Rainer Ottenstein

Chair of the Supervisory Board

ProCredit Holding AG & Co. KGaA and ProCredit General Partner AG

Hubert Spechtenhauser

Chair of the Management Board

ProCredit General Partner AG

Annual General Meeting

Frankfurt am Main, 05 June 2023

–The spoken word shall prevail–

Speeches delivered at the Annual General Meeting 2022

Speech by Rainer Ottenstein, Chair of the Supervisory Board, ProCredit Holding AG & Co. KGaA and ProCredit General Partner AG

–The spoken word shall prevail–

Ladies and Gentlemen,

I am delighted to be able to welcome you to this year's ProCredit Holding Annual General Meeting. On behalf of the entire Supervisory Board, we would like to thank you for taking the time and effort to come to Frankfurt today to participate in this Annual General Meeting in person after three years of virtual events.

We have a comparatively extensive agenda for today with one very major agenda item which, if approved by the General Meeting, will be another important milestone in the development of the Company. It concerns the change of the legal form of ProCredit Holding into an "AG", a stock corporation. Following the initial public offering in 2016 and the successful capital increase in 2018, this change of legal form is the next logical step in the group's capital market strategy. With the change of legal form to an AG, the Company will become more open to the capital market. At the same time, the group's development-oriented focus will continue to be maintained. This direction is firmly anchored in the proposed Articles of Association for the new AG, which will be submitted to the AGM for a vote today.

The Management Board will explain the resolution on the change of legal form in more detail shortly.

As part of the adoption of the new Articles of Association, the General Meeting will also be voting today to allow future General Meetings to be held virtually, as permitted by the German Stock Corporation Act (AktG). Incidentally, this option could also have been applied to this AGM, but we deliberately opted for the physical version. In the future, we will continue to give preference to physical events to the virtual format – open, face-to-face interaction with our stakeholders is the cornerstone of our corporate communication principles, both internally and externally. However, the COVID 19 pandemic has also made us appreciate the importance of "virtual" communication and event styles, which make it possible to take action when needed without the need for a physical meeting.

Also, as in the past, the new Articles of Association will authorise the Management Board to increase the Company's share capital by a total of up to 10%. This authorisation was last approved at the AGM in May 2018 and expired last month. With this reauthorisation, we want to be sure that the Company has sufficient flexibility to adapt its equity capitalisation to prevailing circumstances and, of course, this will be done in close consultation with the Supervisory Board.

As a result of the proposed change in the Company's legal form, the current members of the Supervisory Board will resign their offices after the conclusion of this General Meeting and it will be necessary to hold a new election.

The Nomination Committee recommends that the General Meeting reappoint Dr Ben Knapen, Helen Alexander, Jovanka Joleska Popovska and myself from the current Supervisory Board members. At their own request, Dr Jan Witte and Ms Marianne Loner will thus no longer serve on the new Supervisory Board. I would like to take this opportunity to thank them for the support they have given to the Company over the years and for their tireless dedication, especially during the last 12 months. The Nomination Committee has proposed that Dr Jan Marcus Schroeder-Hohenwarth and Nicholas Tesseyman be elected as new members. Dr Schroeder-Hohenwarth worked for many years at the German investment and development company DEG and is therefore well aware of the importance of a well-managed German banking group in the emerging markets of South Eastern and Eastern Europe – especially in years like these, which are so important for European values and principles from a geopolitical point of view. Nick Tesseyman has worked for many years in the Eastern European banking sectors and was Managing Director in charge of the Financial Institutions sector at EBRD between 2008 and 2018. I am convinced that both will contribute real added value to the Company and very much look forward to working with them in the future.

According to the new Articles of Association to be adopted by the Annual General Meeting today, the Supervisory Board of the future ProCredit Holding AG is to be strengthened by two additional members, bringing the total number to eight. In principle, these additional Supervisory Board members are to be elected by a future General Meeting. For the interim period until the next General Meeting of the new AG, these two new members will be appointed by court order. Karin Katerbau and Berna Ülman will be proposed to the Frankfurt District Court for this role. Ms Katerbau held board positions for various banks in Germany and Poland from 2004 to 2021. The focus of her work has been in finance and operations. Furthermore, she has very sound knowledge in banking regulation and risk management. Ms Ülman has held senior positions at Visa Europe and Visa International for many years, including Senior Vice President and Regional Managing Director for South Eastern Europe from 2016 to 2021, which gives her in-depth knowledge and experience related to payments and the markets in South Eastern Europe.

I am very pleased that three of the four new Supervisory Board candidates are already in attendance today. Dr Schroeder-Hohenwarth, Ms Katerbau, Ms Ülman, on behalf of the Supervisory Board I would like to extend a warm welcome to you. I ask you to stand up for a moment so that the shareholders can also see and greet you. Mr Tesseyman was unfortunately unable to attend today due to other commitments that had already been set well in advance, and he sends his apologies.

