ProCredit HOLDING

INTERIM REPORT AS OF 30 JUNE

2022

Contents

Interim Group Management Report

FUNDAMENTAL INFORMATION ABOUT THE GROUP

Our strategy

The activities of the ProCredit group comprise the financing of Small and Medium-sized Enterprises (SMEs) and direct banking for private clients. We operate in South Eastern Europe, Eastern Europe, South America and Germany. The superordinated company of the group is ProCredit Holding, based in Frankfurt am Main.

Through our business activities we aim to sustainably provide a return on investment for our shareholders while making a contribution to economic, social and ecological development. Our business strategy is based on long-term relationships with our clients and staff as well as a conservative approach to risk. The group does not engage in speculative lines of business.

Accountability is part of our culture. Sustainable behaviour is therefore essential for us, and we want our activities to make a positive, lasting contribution to the environment and to society. We coordinate our actions using a comprehensive environmental management system. Accordingly, we analyse the environmental impact of both our own activities and those of our clients. During this process, we promote green investment projects, especially in energy efficiency and renewable energies.

We aim to be the "Hausbank" for our clients, and thus to be their first point of contact for financing and deposits as well as for account and payment services. Our SME clients typically have financing needs ranging from EUR 50 thousand to the single-digit millions. As specialists in financing SMEs, we understand the particular challenges these clients face and the specific needs they have, often going well beyond just loans. We offer all banking services in terms of financing, account operations, payments and deposit business, and we also support our clients in their long-term investment projects. In addition, we offer efficient solutions for trade finance business and international payments through our network of banks.

In addition to serving SMEs, we also pursue a direct banking strategy for private clients, particularly the growing middle class. Our comprehensive range of online services creates the foundation for long-term client relationships. Our clients can conduct their banking transactions directly via our digital channels, and individual customer enquiries are processed in a focused way through our call centres. In general, we do not offer counter and cash transactions, which meant that the changes in contact and distance rules introduced in the time of the pandemic were relatively easy for us to implement and had virtually no impact on business operations. With our direct services, we aim to stand out from other providers in our markets in terms of convenience, security and transparency.

REPORT ON THE ECONOMIC POSITION

Course of business operations

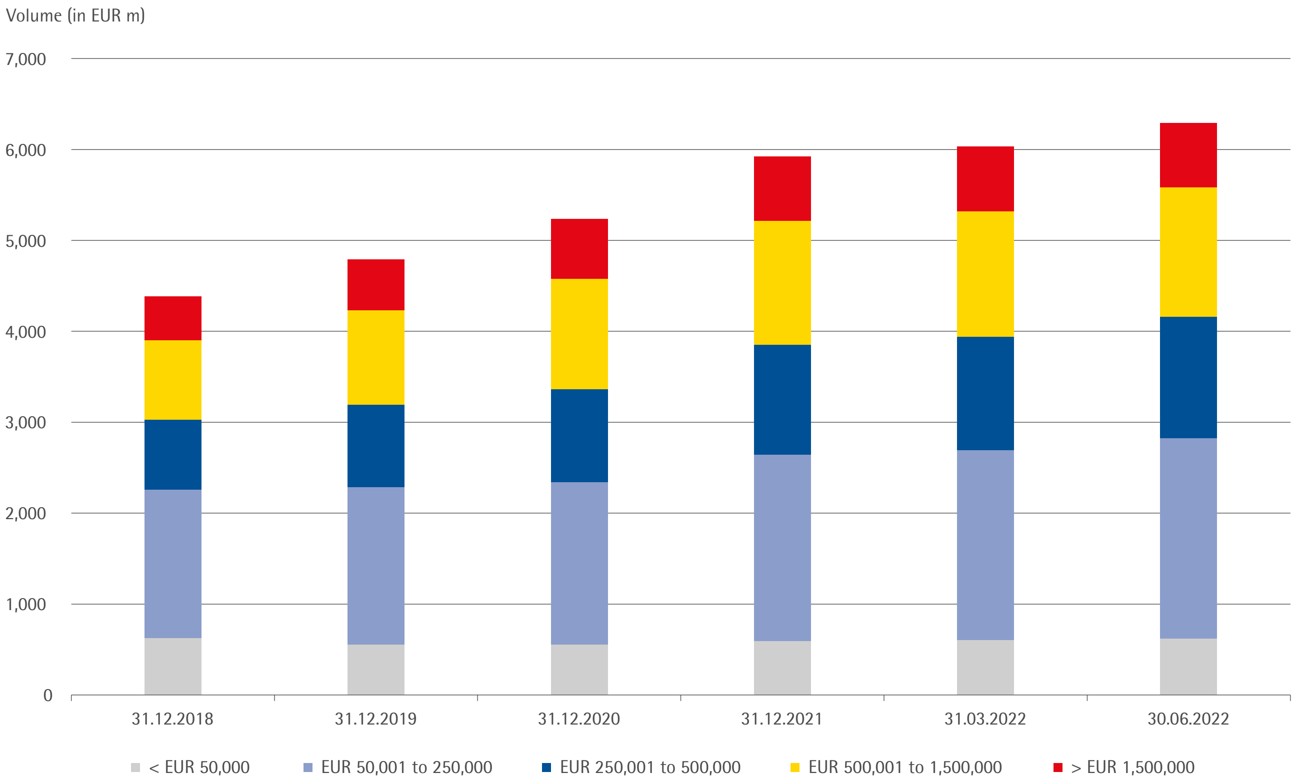
On the one hand, our business performance in the first six months of the year was positive for most of the ProCredit banks, even if their results were negatively affected by uncertainties related to COVID-19 and its impact on the economy. On the other hand, the war of aggression against Ukraine dominated the first half of the year. The attack on a sovereign European country and the further developments of the war have caused us great concern and we are extremely worried about the people in Ukraine. In addition, rising energy prices can be observed, and price increases and higher inflation rates are occurring in Europe. In our reporting, and particularly in connection with our subsidiary in Ukraine, we would like to take these factors into account by presenting extraordinary charges separately. Further information can also be found in the sections on financial performance, the Eastern Europe segment and credit risk.

in EUR m

Statement of Financial Position	**30.06.2022**	**31.12.2021**	**Change**
Loan portfolio	6,294.3	5,924.4	369.9
Deposits	5,741.9	5,542.3	199.6
Statement of Profit or Loss	**1.1.-30.06.2022**	**1.1.-30.06.2021**	**Change**
Net interest income	124.8	103.2	21.6
Net fee and commission income	26.3	24.1	2.2
Operating income	160.2	129.3	30.9
Personnel and administrative expenses	96.3	83.3	13.0
Loss allowance	57.3	2.7	54.6
of which contribution of PCB Ukraine	*56.5*	*0.0*	*56.5*
Profit of the period	7.7	36.4	-28.7
of which contribution of PCB Ukraine	*-34.3*	*10.7*	*-45.0*
Key performance indicators	**1.1.-30.06.2022**	**1.1.-30.06.2021**	**Change**
Change in loan portfolio	6.2%	7.7%	-1.4 pp
Cost-income ratio	60.1%	64.4%	-4.3 pp
Return on equity (annualised)	1.8%	9.1%	-7.3 pp
	30.06.2022	**31.12.2021**	**Change**
Common Equity Tier 1 capital ratio	13.7%	14.1%	-0.4 pp
Additional indicators	**30.06.2022**	**31.12.2021**	**Change**
Deposits to loan portfolio	91.2%	93.5%	-2.3 pp
Net interest margin (annualised)	3.0%	2.9%	0.2 pp
Cost of risk (annualised)	188 bp	12 bp	176 bp
Share of defaulted loans	2.6%	2.3%	0.3 pp
Stage 3 loans coverage ratio	55.6%	49.6%	6.0 pp
Green loan portfolio	1,201.9	1,128.1	73.8

Assets

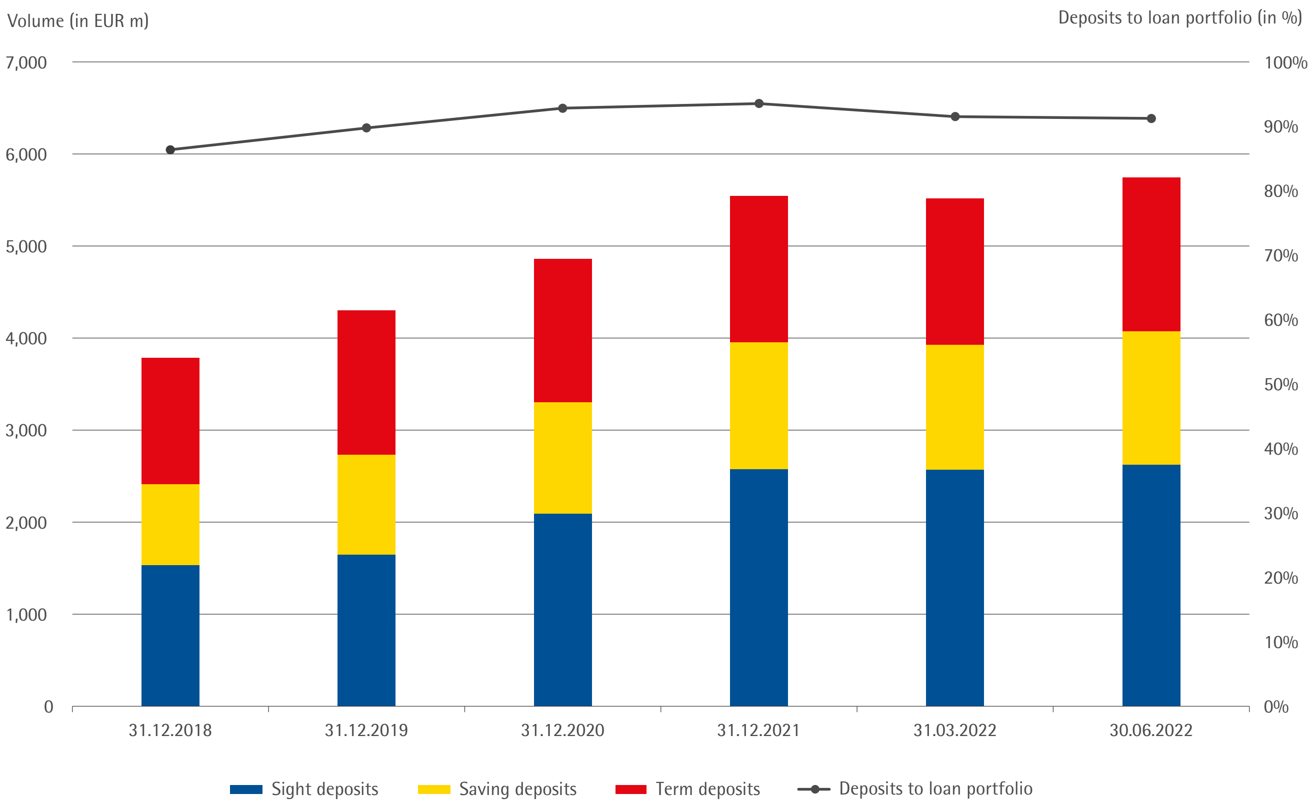
As of 30 June 2022, total assets had increased by EUR 170 million, or 2.1%, compared to year-end 2021. This was mainly due to growth in the loan portfolio, which increased by EUR 370 million. As expected, and largely due to seasonal factors, surplus cash and cash equivalents have fallen by around EUR 170 million since the beginning of the year. We saw good portfolio growth in most of our banks and across all loan-size segments.



