual level.

1.

One of the reporting specialists noticed that his colleague (currently on vacation) forgot to submit the monthly report to the Central Bank. He notified his supervisor via e-mail but didn’t get a reply. Does his/her responsibility end here?

2.

As the bank’s procurement specialist, you are preparing a tender for office equipment and you are aware of the criteria and budget foreseen for this purchase. Your best friend runs a local furniture shop and is currently having financial difficulties. Would you give the information to your friend to help him win the tender?

3.

A client from out of town calls you, as a real estate expert, to list her deceased parents’ home. She is not sure what it is worth but she says she will be happy to get EUR 50,000 for the house. You look at it and feel it is worth at least EUR 75,000, but you realise that the house would be perfect for your brother. What do you do?

4.

You are a Credit Analyst analysing a loan application for a business owned by your cousin. After the analysis is complete, you notice that he does not qualify for the requested loan amount at the current level of sales and profit. In order to qualify, the declared sales would need to be 20% higher than the actual figures. Would you increase the sales in the analysis so that your cousin can qualify for the requested loan amount?



Who sets the rules?
What if the rules don't work?
Are you more inclined to obey or break the rules?

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6 ENVIRONMENT

Why does sustainability matter for ProCredit?

Nowadays, the environment is a hot topic. There are warnings about the threats to the environment, organisations in charge of protecting it, and discussions about laws and people specialised in this area. What we hear less about is the association between banks and the environment. At ProCredit, we aim to conduct our business in a way that is in harmony with environmental sustainability. Furthermore, we aim to increase overall environmental awareness in the countries in which we operate.

As a member of ProCredit staff, you will therefore hear a lot about the environment. In particular, you will hear a lot about banks and the environment. To be precise, about our bank and the environment. The environment is one of our top priorities. Why is that? Why do our banks pay so much attention to environmental awareness?

The answer is quite simple: Because any financial institution, and thus our bank, can have either a positive or a negative impact on the environment. During this block, we will learn how our bank is positively contributing to environmental protection. This is above all accomplished by taking a sustainable approach. More concretely, we achieve this by applying a three-pillar environmental management system (EMS), which helps us reduce our environmental impact and contributes to

positive development that respects the environment. This unique system enables ProCredit to take innovative measures with a direct impact, such as replacing our vehicle fleet with electric cars or installing photovoltaic panels on the rooftops of our banks and training centres. On a personal level, by applying waste management practices, such as recycling, and using energy efficient technologies at the workplace, you as an individual can make a positive contribution to the environment. These measures are enshrined in Pillar 1 of ProCredit's EMS.

By carefully screening and selecting our clients, we can also ensure that we work with businesses that share our commitment to the environment and whose activities do not appear on our Exclusion List (see Pillar 2). Moreover, you will learn how you, as a ProCredit staff member, can make an indirect – but important – contribution to the environment by promoting ecologically friendly financial investments and preventing harmful ones (Pillar 3 of our EMS). During the course, you will have an opportunity to see positive examples of investments for yourself when we visit various “green” facilities, such as renewable energy plants.

We will also study our environmental impact at all levels, both direct – as a bank and as individuals – and indirect, in terms of our clients' impact on the environment. By the end of the course, you will see how you

can make a positive contribution to the environment and how to promote environmental awareness in your country.

The three pillars of the ProCredit banks' environmental management system:

Pillar 1

Internal environmental management system

Pillar 2

Management of environmental and social risk in lending

Pillar 3

Green finance



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- 3 CRITICAL THINKING AND EFFECTIVE ARGUMENTS
- 4 TIME VALUE OF MONEY
- 5 IDENTITY MEETS RESPONSIBILITY
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7 ACCOUNTING

Let's begin with the basics

At some point in your life, regardless of your educational background, you have most likely heard of accounting – the “language of business”. If you are familiar with the topic, you probably think of balance sheets and the like; if not, you probably think of intimidating numbers and accounts.

