



**An impact-oriented group of commercial banks  
for MSMEs and private clients in South Eastern and Eastern Europe**

**Company presentation, March 2024**



## Key elements of the ProCredit approach

- ▶ An **impact-oriented** group of commercial banks for **MSMEs and private clients in South Eastern and Eastern Europe**. Headquartered in Frankfurt and supervised by BaFin and Bundesbank
- ▶ “**Hausbank**” for MSMEs and “**ProCredit Direct**” for Private Clients
- ▶ **Track record of strong organic business growth**, consistently growing market share without costly integration
- ▶ **High-quality loan portfolio** based on prudent risk management and long-term business relationships
- ▶ **Skilled, loyal staff** and **scalable technology** platform with no legacy systems
- ▶ **Profitable every year** since creation as a banking group. FY-23 profit of EUR 113.4m, representing the **highest group result** since stock exchange listing
- ▶ Listed on the Frankfurt Stock Exchange with **strong ESG positioning**

Notes: See page 30 of this presentation

## ProCredit at a glance

**Hausbank**  
for MSMEs

**ProCredit Direct**  
for Private Clients

**Impact and development orientation**

**ProCredit banks**

12

**Loan portfolio**

EUR 6.2bn

**Asset growth (20-23)**

10.0% p.a.

**CET1 ratio**

14.3% (fully loaded)

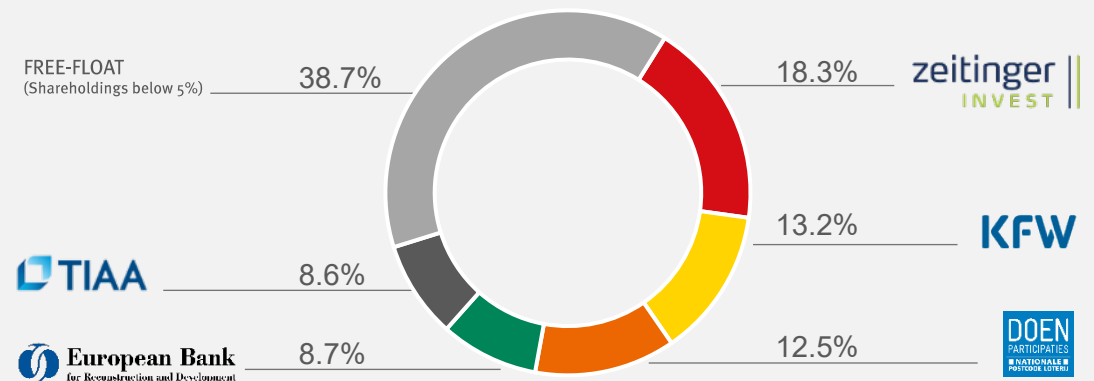
**Rating (Fitch)**

BBB (stable)

**RoE (FY-23)**

12.2%

## Development-oriented shareholder base



*“ As a development-oriented commercial banking group, we strive to balance financial sustainability with comprehensive positive impact of our business on the economies, environment and societies of our countries of operation ”*

## Broader sense of responsibility

responsibility towards the societies in which we operate

**Ethical behaviour**

Cultivate professionalism and integrity among staff

respect to all fellow human beings

**social justice**

**protecting the environment**

**fostering democracy and free speech**

## Positive contribution to ESG transition in our countries

**Social impact**

**Environmental impact**



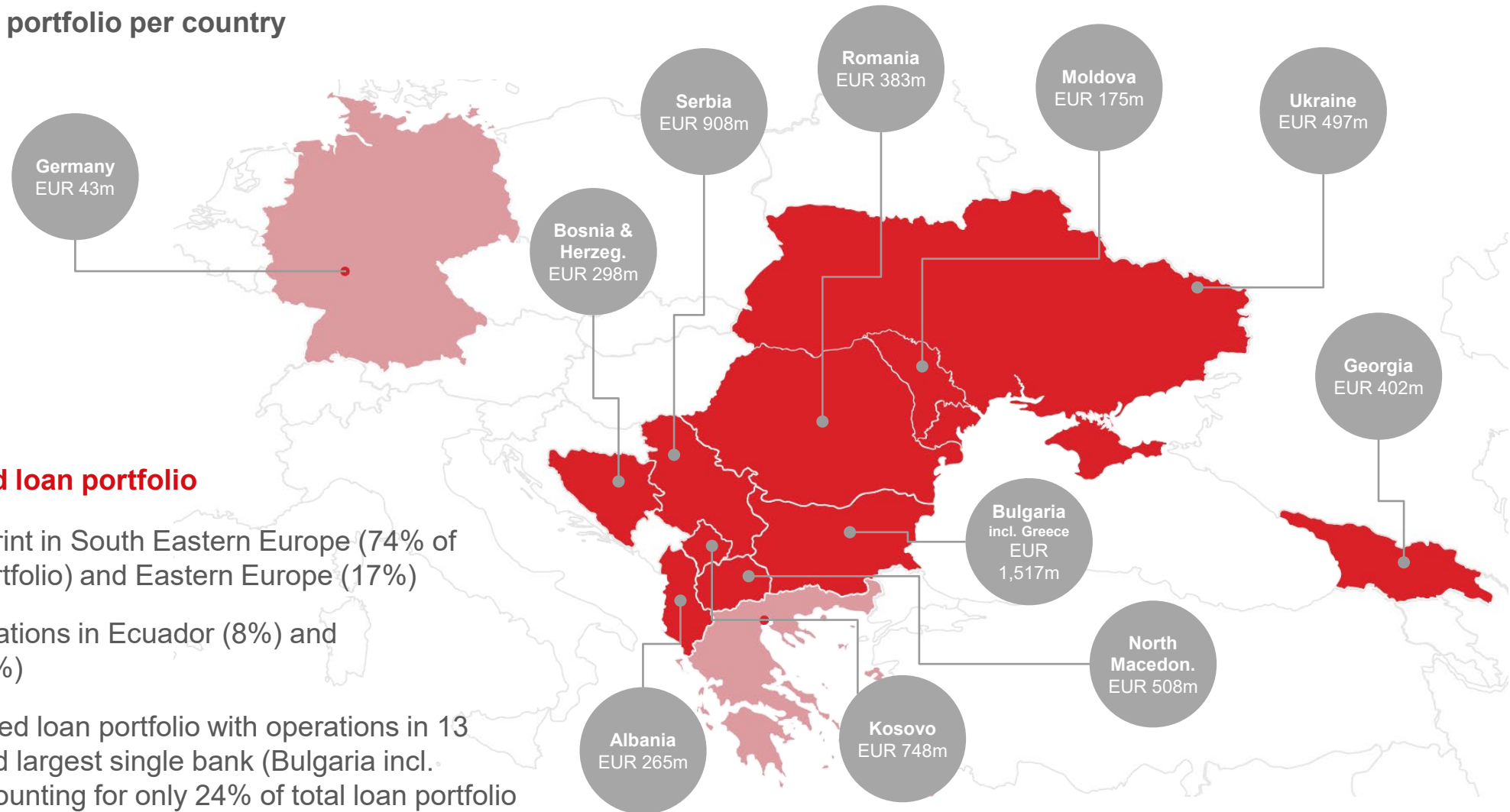
KPIs

Jobs Creation  
Investment Loans  
Gender Equity

Green lending  
Net zero

## Strong regional footprint across South Eastern and Eastern Europe

### Customer loan portfolio per country



### Well diversified loan portfolio

- ▶ Strong footprint in South Eastern Europe (74% of total loan portfolio) and Eastern Europe (17%)
- ▶ Further operations in Ecuador (8%) and Germany (1%)
- ▶ Well diversified loan portfolio with operations in 13 countries and largest single bank (Bulgaria incl. Greece) accounting for only 24% of total loan portfolio

## Target MSME clients

- ▶ **Growing, stable businesses:** SMEs and micro enterprises
- ▶ Forward-looking MSMEs investing in **innovation** and **green technology**
- ▶ MSMEs which **bank fully with ProCredit:** e.g. loans, cards, transactions, deposits



## Our approach

- ▶ Comprehensive loan and electronic account facilities
- ▶ **Business Client Advisers’** focus: client and risk
- ▶ **Trustful long-term relationships** and true understanding of clients’ needs and risks



### Strong MSME market positions

routinely ranked amongst the most important banks for MSME clients

**90%**

of loan portfolio to MSMEs

**72k**

total # of MSME clients, up 10.8% yoy

**2.7%**

credit impaired loans, significantly better than market, reflecting strong customer relationships

**20.4%**

share of green loan portfolio in total loan portfolio

**Growth. Impact. Low credit risk.**

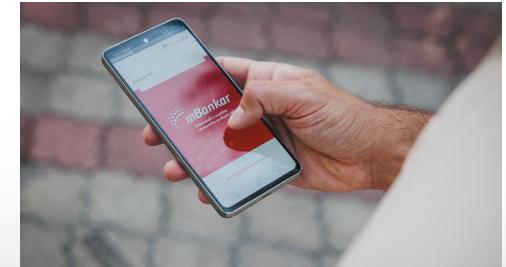
## Target private clients

- ▶ **Strong position** with middle income and higher earners; associated with SME owners
- ▶ Going forward, also targeting the **broader population** of our markets of operation
- ▶ Clients looking for **modern, transparent and reliable** banking services