Loan portfolio development, by loan volume

Liabilities and equity

Compared to year-end 2021, liabilities exhibited an increase of EUR 151 million as of 30 June 2022, which is mainly due to the positive development of deposits. At the same time, customer deposits are the most important source of funding for our group. The total increase in deposits of EUR 200 million, or 3.6%, was mainly generated by sight deposits and savings accounts, especially in the retail segment, as well as term deposits from businesses. The deposit-to-loan ratio decreased by 2.3 percentage points from year-end 2021 to 91.2%.



Deposits

We had a solid liquidity position at all times during the reporting period. At the end of the first half of the year, the liquidity coverage ratio (LCR) was 146% (as of 31 December 2021: 158%).

Equity increased by EUR 19 million compared to year-end 2021 due to an increase in the currency reserve and to the current consolidated result. At 13.7% as of 30 June 2022, the Common Equity Tier 1 capital ratio (CET1 fully loaded) is 0.4 percentage points below the year-end level, which is attributable to the downgrade in Ukraine's country rating and to loan portfolio growth. The group's capitalisation continues to be stable.

Result of operations

The consolidated result of EUR 7.7 million represents a return on equity of 1.8% for the reporting period. It was thus significantly below the result for the same period of the previous year. This development is to be viewed in a differentiated manner: firstly, the positive operating performance of our banks, and then the war of aggression towards Ukraine and its effects on our group. All ProCredit banks (with the exception of ProCredit Bank Ukraine) continue to develop successfully as in recent years and are generally reporting growing loan portfolios, including in green loans, increasing net interest and fee income and improved return-on-equity and cost-income ratios, despite growing inflation rates and the effects that COVID-19 may have on the economy. On the other hand, the war in Ukraine has affected us both in a human sense and economically. We have concern for the people who are affected in any way by the armed conflict. At the operational level, we are in close exchange with our Ukrainian colleagues, who mainly work remotely within Ukraine or abroad. Our colleagues are continuing to run the bank as well as feasible in this generally challenging context, and operations are maintained to the greatest possible extent. In addition, the war is leading to a substantial increase in loss allowances for our Ukrainian portfolio, which is impacting the group's financial performance. We hope for an improvement of the whole situation soon.

The ProCredit group recorded a significant increase in net interest income in the first half of the financial year. This figure increased by EUR 21.6 million, or 21.0%, compared to the same period of the previous year. Interest income increased by EUR 29.2 million, while interest expenses grew by EUR 7.5 million. The net interest margin was 3.0%, 15 basis points above the margin for the whole of 2021, which can be attributed to key interest rate increases in our countries of operation.

Net fee and commission income also increased by EUR 2.2 million or 9.1%. In particular, income from payment transactions and from debit and credit cards improved.

Overall, our operating income rose noticeably by EUR 30.9 million or 23.9%. Personnel and administrative expenses increased by EUR 13.0 million or 15.6%. Higher expenses for salaries, marketing and IT, as well as the generally inflationary environment, were the main drivers here. The war in Ukraine has resulted in various one-time costs totalling around EUR 4.6 million, particularly in the form of legal, auditing and consulting costs and special salary payments for colleagues in the Eastern Europe segment, particularly those affected by the war. This figure also includes the full write-down of the goodwill of ProCredit Bank Ukraine in the amount of EUR 0.8 million, as reflected in net other operating income. On the other hand, the group benefited from a temporary increase of EUR 3.2 million in the result from derivatives and hedging relationships. Our cost-income ratio improved by 4.3 percentage points to 60.1% due to the positive development of earnings. Loss allowances rose by EUR 54.6 million to a total of EUR 57.3 million, due in particular to the war in Ukraine (please refer to our explanations in the risk report on the topic of credit risk). The loss allowances correspond to an annualised cost of risk of 188 basis points, which is significantly higher than the previous year's level (12 bp).

As a result of the higher loss allowances, our consolidated result in the reporting period was EUR 7.7 million, which is EUR 28.7 million lower than in the same period of the previous year, leading to an annualised return on equity of 1.8% at the end of the first half of the year.

The share of defaulted loans increased slightly from 2.3% to 2.6% compared to the year-end 2021 level, in particular due to stage transfers within the portfolio in Ukraine. The Stage 3 loans coverage ratio increased by 6 percentage points to 55.6%. Taking into account the ongoing armed conflicts in Ukraine as well as the macroeconomic impact caused by the COVID-19 pandemic, the result of operations is largely in line with our expectations. We also expected, due to the war in Ukraine, a substantial increase in our cost-income ratio (previous year: 64.4%); however, at 60.1%, this figure was significantly lower than anticipated, due to the good operating performance at all other ProCredit banks in the first half of the year.

Segment overview

Developments in our geographic segments South Eastern Europe, Eastern Europe, South America and Germany will be discussed below.

in '000 EUR	1.1.-30.06.2022	1.1.-30.06.2021
South Eastern Europe	36,393	20,886
Eastern Europe	-25,039	18,034
South America	1,070	7
Germany*	-4,721	-2,563
Profit of the period	**7,703**	**36,363**

* *Segment Germany includes consolidation effects*

South Eastern Europe

in EUR m **Statement of Financial Position**	**30.06.2022**	**31.12.2021**	**Change**
Loan portfolio	4,355.9	4,134.7	221.2
Deposits	4,025.4	3,936.8	88.5

Statement of Profit or Loss	**1.1.-30.06.2022**	**1.1.-30.06.2021**	**Change**
Net interest income	71.6	61.9	9.7
Net fee and commission income	16.8	15.3	1.5
Operating income	93.7	76.7	17.1
Personnel and administrative expenses	53.4	49.5	4.0
Loss allowance	-0.2	3.7	-3.9
Profit of the period	36.4	20.9	15.5

Key performance indicators	**1.1.-30.06.2022**	**1.1.-30.06.2021**	**Change**
Change in loan portfolio	5.3%	5.8%	-0.4 pp
Cost-income ratio	57.0%	64.5%	-7.5 pp
Return on equity (annualised)	12.0%	7.4%	4.7 pp

Additional indicators	**30.06.2022**	**31.12.2021**	**Change**
Deposits to loan portfolio	92.4%	95.2%	-2.8 pp
Net interest margin (annualised)	2.5%	2.4%	0.1 pp
Cost of risk (annualised)	-1 bp	18 bp	-19 bp
Share of defaulted loans	1.8%	2.0%	-0.2 pp
Stage 3 loans coverage ratio	55.0%	53.2%	1.7 pp
Green loan portfolio	878.2	826.1	52.1

Loan portfolio and deposits are presented without intercompany accounts.

South Eastern Europe is the group's largest segment. The loan portfolio for this segment increased by EUR 221 million to EUR 4.4 billion. Our banks in Kosovo, Bulgaria, Albania and Bosnia and Herzegovina achieved growth rates of more than 7%. The green loan portfolio recorded an increase of around EUR 52 million. The share of defaulted loans declined slightly to 1.8%, and the Stage 3 loans coverage ratio improved by 1.7 percentage points from year-end to a total of 55.0%.

Deposits increased by EUR 89 million, with particularly strong growth at our banks in Bosnia and Herzegovina and Bulgaria.

The profit of the period climbed significantly, by EUR 15.5 million compared to the same period in the previous year, primarily due to a rise of EUR 9.7 million in net interest income. The EUR 4.0 million increase in personnel and administrative expenses was moderate, leading to an improvement in the cost-income ratio by 7.5 percentage points to 57.0%.

Eastern Europe

in EUR m			
Statement of Financial Position	**30.06.2022**	**31.12.2021**	**Change**
Loan portfolio	1,403.1	1,315.6	87.4
Deposits	1,148.0	1,094.1	54.0
Statement of Profit or Loss	**1.1.-30.06.2022**	**1.1.-30.06.2021**	**Change**
Net interest income	40.2	32.0	8.2
Net fee and commission income	3.4	3.4	-0.1
Operating income	47.5	37.8	9.7
Personnel and administrative expenses	21.8	17.4	4.3
Loss allowance	56.6	-0.9	57.5
of which contribution of PCB Ukraine	*56.5*	*0.0*	*56.5*
Profit of the period	-25.0	18.0	-43.1
of which contribution of PCB Ukraine	*-34.3*	*10.7*	*-45.0*
Key performance indicators	**1.1.-30.06.2022**	**1.1.-30.06.2021**	**Change**
Change in loan portfolio	6.6%	12.5%	-5.8 pp
Cost-income ratio	45.8%	46.1%	-0.3 pp
Return on equity (annualised)	-21.5%	17.6%	-39.1 pp
Additional indicators	**30.06.2022**	**31.12.2021**	**Change**
Deposits to loan portfolio	81.8%	83.2%	-1.3 pp
Net interest margin (annualised)	4.4%	4.3%	0.1 pp
Cost of risk (annualised)	833 bp	-12 bp	845 bp
Share of defaulted loans	3.9%	1.9%	2.0 pp
Stage 3 loans coverage ratio	71.7%	58.7%	13.0 pp
Green loan portfolio	213.7	205.0	8.7

Deposits are presented without intercompany accounts.

The loan portfolio in the Eastern Europe segment grew by EUR 87.4 million or 6.6%. The share of defaulted loans increased by 2.0 percentage points to 3.9%; this development is mainly attributable to the war in Ukraine. The Stage 3 loans coverage ratio increased by 13.0 percentage points to 71.7%.

Deposits rose by EUR 54.0 million or 4.9% compared to the end of the year, which is primarily due to the bank in Ukraine. Currency effects had a positive impact on business development, in terms of both deposit and loan portfolio growth.

The profit for the period was negative and amounted to EUR -25.0 million. Banking operations developed largely as expected. Expenditures for loss allowances amount to EUR 56.6 million for the segment, with EUR 56.5 million being attributable to ProCredit Bank Ukraine. Net interest income increased by EUR 8.2 million, mainly due to positive volume effects and the rise in key interest rates in this segment. Personnel and administrative expenses increased by EUR 4.3 million, particularly due to higher personnel and IT expenses. The cost-income ratio improved by 0.3 percentage points to 45.8%. The profit for the period is EUR -25.0 million, with ProCredit Bank Ukraine contributing EUR -34.3 million. Overall, this represents a return on equity of -21.5%.