Well, let's begin from scratch. This course was created specifically for participants with different educational backgrounds, including those with very little or no accounting knowledge, which is why it strictly focuses on the basics. A team of two trainers – a main instructor and an assistant – will deliver the course. The assistant is a recent graduate of the Onboarding Programme and has taken the same courses that you are currently enrolled in. The composition of the team enables the lecturers to devote sufficient time to the participants as well as to provide additional support to those who have no previous accounting knowledge.

Let's take a look at an example

In our everyday lives, we buy consumable goods – groceries, stationery, cosmetics and the like. From time to time, we buy durable goods – furniture, kitchen appliances, TV sets, etc. How do we know what is consumable and what is durable? Consumables last nowhere near as long and cost much less than the durable goods. Simple.

Now let's translate the first example into accounting terms. We'll call consumable goods for businesses “small assets” and durable goods “fixed assets”.

Let's take a look at another example

A company buys bottled water, coffee and tea to offer basic hospitality to its customers. How would this purchase be categorised in accounting? Yes, as “small assets”. The same company purchases furniture for its reception area. How would we enter this? Exactly, as “fixed assets”.

The value of the Basics of Accounting course lies in this unique approach to learning – discussing basic economic reality in everyday terms first and only then moving on to the respective accounting terms. Remember we said that accounting is the “language of business”? Every language is a reflection of reality, a “map of the world”, so to speak. In this course, we first engage in meaningful discussions about the “world”. Otherwise, learning the language of accounting becomes a mere memorisation of terminology, a futile study of the “map”. Having this discussion implies going through all the different types of assets (liabilities and equity by the same token) – from “cash” and “fixed assets”, which are the most intuitively understood items, to “intangible assets” and “shares and securities”, which are not as well understood. This comes as no surprise,

considering that most of the clients we provide service to in our countries of operation are not very likely to have engaged in investment activities. Therefore, buying shares or securities or issuing them has never been a part of their life experience.

But remember: We promised not to move on to accounting terminology without first having a good idea of what basic economic reality is. That is why we will dedicate sufficient time to building this understanding first, especially for participants with no prior accounting knowledge. Only then will we move on to naming, booking and reporting key business transactions using the concepts and principles of modern-day accounting.

The “chart of accounts” we use in this course is another example of how the course is specifically created for participants with different educational backgrounds. We use account names, not account numbers, to make using them simple and intuitively understood. After you have grasped the basics of accounting, the trainers will engage you in thought-provoking discussions. You may be asked to come up with a chart of accounts for the Roman Empire or to create a chart using the rules for profit accounting in a communist planned economy.

In summary, this course will familiarise the Onboarding Programme participants with the composition of assets, liabilities and equity, as well as with revenues and

expenses and their resulting bottom line, such as profit or loss. The course will also provide a basic understanding of the two core financial statements – a balance sheet (a “statement of financial position”) and an income statement. As the use of “basics” in the name of this course implies, we will not venture beyond the scope stated above, such as discussing asset valuation methods, tax accounting, statements of cash flows and shareholders’ equity. The Basics of Accounting and Financial Reporting course is a stepping stone to the Financial Analysis course and is closely related to the Time Value of Money block. In the TVoM course, you learned how monetary values change over time. In the Accounting course, you will learn how to create accounting records that express this process.