Finally, with regard to the specific resolution proposal on the election of the Supervisory Board under agenda item 11, I would like to point out the following technical aspect:

Unfortunately, an editorial error occurred during the preparation of the convocation documents. Inadvertently, the order of the Supervisory Board candidates up for election in positions 3 to 6 was reversed in the Supervisory Board's proposed resolution on agenda item 11. As a result, their term of office as proposed in the published invitation does not match the intention regarding the future composition of the Supervisory Board as accurately described in the Conversion Report.

In order to rectify this obvious editorial error technically, the Company received a counter-motion by letter dated 9 May 2023. In terms of content, this counter-motion corresponds in principle to the proposal of the Supervisory Board; however, it presents the correct order and thus terms of office of the candidates, as also specified in the Conversion Report. The Company has made this counter-motion available on its website and has also sent it to you, our shareholders, along with the invitation documents. The counter-motion is also available for inspection here today at the registration desk.

The Supervisory Board agrees with the proposed correction of the obvious editorial error and will therefore not put the proposed resolution on agenda item 11 to a vote today as it was published in the original convocation. Instead, the Supervisory Board shall endorse the announced counter-motion, adopt it as its own and recommend that the Annual General Meeting approve this corrected proposal.

Of course, we also have more traditional agenda items to address. The annual financial statements of ProCredit Holding and the consolidated financial statements of the ProCredit group, including the combined management report and the Supervisory Board report for financial year 2022, will be presented to you. It was a turbulent year for us, both on a business level and especially on a human level, but one from which we have emerged stronger as a group. Our proposal for the utilisation of unappropriated earnings, on which the General Meeting is to decide today, is of course directly linked to the events in Ukraine, with Russia's unprovoked and senseless war of aggression against democracy and freedom. Due to the continuing uncertainties caused by the war, not only for us as a banking group operating in South Eastern and Eastern Europe, but for the entire global economy, we once again propose – contrary to our dividend policy – to not pay out a dividend this year. The Management Board will comment on this issue again later.

The AGM will also be asked to pass a resolution on the choice of auditor for the annual financial statements and for the consolidated financial statements for financial year 2023. We recommend continuing to work with our current auditors, BDO Wirtschaftsprüfungsgesellschaft, who have been performing these duties for two years now. As every year, the agenda also includes the ratification of the acts of the General Partner and of the Supervisory Board members as well as the approval of the remuneration system for the members of the Management Board.

That summarises what is on the agenda for today, so I would now like to hand over to the Management Board.

Before doing so, however, I would like to mention that there have been changes in the composition of the Management Board since the last General Meeting: Dr Gabriel Schor, who has dedicated his entire professional life to ProCredit, left the Management Board when his contract expired on 31 December 2022. We are enormously grateful for his tremendous contributions over many decades and are delighted that he will continue to support the group in an advisory capacity. In November last year, Hubert Spechtenhauser was appointed Chair of the Management Board. Christian Dagrosa was appointed to the Management Board as CFO as of 1 January 2023. He started with us in 2017 as Head of Financial Controlling and has spent the last three years supporting the Management Board in managing Finance and Investor Relations, giving him the best possible grounding for his new role. We have also recently further strengthened the Management Board with the appointment of Eriola Bibolli. We announced our intention to appoint a new member in the Supervisory Board report for 2022, and this has now been implemented as of 1 June. Ms Bibolli started her career at ProCredit Bank Kosovo over 20 years ago as a Business Client Advisor and has been serving on its Management Board since 2007.

And with that, I give the floor to Mr Spechtenhauser.

Speech by Hubert Spechtenhauser, Chair of the Management Board, ProCredit General Partner AG

–The spoken word shall prevail–

Thank you very much, Rainer.

Ladies and Gentlemen, Dear Shareholders,

On behalf of the entire Management Board, I would like to welcome you once again to today's Annual General Meeting.

As Mr Ottenstein has already announced, I will first give an explanation of agenda item 10, the adoption of a resolution on the change of the Company's legal form to that of a stock corporation.

As the Management Board of ProCredit General Partner AG, the general partner of ProCredit Holding AG & Co. KGaA, we are obliged by section 232 (2) of the Transformation Act (UmwG) to explain the draft resolution on the change in legal form to you orally at the beginning of the general debate. I would like to fulfil this obligation to a reasonable extent. In this regard, I refer to the detailed Conversion Report which we made available to you with the invitation to today's AGM, which is posted on our website under "Annual General Meeting 2023" and is also available here at the registration desk.