South America

in EUR m

Statement of Financial Position	30.06.2022	31.12.2021	Change
Loan portfolio	484.8	423.3	61.5
Deposits	304.3	254.2	50.1

Statement of Profit or Loss	1.1.-30.06.2022	1.1.-30.06.2021	Change
Net interest income	12.4	9.0	3.4
Net fee and commission income	-0.1	-0.2	0.1
Operating income	11.6	8.2	3.4
Personnel and administrative expenses	9.3	8.1	1.2
Loss allowance	0.6	-0.1	0.7
Profit of the period	1.1	0.0	1.1

Key performance indicators	1.1.-30.06.2022	1.1.-30.06.2021	Change
Change in loan portfolio	14.5%	13.6%	0.9 pp
Cost-income ratio	79.9%	98.3%	-18.4 pp
Return on equity (annualised)	4.2%	0.0%	4.2 pp

Additional indicators	30.06.2022	31.12.2021	Change
Deposits to loan portfolio	62.8%	60.0%	2.7 pp
Net interest margin (annualised)	4.6%	4.5%	0.1 pp
Cost of risk (annualised)	28 bp	27 bp	1 bp
Share of defaulted loans	6.7%	6.5%	0.2 pp
Stage 3 loans coverage ratio	30.8%	30.3%	0.6 pp
Green loan portfolio	96.4	84.1	12.3

Deposits are presented without intercompany accounts.

The loan portfolio of ProCredit Bank Ecuador showed strong growth of EUR 61.5 million or 14.5%. Deposits also increased by EUR 50.1 million or 19.7%. Both developments were partly boosted by the appreciation of the US dollar, although the business growth adjusted for currency effects was also positive.

The profit for the period improved by EUR 1.1 million, particularly due to an increase in net interest income by EUR 3.4 million. Personnel and administrative expenses grew by EUR 1.2 million and loss allowances rose by EUR 0.7 million. As a result of these positive developments, the cost-income ratio improved by 18.4 percentage points to 79.9% and the return on equity by 4.2 percentage points.

Germany

in EUR m **Statement of Financial Position**	**30.06.2022**	**31.12.2021**	**Change**
Loan portfolio	50.5	50.7	-0.2
Deposits	264.2	257.1	7.1

Statement of Profit or Loss	**1.1.-30.06.2022**	**1.1.-30.06.2021**	**Change**
Net interest income	0.6	0.3	0.3
Operating income	31.1	44.0	-13.0
Personnel and administrative expenses	34.8	29.7	5.1
Loss allowance	0.2	0.0	0.2
Profit of the period	-3.9	13.4	-17.4
Profit of the period and consolidation effects	-4.7	-2.6	-2.2

Loan portfolio and deposits are presented without intercompany accounts.

The development of the Germany segment essentially consists of the operations of ProCredit Holding, ProCredit Bank Germany and Quipu.

The loan portfolio and deposits in the segment are attributed to the ProCredit Bank in Germany. The loan portfolio remained virtually unchanged as of 30 June 2022. Deposits increased by EUR 7.1 million. Compared to the previous year, the result for ProCredit Bank Germany improved by EUR 1.2 million to EUR 1.8 million. The result from derivatives and hedging relationships was at temporarily elevated level of EUR 1.6 million at the half-year mark.

The segment's profit for the period declined compared to the previous year, in particular due to lower dividend income for ProCredit Holding and higher personnel and administrative expenses. The increase in administrative expenses was due, among other things, to non-recurring legal, auditing and consulting costs amounting to approximately EUR 3 million in connection with the conflict in Ukraine. Income from dividends derives from fully consolidated subsidiaries and at the same time does not affect the consolidated result of the group. The segment's contribution to the consolidated result declined by EUR 2.2 million.

RISK REPORT

An informed and transparent approach to risk management is a central component of our socially responsible business model. This is also reflected in our risk culture and our risk appetite, resulting in decision-making processes that are well-balanced from a risk point of view. By following a consistent group-wide approach to managing risks, we aim to ensure that the liquidity and capitalisation of the group and each individual bank continues to be sustainable and appropriate at all times, as well as to achieve steady results. The principles of risk management and the risk strategy of the ProCredit group have not changed significantly compared to year-end. The information provided in the 2021 Combined Management Report are still generally valid. If any fundamental changes in the methodology and processes involved in risk management have occurred during the current financial year, these are highlighted in this section. The group's overall risk profile remains suitable despite the war in Ukraine and the ongoing uncertainties resulting from the COVID-19 pandemic.

Credit risk

We define credit risk as the risk that the party to a transaction cannot fulfil its contractual obligations, not in full or not on time. Within overall credit risk we distinguish between customer credit risk, counterparty risk (including issuer risk) and country risk. Credit risk is our most significant risk, and customer credit exposures account for the largest share of that risk. The key objectives of credit risk management are to achieve high loan portfolio quality, low risk concentrations within the loan portfolio and appropriate coverage of credit risks with loss allowances.

At group and bank level, the loan portfolio is monitored continuously for possible risk-relevant developments. The riskiness of our clients is determined using a range of indicators, including the risk classification, restructuring status and client compliance with contractual payment requirements. The forward-looking expected credit loss (ECL) model pursuant to IFRS 9 is the central element of the approach to quantifying loss allowances for both on- and off-balance sheet financial instruments. Accordingly, all credit exposures to customers are allocated among three stages, with a distinct provisioning methodology applied to each group. The calculated loss allowances are determined based on the expected credit losses for several future default scenarios. This represents the combined sum of the probability-weighted results from the scenarios. ECL estimates are based on reliable information about past events, current conditions and projections of future economic conditions.

Based on our intensive monitoring, we assess the impact of the COVID-19 pandemic on our loan portfolio thus far to be low. This is also reflected in the development of our quality indicators for the loan portfolio. There is a low number of customers from business sectors that we have classified as vulnerable or whose business could be affected by the pandemic in the longer term. Loans that we had restructured in connection with the pandemic, primarily between the third quarter of 2020 and the second quarter of 2021, did not lead to an overall increase in the default rate; moreover, we have observed a continuous reduction in the portfolio of such loans since the third quarter of 2021. The volume of restructured loans has decreased from EUR 221 million in June 2021 to EUR 193 million in June 2022 due to repayments. None of our loans are currently under moratorium in connection with the COVID-19 pandemic.

The war events in Ukraine have a significant impact on the loan portfolio of ProCredit Bank Ukraine and have led to a significant increase in loss allowances for that portfolio. In the first half of the year, we made adjustments to the risk classification of our exposures in Ukraine, including in particular substantial risk class downgrades for customers in occupied territories or in the immediate vicinity of military activities. The portfolio of loans in these areas accounts for about 10% of ProCredit Bank Ukraine's total portfolio. We have assigned almost all of the downgraded customers to intensified management or we consider them to be in default. Clients in these areas are assessed to be in default if they have completely stopped making payments, their property has been severely damaged, or they have discontinued business activities. The impact on our customers in other areas is continuously monitored and assessed with regard to their repayment capacity. If necessary, risk classifications are downgraded and/or exposures are restructured. As of 30 June 2022, the portfolio of ProCredit Bank Ukraine amounted to EUR 816.2 million. A large portion of the Ukrainian loan portfolio is under a moratorium in connection with the martial law conditions in the country (in effect until 23 August 2022). Despite the moratorium currently in effect, over 70% of our Ukrainian customers are currently fulfilling the planned interest payments and more than 20% are making the planned principal repayments.

The war has had an impact on many other economies, as sanctions and naval blockades have also led to shortages in food and energy supplies. The other banks in the ProCredit group have thus conducted a detailed analysis of their loan portfolios in order to assess any impacts on their business activities caused by the war in Ukraine or the sanctions against Russia and Belarus. Loans to customers with higher dependency on these countries account for approximately 2.2% of the group's loan portfolio and are monitored separately. In addition, loans to customers from vulnerable sectors were analysed. A loan portfolio totalling EUR 93 million was identified that could be particularly vulnerable to indirect factors such as supply chain disruptions, prices and availability of energy and raw materials, inflation and a potential recession. Our monitoring has also been intensified for these customers. Neither the sanctions nor the indirect effects of the war have resulted in a significant change in riskiness or an adjustment to loss allowances for our clients outside of Ukraine.

The parameters are calculated by weighting three scenarios (baseline/downside/upside). The following table presents the macroeconomic factors (derived from IMF) used to calculate ECL parameters as of the reporting date for the banks in the group during the forecast period.

Baseline scenario		GDP growth in %		Inflation rate in %		Unemployment rate in %	Weight
Country	2021	2022	2023	2021	2022	2022	
Albania	1.39	2.17	2.55			11.91	50.0%
Bosnia and Herzegovina	0.43	1.14	1.51				50.0%
Bulgaria	1.36	2.12			1.98	4.85	50.0%
Ecuador	-1.65	-0.36			0.75	4.49	50.0%
Georgia	2.17	3.07	3.55				50.0%
Germany	-0.15	1.03				3.56	50.0%
Kosovo	3.12	3.29	3.39				50.0%
Moldova	0.41	1.60		4.31			50.0%
North Macedonia	1.90	2.19					50.0%
Romania	2.42	3.02	3.19				50.0%
Serbia	3.27	3.58	3.76		2.30		50.0%
Ukraine	3.40	-16.45	2.10				50.0%

Downside scenario		GDP growth in %		Inflation rate in %		Unemployment rate in %	Weight
Country	2021	2022	2023	2021	2022	2022	
Albania	0.23	1.00	1.39			12.35	40.0%
Bosnia and Herzegovina	-1.65	-0.94	-0.57				25.0%
Bulgaria	-0.29	0.46			5.41	6.06	25.0%
Ecuador	-3.65	-2.36			2.83	5.24	25.0%
Georgia	0.76	1.65	2.14				25.0%
Germany	-1.75	-0.57				4.21	25.0%
Kosovo	1.56	1.73	1.84				25.0%
Moldova	-4.06	-2.87		9.37			25.0%
North Macedonia	0.89	1.18					25.0%
Romania	-0.42	0.18	0.34				25.0%
Serbia	0.57	0.88	1.06		3.94		25.0%
Ukraine	-0.97	-20.82	-2.27				25.0%

Upside scenario		GDP growth in %		Inflation rate in %		Unemployment rate in %	Weight
Country	2021	2022	2023	2021	2022	2022	
Albania	2.38	3.16	3.54			11.08	10.0%
Bosnia and Herzegovina	1.89	2.59	2.97				25.0%
Bulgaria	3.42	4.18			-1.63	3.19	25.0%
Ecuador	0.95	2.24			-1.86	3.56	25.0%
Georgia	4.11	5.01	5.49				25.0%
Germany	0.59	1.77				2.95	25.0%
Kosovo	4.25	4.42	4.52				25.0%
Moldova	5.16	6.35		-2.58			25.0%
North Macedonia	3.93	4.22					25.0%
Romania	5.63	6.23	6.39				25.0%
Serbia	5.66	5.97	6.16		-0.14		25.0%
Ukraine	7.75	-12.10	6.45				25.0%

In case of insignificance, the respective macroeconomic factor is not specified.