## Our target picture: digital customer journey with a ‘human touch’

- ▶ Positioning as an **attractive full-service bank** for retail clients with all-in digital offer
- ▶ Universal bank for PI customers with strong focus on **social responsibility** and **price transparency**
- ▶ Comprehensive service offering highly focused on **superior customer experience**



## Solid starting position: well-established direct banking service

**€2.9bn**

retail deposits,  
+14.5% p.a.  
since 2021

**188k**

total # of active  
retail clients

**~500%**

deposit-to-loan  
ratio



## Targeting increased medium-term growth

**~2.5x**

target # clients  
multiplier

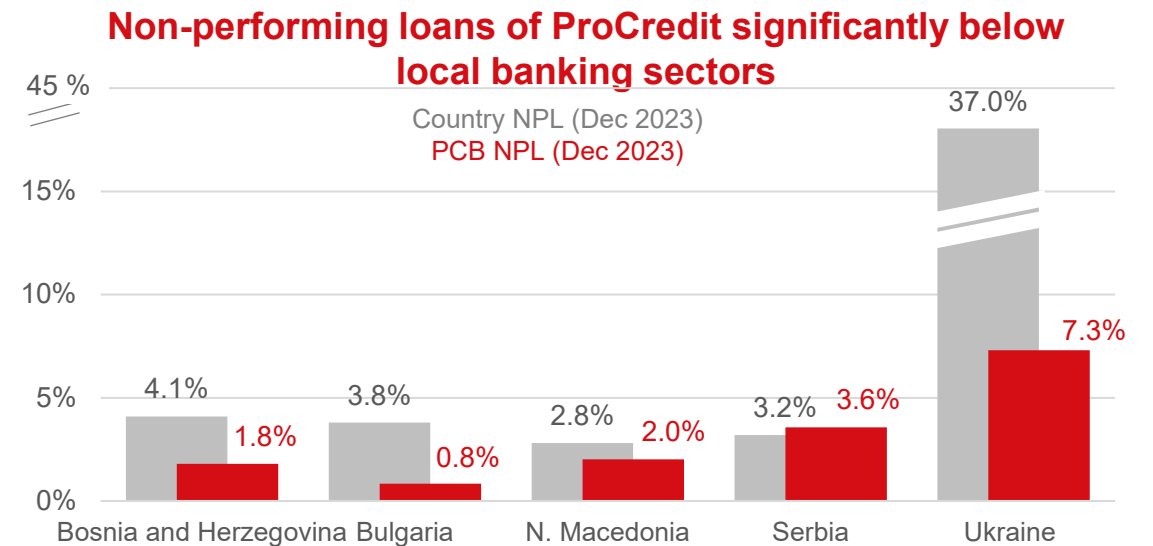
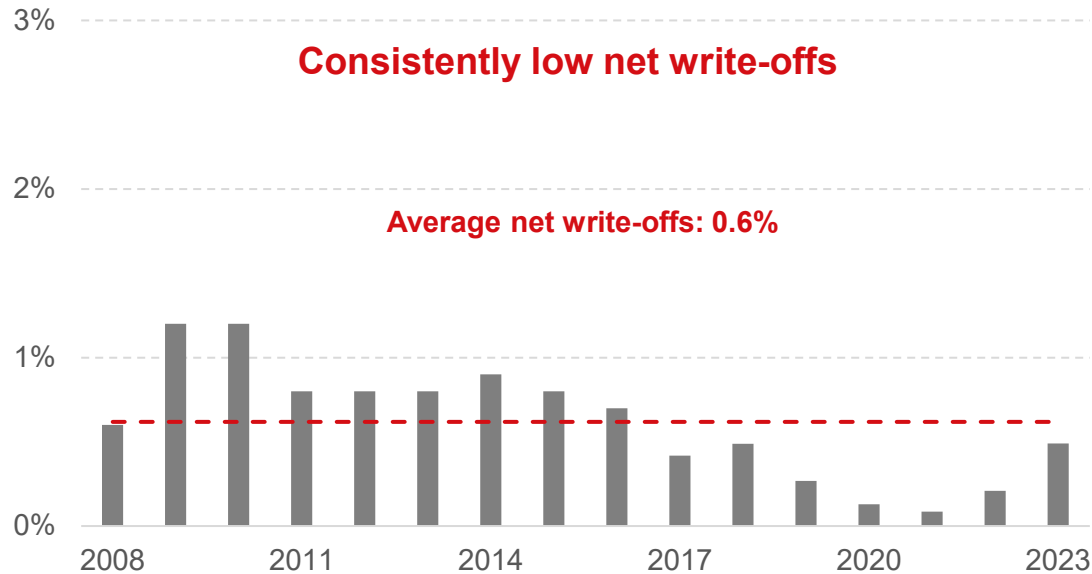
**~3%**

deposit market share  
in each market

**Transparency. Efficiency. Scalability.**

## High quality loan portfolio built around

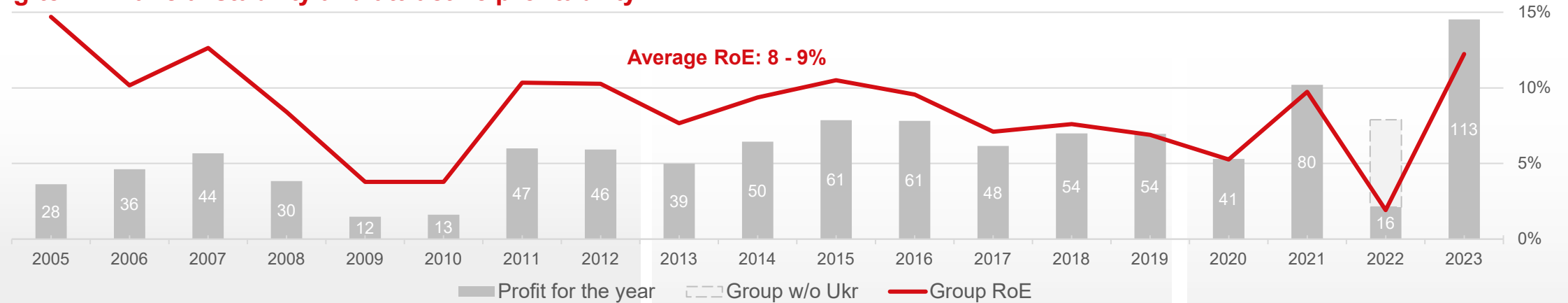
- ▶ Careful client selection and strong client relationships
- ▶ Well trained staff
- ▶ Effective group credit risk assessment and monitoring
- ▶ Solid risk profile with consistently low net write offs
- ▶ Loan portfolio quality consistently better than market





# Track record of profitability through the economic cycle

## Long-term financial stability and attractive profitability



### Foundation and expansion:

- ▶ First bank founded in Bosnia in 1998; rapid expansion in Eastern Europe, South America and Africa offering loans to very small, small and medium enterprises
- ▶ Foundation of ProCredit Holding
- ▶ First green loans for energy efficiency and renewable energy investments in 2006
- ▶ Start of positioning as “Hausbank” for SMEs in 2008
- ▶ Managed financial crisis of 2008 – 2010 with positive results

### Strategic refocussing & restructuring:

- ▶ Sharpening of group profile in terms of regional focus on SEE/EE and SME finance
- ▶ Divestment of operations in Africa and Latin America; strong reduction of staff and branches in remaining markets by ~80%
- ▶ Green finance and Direct Banking approach fully implemented
- ▶ Listing of ProCredit Holding on the Frankfurt Stock Exchange in 2016

### Hausbank for SMEs in SEE/EE:

- ▶ Banks leveraging lean and digital structures
- ▶ SEE/EE account for 91%, SMEs for 90% of total loans
- ▶ Strong performance in pandemic 2020/21; FY-22 positive, in spite of heavy impact from war in Ukraine
- ▶ Strong FY-23 RoE of 12.2%, medium-term outlook 13-14%



## Impact at ProCredit



**Intact and strong  
GDP growth outlook  
for SEE/EE of 3.8%**

(p.a. in 2025-28 vs.  
1.6% for Euro area)