You, our esteemed shareholders, are being asked today to approve the change of the legal form of the Company to that of a stock corporation. Both the General Partner and the Supervisory Board of ProCredit Holding AG & Co. KGaA are in favour of the proposed transformation. For this reason, both entities decided, on 18 and 20 April 2023, respectively, to request your approval today to change the Company's legal form to that of a stock corporation.

[Principal considerations for the change of legal form]

Let me summarise the principal considerations in favour of the transformation.

The Company currently operates under the legal form of a KGaA. As a result, an AGM has limited influence on the management of the Company due to the particularities of the legal form. Members of the Supervisory Board of the Company are in principle elected by the General Meeting. But whereas in a stock corporation the Supervisory Board has the function of appointing and dismissing the Management Board, this is not the case in a KGaA. The management of a KGaA is conducted by the general partner – in this case ProCredit General Partner AG. The members of the Management Board of the General Partner are not appointed by the Supervisory Board of the KGaA, but - since the General Partner itself is an AG – by the Supervisory Board of the General Partner. The composition of the Supervisory Board of the General Partner is determined by the shareholders of the General Partner.

For this reason, the KGaA legal form is regularly met with reservation by potential investors in the capital market. It is precisely these concerns that the proposed conversion to an AG is intended to eliminate. We expect that the Company will become attractive for a larger number of investors after the transformation. The existing listing on the Regulated Market of the

Frankfurt Stock Exchange can be used to even greater effect in capital market communication under the legal form of an AG.

The development-oriented orientation of the ProCredit group, which is shaped and supported by the core shareholders, namely the shareholders of the general partner, remains safeguarded even after the change of legal form.

[Legal structure of ProCredit Holding AG]

Against this background, let me now briefly explain the legal structure of the future ProCredit Holding AG:

ProCredit Holding AG will continue to be a legal entity with equity capital divided into shares. No natural person bears liability for the Company's debts with their own private assets. Liability is limited to the share capital. In addition to the Management Board, the Supervisory Board acts as the overseeing body and the General Meeting as the decision-making body of the AG. The competences of these bodies are governed by the German Stock Corporation Act (AktG) and the Articles of Association.

In the course of the transformation of ProCredit Holding AG & Co. KGaA into ProCredit Holding AG, ProCredit General Partner AG will legally cease to be part of the Company. The role of ProCredit General Partner AG as the management and representative body of ProCredit Holding AG & Co. KGaA will in future be performed by the Management Board of ProCredit Holding AG. The members of the Management Board of ProCredit Holding AG will be appointed in a constituent Supervisory Board meeting. The Management Board of ProCredit Holding AG consists of at least two members. At this stage, we understand that it is intended to appoint all incumbent members of the Management Board of ProCredit General Partner AG as members of the Management Board of ProCredit Holding AG.

[The status of shareholders]

The transformation into a stock corporation does not change the circle of shareholders. The existing shareholders [*Kommanditaktionäre*] will hold the same amount and number of shares in ProCredit Holding AG as they currently hold in ProCredit Holding AG & Co. KGaA.

The responsibilities of the AGM will be extended through the conversion into an AG.

As with the KGaA, the General Meeting of the AG decides specifically on the ratification of the actions of the Management Board and the Supervisory Board, on the utilisation of unappropriated earnings, on the appointment of the auditor and on amendments to the Articles of Association. Unlike in the KGaA, however, resolutions of the General Meeting do not require the consent of the General Partner. The General Meeting of an AG only resolves on the approval of the annual financial statements in exceptional cases; normally, the annual financial statements of an AG are approved by its Supervisory Board.

The existing shareholders will remain shareholders of a listed company on the Regulated Market. The existing authorisation will continue to apply to the shares of the new AG, so that uninterrupted trading in ProCredit shares is guaranteed, even after the change of legal form has been completed. In this respect, shareholders do not have to take any action.

The change of legal form has no effect on the employees of the ProCredit group and their employment conditions.

[Important changes to the Articles of Association]

Let me now highlight some points from the proposed Articles of Association for the AG and the main changes with respect to the current Articles of Association:

In essence, the Articles of Association for the AG are based on the KGaA's current Articles of Association. The main provisions of the KGaA's Articles of Association have largely been incorporated into the AG's proposed Articles of Association, except where adaptations to the new legal form were necessary or deemed expedient. The latter mainly concerns the Supervisory Board and the Management Board (e.g., the rules governing the composition of the Supervisory Board and its member competences, as well as its right to reserve approval for management measures or the rules on the management and representation competences of the Management Board).

The AG will also have the same fundamental business purpose as the KGaA. The Company's objectives have merely been made more precise. In doing so, the group's existing strategic alignment and in particular its commitment to "impact orientation" has been anchored in the new Articles of Association.