The following table presents the loss allowances for the group with the respective macroeconomic changes:

	30.06.2022		
in '000 EUR	Loss allowance Positive macroeconomic change	Loss allowance	Loss allowance Negative macroeconomic change
South Eastern Europe	69,250	79,060	91,537
Eastern Europe	86,533	93,304	101,331
of which contribution of PCB Ukraine	*71,215*	*76,874*	*83,688*
South America	13,641	14,482	15,376
Germany	440	504	613
Total	**169,864**	**187,350**	**208,856**

For the ECL model, adjustments (overlays) were made to account for uncertainties resulting from the war in Ukraine and for the macroeconomic forecasts:

in EUR m

Overlay description	Impact on	30.06.2022
Uncertainties for the recovery of credit exposures in Ukraine	Loan portfolio of PCB Ukraine in Stage 1, 2 and 3	13.7
Uncertainty of macroeconomic forecasts	Loan portfolio in all banks in Stage 1, 2 and 3	16.4
Total		**30.1**

In this context, an adjustment of LGD (Loss Given Default) was made for ProCredit Bank Ukraine based on experience with elevated LGD figures during the Ukraine conflict in 2014-2015. Due to limited historical comparability, we applied this LGD parameter increase to the bank's entire loan portfolio in all stages, even though only about 10% of the portfolio was located in the conflict zone as of the reporting date.

Furthermore, the IMF's current forecasts for the macroeconomic model parameters were adjusted downwards for all countries in which ProCredit operates other than Ukraine. In addition, we continued the general increase in probabilities of default (point-in-time PDs) that was introduced in connection with the COVID-19 pandemic. Overall, this is reflected in the ECL parameters at all banks in the group, thus ensuring higher loss allowances overall.

The following table shows the loss allowance sensitivities for our loan portfolio in Ukraine:

	GDP growth				GDP growth		
in '000 EUR	+15%	+10%	+ 5%	Loss allowance	- 5%	- 10%	- 15%
Loss allowance PCB Ukraine	**50,252**	**56,901**	**65,317**	**76,874**	**91,023**	**108,285**	**126,469**

The table shows extrapolated figures resulting from the model for ProCredit Bank Ukraine's loss allowances in the event of specific changes in macroeconomic input factors for 2022 in all of the model's macroeconomic scenarios. This sensitivity analysis presents the effect of changes in expected economic growth on loss allowances. As the scenarios presented represent an extreme shock in economic development and are well beyond the areas calibrated for the ECL model, disproportionate sensitivity is to be expected for the model results. This arises because the results of the model are not mathematically linear in relation to the fluctuations in the extreme scenarios. The calculations underlying the table represent a hypothetical extrapolation on the sensitivity of the ECL calculations from the model for extreme economic growth figures. Comparing the level of provisioning and the coverage ratio of ProCredit Bank Ukraine with comparable Ukrainian banks (Western banking groups operating in Ukraine) shows that our bank reported the largest increase in the ratio of allowances to defaulted loans in relative terms compared to pre-war levels.

The total amount of expenditures for loss allowances during the reporting period was EUR 57.3 million (previous year: EUR 2.7 million), of which ProCredit Bank Ukraine accounted for EUR 56.5 million (previous year: EUR 0.0 million). Compared to year-end, loss allowances in Stage 1 grew by EUR 1.7 million, which was primarily due to loan portfolio growth; loss allowances in Stage 2 grew significantly, by EUR 29.8 million. This development is largely attributable to the significant expansion of Stage 2 at our bank in Ukraine. Stage 3 loss allowances grew by EUR 24.4 million due to an increase in defaulted loans, which was likewise driven by the effects of the Russian invasion on our portfolio in Ukraine. At our banks outside of Ukraine, portfolio quality developed in line with our expectations.

	30.06.2022				
in '000 EUR	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
South Eastern Europe					
Gross outstanding amount	4,164,026	114,236	76,458	1,187	**4,355,907**
Loss allowances	-28,400	-7,987	-42,204	-469	**-79,060**
Net outstanding amount	4,135,626	106,250	34,254	718	**4,276,847**
Eastern Europe					
Gross outstanding amount	1,038,725	309,924	53,117	1,301	**1,403,066**
Loss allowances	-15,427	-38,872	-38,223	-782	**-93,304**
Net outstanding amount	1,023,298	271,052	14,894	518	**1,309,763**
South America					
Gross outstanding amount	415,458	36,709	31,957	674	**484,798**
Loss allowances	-3,406	-1,012	-9,911	-152	**-14,482**
Net outstanding amount	412,052	35,696	22,046	522	**470,315**
Germany					
Gross outstanding amount	49,148	976	390	0	**50,514**
Loss allowances	-425	-49	-29	0	**-504**
Net outstanding amount	48,723	927	361	0	**50,010**
Total					
Gross outstanding amount	5,667,357	461,845	161,923	3,162	**6,294,286**
Loss allowances	-47,658	-47,921	-90,368	-1,403	**-187,350**
Net outstanding amount	5,619,699	413,924	71,555	1,758	**6,106,936**
Contingent liabilities (financial)					
Nominal amount	738,927	49,757	1,583	0	**790,267**
Provisions	-2,334	-2,318	-461	0	**-5,112**

	31.12.2021				
in '000 EUR	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
South Eastern Europe					
Gross outstanding amount	3,933,093	118,360	82,084	1,202	**4,134,739**
Loss allowances	-27,261	-11,012	-43,893	-451	**-82,617**
Net outstanding amount	3,905,833	107,349	38,191	750	**4,052,122**
Eastern Europe					
Gross outstanding amount	1,231,375	59,279	23,619	1,371	**1,315,644**
Loss allowances	-15,248	-6,099	-14,167	-499	**-36,014**
Net outstanding amount	1,216,127	53,180	9,452	872	**1,279,630**
South America					
Gross outstanding amount	358,722	37,132	27,463	0	**423,316**
Loss allowances	-3,102	-1,037	-8,317	0	**-12,457**
Net outstanding amount	355,619	36,095	19,146	0	**410,859**
Germany					
Gross outstanding amount	50,334	376	0	0	**50,711**
Loss allowances	-353	-4	0	0	**-356**
Net outstanding amount	49,982	373	0	0	**50,354**
Total					
Gross outstanding amount	5,573,524	215,148	133,166	2,572	**5,924,410**
Loss allowances	-45,964	-18,152	-66,377	-951	**-131,444**
Net outstanding amount	5,527,560	196,996	66,788	1,622	**5,792,966**
Contingent liabilities (financial)					
Nominal amount	827,719	12,334	992	0	**841,045**
Provisions	-2,406	-401	-214	0	**-3,021**

The tables below present gross exposures, broken down according to internal risk classification and stage.

in '000 EUR		30.06.2022				
Loan portfolio	**Risk class**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Performing	1	21,480	0	0	0	21,480
	2	710,844	3,496	0	0	714,341
	3	1,740,141	26,307	0	0	1,766,448
	4	1,649,453	79,459	0	0	1,728,913
	5	658,955	45,240	0	0	704,194
Underperforming	6	42,827	196,184	0	0	239,011
	7	2,157	91,346	0	0	93,503
Defaulted	8	0	0	142,515	3,063	145,578
Without risk class*		841,499	19,813	19,408	99	880,818
Gross outstanding amount		**5,667,357**	**461,845**	**161,923**	**3,162**	**6,294,286**

in '000 EUR		31.12.2021				
Loan portfolio	**Risk class**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Performing	1	7,973	0	0	0	7,973
	2	408,472	792	0	0	409,264
	3	1,764,187	1,341	0	0	1,765,527
	4	2,077,631	8,581	0	0	2,086,212
	5	533,465	12,774	0	0	546,239
Underperforming	6	36,936	112,014	0	0	148,950
	7	2,791	63,415	0	0	66,206
Defaulted	8	0	0	113,100	2,473	115,574
Without risk class*		742,069	16,231	20,066	99	778,464
Gross outstanding amount		**5,573,524**	**215,148**	**133,166**	**2,572**	**5,924,410**

* *Loans to private customers and business customers with a credit volume of less than EUR 50,000 are not assessed with an internal risk classification.*

The stable long-term development of our portfolio quality is attributable to our clear focus on small and medium-sized businesses, as well as careful credit analysis and customer service. Close relationships with our clients enable us to gain a good understanding of their individual circumstances. This is particularly important in times of crisis and enables credit risks to be identified at an early stage and appropriate measures to be taken. At the half-year mark, the share of defaulted loans had increased slightly, from 2.3% to 2.6%, from the year-end 2021 level, mainly due to Stage 3 transfers within the portfolio in Ukraine. The Stage 3 loans coverage ratio increased from 49.6% to 55.6%.