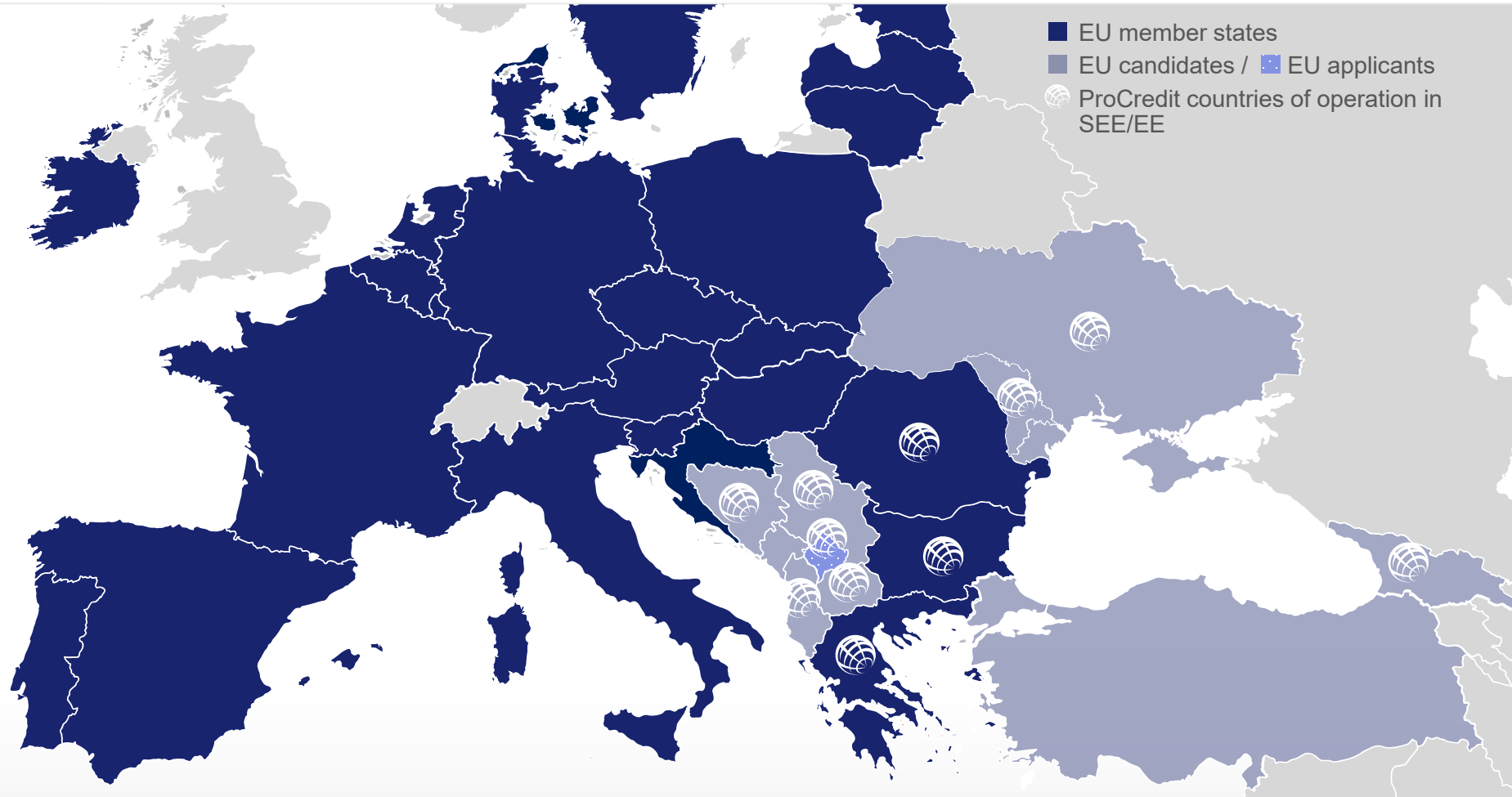
**Continued EU  
accession**

(currently 8 countries  
status as candidates for  
EU membership in  
SEE/EE)



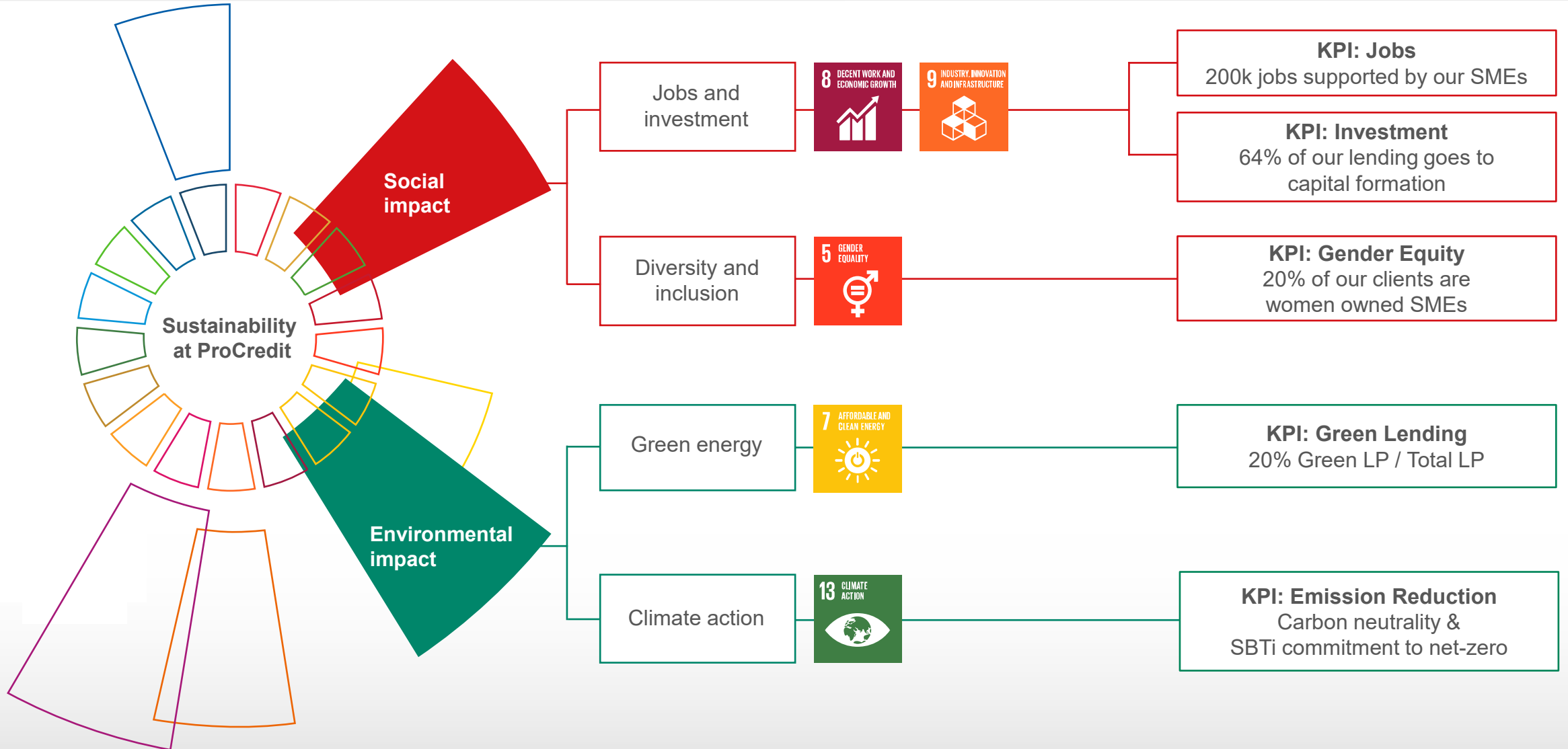
**>€100bn IFI  
investment into  
SEE/EE**

(EIB and EBRD,  
cumulative until 2022)




ProCredit is focused on an **attractive and highly relevant region** from all relevant perspectives – in terms of **economic relevance and growth, political significance and impact potential**