The AG's Articles of Association also empower the Management Board to convene virtual General Meetings.

The Company's authorised capital will also be renewed. The background is that the current Articles of Association of the Company already provide for authorised capital with the power to exclude subscription rights (Authorised Capital 2018); however, this authorisation has not yet been utilised by the General Partner and it expired on 22 May 2023. The proposed authorisation is intended to ensure that the Company continues to have sufficient flexibility to adapt its equity capitalisation to prevailing circumstances; of course, this will only be done if necessary and in close consultation with the Supervisory Board.

[Changes in the Supervisory Board]

Furthermore, changes in the size and composition of the Supervisory Board are provided for. In contrast to the KGaA's Supervisory Board, ProCredit Staff Invest GmbH & Co. KG and Zeitinger Invest GmbH, as future shareholders of the AG, are each granted, under certain conditions, the right to appoint a member of the Supervisory Board of the AG. In addition, the total number of Supervisory Board members will in future be expanded from currently six individuals to eight members.

In light of this and for reasons of legal prudence, all current members of the Supervisory Board have resigned from office with effect from the end of today's AGM, with the consent of the Company, and a new election for all members of the Supervisory Board is to be held. This step serves to create legal certainty, since according to the Transformation Act, the mandates of the Supervisory Board members only continue after the conversion into an AG if the Supervisory Board is formed and composed in the same way as in the KGaA. In this respect, this interpretation of the provisions of the Transformation Act is not clear with regard to the expansion of the Supervisory Board from six to eight members and the granting of powers of appointment. The resignation of the Supervisory Board members and their re-election ensures that they can continue to hold office in the course of the change of legal form.

The adoption of a resolution on the election of the Supervisory Board is scheduled under agenda item 11 of today's General Meeting, and Mr Ottenstein has already introduced the candidates proposed for election, including the editorial correction proposal.

The persons named in (1) to (4) of the corrected proposal, Rainer Ottenstein, Dr Ben Knapen, Dr Jan Marcus Schroeder-Hohenwarth and Nicholas Tesseyman are to automatically become members of the Supervisory Board of the AG when the change of legal form becomes effective. This is made explicit in the proposed resolution for these four candidates.

In contrast, the persons named under (5) and (6), Helen Alexander and Jovanka Joleska Popovska, are only and be appointed for the interim period until the change of legal form has taken effect. The reason for this is that after the transformation, the Articles of Association provide for two Supervisory Board members to be determined by the aforementioned rights of appointment.

The additional two members of the Supervisory Board under the future AG Articles of Association are to be appointed by court order for a transitional period until the subsequent General Meeting. Karin Katerbau and Berna Ülman will be proposed to the Frankfurt District Court for this role.

[Procedure for the change of legal form]

Finally, I would like to give you a brief overview of the technical procedure for the transformation of ProCredit Holding AG & Co. KGaA into the legal form of an AG.

The legal basis for the transformation is the positive conversion resolution as proposed under agenda item 10, which you will vote on later. Furthermore, the change of the legal form requires the notarised consent of the General Partner, which will also be granted at today's General Meeting. The General Partner assumes the position of founder of the AG in the remainder of the transformation procedure.

The change of legal form must be notified to the Commercial Registry for ProCredit Holding AG & Co KGaA in order to be officially recorded. The executive bodies of the AG will be staffed as described. Upon entry of the transformation in the commercial register, it becomes legally effective, and the adopted Articles of Association of the AG will come into force. The Company will then continue to exist as a stock corporation under the name of ProCredit Holding AG after the entry in the commercial register has been made. Currently, we assume that this will happen in August 2023.

[Vision/Strategy/Challenges/EBRD]

Let me now turn to the other items on today's agenda.

I would first like to share with you our thoughts on the past financial year, including the Management Board's new outlook and guidance.

As Rainer Ottenstein has already said – 2022 was indeed a turbulent year, with many major challenges, especially for our staff in Ukraine.

At last year's AGM, we had a situation where we were simultaneously reporting very positive results for the 2021 business year while at the same time communicating the profound uncertainties brought about by Russia's war on Ukraine – for the European continent in general and for us as a banking group in particular. Today things are a bit clearer. Viewed soberly, the results of 2022 are very moderate and far removed from our own expectations. In fact, we are talking about the lowest consolidated result in the group's more than 20-year history. But today, 15 months after the attack on Ukraine began, we look to the future with a clarity and optimism that we would have found hard to believe at our last General Meeting on 31 May 2022.

We see the war in Ukraine not only as a war against a country, but as a war against democracy and freedom. Against the principle that nations and peoples may determine their own foreign policy without interference from third parties. Against the right to form one's own opinions, to question governments and to demonstrate against state power. Against the right to live in peace. This war is personal for us, not only because it is being waged in a country where we do banking or because the people who suffer the most are our colleagues. This war is personal for us because it is being waged against everything we as a banking group stand for, have stood for and will continue to stand for in the future.