| CHART OF ACCOUNTS | |
|--|--------------------------------|
| ASSETS | LIABILITIES |
| Current Assets | Current Liabilities |
| Cash and Cash Equivalents | Payables |
| Cash | Accounts Payable |
| Account with Central Bank | Accrued Payable |
| Deposits – Current Accounts | Unearned Revenues |
| Deposits – Savings Accounts | Dividends Payable |
| Receivables | Deposits |
| Accounts Receivable | Deposits – Current Accounts |
| Accrued Receivable | Deposits – Savings Accounts |
| Prepaid Expenses | Deposits – Term Deposits |
| Other Receivable | Accrued Interest Payable |
| Loans Disbursed | Borrowings |
| Loans | Loans Received |
| (Loan Loss Provisions) | Notes Payable |
| Accrued Interest Receivable | Bonds |
| (LLP on Accrued Interest) | Accrued Interest Payable |
| Accrued Penalty Interest Receivable | Non-Current Liabilities |
| (LLP on Accrued Penalty Interest) | Long-Term Liabilities |
| Inventory of Goods | Long-Term Loans Received |
| Short-Term Investments | Notes Payable |
| Deposits – Term Deposits | Bonds |
| Shares and Securities | Accrued Interest Payable |
| Accrued Interest Receivable | EQUITY |
| Non-Current Assets | Equity |
| Long-Term Investments | Subscribed Capital |
| Deposits – Term Deposits | Reserves |
| Shares and Securities | Retained Earnings |
| Accrued Interest Receivable | Profit/Loss of the Year |
| Investment Property | Profit/Loss of the Month |
| Intangible Assets | Private |
| Fixed Assets | |
| Fixed Assets – Land, buildings, equipment, furniture, vehicles, other | |
| Land Improvement (Accumulated Depreciation) | |
| Asset under Construction | |

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8 SOCIETY AND DEVELOPMENT

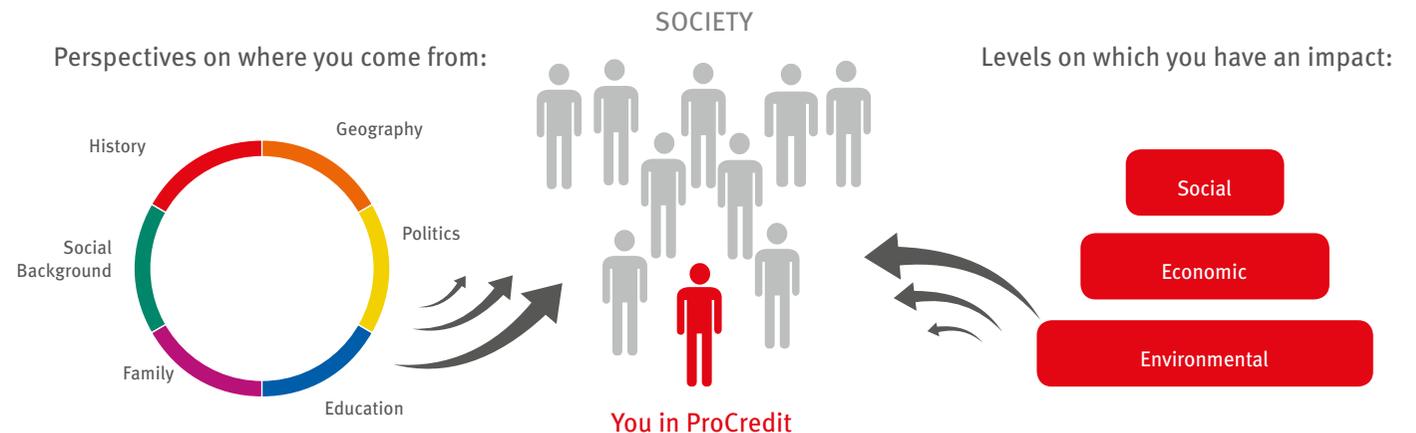
To what extent are you shaped by your environment?

To what degree is your understanding of the world formed by the society in which you grew up? How important is your role as a member of society with regard to improving or even challenging the current setup? How important is your role as an individual and as part of an institution? What is the impact of institutions on society and is your role strengthened by virtue of being part of such an institution? Does being part of an institution like ProCredit Bank make you more influential within your society? What does it mean to be part of ProCredit Bank? ProCredit describes itself as a “development bank” – but what does that really mean?

During this course, you will examine the concept of society from various perspectives, e.g. in terms of history, geography, politics, economics, education, and migration. Given that not all participants have studied

economic subjects, some economic concepts will be introduced and discussed, including inflation, budget deficits, etc. Through these concepts, it is expected that you will broaden your knowledge of your country, especially from an economic and social perspective. In addition, you will be able to classify and compare different societies besides your own country.