	30.06.2022					
in '000 EUR	**< EUR 50,000**	**EUR 50,000 – 250,000**	**EUR 250,000 – 500,000**	**EUR 500,000 – 1,500,000**	**> EUR 1,500,000**	**Total**
South Eastern Europe	477,199	1,456,258	894,127	1,009,100	519,224	4,355,907
Eastern Europe	68,107	530,662	346,754	318,598	138,945	1,403,066
South America	77,682	213,270	87,530	78,280	28,035	484,798
Germany	83	2,390	5,289	20,645	22,107	50,514
Loan portfolio	**623,071**	**2,202,580**	**1,333,701**	**1,426,623**	**708,311**	**6,294,286**

	31.12.2021					
in '000 EUR	**< EUR 50,000**	**EUR 50,000 – 250,000**	**EUR 250,000 – 500,000**	**EUR 500,000 – 1,500,000**	**> EUR 1,500,000**	**Total**
South Eastern Europe	456,447	1,374,971	818,313	971,342	513,666	4,134,739
Eastern Europe	66,837	494,045	311,729	310,955	132,078	1,315,644
South America	68,974	181,177	74,670	68,161	30,335	423,316
Germany	90	1,667	4,578	16,640	27,736	50,711
Loan portfolio	**592,349**	**2,051,859**	**1,209,289**	**1,367,098**	**703,816**	**5,924,410**

In the first half of the year, we recorded strong growth in almost all economic sectors.

in '000 EUR	30.06.2022 < EUR 50,000	EUR 50,000 – 250,000	EUR 250,000 – 500,000	EUR 500,000 – 1,500,000	> EUR 1,500,000	Total
Business loans	**426,504**	**1,921,999**	**1,287,799**	**1,417,713**	**708,311**	**5,762,326**
Wholesale and retail trade	118,264	584,166	378,081	409,802	102,733	1,593,047
Agriculture, forestry and fishing	137,842	475,345	258,480	217,629	91,372	1,180,667
Production	65,061	411,374	324,208	370,706	173,292	1,344,640
Transportation and storage	34,886	108,804	53,740	47,948	22,300	267,677
Electricity, gas, steam and air conditioning supply	2,823	20,109	33,700	80,760	135,294	272,686
Construction and real estate	19,432	135,822	108,538	144,431	95,253	503,475
Hotel, restaurant and catering	13,142	51,135	43,400	47,222	27,339	182,239
Other economic activities	35,054	135,245	87,653	99,215	60,729	417,896
Private loans	**196,567**	**280,581**	**45,902**	**8,910**	**0**	**531,960**
Housing	123,836	272,679	44,663	8,910	0	450,088
Investment loans	63,852	6,678	896	0	0	71,426
Consumer loans	8,880	1,224	342	0	0	10,446
Gross outstanding amount	**623,071**	**2,202,580**	**1,333,701**	**1,426,623**	**708,311**	**6,294,286**

in '000 EUR	31.12.2021 < EUR 50,000	EUR 50,000 – 250,000	EUR 250,000 – 500,000	EUR 500,000 – 1,500,000	> EUR 1,500,000	Total
Business loans	**405,015**	**1,804,543**	**1,170,158**	**1,358,369**	**703,816**	**5,441,901**
Wholesale and retail trade	110,701	549,570	356,512	388,763	105,201	1,510,747
Agriculture, forestry and fishing	134,220	443,380	231,921	219,202	91,493	1,120,215
Production	62,499	388,708	287,730	354,280	169,228	1,262,444
Transportation and storage	33,923	103,790	49,732	49,040	20,191	256,675
Electricity, gas, steam and air conditioning supply	2,241	17,770	26,663	66,994	136,446	250,114
Construction and real estate	18,310	124,612	97,287	131,150	86,476	457,834
Hotel, restaurant and catering	12,033	48,395	40,528	46,985	24,783	172,724
Other economic activities	31,090	128,317	79,786	101,957	69,996	411,146
Private loans	**187,334**	**247,316**	**39,131**	**8,729**	**0**	**482,509**
Housing	125,723	240,634	38,674	8,729	0	413,759
Investment loans	53,677	5,657	457	0	0	59,792
Consumer loans	7,934	1,025	0	0	0	8,958
Gross outstanding amount	**592,349**	**2,051,859**	**1,209,289**	**1,367,098**	**703,816**	**5,924,410**

With regard to the group's counterparty and issuer risk and its country risk, there were no significant changes compared to the end of the previous year, except for the increased risks in connection with the situation in Ukraine. Russia's invasion of Ukraine led to a downgrade of the country by all major rating agencies. The group's counterparty and issuer risk in Ukraine consists solely of exposures towards the National Bank of Ukraine, primarily in local currency. Although we consider it unlikely that they will be affected by a potential sovereign debt default, we have nonetheless assigned the exposures to the National Bank of Ukraine to Stage 2.

The group's cross-border exposures to Ukraine only include transactions with ProCredit Bank Ukraine. Under the martial law in effect since February 2022, the National Bank of Ukraine has imposed restrictions which also apply to international payment transactions. The timely settlement of ProCredit Bank Ukraine liabilities was not affected.

At the end of June 2022, the group had EUR 0.5 million in balances with banks located in Russia. Due to the sanctions currently in place, the group banks do not have access to these balances.

Market risks

Foreign currency risk

Foreign currency risk at group level arises as a result of the equity investments that ProCredit Holding maintains in its subordinated companies in countries which do not have the euro as the national currency. Thus, from a consolidated group perspective, OCPs in the respective domestic currencies exist and are roughly equal to the amount of the respective equity base. The group's regulatory capital and risk-taking potential are exposed to fluctuations due to changes in the exchange rates of domestic currencies against the euro. These are included in the translation reserve in the consolidated equity. This shifted by EUR 13.4 million, from EUR -83.1 million to EUR -66.2 million at the end of the first half of the year, mainly due to the appreciation of some Eastern European currencies and the US dollar. At the mid-year point, the group's translation reserve was only marginally affected by the Russian invasion of Ukraine. This was mainly due to the decision of the Ukrainian central bank on 24 February to fix the official exchange rate of the hryvnia to the US dollar. On 22 July 2022, the central bank set a new exchange rate against the U.S. dollar. Due to these developments, a decline in the translation reserve is expected at the end of July.

Within the scope of the group's capital adequacy calculation in the economic approach, a value-at-risk procedure is defined for fluctuations in the translation reserve.

Interest rate risk in the banking book

At the group level, interest rate risk is quantified and limited accordingly on the basis of economic value impact and on the basis of the 12-month P&L effect. Account is taken for economic value impact effects within the scope of the group's capital adequacy calculation in the economic approach. All indicators remained within the allocated limits at the end of June 2022.

The direct impact of the war in Ukraine on the group's interest rate risk has been low thus far. The UIRD (Ukrainian Index for Retail Deposits) interest rates, which are used for loan pricing, have shown rather moderate fluctuations since the beginning of the invasion as well as following a significant key interest rate hike by the National Bank of Ukraine. In addition, due to the existing asset and liability structure at the Ukrainian subsidiary bank, the group would be more vulnerable to a falling-interest-rate scenario.

Liquidity and funding risk

We evaluate the short-term liquidity risk of the ProCredit banks using a maturity gap analysis and monitor this risk on the basis of a 30-day sufficient liquidity indicator (SLI), the survival period and the minimum liquidity coverage ratio (LCR) prescribed by Regulation (EU) No. 575/2013 (Capital Requirements Regulation - CRR), the structural liquidity ratio (net stable funding ratio, NSFR) as well as by means of liquidity stress tests.

Despite the comfortable liquidity position overall, developments at group and bank level will continue to be closely monitored. Due in particular to the outbreak of the war in Ukraine, the liquidity situation of the ProCredit Bank in Ukraine and other ProCredit banks in the region are monitored and analysed on a daily basis in order to identify and address potential problems in a timely manner. All of the ProCredit banks had sufficient liquidity available at all times to meet all financial obligations in a timely manner.

ProCredit Holding has fixed-income instruments containing clauses that give investors the right to early repayment in the event of: (i) a default of a material subsidiary of the issuer, whose payment obligations exceed certain thresholds (usually EUR 10 million), or (ii) insolvency or similar events with respect to a material subsidiary. A material subsidiary is generally defined in the terms and conditions of the bonds and in the loan agreements as any subsidiary of ProCredit that, according to ProCredit's most recent audited consolidated financial statements, accounts for at least 10% of the revenues and/or assets of the ProCredit group. The ProCredit Bank in Ukraine is a material subsidiary under the terms of the aforementioned instruments. The risk of default of the ProCredit Bank in Ukraine is currently assessed as low. In order to pro-actively address possible tail-risk scenarios for a default of the ProCredit bank in Ukraine and, in line with our prudent risk management approach, to increase the amount of stable funding in stress scenarios relating to a default of the bank in Ukraine, ProCredit has made a consent offer to the holders of certain fixed-rate instruments (bearer bonds, registered bonds, promissory notes and a senior loan) amounting to EUR 289.5 million to amend the terms of these instruments. Therein, it was proposed not to treat the ProCredit Bank in Ukraine as a material subsidiary in connection with the clauses on early repayment for said instruments for a period of two years, with payment of a fee amounting to 50 basis points per year.

At the end of the first half of the year, the group-level LCR was 146% (31 December 2021: 158%) and the NSFR was 135%. Both indicators were thus comfortably above the regulatory requirement of 100% in each case.

ProCredit Holding keeps an adequate liquidity reserve available for the group. The amount of the liquidity reserve is determined on the basis of group stress tests and monitored on a regular basis.

Other material risks

For us, other material risks include operational risk and fraud risk as well as business risk and model risk. The prevention of risks from money laundering, terrorist financing and fraud is also a key component of our risk management. These risks are also taken into account and monitored as part of the calculation of group capital in the economic perspective.

There have been no substantial changes to any of these other material risks, so the statements from the 2021 management report still apply.

Capital management

During the reporting period, the ProCredit group met all regulatory capital requirements at all times.

As of 30 June 2022, the Common Equity Tier 1 and Tier 1 capital ratios of the ProCredit group stood at 13.7%. The total capital ratio was 14.7%. Our capitalisation is thus comfortably above the regulatory requirements, which are currently set at 8.2% for the Common Equity Tier 1 capital ratio, 10.1% for the Tier 1 capital ratio and 12.6% for the total capital ratio.

in EUR m	**30.06.2022**	**31.12.2021**
Common equity (net of deductions)	847.0	792.0
Additional Tier 1 (net of deductions)	0.0	0.0
Tier 2 capital	57.6	64.4
Total capital	904.6	856.4
RWA total	6,162.2	5,600.9
Credit risk	5,064.1	4,562.1
Market risk	594.2	590.7
Operational risk	458.3	433.2
Credit Valuation Adjustment risk	45.5	14.8
Common Equity Tier 1 capital ratio	13.7%	14.1%
Total capital ratio	14.7%	15.3%
Leverage ratio (CRR)	9.7%	9.3%

In the first six months of the year, the capitalisation of the ProCredit group in the economic and normative perspectives was always ensured, as was its stress resistance level. As part of our capital planning and also against the background of the armed conflict in Ukraine, we have analysed additional stress scenarios.

Capitalisation in the economic perspective is presented below:

	30.06.2022	**31.12.2021**
in EUR m	**Limit Used**	**Limit Used**
Credit Risk	410.5	301.1
Interest Rate Risk	82.2	101.2
Foreign Currency Risk	91.5	110.2
Operational Risk	21.1	22.6
Business Risk	23.4	21.0
Funding Risk	8.1	8.0
Model Risk	40.0	40.0
Total	**676.8**	**604.2**
Total limit used in %	**81.9%**	**73.1%**

OUTLOOK

Uncertainty remains high about the situation in Ukraine and the future development of the war. Against the backdrop of current events, we expect the return on equity to decrease significantly compared with the previous year. Our cost-income ratio should, based on the strong efficiency improvements in the first half of the year, improve to a level of 60-63% (2021: 64.4%). For the loan portfolio, we anticipate a growth rate in the high single-digit percent range, after adjusting for currency effects. At year-end we also expect the group's capitalisation to be at a solid level: around 13.0% for the CET1 ratio and 9.0% for the leverage ratio.