It may seem counterintuitive at first that we are expressing optimism in a time of war. We justify this on the one hand with the very positive developments we have seen at the level of our banks. We will go into that more later. But we also see that the war has brought Eastern Europe and South Eastern Europe into the focus of European foreign policy. At no time in the group's history have we witnessed a similar intensity of diplomatic efforts between Western and Eastern Europe. Visits by high-ranking Western European diplomats have been almost a daily occurrence since the second half of last year. Three more countries in the ProCredit universe – Moldova, Ukraine and Bosnia-Herzegovina – joined the group of EU accession candidates in 2022. And just recently, NATO Secretary General Stoltenberg stressed that Ukraine's future lies in NATO. It is our hope – and increasingly our conviction – that the sacrifices that the Ukrainian people have had to make, and unfortunately continue to make, will make a fundamental contribution to peace in Europe and a deeper social and economic integration of European states. In this context, we are prouder than ever of our status as a Western European bank in South Eastern and Eastern Europe for small and medium-sized enterprises and recognise that, as such, we can play an important role in this integration process and also in the reconstruction of Ukraine at various levels in the coming years.

It is therefore very fitting that, since a few days ago, we have a new core shareholder in the European Bank for Reconstruction and Development - the EBRD - which has been driving European integration for many years and has made a significant contribution to the development of the banking sectors in Eastern Europe. The partnership with the EBRD, which we as a group and in our individual banks have been cultivating for many years and are now intensifying, is one that is meaningful and symbiotic on many levels. We see a dynamic and innovative SME sector as a fundamental component of a healthy market economy. As a "*Hausbank*" for small and medium-sized enterprises, we fulfil an important function that is unique in many markets. We offer small and medium-sized enterprises (SMEs) what is otherwise in many cases reserved for large business clients – a long-term and close partnership with a bank that goes far beyond just providing financing. In doing so, we address the specifics of each of our SME clients, regardless of size. This means regular meetings, on-site visits, an in-depth examination of their investment plans and a fully comprehensive risk analysis, including an assessment of social and environmental risks. What sets us apart from other banks is precisely this individual attention, and we receive feedback from many SMEs saying that with us they feel they are being taken seriously.

There is also a major convergence in terms of regional focus and positioning on climate goals. The EBRD finances projects in all our South Eastern and Eastern European markets, taking a clear position as early as 2014 after the annexation, in violation of international law, of Crimea, by no longer undertaking any new investments in the Russian Federation. The EBRD has also taken a clear position on climate targets and is committed to supporting the economies in which it invests to meet their targets and commitments under the Paris Agreement.

There is also a focus on the digitalisation of banking markets. For us, digitalisation means transformation. We have been operating in our markets as a fully-fledged direct bank for private clients for over four years now. That means no counter transactions, no cash and no queues in our branches. Everything from transactions to loan applications and questions and complaints takes place on our digital platforms. In the last few years, this transformation has reduced the number of our branches by 90% to now 37 – which means an average of 3-4 branches per country.

Financing green projects has been a focus of our lending for a long time. We started issuing green loans at some of our subsidiaries as early as 2006, and later on developed our own system for assessing and classifying green investments. The importance of financing energy-efficient projects and renewable energies is obvious to us. Here, too, we are optimistic that the Ukraine war will have a positive long-term impact on demand and willingness to invest in green projects. We are constantly developing our own Impact Agenda. Last year we reported on our ambitious Plastic Strategy and our decision to blacklist various solar panel producers. With the blacklisting, we reacted to specific information demonstrating that these solar panels are manufactured in the Chinese region of Xinjiang under conditions of forced labour. Last year, we also took up the issue of animal welfare and integrated it into our ESG analysis for small and medium-sized enterprises. We hope to get this issue to be taken seriously by producers and consumers in our markets. About 20% of our loans go to agribusinesses.

We also joined the Net-Zero Banking Alliance in 2022. Since 2018, the year we made a commitment to become carbon neutral, we have managed as a group to almost halve our own emissions. To further reduce our Scope 1 and Scope 2 emissions, we have implemented various measures in recent years, such as improving the energy performance of our buildings and facilities, converting our vehicle fleets and (wherever possible) purchasing renewable energy. Furthermore, we have also invested in our own facilities for the use of renewable energies.