# Impact orientation firmly integrated in the business model




### INTERNAL ENVIRONMENTAL INDICATORS

 **61%**  
electric and hybrid plug-in cars in car fleet

 **7.4%**  
decrease in energy consumption per employee


**6** premises certified by EDGE

 **7.8%**  
decrease in indoor water consumption per employee

### GREEN LENDING

  
**9,439**  
total number of green loans

**EUR 1,268.3m**  
total green loan portfolio

 **20.4%**  
of green loans in total portfolio

 **191,9 ktCO<sub>2</sub>**  
emissions avoided through RE projects

### CLIENTS

  
total number of business loan clients

**32,244**

 **23%**  
of clients are from the agriculture sector

**13%**   
of clients are from the production and manufacturing sectors

### JOBS SUPPORTED THROUGH OUR BUSINESS CLIENTS



**193,344**  
total employment (estimated number)

 **42%**  
female employment

 **7%**  
youth employment (15-25y)

### EMPLOYEES



total number of employees

**54%**  
female representation in middle management

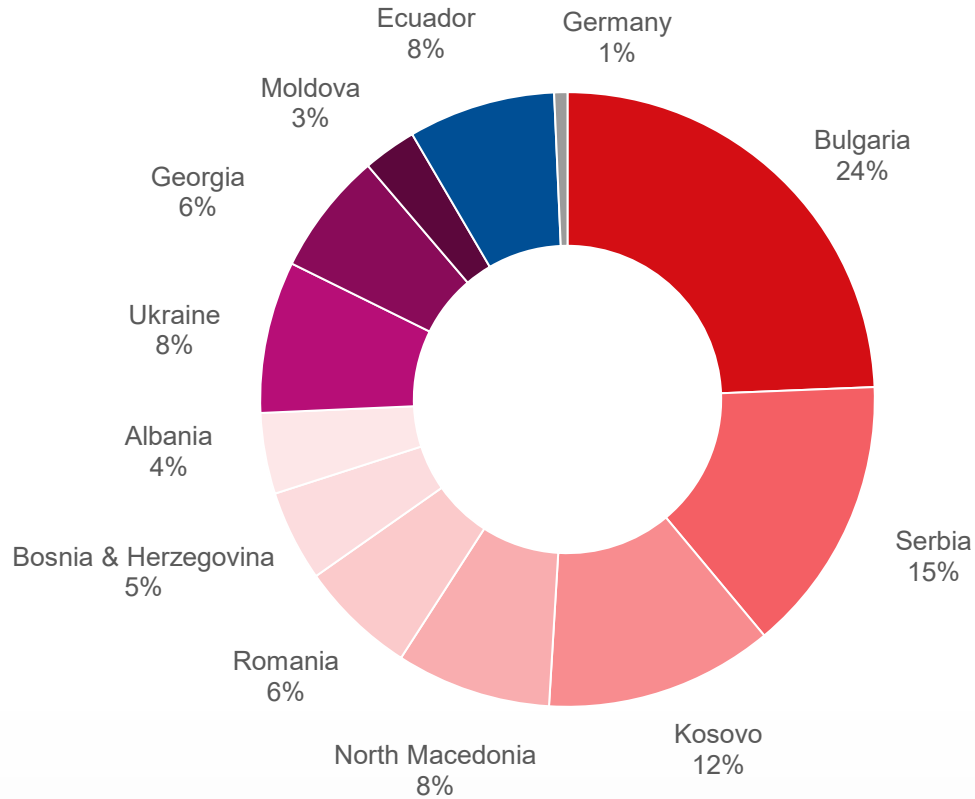
 **114**  
hours of training per employee

 annual investment in employee training  
**EUR 9.4m**

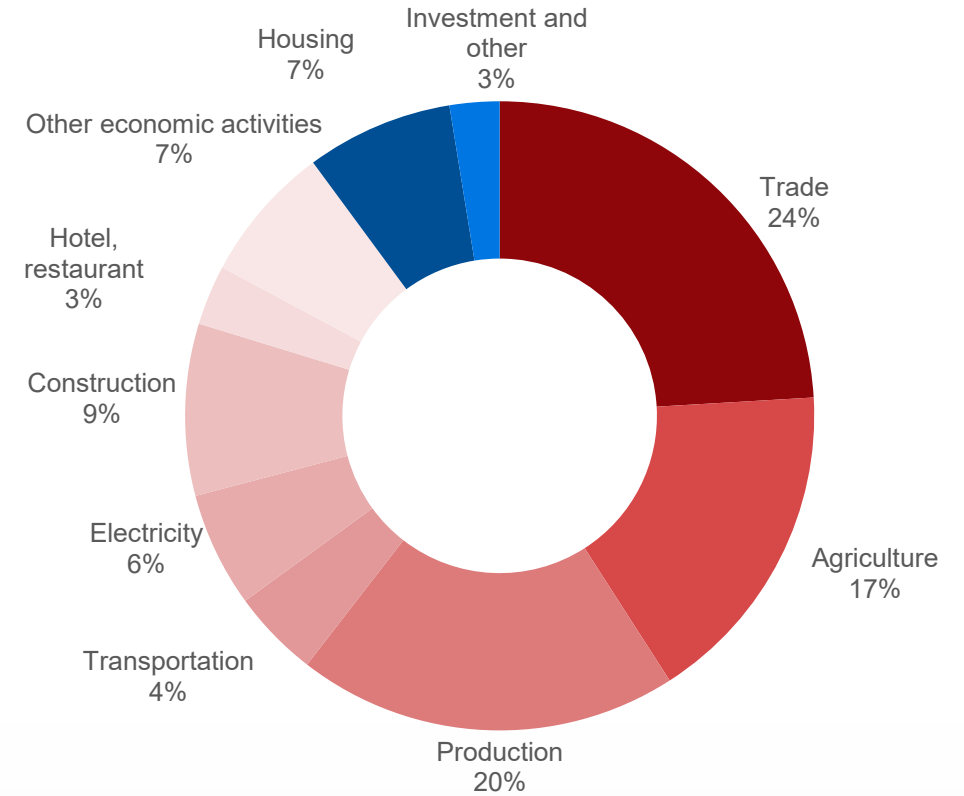


## **Loan portfolio and deposits**

**Loan portfolio by geographical segments**



**Loan portfolio by sector**



■ Total South Eastern Europe: 74%

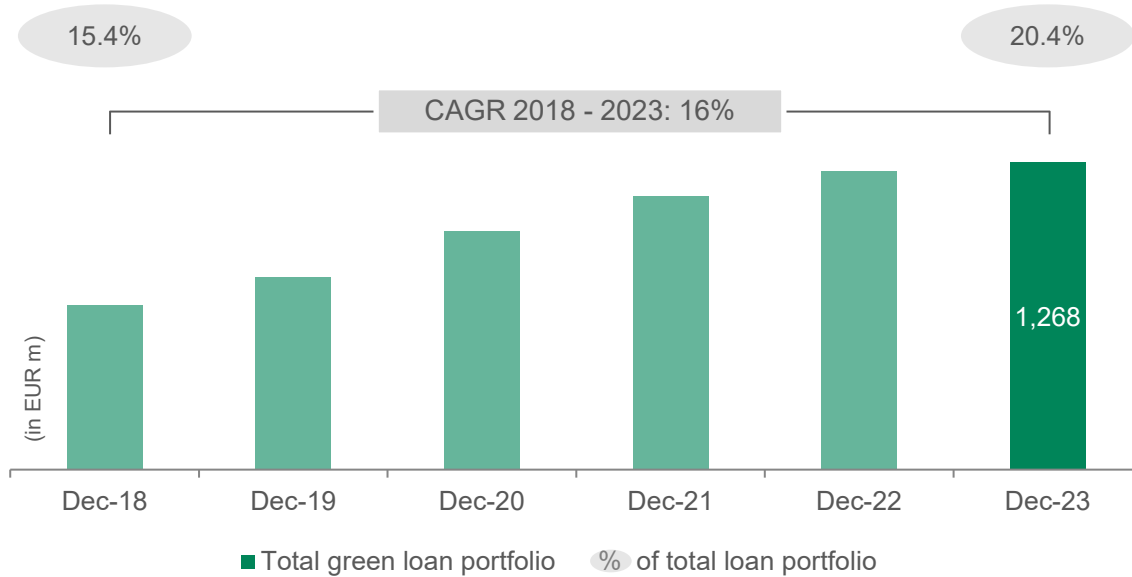
■ Total Eastern Europe: 17%

■ Total Business Loans: 90%

■ Total Private Loans: 10%

# Environmental responsibility is central to the group's impact approach

## Strong growth of green loan portfolio, attractive risk parameters



**2006**

year of first green loans granted for energy efficiency and renewable energy investments

**46%**

of green loan portfolio relating to investments in energy efficiency

**2.0%**

credit impaired loans in green loan portfolio, 0.7pp lower than overall portfolio

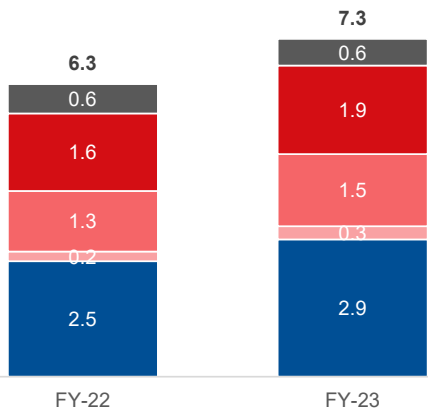
**>50%**

renewable energy contribution to total loan portfolio growth in 2023

# Strong and granular deposit base on group and bank level

## Strong deposit growth to be continued ...

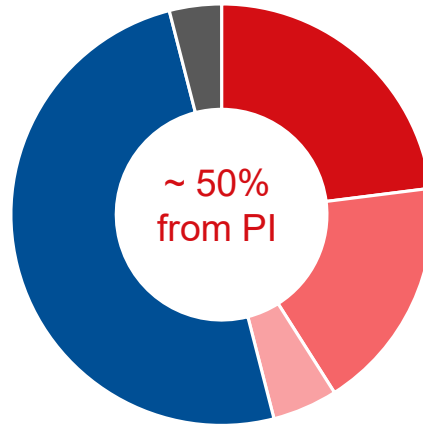
+15.4% ytd



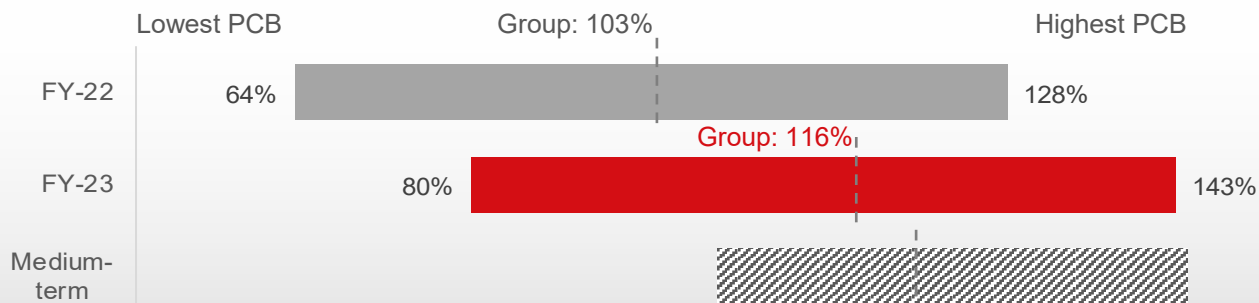
■ Medium ■ Small ■ Micro ■ PI ■ Institutional