Given the continued, steadily improving performance of most ProCredit banks, we have a positive view on the group's medium-term development. Despite the uncertainty surrounding further events in Ukraine, we confirm our medium-term targets of a cost-income ratio below 60% and a return on equity of around 10%. We also expect the loan portfolio to show annual growth in the mid to upper single-digit percentage range.

The potential expansion of the war to further areas of Ukraine or to other countries represents a risk factor for our forecast. Additional risk factors include negative economic impacts related to the COVID-19 pandemic, major disruptions in the Eurozone, further supply-chain and energy-sector disruptions, significant changes in foreign trade or monetary policy, a deterioration in interest rate margins, increasing inflationary pressures, and pronounced exchange rate fluctuations.

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

in '000 EUR	Note	1.1.–30.06.2022	1.1.–30.06.2021
Interest income (effective interest method)		175,863	146,694
Interest expenses		51,023	43,489
Net interest income	3	**124,840**	**103,206**
Fee and commission income		38,342	34,391
Fee and commission expenses		12,071	10,317
Net fee and commission income	4	**26,271**	**24,074**
Result from foreign exchange transactions		10,116	7,860
Result from derivative financial instruments and hedging relationships		3,367	135
Result on derecognition of financial assets measured at amortised cost		0	0
Net other operating result		-4,404	-5,942
Operating income		**160,190**	**129,333**
Personnel expenses		46,957	42,103
Administrative expenses		49,336	41,209
Loss allowance	5	57,294	2,735
Profit before tax		**6,602**	**43,286**
Income tax expenses	6	-1,101	6,923
Profit of the period		**7,703**	**36,363**
Profit attributable to ProCredit shareholders		*7,703*	*36,363*

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

in '000 EUR	1.1.–30.06.2022	1.1.–30.06.2021
Profit of the period	**7,703**	**36,363**
Items that are or may be reclassified to profit or loss		
Change in revaluation reserve	-5,542	211
Change in value not recognised in profit or loss	*-5,566*	*178*
Change in loss allowance (recognised in profit or loss)	*25*	*33*
Change in deferred tax on revaluation reserve	178	-1
Change in translation reserve	16,922	13,388
Change in value not recognised in profit or loss	*16,922*	*13,388*
Other comprehensive income of the period, net of tax	**11,557**	**13,599**
Total comprehensive income of the period	**19,260**	**49,962**
Total comprehensive income attributable to ProCredit shareholders	*19,260*	*49,962*
Earnings per share* in EUR	0.13	0.62

* *Basic earnings per share were identical to diluted earnings per share.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in '000 EUR	Note	30.06.2022	31.12.2021
Assets			
Cash	8	136,053	140,488
Central bank balances	8, 9	1,308,081	1,405,034
Loans and advances to banks	9	231,983	252,649
Derivative financial assets		10,240	1,343
Investment securities	9	364,109	410,400
Loans and advances to customers	9,10	6,106,936	5,792,966
Property, plant and equipment		142,501	137,536
Intangible assets		17,668	18,411
Current tax assets		4,325	3,472
Deferred tax assets	6	9,054	1,746
Other assets	9	55,279	51,855
Total assets		**8,386,230**	**8,215,901**
Liabilities and equity			
Liabilities to banks		1,336,538	1,313,666
Derivative financial liabilities		86	360
Liabilities to customers		5,741,877	5,542,251
Debt securities	11	276,990	353,221
Other liabilities		44,702	41,629
Provisions	12	19,823	16,816
Current tax liabilities		1,249	3,614
Deferred tax liabilities		480	640
Subordinated debt		88,913	87,390
Liabilities		**7,510,658**	**7,359,587**
Subscribed capital and capital reserve		441,277	441,277
Retained earnings		503,744	496,044
Translation reserve		-66,224	-83,145
Revaluation reserve		-3,225	2,139
Equity attributable to ProCredit shareholders		**875,572**	**856,314**
Total liabilities and equity		**8,386,230**	**8,215,901**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in '000 EUR	Subscribed capital and capital reserve	Retained earnings	Translation reserve	Revaluation reserve	Equity attributable to ProCredit shareholders
Balance as of 1.1.2022	**441,277**	**496,044**	**-83,145**	**2,139**	**856,314**
Profit of the period		*7,703*			*7,703*
Other comprehensive income of the period, net of tax			16,922	-5,364	11,557
Total comprehensive income of the period	0	7,703	16,922	-5,364	19,260
Other changes		*-2*			*-2*
Balance as of 30.06.2022	**441,277**	**503,744**	**-66,224**	**-3,225**	**875,572**

in '000 EUR	Subscribed capital and capital reserve	Retained earnings	Translation reserve	Revaluation reserve	Equity attributable to ProCredit shareholders
Balance as of 1.1.2021	**441,277**	**447,434**	**-111,779**	**2,797**	**779,729**
Profit of the period		*36,363*			*36,363*
Other comprehensive income of the period, net of tax			13,388	211	13,599
Total comprehensive income of the period		36,363	13,388	211	49,962
Distributed dividends		*-10,602*			*-10,602*
Other changes		*185*			*185*
Balance as of 30.06.2021	**441,277**	**473,381**	**-98,390**	**3,008**	**819,275**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

in '000 EUR	Note	1.1.–30.06.2022	1.1.–30.06.2021
Cash and cash equivalents at end of previous year		**1,398,793**	**1,279,229**
Cash flow from operating activities		–262,891	–163,626
Cash flow from investing activities		–5,701	–3,794
Cash flow from financing activities		–3,638	–13,327
Effects of exchange rate changes		23,120	12,909
Cash and cash equivalents at end of period	8	**1,149,682**	**1,111,390**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Significant accounting principles

1 Basis of accounting

The activities of the ProCredit group comprise the financing of Small and Medium-sized Enterprises (SMEs) and direct banking for private clients. We operate in South Eastern Europe, Eastern Europe, South America and Germany. Through our business activities we aim to sustainably provide a return on investment for our shareholders while making a contribution to economic, social and ecological development. The parent company of the group is ProCredit Holding AG & Co. KGaA ("ProCredit Holding"), domiciled at Rohmerplatz 33-37, 60486 Frankfurt am Main, Germany (Commercial Register Frankfurt, Section B No. 91858). We prepare the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and as applicable within the European Union.

The Condensed Consolidated Interim Financial Statements as of 30 June 2022 have been prepared in accordance with IAS 34 "Interim Financial Reporting". Unless otherwise stated, the preparation of these Condensed Consolidated Interim Financial Statements follows the same recognition and measurement principles as were applied for the Consolidated Financial Statements for the 2021 financial year. We adopted amendments to IFRS 9 with annual improvements to IFRS (2018-2020 cycle) on 1 January 2022. The amendment clarifies which fees are to be included when assessing whether the contractual terms of a modified financial liability differ significantly from the original financial liability. The amendments have a minor impact on the consolidated financial statements. There was no early adoption of any standards, amendments and interpretations not yet effective.

Disclosures on financial position and financial performance and on the nature and extent of risks associated with financial instruments are presented in the Interim Group Management Report. The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the 2021 financial year.

The consolidated interim financial statements are presented in euros, which is also the group's functional currency. For computational reasons, rounding differences of ± one unit (EUR, %, etc.) may occur in the tables. Recognition and measurement is performed on a going-concern assumption. In this assessment, we had to gauge the current situation and make assumptions due to the armed conflicts in Ukraine. A material default event of ProCredit Bank Ukraine could lead to special termination rights in the funding agreements at the level of ProCredit Holding, which could result in additional liquidity risk for the group. Our going-concern assessment remains unchanged compared to the assessment in the Annual Report as of 31 December 2021.

In the course of preparing the condensed consolidated interim financial statements, further assumptions, estimates and necessary discretionary judgements were made by the Management Board. All estimates and assumptions required are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis and are based on past experience and other factors, including expectations with regard to future events, and are considered appropriate under the given circumstances. In the first half of 2022, there were no material changes in assumptions, estimates and necessary judgements, other than those described in the "Credit risk" section with regard to loss allowances, mainly resulting from the war in Ukraine, and the write-down of goodwill for ProCredit Bank Ukraine.

2 Principles of consolidation

There were no changes in the composition of the group in the reporting period compared with the consolidated financial statements as of 31 December 2021.

Notes to the Consolidated Statement of Profit or Loss

3 Net interest income

in '000 EUR	1.1.–30.06.2022	1.1.–30.06.2021
Interest income from		
Central bank balances	1,266	213
Loans and advances to banks	642	221
Derivative financial assets	256	1,011
Investment securities FVOCI	1,450	1,379
Investment securities AC	5,282	2,625
Loans and advances to customers	166,624	141,076
Prepayment penalty	342	171
Interest income (effective interest method)	**175,863**	**146,694**
Interest expenses on		
Liabilities to banks	17,061	13,482
Derivative financial liabilities	331	597
Liabilities to customers	25,184	21,113
Debt securities	3,688	3,507
Subordinated debt	2,604	2,487
Negative interest from assets	2,154	2,302
Interest expenses	**51,023**	**43,489**
Net interest income	**124,840**	**103,206**

4 Net fee and commission income

in '000 EUR	1.1.–30.06.2022	1.1.–30.06.2021
Fee and commission income from		
Payment services	12,792	11,477
Debit/credit cards	8,004	5,974
Account maintenance fee	11,560	11,406
Letters of credit and guarantees	3,203	2,830
Others	2,784	2,704
Fee and commission income	**38,342**	**34,391**
Fee and commission expenses on		
Payment services	2,140	1,945
Debit/credit cards	7,247	5,236
Account maintenance fee	1,109	1,598
Letters of credit and guarantees	1,478	1,479
Others	97	60
Fee and commission expenses	**12,071**	**10,317**
Net fee and commission income	**26,271**	**24,074**

5 Loss allowances

in '000 EUR	1.1.–30.06.2022	1.1.–30.06.2021
Change in loss allowances	62,589	9,588
Recovery of written-off loans	-5,485	-7,102
Direct write-offs	190	249
Loss allowance	**57,294**	**2,735**

With regard to written-off exposures subject to enforcement activity, please refer to our disclosures in the 2021 consolidated financial statements.

6 Income tax expenses

In calculating both the current taxes on income and earnings and the deferred income tax, the respective country-specific tax rates are applied. The tax rate as a ratio of total tax expense to profit before tax for the six months ended 30 June 2022 is -16.7% (as of 30 June 2021: 16.0%). The tax income mainly results from the recognition of deferred taxes on loss carry-forwards in the Eastern Europe segment. The underlying projections that justify the recoverability of these deferred taxes are governed by assumptions and estimates and, due to the war in Ukraine, are subject to greater uncertainty.