As it is currently not possible to achieve climate neutrality in the countries in which we operate solely through such measures, we have invested in our own solar photovoltaic park (ProEnergy) in Kosovo, which was built on an area of four hectares. I am very pleased that we will be able to celebrate the commissioning of the plant at the beginning of July 2023. The plant is currently being certified according to the Gold Standard process. In future, the clean energy produced there will largely compensate for the remainder of our group-wide Scope 1 and Scope 2 emissions.

By joining the Net-Zero Banking Alliance, we have also committed to reporting our short- and medium-term greenhouse gas reduction targets for Scope 3 emissions in line with the Science Based Target initiative (SBTi). These are essentially the emissions originated by our customer loan portfolio. We look forward to accelerating climate protection as well as advising and supporting our customers in their transition plans, thereby also contributing to the achievement of the goals of the Paris Climate Agreement.

We believe that as an impact-oriented banking group, in conjunction with our core shareholders, we are uniquely positioned to make a positive contribution to the energy transition, the integration between Western and Eastern Europe and also the hopefully imminent reconstruction of Ukraine, combining, as we have done in the past, positive impact with attractive returns in a business model that is meaningful and stable for all stakeholders.

We would also like to take this opportunity to thank the International Finance Corporation IFC, which has supported the development of the group as a core shareholder from the very beginning and has also played a key support role in many of our important milestones.

[Ukraine]

Let me now turn to the 2022 financial year.

It is not possible to talk about 2022 without talking about Ukraine. Already at our last General Meeting, we reported on the many extraordinary measures that our Ukrainian colleagues had undertaken to maintain banking operations in the country even under the most difficult circumstances. Particularly at the start of the war, the majority of our staff temporarily relocated their workplaces for security reasons – to the surrounding areas that were less affected by the hostilities, but also abroad. In doing so, the bank was able to maintain its business operations without interruption – transaction orders were and are executed without delay, ATMs are stocked and reports are sent to the central bank and other stakeholders according to schedule.

In the context of the human tragedy caused by the war, we were able to play to an important strength of the ProCredit group: the close ties between the individual ProCredit companies and their staff. Our academy in the Odenwald hosted at its peak more than 150 Ukrainian colleagues and family members. Employees of the holding company and many ProCredit banks, especially in neighbouring countries, supported the resettlement, picked up colleagues from the border and provided both company and private accommodation. Our software company Quipu also reacted quickly to these new circumstances and set up a back-up data centre in Germany to protect our client data from the possible destruction of servers in Ukraine.

Since April 2022, we have also resumed our lending business in Ukraine, focusing in particular on customers from the important agricultural sector. We were supported with guarantees from the central bank of Ukraine and the EBRD. At the end of the first quarter of 2022, our portfolio in occupied or highly contested areas still amounted to over EUR 130 million. Due to the devaluation of the local currency and the shift in the war front, but also owing to repayments from our clients, this amount has now been reduced to around EUR 54 million. After granting moratoria to our clients in the first months of the war, since the third quarter of 2022, we have been reporting all loans with significant repayment difficulties as defaulted – just like at every other ProCredit bank. Based on this, almost all loans in occupied territories are reported as defaulted and collateral in occupied territories is not recognised when measuring loss allowances. This rigorous approach resulted in expenses for loss allowances for our Ukrainian portfolio totalling EUR 87 million in 2022.This is more than the sum of the provisioning expenses for the entire group over the last five years and has naturally had a significant impact on the group result.

[Financials 2022]

The ProCredit group has reported a positive financial result in every year since its foundation. This includes the years of the last great financial crisis, the year of the invasion of Georgia, the annexation of Crimea in 2014 and the COVID year 2020. The fact that we as a group were able to report a positive financial result in 2022 despite the unprecedented challenges in Ukraine is due to the strong diversification within our group and the consistently positive developments at our banks since the completion of the restructuring measures in 2019.

With the obvious exception of Ukraine, all our banks were able to maintain or further improve their return on equity and their cost-income ratio in the 2022 financial year. Many banks have already reached very good levels in this regard. The efficiency improvements of the last few years have made an important contribution to buffering the effect of strong inflationary trends on our personnel and administrative expenses. At the same time, the increase in interest rates benefits our banks overall. The majority of our loans have variable interest rates and bonds in our liquidity reserve have very short maturities – this ensures a timely and continuous repricing of financial instruments on our assets side. The liabilities side, on the other hand, is determined by customer deposits, which show a lower overall swing in interest rates, among other things due to the substantial share of sight deposits. Since the end of last year, customer deposits at group level have exceeded the customer loan portfolio. Our deposits are divided roughly equally between private and business customers. About half of our 64,000 business clients currently have no outstanding loans with us and use us solely for deposits and transactional business. This strengthens the funding structure of our banks in terms of volume and granularity, helps to generate higher fee and commission business and creates an organic pipeline of good potential loan clients.

