ProCredit HOLDING

QUARTERLY REPORT AS OF 31 MARCH

2024

Contents

Quarterly 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.

We aim to be the "Hausbank" for our clients, and thus to be their first point of contact for financial matters. Our SME clients typically have financing needs ranging from EUR 100 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 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. As a general rule, we interact with our private customers via digital channels, offering them a full range of online services combined with personal customer care. With our direct services, we aim to stand out from other providers in our markets in terms of convenience, security and transparency.

Accountability is part of our culture. An integral part of the business strategy is our aim to have the smallest possible impact on the environment and to pro-actively bring about a shift in thinking, with greater focus on sustainability. Environmental awareness, consideration of the impact of our actions on the environment and understanding climate change impacts have always been highly relevant to the ProCredit group and its clients. We coordinate our actions using a comprehensive environmental management system and we aim to promote sustainable development in all forms. Our environmental management system encompasses both internal and external dimensions, enabling us to manage the impact of our own business activities, and that of our customers, on the environment. Internal measures include controlling and reducing the environmental footprint of the individual ProCredit institutions. Key external aspects of environmental management are the strict application of our Exclusion List in lending business and, as part of the credit risk assessment, an annual review of sustainability factors regarding the impact of our client's operations on the environment and society. We believe that our banks can make an important contribution with these measures by promoting sustainable economic development in our countries of operation through green investment projects, particularly in the areas of energy efficiency and renewable energies, and through green investments in waste management or organic agriculture.

REPORT ON THE ECONOMIC POSITION

Course of business operations

Our business performance was positive in the first three months of the year, particularly with regard to the very good financial results and growth figures. Our banks are able to report almost exclusively positive financial figures, helping to achieve a return on equity of 13.4% at the end of the first quarter, which continues to underscore our medium-term ambitions. Almost all of the banks were able to record good growth figures for loans and deposits. The loan portfolio in Ukraine is an exception here due to the ongoing armed conflict, as we are restricting new lending business primarily to our existing customers outside the conflict zone.

in EUR m

Statement of Financial Position	**31.3.2024**	**31.12.2023**	**Change**
Loan portfolio	6,413.8	6,226.5	187.3
Deposits	7,454.6	7,254.2	200.4

Statement of Profit or Loss	**1.1.–31.3.2024**	**1.1.–31.3.2023**	**Change**
Net interest income	90.1	75.4	14.6
Net fee and commission income	14.1	14.0	0.1
Operating income	107.2	93.7	13.4
Personnel and administrative expenses	66.1	55.9	10.2
Loss allowance	0.3	1.9	-1.6
Profit of the period	33.5	29.5	4.1

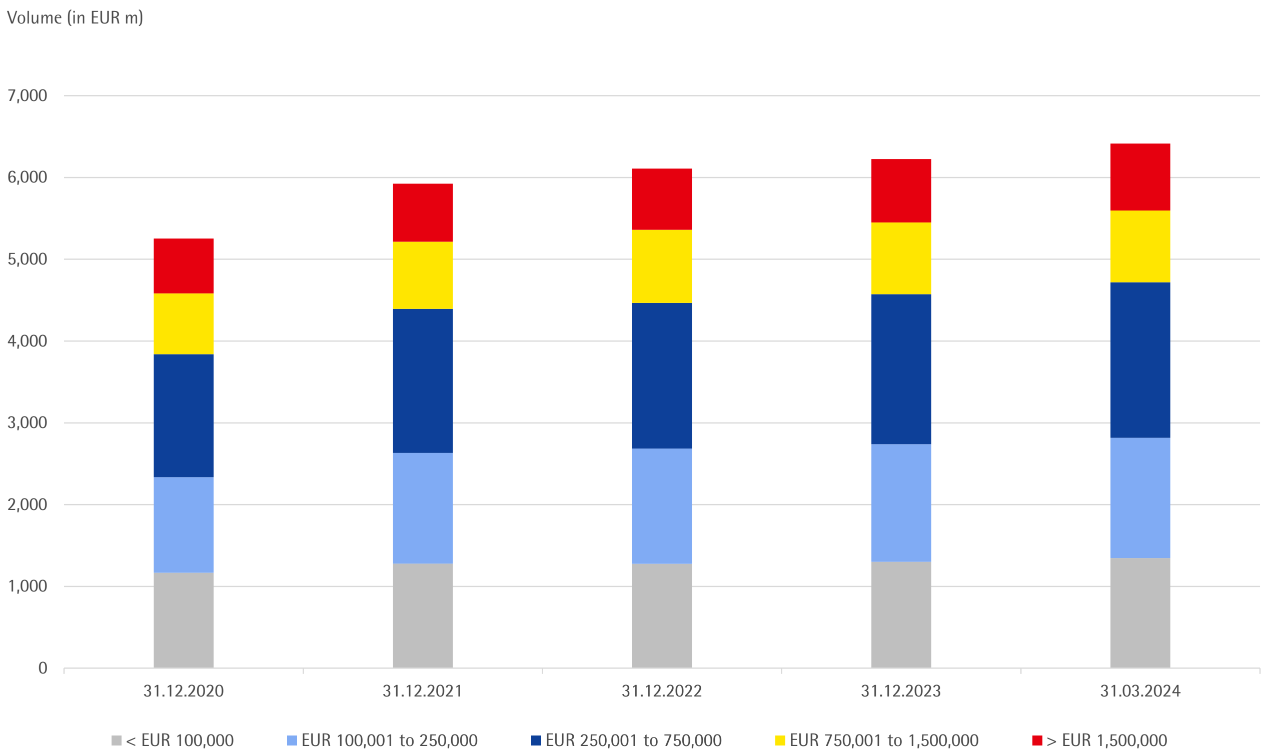
Key performance indicators	**1.1.–31.3.2024**	**1.1.–31.3.2023**	**Change**
Change in loan portfolio	3.0%	-0.8%	3.8 pp
Cost-income ratio	61.7%	59.7%	2.1 pp
Return on equity (annualised)	13.4%	13.3%	0.1 pp