## ... particularly driven by private clients

Medium-term target picture



## Enhanced bank level deposit-to-loan ratios



Close to € 1.0bn deposit growth in FY-23, ~50% by private clients

Medium-term target deposit structure highly granular with ~ 50% from private clients

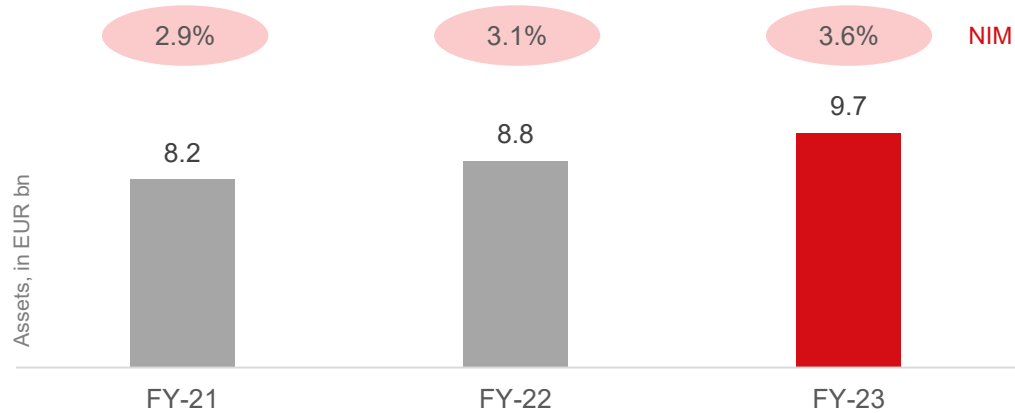
Targeted loan growth of banks self-funded, with medium-term local deposit-to-loan ratios of ~120% in all banks

Investment management for efficient use of excess liquidity – aiming for positive effect on margins and RWA

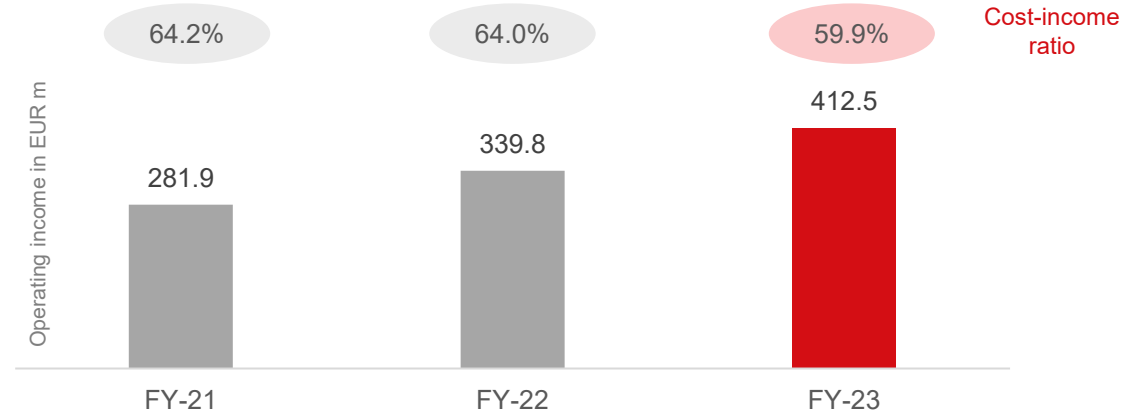


## Financials and outlook

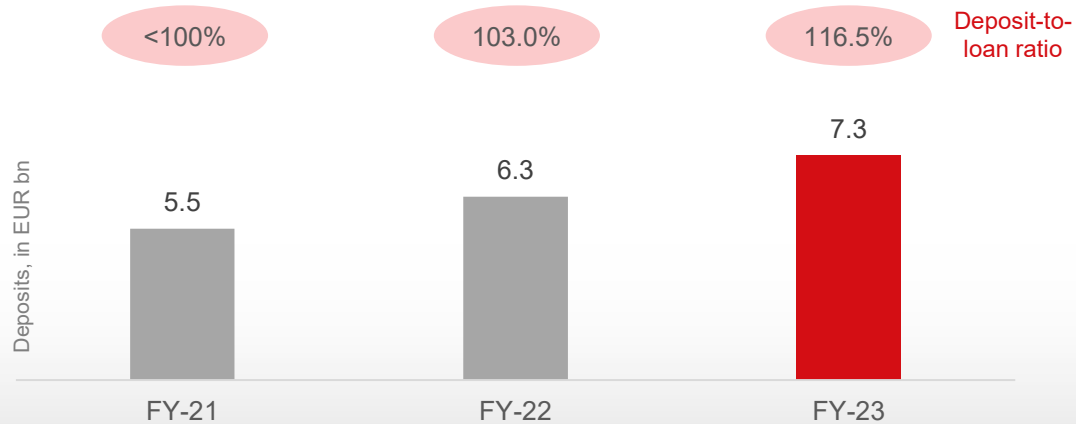
## Continuous asset growth and NIM development ...



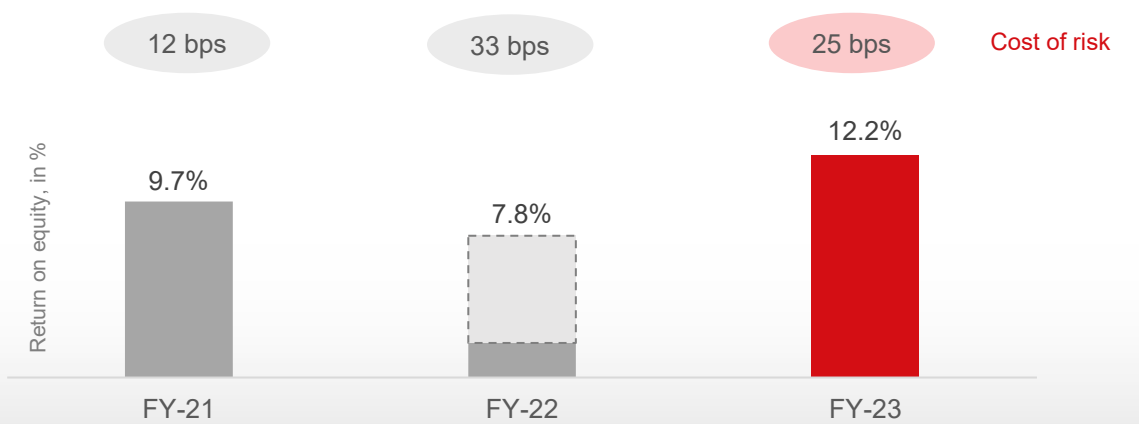
## Operating income expansion at improved cost efficiency ...