7 Segment reporting

The group aggregates its operations into reporting segments according to geographical regions. We conduct our business activities in South Eastern Europe, Eastern Europe, South America and Germany. With the exception of the relationship between the Germany segment and the individual subsidiaries, there are no significant income or expense items between the individual segments. These items are allocated to the country in which the respective subsidiary is based. All income and expense items between the segments are disclosed separately in the following table.

in '000 EUR	South Eastern Europe	Eastern Europe	South America	Germany	Consolidation	Group
	1.1.–30.06.2022					
Interest income (effective interest method)	86,646	67,410	21,085	11,204	-10,483	175,863
of which inter-segment	*170*	*157*	*0*	*10,156*		
Interest expenses	15,028	27,182	8,688	10,591	-10,466	51,023
of which inter-segment	*3,746*	*2,510*	*3,241*	*969*		
Net interest income	**71,618**	**40,229**	**12,397**	**613**	**-17**	**124,840**
Fee and commission income	28,736	7,181	827	7,127	-5,528	38,342
of which inter-segment	*123*	*1*	*0*	*5,405*		
Fee and commission expenses	11,943	3,820	883	935	-5,510	12,071
of which inter-segment	*3,341*	*1,885*	*245*	*39*		
Net fee and commission income	**16,792**	**3,361**	**-56**	**6,191**	**-18**	**26,271**
Result from foreign exchange transactions	6,000	4,551	55	-508	18	10,116
of which inter-segment	*42*	*104*	*0*	*-163*		
Result from derivative financial instruments and hedging relationships	1,732	0	0	1,635	0	3,367
of which inter-segment	*4,350*	*0*	*0*	*-4,350*		
Result on derecognition of financial assets measured at amortised cost	0	0	0	0	0	0
Net other operating result	-2,419	-626	-774	23,133	-23,718	-4,404
of which inter-segment	*1,290*	*987*	*0*	*21,441*		
Operating income	**93,723**	**47,515**	**11,622**	**31,064**	**-23,735**	**160,190**
Personnel expenses	19,488	8,456	3,247	15,766	0	46,957
Administrative expenses	33,935	13,294	6,044	19,026	-22,963	49,336
of which inter-segment	*10,624*	*6,193*	*2,137*	*4,009*		
Loss allowance	-178	56,611	642	219	0	57,294
Profit before tax	**40,479**	**-30,847**	**1,689**	**-3,947**	**-772**	**6,602**
Income tax expenses	4,086	-5,807	620	2		-1,101
Profit of the period	**36,393**	**-25,039**	**1,070**	**-3,948**	**-772**	**7,703**
Profit attributable to ProCredit shareholders						*7,703*

in '000 EUR	South Eastern Europe	Eastern Europe	South America	Germany	Consolidation	Group
	1.1.–30.06.2021					
Interest income (effective interest method)	77,036	51,899	16,245	11,928	-10,414	146,694
of which inter-segment	*51*	*21*	*0*	*10,342*		
Interest expenses	15,118	19,901	7,230	11,657	-10,418	43,489
of which inter-segment	*4,148*	*2,810*	*2,853*	*607*		
Net interest income	**61,917**	**31,998**	**9,015**	**271**	**4**	**103,206**
Fee and commission income	25,686	6,656	551	6,469	-4,971	34,391
of which inter-segment	*151*	*1*	*0*	*4,819*		
Fee and commission expenses	10,431	3,239	741	882	-4,976	10,317
of which inter-segment	*2,845*	*1,840*	*255*	*35*		
Net fee and commission income	**15,255**	**3,417**	**-190**	**5,587**	**5**	**24,074**
Result from foreign exchange transactions	5,001	2,682	30	107	39	7,860
of which inter-segment	*12*	*107*	*-5*	*-153*		
Result from derivative financial instruments and hedging relationships	191	69	0	-55	-69	135
of which inter-segment	*-21*	*69*	*0*	*21*		
Result on derecognition of financial assets measured at amortised cost	0	0	0	0	0	0
Net other operating result	-5,705	-328	-661	38,116	-37,363	-5,942
of which inter-segment	*820*	*627*	*7*	*35,909*		
Operating income	**76,659**	**37,838**	**8,194**	**44,026**	**-37,384**	**129,333**
Personnel expenses	18,636	6,119	2,730	14,618	0	42,103
Administrative expenses	30,837	11,328	5,326	15,103	-21,384	41,209
of which inter-segment	*10,395*	*5,244*	*2,234*	*3,511*		
Loss allowance	3,692	-901	-106	49	0	2,735
Profit before tax	**23,494**	**21,292**	**243**	**14,256**	**-15,999**	**43,286**
Income tax expenses	2,609	3,258	237	820		6,923
Profit of the period	**20,886**	**18,034**	**7**	**13,436**	**-15,999**	**36,363**
Profit attributable to ProCredit shareholders						*36,363*

	30.06.2022		
in '000 EUR	Total assets excl. taxes	Total liabilities excl. taxes	Contingent liabilities
South Eastern Europe	5,769,768	5,149,187	729,937
Eastern Europe	1,861,772	1,642,719	183,121
South America	569,916	518,356	20,699
Germany	1,951,169	1,226,333	7,669
Consolidation	-1,779,775	-1,027,666	0
Total	**8,372,851**	**7,508,929**	**941,427**

	31.12.2021		
in '000 EUR	Total assets excl. taxes	Total liabilities excl. taxes	Contingent liabilities
South Eastern Europe	5,665,180	5,080,004	735,355
Eastern Europe	1,806,530	1,563,780	216,670
South America	496,823	449,751	19,637
Germany	2,044,811	1,316,115	14,915
Consolidation	-1,802,660	-1,054,318	0
Total	**8,210,683**	**7,355,333**	**986,577**

Notes to the Consolidated Statement of Financial Position

8 Cash and central bank balances

in '000 EUR	30.06.2022	31.12.2021
Cash	136,053	140,488
Central bank balances	1,310,600	1,405,779
Loss allowances for central bank balances	-2,519	-745
Cash and central bank balances	**1,444,134**	**1,545,522**
Loss allowances for central bank balances	2,519	745
Loans and advances to banks with a maturity up to 3 months	226,275	248,000
Investment securities with a maturity up to 3 months	129,555	200,539
Central bank balances, which do not qualify as cash for the statement of cash flows	-652,801	-596,014
Cash and central bank balances	**1,149,682**	**1,398,793**

Balances with central banks include minimum reserves that are not available for our day-to-day business. Loss allowances are established for these amounts for balances with central banks.

9 Financial instruments and contingent liabilities by stages

	30.06.2022					31.12.2021
in '000 EUR	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Total**
Central bank balances						
Gross outstanding amount	1,258,164	52,436	0	0	**1,310,600**	**1,405,779**
Loss allowances	-1,224	-1,295	0	0	**-2,519**	**-745**
Carrying amount	1,256,940	51,141	0	0	**1,308,081**	**1,405,034**
Loans and advances to banks						
Gross outstanding amount	231,773	434	0	0	**232,207**	**252,654**
Loss allowances	-6	-217	0	0	**-224**	**-5**
Carrying amount	231,766	217	0	0	**231,983**	**252,649**
Investment securities						
Gross outstanding amount	364,161	0	0	0	**364,161**	**410,417**
Loss allowances	-158	0	0	0	**-158**	**-101**
Carrying amount	364,004	0	0	0	**364,004**	**410,316**
Loans and advances to customers						
Gross outstanding amount	5,667,357	461,845	161,923	3,162	**6,294,286**	**5,924,410**
Loss allowances	-47,658	-47,921	-90,368	-1,403	**-187,350**	**-131,444**
Carrying amount	5,619,699	413,924	71,555	1,758	**6,106,936**	**5,792,966**
Other assets (Financial Instruments)						
Gross outstanding amount	40,831	0	0	0	**40,831**	**34,280**
Loss allowances	-1,961	0	0	0	**-1,961**	**-1,724**
Carrying amount	38,870	0	0	0	**38,870**	**32,556**
Contingent liabilities (financial)						
Loss allowances	-2,334	-2,318	-461	0	**-5,112**	**-3,021**

10 Loans and advances to customers

The changes in Loans and advances to customers and the respective loss allowances are presented in the following tables.

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as of 1.1.2022	**5,573,524**	**215,148**	**133,166**	**2,572**	**5,924,410**
New financial assets originated	1,125,346	2,533	2,726	684	1,131,289
Modification of contractual cash flows of financial assets	39	-256	39	0	-178
Derecognitions	-379,472	-24,077	-9,272	0	-412,820
Write-offs	0	0	-8,536	-14	-8,549
Changes in interest accrual	4,555	3,071	1,401	50	9,078
Changes in the principal and disbursement fee	-391,460	-27,882	-15,037	-222	-434,602
Transfers to Stage 1	159,503	-158,210	-1,293	0	0
Transfers to Stage 2	-500,550	501,654	-1,104	0	0
Transfers to Stage 3	-6,202	-49,936	56,137	0	0
Exchange rate movements and others	82,073	-201	3,694	91	85,658
Gross outstanding amount as of 30.06.2022	**5,667,357**	**461,845**	**161,923**	**3,162**	**6,294,286**

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowances as of 1.1.2022	**-45,964**	**-18,152**	**-66,377**	**-951**	**-131,444**
New financial assets originated	-9,001	-79	-832	0	-9,912
Release due to derecognition	1,777	984	3,206	0	5,966
Transfers to Stage 1	-4,917	4,862	55	0	0
Transfers to Stage 2	10,424	-10,633	208	0	0
Transfers to Stage 3	157	6,028	-6,184	0	0
Change in credit risk	423	-30,069	-25,951	-429	-56,026
Usage of allowance	0	0	8,346	14	8,359
Exchange rate movements	-557	-862	-2,837	-38	-4,293
Loss allowances as of 30.06.2022	**-47,658**	**-47,921**	**-90,368**	**-1,403**	**-187,350**

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as of 1.1.2021	**4,862,544**	**257,497**	**130,775**	**3,450**	**5,254,266**
New financial assets originated	2,396,756	22,403	19,513	509	2,439,180
Modification of contractual cash flows of financial assets	53	-208	-2	0	-157
Derecognitions	-846,847	-72,383	-30,125	-551	-949,906
Write-offs	0	0	-16,817	-620	-17,436
Changes in interest accrual	-69	-681	1,765	40	1,054
Changes in the principal and disbursement fee	-819,583	-56,155	-33,327	-725	-909,790
Transfers to Stage 1	134,715	-132,568	-2,147	0	0
Transfers to Stage 2	-231,142	237,619	-6,477	0	0
Transfers to Stage 3	-18,116	-47,831	65,947	0	0
Exchange rate movements and others	95,214	7,456	4,059	470	107,199
Gross outstanding amount as of 31.12.2021	**5,573,524**	**215,148**	**133,166**	**2,572**	**5,924,410**

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowances as of 1.1.2021	**-42,955**	**-16,719**	**-62,084**	**-926**	**-122,684**
New financial assets originated	-24,546	-2,567	-6,313	0	-33,426
Release due to derecognition	4,757	2,629	11,658	450	19,495
Transfers to Stage 1	-2,195	2,070	125	0	0
Transfers to Stage 2	3,233	-4,181	948	0	0
Transfers to Stage 3	178	3,617	-3,795	0	0
Change in credit risk	16,397	-2,578	-20,813	-289	-7,283
Usage of allowance	0	0	16,579	602	17,180
Exchange rate movements	-834	-423	-2,683	-787	-4,727
Loss allowances as of 31.12.2021	**-45,964**	**-18,152**	**-66,377**	**-951**	**-131,444**

11 Debt securities

In the first half of 2022, no new bonds were issued (2021 financial year: EUR 115 million) and EUR 82 million (2021 financial year: EUR 35 million) were repaid.