	31.3.2024	**31.12.2023**	**Change**
Common Equity Tier 1 capital ratio	14.0%	14.3%	-0.3 pp

Additional indicators	**31.3.2024**	**31.12.2023**	**Change**
Deposits to loan portfolio	116.2%	116.5%	-0.3 pp
Net interest margin (annualised)	3.7%	3.6%	0.0 pp
Cost of risk (annualised)	2 bp	25 bp	-23 bp
Share of defaulted loans	2.6%	2.7%	-0.1 pp
Stage 3 loans coverage ratio	57.8%	57.6%	0.1 pp
Green loan portfolio	1,281.2	1,268.3	1.0%

Assets

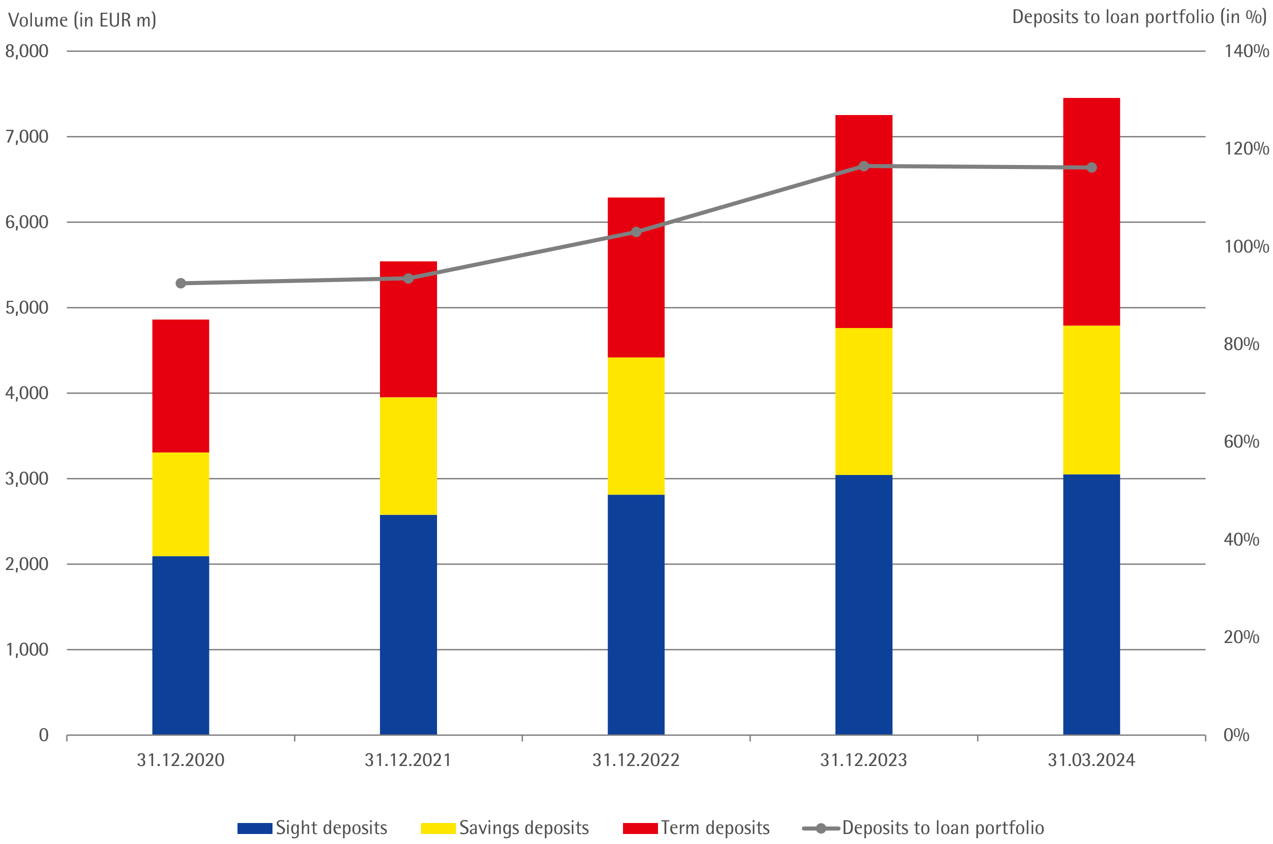
As of 31 March 2024, total assets had increased by EUR 207.9 million, or 2.1%, compared to year-end 2023. This is mainly due to additional loans and advances to customers (+EUR 187.5 million), loans and advances to banks (+EUR 121.6 million) and investment securities (+EUR 63.0 million).