We rarely talk about our very simple and risk-averse balance sheet structure because it is indeed unspectacular. But especially given the recent banking crises in the US and Switzerland, it is worth emphasising that “unspectacular” is indeed exactly what we want to achieve.

In the current environment, our simple and flexible balance sheet structure is helping to generate positive momentum in net interest income. Compared to the previous year, this rose by over EUR 42 million, or 19%. Operating income increased overall by EUR 58 million, since other income streams such as fee and commission business and foreign exchange transactions also developed positively.

The general conditions for lending are not easy at the moment. High interest rates are suppressing demand. Geopolitical uncertainties reduce the appetite for long-term investments. And high inflation coupled with uncertainties about energy supply and costs have had an impact on the debt-service capacity of business and private customers alike. In such an environment, our loan portfolio is naturally growing less strongly than in the past. In addition, we reduced our portfolio in Ukraine by approximately EUR 180 million in 2022. Outside Ukraine, however, we were able to increase our portfolio by 6.9%.

It should nevertheless be stressed that our banks outside Ukraine are continuing to manage credit risks very effectively in these difficult circumstances. The share of defaulted loans remained at the same very good level as the previous year at 2.4% – which is significantly below the average of the respective banking sectors. In order to respond to the geopolitical and macroeconomic uncertainties, we have also increased our risk provisioning outside

Ukraine by almost EUR 30 million through management overlays, which means that we have made a further adjustment to the model-based loss allowances. This is in addition to the increase in the allowances for our Ukrainian portfolio that I already mentioned. The positive consolidated result should therefore also be seen in this light.

The difficult market environment is also affecting the deposit business. After many years of low interest rates, business and private clients alike are looking for ways to earn interest on their deposits. At the same time, the general geopolitical and macroeconomic uncertainties are driving banks to approach deposit customers more actively in order to strengthen their liquidity. Under these difficult conditions, we managed to increase our deposit portfolio by EUR 748 million – which represents very strong growth of 13.5%.

The consolidated result of EUR 16.5 million represents a return on equity of 1.9%. Without the negative contribution from Ukraine, the return on equity would have been 7.8%, almost one percentage point higher than the previous year. I emphasise this because in previous years ProCredit Bank Ukraine has always made a major contribution to the consolidated result, usually more than 30%. The fact that we can report an attractive return today even without the contribution of this bank illustrates how well our group has developed in recent years.

The cost-income ratio, which has shown very positive momentum since the end of the restructuring measures – 70.5% in 2019, 68% in 2020 and 64.2% in 2021 – improved only slightly to 64.0% in 2022. The background to this are various one-time costs, all of which are directly related to the war in Ukraine. Most notable are depreciation of property, plant and equipment in Ukraine, additional legal, consulting and audit fees, and the write-down of goodwill in Ukraine. Without taking into account these exceptional costs, but also without various small positive non-recurring effects, the cost-income ratio would be at a good level of 60.7%, a further improvement compared to the previous year.

[Q1 results + guidance]

Lastly, I would like to talk about the very positive results of the first quarter of 2023 in the context of our short- and medium-term goals.

The ongoing war in Ukraine and the resulting global uncertainties prompted us at the beginning of the year to issue cautious guidance for the current financial year. In this guidance, we had assumed adverse developments in margins, operating expenses and cost of credit risk, in order to appropriately reflect the current volatile global conditions.

In the first quarter of 2023, we overshot our outlook by a considerable margin in some cases. In particular, the return on equity was at a strong level of 13.3%. The adverse conditions that we had assumed as the baseline scenario for the year have not yet materialised. The net interest margin continued to develop positively in the first quarter and, at 3.4%, it is now 0.5 percentage points above the comparable period of the previous year. Although personnel and administrative expenses increased significantly due to inflation and some extraordinary expenses associated with the planned transformation of the legal form of ProCredit Holding, they nevertheless remained somewhat below our cautious planning. Credit risk costs remained at an overall low level of 12 basis points. In Ukraine, due to the substantial allowances from the previous year, we only had to establish comparatively little additional risk provisioning. Outside of Ukraine, there was very low cost of risk, as usual, and this was fully compensated by repayments of written-off loans. The share of defaulted loans decreased by 0.1 percentage points for the group, both with and without the Ukraine portfolio. We are particularly pleased that ProCredit Bank Ukraine contributed a total of EUR 3.1 million to our Q1 result of EUR 29.5 million, which is also an important motivating signal for our Ukrainian colleagues. But even without Ukraine's welcome contribution to earnings, the return on equity would have been at a strong level of 11.6%.

Although the result of the first quarter of 2023 was convincing, we are taking a sober and nuanced look at it.