12 Provisions

in '000 EUR	Unbilled services	Legal risks	Untaken vacation	Post-employment benefits	Contingent liabilities	Other provisions	Provisions
Book value as of 1.1.2022	**2,953**	**5,002**	**2,336**	**1,763**	**3,222**	**1,540**	**16,816**
Used	-2,174	-507	-400	0	-64	-46	**-3,191**
Releases	-59	-191	-154	-9	-603	-18	**-1,033**
Change in credit risk	0	0	0	0	1,633	0	**1,633**
Additions	3,463	211	533	96	834	36	**5,172**
Unwinding	0	65	0	62	0	0	**127**
Exchange rate movements	45	1	26	126	89	11	**298**
Book Value as of 30.06.2022	**4,229**	**4,582**	**2,341**	**2,037**	**5,112**	**1,523**	**19,823**

in '000 EUR	Unbilled services	Legal risks	Untaken vacation	Post-employment benefits	Contingent liabilities	Other provisions	Provisions
Book value as of 1.1.2021	**2,847**	**3,748**	**2,521**	**1,276**	**2,733**	**1,751**	**14,875**
Used	-2,406	-531	-1,799	0	0	-422	**-5,158**
Releases	-379	-713	-601	-75	-1,351	-351	**-3,469**
Change in credit risk	0	0	0	0	-151	0	**-151**
Additions	2,860	2,346	2,150	374	1,903	532	**10,165**
Unwinding	4	90	0	99	0	2	**196**
Exchange rate movements	26	62	65	89	88	28	**359**
Book Value as of 31.12.2021	**2,953**	**5,002**	**2,336**	**1,763**	**3,222**	**1,540**	**16,816**

The increase in Provisions is mainly attributable to elevated provisions for services not yet invoiced. The provisions for legal risks are related to legal disputes concerning the collection of commission fees in the Serbian banking sector. Provisions for contingent liabilities include provisions for non-financial and financial off-balance sheet transactions.

13 Fair value of financial instruments

		30.06.2022				
in '000 EUR	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets						
Central bank balances	AC	1,308,081	1,308,081	0	1,308,081	0
Loans and advances to banks	AC	231,983	231,983	0	231,983	0
Derivative financial assets	FV	10,240	10,240	0	10,240	0
Investment securities	FVOCI	226,840	226,840	92,265	134,574	0
Investment securities	AC	137,269	137,163	0	137,163	0
Loans and advances to customers	AC	6,106,936	6,077,817	0	0	6,077,817
Other assets (Shares)	FVOCI	6,396	6,396	3,128	2,404	864
Other assets (Financial instruments)	AC	38,870	38,870	0	37,430	1,440
Total		**8,066,615**	**8,037,390**	**95,394**	**1,861,875**	**6,080,121**
Financial liabilities						
Liabilities to banks	AC	1,336,538	1,312,402	0	84,764	1,227,638
Derivative financial liabilities	FV	86	86	0	86	0
Liabilities to customers	AC	5,741,877	5,740,532	0	4,239,080	1,501,452
Debt securities	AC	276,990	273,795	0	0	273,795
Subordinated debt	AC	88,913	93,132	0	0	93,132
Total		**7,444,404**	**7,419,947**	**0**	**4,323,929**	**3,096,018**

Categories: FV - at Fair Value; AC - Amortised cost; FVOCI - at Fair Value through other comprehensive income

		31.12.2021				
in '000 EUR	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets						
Central bank balances	AC	1,405,034	1,405,034	0	1,405,034	0
Loans and advances to banks	AC	252,649	252,649	0	252,649	0
Derivative financial assets	FV	1,343	1,343	0	1,343	0
Investment securities	FVOCI	246,919	246,919	108,813	138,106	0
Investment securities	AC	163,481	163,504	0	163,504	0
Loans and advances to customers	AC	5,792,966	5,797,839	0	0	5,797,839
Other assets (Shares)	FVOCI	6,383	6,383	3,134	2,396	853
Other assets (Financial instruments)	AC	32,556	32,556	0	31,193	1,363
Total		**7,901,332**	**7,906,227**	**111,947**	**1,994,225**	**5,800,055**
Financial liabilities						
Liabilities to banks	AC	1,313,666	1,304,827	0	53,508	1,251,319
Derivative financial liabilities	FV	360	360	0	360	0
Liabilities to customers	AC	5,542,251	5,541,915	0	4,107,783	1,434,131
Debt securities	AC	353,221	363,348	0	0	363,348
Subordinated debt	AC	87,390	91,707	0	0	91,707
Total		**7,296,888**	**7,302,156**	**0**	**4,161,651**	**3,140,505**

Categories: FV - at Fair Value; AC - Amortised cost; FVOCI - at Fair Value through other comprehensive income

The ProCredit group's fair value determination gives the highest priority to (unadjusted) quoted prices in active markets for identical financial assets or liabilities and the lowest priority to unobservable inputs. For short-term financial instruments carried at amortised costs, the carrying value represents a reasonable estimate of fair value. The ProCredit group has no fair value financial instruments with Level 3 inputs, with the exception of an insignificant amount of shares.

Upon acquisition, financial instruments are measured at fair value. In principle, this is the transaction price at the time they are acquired. Depending on their respective category, financial instruments are recognised in the statement of financial position subsequently either at (amortised) cost or fair value. In general, financial instruments at fair value are measured on a recurring basis.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date.

The ProCredit group applies the IFRS hierarchy to measure fair value. The hierarchy categorises the inputs used in the valuation techniques to measure fair value into three levels:

(a) Level 1 Inputs
Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(b) Level 2 Inputs
Other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation techniques applied refer to the current fair value of similar instruments and valuation techniques using observable market parameters. Each subsidiary applies individual observable interest and exchange rates that are provided by the local central banks, among other bodies.

(c) Level 3 Inputs
Unobservable inputs for the asset or liability. If observable market interest rates are not available, internal rates are used as an input for a discounted cash flow model. Internal rates reflect the cost of funds, taking into account foreign currency effects and maturities as well as a risk margin, e.g. ProCredit Group Funding interest rates. Internal rates are regularly compared to those applied for third-party transactions and are consistent with the parameters of an orderly transaction between market participants under market conditions at the measurement date.

14 Regulatory own funds

As of 30 June 2022, the Common Equity Tier 1 and Tier 1 capital ratios of the ProCredit group stood at 13.7%. The total capital ratio was 14.7%.

The capitalisation of the ProCredit group is thus comfortably above the regulatory requirements, which are currently set at 8.2% for the Common Equity Tier 1 capital ratio, 10.1% for the Tier 1 capital ratio and 12.6% for the total capital ratio.

Additional Notes

15 Contingent liabilities

in '000 EUR	**30.06.2022**	**31.12.2021**
Credit commitments (revocable)	626,726	681,697
Payment guarantees	139,148	134,198
Performance guarantees	151,160	145,532
Credit commitments (irrevocable)	20,979	22,423
Letters of credit	3,413	2,727
Total	**941,427**	**986,577**

The table above discloses the contractually agreed maximum amounts of contingent liabilities, without consideration of collateral. We expect that a significant portion of the guarantees will expire without being drawn upon. It is not practicable to estimate the future use of the credit commitments.

16 Related party transactions

No significant transactions were carried out with related parties during the first half of 2022. The most relevant expenditures for the ProCredit group arising in connection with related parties were for remuneration of the Management Board of ProCredit General Partner AG in the amount of EUR 329,000 (June 2021: EUR 306,000).

17 Events after the reporting period

No significant events arose after the reporting date.

Frankfurt am Main, 2 August 2022

ProCredit Holding AG & Co. KGaA
represented by
ProCredit General Partner AG (personally liable shareholder)

Management Board

Dr Gian Marco Felice	Sandrine Massiani	Dr Gabriel Schor	Hubert Spechtenhauser

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, we assert that the consolidated interim financial statements give a true and fair view of the financial position and financial performance of the group, and the consolidated interim management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the significant opportunities and risks associated with the expected development of the group.

Frankfurt am Main, 2 August 2022

ProCredit Holding AG & Co. KGaA
represented by
ProCredit General Partner AG (personally liable shareholder)

Management Board

Dr Gian Marco Felice	Sandrine Massiani	Dr Gabriel Schor	Hubert Spechtenhauser

REVIEW REPORT[1]

To ProCredit Holding AG & Co. KGaA, Frankfurt/Main

We have reviewed the condensed interim consolidated financial statements - comprising the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the condensed consolidated statement of cash flows and selected explanatory notes – and the interim group management report of ProCredit Holding AG & Co. KGaA, Frankfurt/Main, for the period from 1 January 2022 to 30 June 2022, that are part of the semi annual financial report pursuant to section 115 German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we do not express an audit opinion.

Based on our review no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt/Main, 5th August 2022

BDO AG
Wirtschaftsprüfungsgesellschaft

Grunwald
Wirtschaftsprüfer (German Public Auditor)

Zheng
Wirtschaftsprüferin (German Public Auditor)

[1] Convenience translation of the original independent review report issued in German language on the condensed interim consolidated financial statements and of the interim group management report prepared in German language by the management of ProCredit Holding AG & Co. KGaA. Solely the original German review report is authoritative.

ProCredit Holding AG & Co. KGaA
Rohmerplatz 33-37
60486 Frankfurt am Main
Germany

Tel. +49 (0)69 95 14 37 0
PCH.info@procredit-group.com
www.procredit-holding.com

For computational reasons, the figures in the tables may exhibit rounding differences of ± one unit (EUR, %, etc.).

Forward-looking statements
This report contains forward-looking statements on the business and earnings development of the ProCredit group; among other things, these are based on current plans, assumptions and forecasts. Forward-looking statements involve risks and uncertainties, such that actual results may differ materially from forward-looking statements. In particular, these factors include economic development trends, possible loan defaults, the state of financial markets and exchange rate fluctuations. Forward-looking statements are therefore only valid at the time of publication. We assume no obligation to adjust the forward-looking statements, nor do we intend to do so, in light of new information or unexpected events.