Loan portfolio development, by loan volume

Liabilities and equity

The total portfolio of our liabilities increased by EUR 170.2 million since the beginning of the year, mainly due to the positive development of deposits. Customer deposits are also the most important source of funding for our group. The total increase in deposits of EUR 200.4 million, or 2.8%, was mainly generated by additional term deposits from business and private clients. The deposit-to-loan ratio declined slightly by 0.3 percentage points from year-end 2023 to 116.2%.



Deposit development

We had a solid liquidity position at all times during the reporting period. At the end of the first quarter of 2024, the liquidity coverage ratio (LCR) was 193.0% (as of 31 December 2023: 177.9%). The structural liquidity ratio (NSFR) was 156.0% (as of 31 December 2023: 158.1%).

Equity increased by EUR 37.7 million compared to year-end 2023, mainly on the basis of the current consolidated result. The Common Equity Tier 1 capital ratio (CET1 fully loaded) is 14.0% at 31 March 2024, down 0.3 percentage points from the year-end 2023 level. The group's capitalisation continues to be very solid.

Result of operations

The results in the first three months of 2024 were positive. Our consolidated result of EUR 33.5 million corresponds to a return on equity of 13.4% and is higher than our result for the same period last year. This reflects the steady development of our banks, as characterised by loan portfolios that are generally showing growth, rising net interest income and net fee and commission income, and improved return on equity and cost-income ratios, all of which highlights the group's strong earning potential.

Our net interest income showed an increase of EUR 14.6 million or 19.4% over the previous year's period. Interest income rose by EUR 28.1 million, while interest expenses grew by EUR 13.5 million. The growth in interest income is due both to key interest rate increases, which had an impact on our loan portfolio and also led on average to higher interest rates on central bank balances and bonds, and to the growth of our loan portfolio. The rise in interest expenses is mainly attributable to higher interest rates on savings and term deposits for business and private clients. The net interest margin was 3.7%, slightly above the 3.6% reported at year-end.

Net fee and commission income remained stable at EUR 14.1 million, with a EUR 1.7 million increase in fee and commission income being offset by a roughly equal rise in fee and commission expenses. At EUR 6.6 million, the result from foreign exchange transactions also remained at the same level as in the previous year's period. The net other operating result fell by EUR 2.5 million, mainly due to lower income from disposals. Overall, we were able to report an increase of EUR 13.4 million or 14.3% in operating income.

Personnel and administrative expenses grew by EUR 10.2 million or 18.3%. An increase in the number of employees and average salaries, additional personnel expenses, higher IT expenses in line with our IT strategy and additional tax expenses were the main drivers here. Personnel expenses rose by EUR 4.6 million or 16.7%, while administrative expenses increased by EUR 5.6 million or 19.7%. Overall, the group's profit before tax and loss allowances increased by EUR 3.2 million or 8.5% to EUR 41.0 million. Our cost-income ratio increased by 2.1 percentage points to 61.7%.