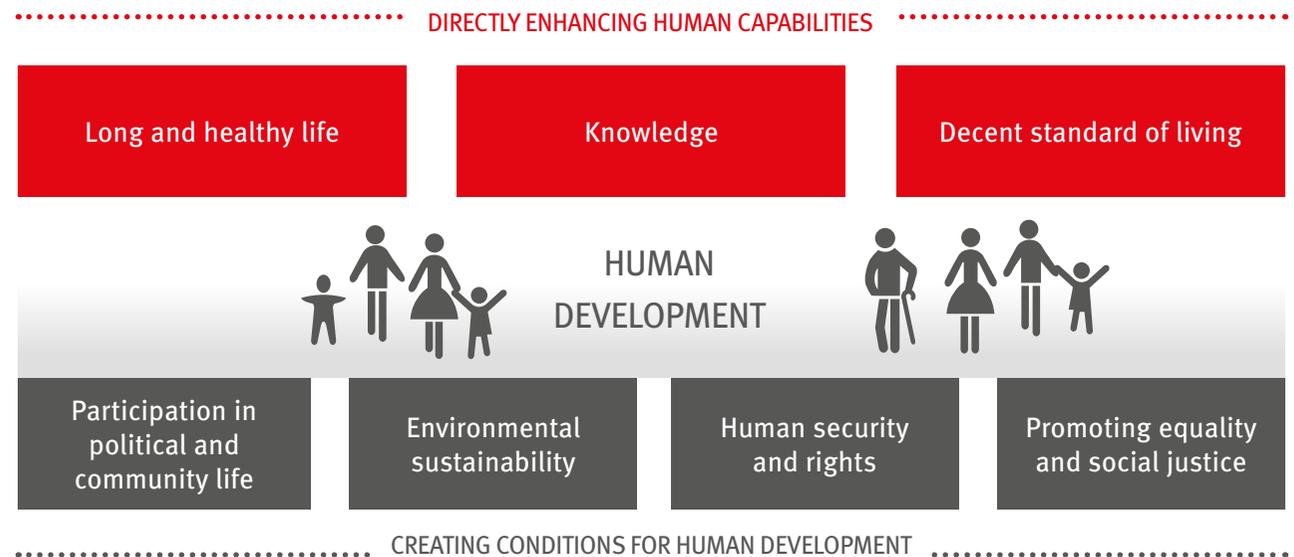
This course will also help you understand and identify the current issues and challenges in your society and presents an opportunity to discuss what should be improved. We will cover topics like corruption, pollution, terrorism, refugees and brain drain. Are these challenges that governments could or even should deal with? Are these regional or even global phenomena? What does globalisation mean for our modern reality? How are governments dealing with this new world, what is the role of (social)



media, and what is the reaction of the current power players, i.e. governments, multinationals and international bodies, like the UN and the European Union?

As part of this discussion, we will examine economic growth and sustainable development: Are these terms synonyms or do they address different aspects of our society? We will also zoom in on the level of individual impact on development, because in today's hectic world, it is easy to lose sight of life's big questions, such as, "Can I make a difference? Is it important for me to try to make a difference? Does it matter which company I work for?" By observing development from an individual perspective, you will come to understand ProCredit's point of view on personal development and its investment in staff as well as in the societies in which it operates. Looking at these issues from the perspective of your country, you will then make the connection with ProCredit as an institution: How do we look at growth in its different forms? To us, development is not just about numbers related to the economy, GDP, growth, expansion and productivity.

To understand how we arrived at our current approach, we will examine how the ProCredit group has evolved. Where does ProCredit come from? How has it developed and changed over the years? How does ProCredit see itself in relation to its clients, to the markets it operates in, and very important, to its staff? What is ProCredit about? In order to better understand the institution you have started working for, we will discuss the ProCredit



Impact Report: a yearly report that is published on the public website of ProCredit Holding.