## ... paired with strong deposit growth and good deposit-to-loan ratio

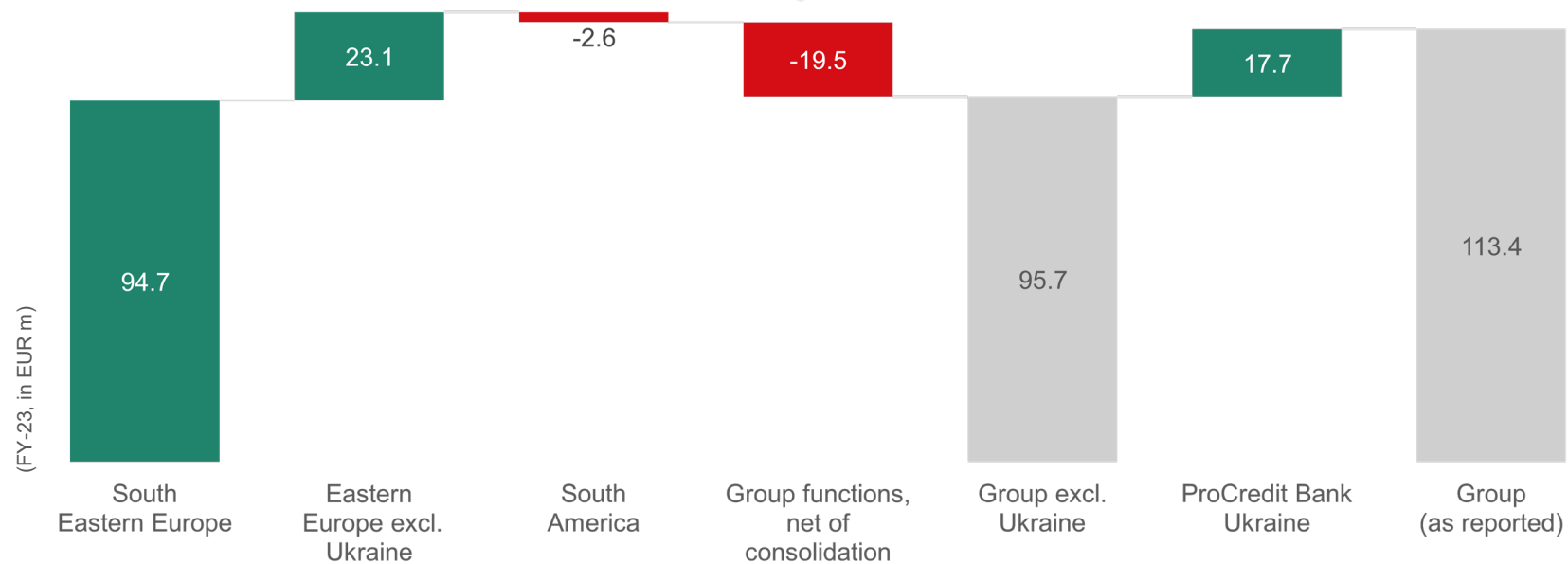


## ... and low risk costs resulting in strongly increased return on equity



## Contribution of regional segments to group net income

Group functions, e.g. risk management, reporting, capital management, IT, liquidity management, training and development  
Includes ProCredit Holding, Quipu, ProCredit Academy Fürth, PCB Germany (EUR 43m loan portfolio; EUR 278m deposits)



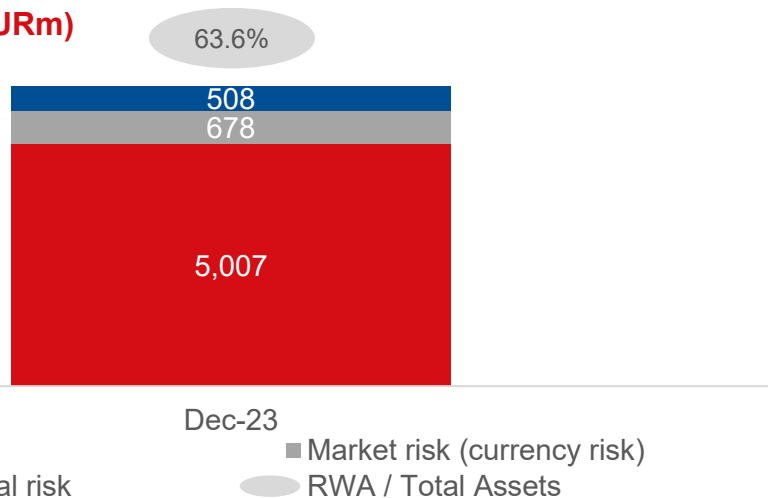
Customer loan portfolio (EUR m)	4,626	578	482	–	<b>5,728</b>	497	<b>6,226</b>
Change in customer loan portfolio	5.2%	-0.1%	-3.3%	–	<b>3.7%</b>	-14.6%	<b>1.9%</b>
Cost-income ratio	54.4%	56.8%	101.3%	–	<b>64.2%</b>	32.4%	<b>59.9%</b>
Allocated equity (EUR m)	700	148	50	–	<b>–</b>	70	<b>987</b>
Return on equity	14.1%	16.0%	-5.2%	–	<b>10.1%</b>	28.0%	<b>12.2%</b>

Notes: See page 30 of this presentation

## Capital structure

in EURm	Dec-23
CET1 capital	885
Additional Tier 1 capital	0
Tier 1 capital	885
Tier 2 capital	95
Total capital	979
CET1 ratio	14.3%
Total capital ratio	15.8%
Leverage ratio	8.8%

## RWA structure (in EURm)



## Capital:

- ▶ Capital ratios well above regulatory capital requirements of 9.2% CET1, 11.4% Tier 1, 14.3% Total capital
- ▶ Dividend distribution intended in 2024 from FY-23 result (1/3 payout ratio), final decision as usually taken ahead of 2024 AGM

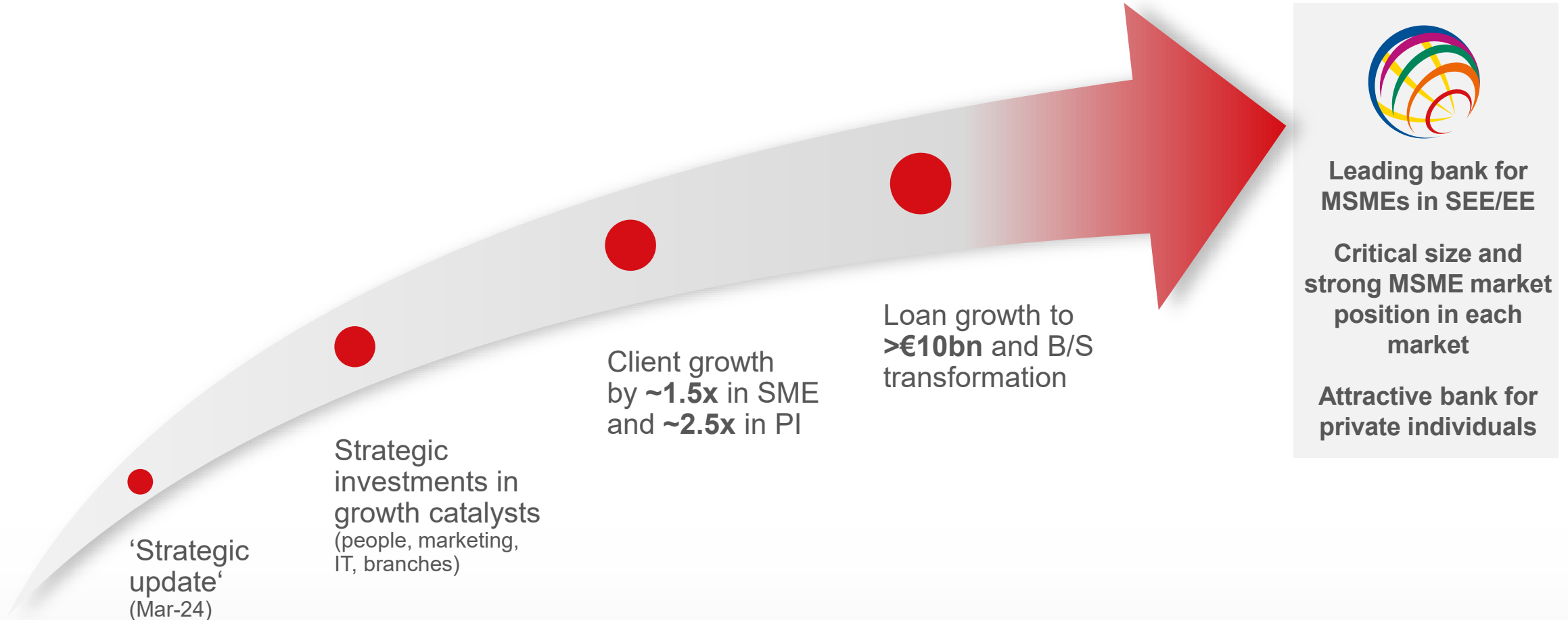
## Leverage:

- ▶ Leverage ratio of 8.8% well above banking sector averages
- ▶ Comfortable level as further key indicator of prudent group capitalisation

## RWA:

- ▶ Standardized approach for RWA calculation
- ▶ RWA mainly driven by credit risk
- ▶ Successfully implemented multiple RWA efficiency measures, driving RWA density down by 5.4pp to 63.6% in 2023; includes broadening of MIGA collaboration, securitization with EIF in Bulgaria, recognition of real estate collateral in Bulgaria, introduction of EBRD guarantees
- ▶ Application of standardized approach resulting in relatively limited impact of Basel IV implementation in 2025





Increased group **footprint**, amplifying the group's positive **impact** & strengthened group **resilience** through a balanced approach and **self-funded** local bank growth

### FY 2024 outlook

▶ Growth of the loan portfolio	Around 10% (FX adjusted)
▶ Return on equity (RoE)	10% – 12% (based on up to 40bps cost of risk)
▶ Cost-income ratio (CIR)	Around 63% (with margin of +/- 1 ppt)
▶ CET1 ratio, leverage ratio, dividend	> 13.0% CET1 ratio, c. 9% leverage ratio, 1/3 dividend payout ratio

### Medium-term outlook

In the medium-term, the group intends to grow its **loan portfolio to a level of > €10bn** and achieve a **share of green loans of > 25%**. **Return on equity** is expected to reach a level of **around 13 – 14%**, based on over the cycle risk costs of 30 – 35 basis points. Cost-income ratio is expected to improve to a level of **around 57%**, excluding one-off effects.