On the one hand, at the moment we do not think that this quarter will set an adequate benchmark for the following quarters. The pressure on interest margins will certainly increase in the future - we are already seeing that the growth of our deposits is increasingly focused on term deposits rather than on lower-interest sight deposits and savings accounts. Inflation will also have an even greater impact on our operating costs by the end of the year. We also expect cost of risk to be significantly higher than in the first quarter of 2023.

On the other hand, the Q1 results underline our medium-term targets for a structural return on equity of around 12% and a cost-income ratio of around 57%, and clearly show that we as a group have the potential to achieve these figures. As usual, we expect our Tier 1 capital (CET 1) ratio to be above 13% at the end of the year. Thanks to various measures to optimise our risk-weighted assets, we were able to improve them by 0.4 percentage points to 14.1% in the first quarter. The new SREP notification increases our regulatory Tier 1 capital requirement to 9.2%.

Due to the currently strong financial performance and after intensive discussions with the managers of our banks, we decided a few days ago to raise our outlook for this year. We now expect a return on equity of 8-10% and a cost-income ratio between 62-64% by the end of the year, an improvement of two percentage points on the previous outlook for 2023 in terms of return on equity and one percentage point on the cost-income ratio. In doing so, we have remained true to our fundamentally cautious guidance approach.

We remain committed to our medium-term outlook. This also includes our aim to increase the share of green loans in the overall portfolio to over 25% in the coming years. We are particularly keen to confirm our dividend policy in the context of our medium-term guidance. If our planning for this year is met and the overall conditions do not deteriorate significantly, we firmly expect to be able to submit a dividend proposal to you at the next General Meeting which is in line with our dividend policy.

To better understand our medium-term outlook, it is important to emphasise that we would be able to meet our return targets even if the worst-case scenario were to come to pass in Ukraine – in other words, in the event of a total loss of the bank. As it is, we have assumed only a modest contribution from ProCredit Bank Ukraine in our medium-term guidance. Should the situation in Ukraine stabilise, we would see further potential for upgrading our targets.

[Closing Words]

The coming years will be a particularly exciting time for our group, and we, the Management Board and employees of the ProCredit group, feel privileged to be able to help shape the vision of this unique banking group. At a time when the borders of the European Union will be redefined and when the European idea is able to unite and galvanise people again. At a time when hopefully the fog of war will soon lift and what has been destroyed will be rebuilt. At a time when the coalition of those who want to take positive action against accelerating climate change is growing and gaining strength. Being able to help shape a German impact-oriented banking group in South Eastern and Eastern Europe during this time is a great privilege for us.

Looking to the future, we are building on a very solid foundation that has been steadily strengthened over the last 20 years with a tremendous amount of dedication, commitment and conviction. The last year reinforces our belief that we have the right clients, employees and business model to overcome even the most difficult challenges. It is in this context that we intend to maintain our basic strategic orientation in the coming years: It is our intention to be the leading bank for small and medium-sized enterprises in all our markets. In doing so, we will continue to carefully select business clients. We will be firmly oriented towards the Net Zero emissions targets. We will also certainly further develop our ESG requirements in lending. We were founded as an impact-oriented bank, and we are certain that we will maintain our pioneering role with regard to impact issues.

We want to further expand our positioning as an attractive, digital bank for private clients in South Eastern and Eastern Europe. In addition to investments in marketing, this also includes further investments in the expansion of digital channels to further enhance our customers' user experience, and to ensure that the security of our IT systems remains up to date in the future. It is also our goal to further expand our deposit portfolio through business with private clients, both in terms of volume and granularity, in order to ensure a favourable and stable funding structure in the long term. We aim to achieve a significant market share of total deposits from private clients in each of our countries.

We will increase the number of our employees to some degree, while maintaining our proven selection and training approach. What this approach helps to achieve has been impressively demonstrated by our Ukrainian colleagues in recent months.

Finally, we also want to further strengthen our positioning on the capital market. This includes not least the proposed transformation of ProCredit Holding's legal form, which I have already explained. In addition, we have of course had to focus particularly on operational issues related to Ukraine in the past year. Likewise, our capital market communication also focused strongly on keeping investors informed about the risk situation of our group. We believe that we will be able to talk more about our strengths and opportunities again in the coming quarters, with positive financial results being just one of many elements.

Today, just like last year, we would particularly like to thank our Ukrainian colleagues once again for their tireless efforts and optimism, which will serve as an inspiration to the entire group today and in the future. We would also like to thank all employees of the group, who on the one hand have supported our Ukrainian colleagues and on the other hand have contributed significantly helping the group successfully master the challenges of 2022.

Finally and above all, we would also like to thank you, our valued shareholders, for your support, your interest and, in advance, for your understanding that we will, once again and in contradiction to our dividend policy, not pay out a dividend this year.

Thank you very much.