Among other activities, like discussions, presentations and debates, you will be part of a group project that will allow you to discuss, debate and prepare a presentation on a particular topic, e.g. "What does entering the European Union mean for a country?" This is an opportunity to apply your knowledge of the issues discussed during the course to an in-depth country analysis, and also tests your teamwork skills.

The aim of this course is to go beyond the numbers and focus on the qualitative aspects of development as well. You will be able to see development through the prism of the economy, society, the individual and the environment, and along the way, you will gain a better understanding of ProCredit's vision and find a match with your own vision of life.

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9 FINANCIAL ANALYSIS

How numbers tell the story of a business

Working as a banker means that you deal with numbers every day. Therefore, this rather unorthodox financial analysis course is designed to help you understand more about the basics of financial statements. But primarily, it aims to further develop your critical thinking processes and to help you look behind the mere surface appearance of any number, statement, or “fact”.

What will you be doing in this course? With our help, certain financial analysis jargon will be demystified and you will obtain a basic understanding of how banks analyse their clients. Regardless of your educational background, you will become familiar with the fundamentals of financial analysis. You'll do this by building on the accounting of business clients and private individuals and looking at how BCAs, CAs and Credit Risk staff at the PCBs use financial analysis in their everyday work.

By the end of this course, you should have acquired a number of important tools and skills, such as:

- The techniques you can use to analyse and interpret the key parameters of our clients' financial performance
- How to assess other risks related to our clients and what measures you can apply to mitigate them to the extent possible
- By means of an exercise based on a real case, be able to participate in a committee that has to decide whether or not to support a potential client



FIXED ASSETS



- Land & buildings
- Machinery, equipment, vehicles
- Intangible fixed assets

INVENTORIES

- Material & consumables
- Work in progress & finished products
- Commercial goods
- Intangible fixed assets



SHORT-TERM LOANS AND RECEIVABLES



- Short-term loans
- Short-term receivables

BANK ACCOUNTS AND CASH

- Cash on hand
- Bank accounts & cheques



-
- How old is it?
 - Is it energy efficient?
 - Amortisation?

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10 OUR CLIENTS AND SERVICES

Do we choose our clients or do they choose us?

A long-term relationship is based on mutual understanding, trust and shared values. For that reason, our business model is based on the idea of providing efficient services to specific types of clients. ProCredit banks are specialised banks for small and medium-sized enterprises, and we aim to be their *Hausbank*. We also actively address middle- and high-income private individuals who are interested in modern banking services. This might make us seem exclusive, but for a long-term relationship it is very important that we share the same understanding of growth, development, transparency and social and environmental awareness with our clients.

With this in mind, the course poses the following questions:

- Who are our business and private clients (and who are not our clients)?
- What services do they need?
- How can we provide these services efficiently?

During the course, you will have the chance to take a detailed look at the acquisition process, for both private individuals and SME clients, and at the way we communicate with them. You will also see how we assess our clients and their needs, which in turn enables us to offer them appropriate services. Understanding our

business model will give you better insight into what sets ProCredit banks apart from their main competitors as well as what makes us unique.

As part of the course, you will be able to put yourself in the shoes of a client and a bank employee during many role-plays. This will open your eyes even further to the many different aspects of the business relationships we establish and thus also raise your awareness of the responsibility we have when dealing with clients.

In addition, through real-life cases, you will learn how a business committee is formed and what it is responsible for:

- How do we take decisions related to our relationship with clients?
- What is the role of Business Client Advisers/Client Advisers in this relationship?
- Who are our target business and private clients?
- What is the added value of the services provided by the bank to its clients?

All of this will help you make a clear connection between our strategies for business and private clients and the services we offer. Also, it will provide you and your colleagues with additional insight into how we select and assess our clients, in addition to analysing

their financial situation, providing services, and establishing and maintaining a relationship.