### Assumptions and risk factors

Risk factors that apply to the FY 2024 and medium-term outlook are included in the appendix of this presentation. The medium-term RoE outlook does not any consider upside potential in Ukraine: **Around +1.5 ppt on medium-term RoE.**



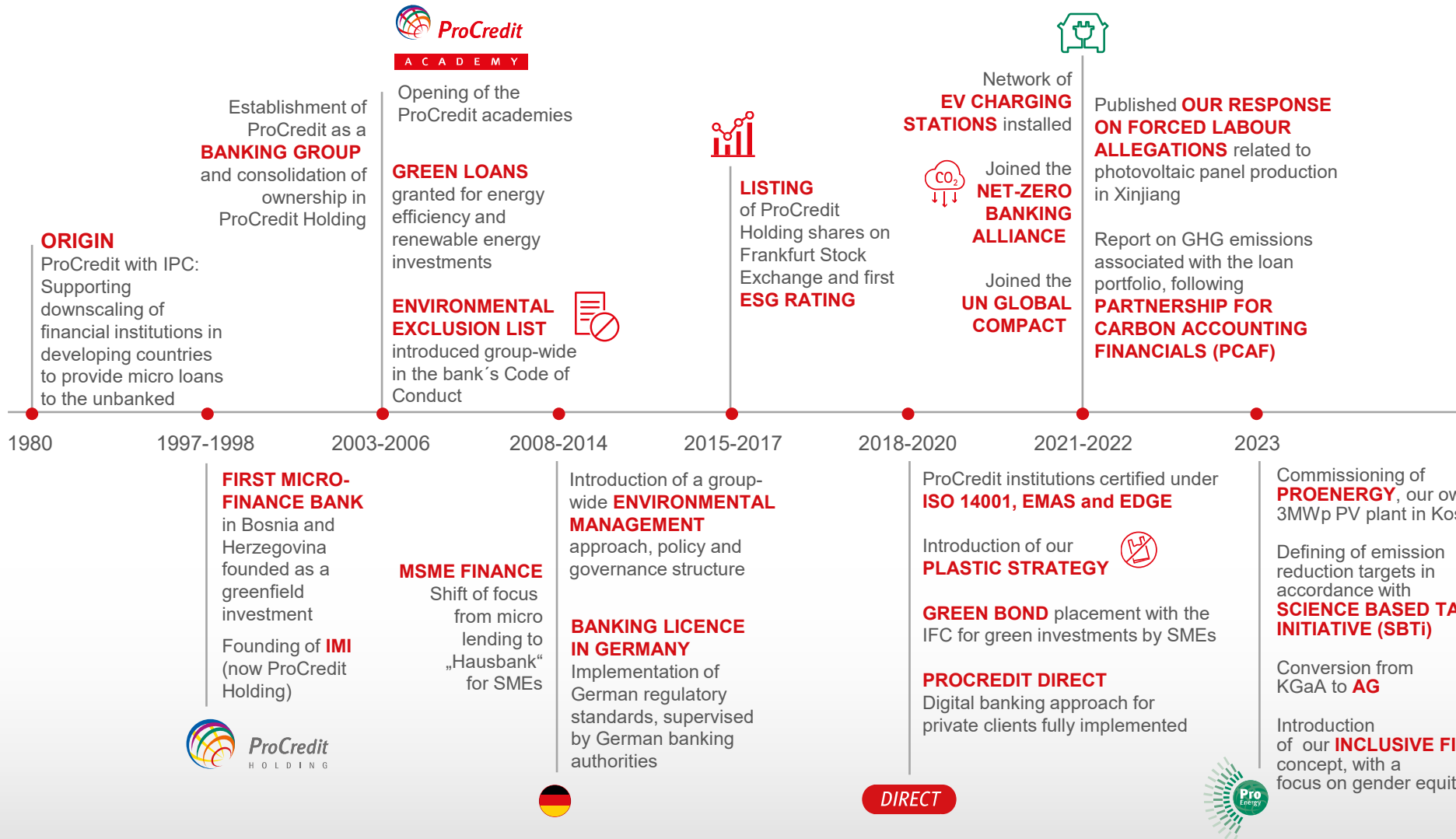
## Appendix

## Summary of key financial indicators

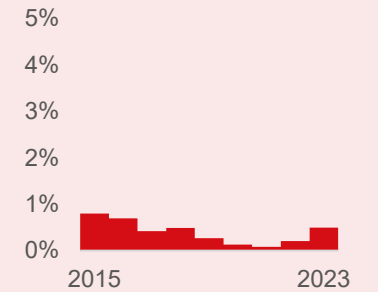
In EUR m		Q4-22	Q4-23	FY-22	FY-23	Y-o-Y
Income statement	Net interest income	72.6	92.6	264.6	337.2	72.6
	Net fee and commission income	14.5	14.3	54.7	57.5	2.8
	Other operating income (net)	6.2	4.5	20.5	17.8	-2.7
	Operating income	93.2	111.4	339.8	412.5	72.7
	Personnel expenses	29.2	32.9	101.7	120.6	18.9
	Administrative expenses	38.5	37.2	115.7	126.3	10.6
	Loss allowance	25.4	6.5	104.6	15.5	-89.1
	Tax expenses	1.0	15.4	1.3	36.6	35.3
	Profit after tax	-0.8	19.4	16.5	113.4	96.9
Key performance indicators	Change in customer loan portfolio	-2.9%	0.0%	3.1%	1.9%	-1.2 pp
	Cost-income ratio	72.6%	62.9%	64.0%	59.9%	-4.1 pp
	Return on equity	-0.4%	7.9%	1.9%	12.2%	10.3 pp
	CET1 ratio (fully loaded)	13.5%	14.3%	13.5%	14.3%	0.8 pp
Additional indicators	Net interest margin	3.3%	3.8%	3.1%	3.6%	0.5 pp
	Net write-off ratio	0.4%	0.8%	0.2%	0.5%	0.3 pp
	Credit impaired loans (Stage 3)	3.3%	2.7%	3.3%	2.7%	-0.6 pp
	Cost of risk	164 bps	42 bps	174 bps	25 bps	-149 bp
	Stage 3 loans coverage ratio	61.8%	57.6%	61.8%	57.6%	-4.2 pp
	Book value per share (EUR)	14.8	16.7	14.8	16.7	1.9
	Deposit-to-loan ratio	103.0%	116.5%	103.0%	116.5%	13.5 pp



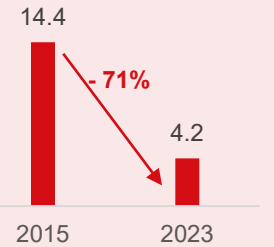
# Strong impact track record over the decades



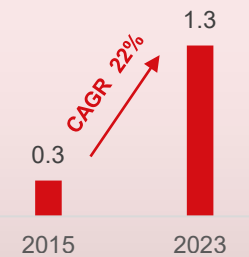
Consistently low net-write offs



Strong reduction of CO<sub>2</sub> emissions (tCO<sub>2</sub>)



Growing green loan portfolio (in €bn)





## We set SBTi targets to achieve net zero for scope 3 emissions from our business loan portfolio in line with Paris Agreement

By 2027 clients representing 28% of the scope 3 emissions will have committed themselves to reach net-zero by 2050

### Engage and support our clients in decarbonising their businesses:

1. Support in the measurement of their CO<sub>2</sub> emissions
2. Setting their targets for reduction according to the SBTi standards
3. Support their green transition through our green loans

By 2040 clients representing 100% of the scope 3 emissions will have committed themselves to reach net-zero

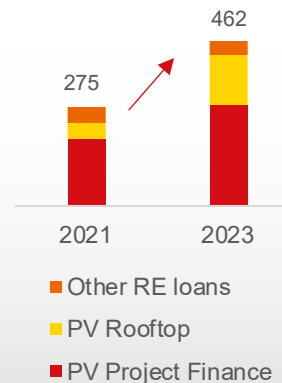
## ProCredit is pioneering decarbonisation with SME clients

- Measuring at scale and accurately direct emissions from SMEs is both a huge challenge but fundamentally important if we want the private sector to decarbonize
- Given our large number of SMEs clients (46k) and our focus on the topic, we are uniquely positioned to set the industry standards on how to achieve this.

ProCredit is the long-term partner for SMEs in its markets of operations

### Growing rooftop PV loan portfolio to support decarbonization in SEE & EE

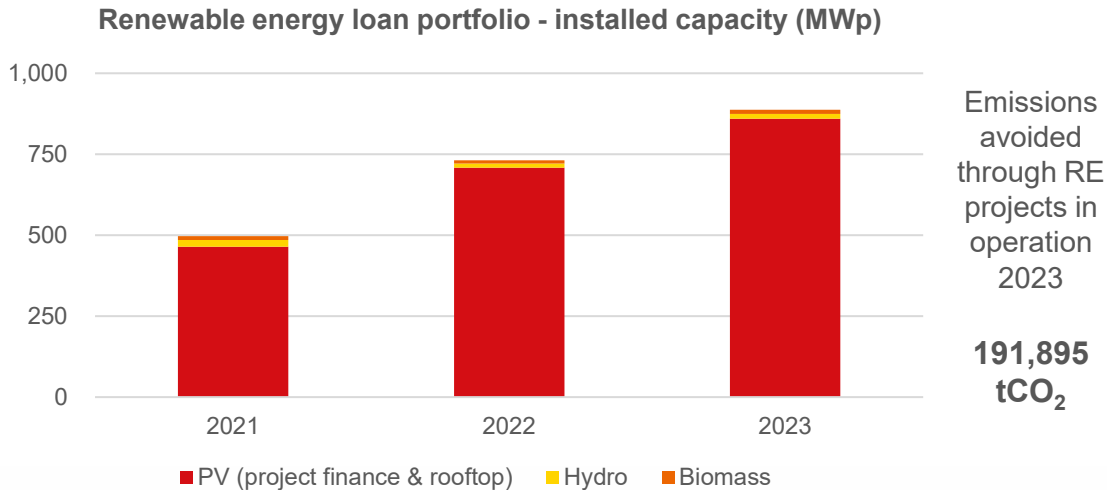
Renewable energy loan portfolio (in €m)



Financed installation of 0.5MW rooftop solar panels to cover all its own electricity needs

**No exposure to the fossil fuel industries, but a leader in renewable energy financing**

887 MWp currently financed, aiming to reach 1 GWp this year



Specialized focus on the small-scale segment (1 to 10 MW power plans) in solar to cover the financing gap in the “missing middle”.

North Macedonia is still highly dependent on energy production from coal: Less than 1 % of total electricity is generated by PV power plants in the country.

## Case study: Solar one Štip, North Macedonia

### Solar one

- 4 PV plants near Štip
- Total capacity of 4.18 MWp
- Started operating in 2023
- Energy is supplied to the open market
- Investment increases production from renewable energy by 5.7 GWh per year
- PV panes supplied by regional company
- ProCredit Bank provided large part of necessary capital



# Update on ProCredit Bank Ukraine

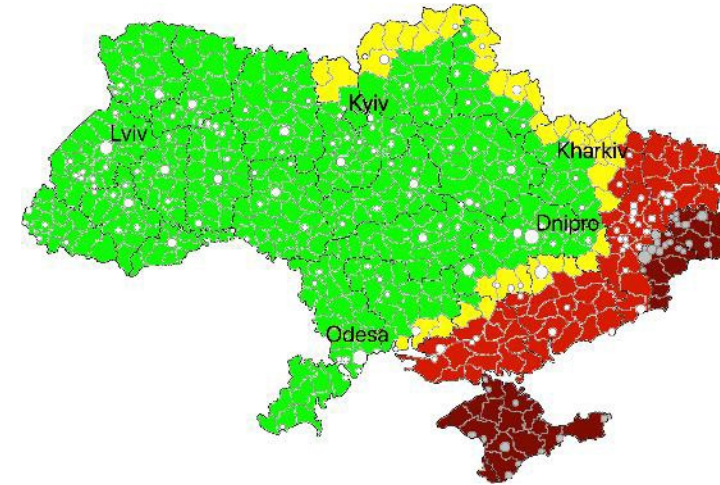
## Current status of operations

- ▶ **Safety of staff:** Out of 334 staff, 9 are mobilized
- ▶ **Banking operations continue uninterrupted** – as they have since beginning of the war
- ▶ **Bank is increasing capacity,** with staff numbers up by 9% yoy
- ▶ **Continuous commitment to creating positive impact:** PCB Ukraine headquarter first building in Ukraine to receive EDGE certification

## Risk situation of the bank

- ▶ **Loan portfolio EUR 497m** (8.0% of group loan portfolio), down 34% since outbreak of war
- ▶ **Loans reduced by EUR 85m (-14.6%) since Dec-22,** due to steady repayments and write-offs in the red zone amid limited new business and minor currency devaluation
- ▶ **Share of impaired loans strongly reduced to 7.3% (Dec-22: 11.9%);** share of red zone LP more than halved since Dec-22 due to repayments and write-offs
- ▶ **FY-23 loss allowance of EUR 5.5m** driven above all by additional overlays
- ▶ **FY-23 profit of EUR 17.7m** based on good cost efficiency of 32.4% CIR
- ▶ **Strong coverages;** total LP at c. 13%; red zone at > 300%, default portfolio at c. 180%
- ▶ **Local capital ratio buffers** above 4 percentage points as of Dec-23
- ▶ **Liquidity further strengthened;** Strong deposit growth of EUR 98m or 16% in war time highlighting bank's good standing in the market; D/L ratio up more than 50pp since outbreak of war to 143%

## Regional risk classification



Risk zone by business location	% of PCB Ukraine loan portfolio	% of PCH group loan portfolio
Dark Red	0.0%	0.0%
Red	4.0%	0.3%
Yellow	8.9%	0.7%
Green	87.1%	7.0%

■ *Dark red:* Regions occupied by Russian forces since 2014  
■ *Very high risk.* Districts in warzone or under occupation  
■ *High risk.* A buffer zone from war zone / under occupation regions  
■ *Low risk.* Districts with relatively lower risk to be affected  
*Note: Loans to private individual included in green category*



## Experienced management collaborating at Holding and local level

### Hubert Spechtenhauser (Chairman)



- ▶ Corporate Office
- ▶ Group Communications
- ▶ Legal
- ▶ Group and PCH Internal Audit

### Eriola Bibolli



- ▶ Group Credit Risk Management
- ▶ Group and PCH Risk Control
- ▶ Group Financial Risk Management
- ▶ Group Operational Risk Management
- ▶ Group and PCH Human Resources
- ▶ Fraud Prevention and Compliance and PCH AML

### Christian Edgardo Dagrosa



- ▶ Accounting and Taxes
- ▶ Supervisory Reporting and Capital Planning
- ▶ Group Funding and Treasury
- ▶ Controlling
- ▶ Reporting and Data Management
- ▶ Investor Relations
- ▶ Administration and Translation

### Dr Gian Marco Felice



- ▶ Group Environmental Management and Impact Reporting
- ▶ Group and PCH IT
- ▶ Business Support and Development

## Local ProCredit banks

**32** key management members

### Collective training...

- ▶ Central training in Fürth
- ▶ English as lingua franca
- ▶ Regular specialist events and regional meetings

### ...as catalyst for a shared vision and teamwork...

- ▶ Common set of values
- ▶ Closely-knit network
- ▶ Rapid diffusion of best practices

### ...supported by clear framework

- ▶ Strict common operating standards and policy guidelines
- ▶ Strong, standardised MIS reporting
- ▶ Holding management with supervisory board seats at local banks involved in strategic business processes

On average **13 years** of experience with ProCredit

## General note

Return on equity, net interest margin, cost of risk and net write-off ratio are consistently annualised for all interim (quarterly and half-year) figures

## Slide 1

The Fitch Issuer Default Rating of BBB has been last re-affirmed on 23 June 2023

The shareholder structure shown is according to the voting right notifications, and voluntary disclosure of voting rights as published on our website [www.procredit-holding.com](http://www.procredit-holding.com)

## Slide 6

NPL figures for banking sectors are derived from respective central or national banks as per Dec-23

## Slide 7

RoE since 2005 as disclosed in “Bundesanzeiger” (German Federal Gazette)  
Figures and ratios for Dec-13 relate to the disclosures in the consolidated financial statements as of 2013

Dec-22 result negatively impacted by significant loan loss provisions in Ukraine due to the war against Ukraine.

Consolidated result and RoE: EUR 16.5m; 1.9%

Result and RoE excl. PCB Ukraine: EUR 68.5m; 7.8%

## Slide 9

GDP growth based on IMF World Economic Outlook as of October 2023. For SEE/EE the figure shown is based on the median of the countries of operation in SEE/EE the ProCredit group is active in.

IFI investment into SEE/EE based on disclosed publicly available information.

## Slide 14

Green loan portfolio figures from previous periods have been adjusted according to the current scope of continuing operations

## Slide 17

RoE and cost of risk displayed for ‘Group excluding Ukraine’, i.e. excluding the negative contribution from Ukraine for FY-22

## Slide 18

Return on equity on this slide based on average allocated segment equity; for “Group excluding Ukraine” RoE is calculated on the basis of the consolidated equity, excluding the result contribution of PCB Ukraine in FY-2023

## Slide 21

Assumptions and scenarios for ProCredit bank Ukraine largely unchanged. In the post-war reconstruction scenario, the indicative medium-term upside potential on group RoE is estimated at ~1.5 ppt.

The potential expansion of the war to further areas of Ukraine and the continued suspension of the Black Sea Grain Initiative represent significant risk factors for our guidance and could be reflected in increased cost of risk.

Additional risk factors include negative economic impacts related to major disruptions in our countries of operation, intensified supply-chain and energy-sector disruptions, adverse changes in our funding markets, significant changes in foreign trade or monetary policy, a deterioration in interest rate margins particularly in countries with rate ceilings (Bosnia and Herzegovina, Ecuador and Kosovo), increasing inflationary pressures, pronounced exchange rate fluctuations and the conflict in the Middle East.

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