We do all of this with a clear aim – to fully comprehend the *Hausbank* principle and our approach to clients and the services we offer. And it will be great preparation for

your on-the-job training, where, with the support of a mentor (an experienced colleague), you will either work directly with clients or support them from a Head Office position. This will enable you to experience the many facets of the work we do at ProCredit – and how we do it – as well as understand the role of the banks.



Is the client a ProCredit fit?

- › Know your client
- › Exclusion List
- › AML
- › Profile
- › Needs
- › Business model



Hausbank concept

- › Services
- › Channels
- › Acquisition
- › Customer care
- › Monitoring
- › Organisation/Staff

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11 PRACTICE PERIOD

Back at home!

You have been our colleague for three months now. Your theoretical training has just finished and it is time for you to go back home, back to your bank and to your practical training, preparing for real work.

What happens now? First, we will have a talk based on your feedback from the programme. We will discuss your strengths, and based on your potential, your contribution so far and the current needs of the bank, we will agree on which position is the best fit for you: Client Adviser, Business Client Adviser or a specialist in one of the Head Office departments.

Your practical training starts with one common element, regardless of your position: **Getting to know the bank!** For around two weeks, you will have the chance to visit the most important departments in Head Office and understand the main support functions of the bank. You will learn how our Direct Banking approach is put into practice, become more familiar with the activities performed by the Private Clients Department and Business Clients Department for supporting our acquisition process, and see the marketing activities we carry out. Furthermore, you will discover the role of our “virtual” branch: the Contact Centre. Of course, you will also meet a lot of new colleagues who will provide you with support, regardless of the position you take.

The next period of your training is more related to your **specific position**. That means that for the next ten weeks, you’ll spend your time in a branch, shadowing a Client Adviser or a Business Client Adviser, or in Head Office, in your future department. You will have a well-structured training plan and a mentor to guide you during this period. This means you will have a senior colleague fully devoted to your further development. He/she will guide you through all those things that are important not only for your daily work, but which will also contribute to your overall professional development.

Your practice period will be finalised with a **presentation** that you will prepare together with your fellow graduates. This project will be prepared locally, on a given theme, and presented in front of an audience of top management, HR staff and other colleagues who supported you during your training period.

Not only for the final project, but for all phases of your training period, you will receive constructive feedback, with the aim of further helping you to improve or reach your potential. You will start taking responsibility for your job and participate in specific training for your position as time goes on. And even if the official period of the Onboarding Programme is over, your mentor will still be there to support you in your daily activities. **We want to support you and to make sure that you are ready to work and succeed in your new position!**





WHAT'S NEXT?

We never stop investing in you

The Onboarding Programme is where you begin understanding the challenges faced in the markets in which ProCredit banks operate. And it is just a starting point for continual and comprehensive professional and personal development.

We live in a world that is rapidly changing. This enables us to put ourselves in the "driver's seat" and actively introduce and implement new ideas, thus making ProCredit a trendsetter in the banking industry. However, this also creates higher expectations on the part of our stakeholders, who expect us to continue working according to the same dynamic in the future. The best way to make this possible is to continually invest in the training and development

of our staff. We are convinced that our training continuum provides a strong foundation for this.

As you have read in this brochure, personal and professional development is our top priority, as it heavily contributes to our success on every level of the ProCredit group.

People who share our values and attitude towards work and society, as well as those who are keen to continually improve themselves, are just the type of people we are looking for. If this description fits you, there is only one word left to be said – **welcome!**

ONBOARDING PROGRAMME

Starting point for professional development

SPECIAL COURSES AND WORKSHOPS

Training related to specific positions

ADVANCED ENGLISH TRAINING

Six-week training in Fürth, Germany, conducted by native speakers

PROCREDIT BANKER ACADEMY

One-year training programme in Fürth, Germany

PROCREDIT MANAGEMENT ACADEMY

Three-year training programme in Fürth, Germany

Right: ProCredit Academy in Fürth, Germany



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