Loss allowances declined by EUR 1.6 million to a total of EUR 0.3 million. This corresponds to a cost of risk of 2 basis points, which is significantly lower than the previous year's level (25 basis points).

Overall, our consolidated result increased by EUR 4.1 million compared to the same period in the previous year up to EUR 33.5 million, in particular due to higher net interest income; this corresponds to a return on equity of 13.4%.

The share of defaulted loans increased slightly compared to year-end 2023, rising by 0.1 percentage points to 2.6%. The Stage 3 loans coverage ratio remained largely stable at 57.8%.

The financial position and financial performance of the group are solid and the business development is positive. The group as a whole and each individual institution in the group remained at all times in full compliance with all financial commitments.

Segment overview

The profit of the period in our geographic segments South Eastern Europe, Eastern Europe, South America and Germany will be discussed below.

in '000 EUR	**1.1.–31.3.2024**	**1.1.–31.3.2023**
South Eastern Europe	28,673	22,643
Eastern Europe	11,599	10,598
South America	- 1,134	273
Germany*	- 5,600	- 4,050
Profit of the period	**33,538**	**29,463**

* *Segment Germany includes consolidation effects*

South Eastern Europe

in EUR m

Statement of Financial Position	31.3.2024	31.12.2023	Change
Loan portfolio	4,816.2	4,626.3	189.8
Deposits	5,447.5	5,327.0	120.6

Statement of Profit or Loss	1.1.–31.3.2024	1.1.–31.3.2023	Change
Net interest income	59.4	47.3	12.0
Net fee and commission income	9.0	8.7	0.2
Operating income	71.0	58.3	12.8
Personnel and administrative expenses	39.1	32.1	7.1
Loss allowance	-0.7	0.5	-1.3
Profit of the period	28.7	22.6	6.0

Key performance indicators	1.1.–31.3.2024	1.1.–31.3.2023	Change
Change in loan portfolio	4.1%	-0.1%	4.2 pp
Cost-income ratio	55.1%	55.0%	0.1 pp
Return on equity (annualised)	16.3%	13.7%	2.6 pp

Additional indicators	31.3.2024	31.12.2023	Change
Deposits to loan portfolio	113.1%	115.1%	-2.0 pp
Net interest margin (annualised)	3.4%	3.3%	0.1 pp
Cost of risk (annualised)	-6 bp	27 bp	-33 bp
Share of defaulted loans	1.8%	1.8%	0.0 pp
Stage 3 loans coverage ratio	55.3 %	55.8 %	-0.5 pp
Green loan portfolio	1,040.4	1,021.6	1.8 %

Loan portfolio and deposits are presented without intercompany transactions.

South Eastern Europe is the group's largest segment. The segment's loan portfolio increased by EUR 189.8 million or 4.1% to a total of EUR 4.8 billion. All of our banks achieved growth in this area, with particularly strong contributions from the institutions in Kosovo, Albania and Bosnia and Herzegovina. The green loan portfolio grew by 1.8%, with above-average growth at our banks in Bosnia and Herzegovina, North Macedonia, Romania and Bulgaria. The share of defaulted loans remained stable at 1.8%, and the Stage 3 loans coverage ratio declined slightly by 0.5 percentage points from the end of the previous year to a total of 55.3%.

Deposits increased by EUR 120.6 million or 2.3%, with particularly strong growth rates at our banks in Albania, Bosnia and Herzegovina, Kosovo, Serbia and Romania.

The profit of the period stood at EUR 28.7 million, an increase of EUR 6.0 million compared to the same period in the previous year, primarily due to a rise of EUR 12.0 million in net interest income. Operating income increased by EUR 12.8 million overall, while personnel and administrative expenses grew by EUR 7.1 million. Cost of risk stood at a typical low level in the first quarter at -6 basis points. The segment's cost-income ratio remained virtually unchanged at 55.1%. The return on equity improved by 2.6 percentage points to 16.3%.

Eastern Europe

in EUR m

Statement of Financial Position	31.3.2024	31.12.2023	Change
Loan portfolio	1,067.5	1,075.2	-7.7
Deposits	1,319.1	1,266.6	52.5

Statement of Profit or Loss	1.1.-31.3.2024	1.1.-31.3.2023	Change
Net interest income	25.5	22.3	3.2
Net fee and commission income	1.5	1.7	-0.2
Operating income	29.3	26.4	2.9
Personnel and administrative expenses	13.4	11.2	2.1
Loss allowance	1.0	1.6	-0.5
Profit of the period	11.6	10.6	1.0

Key performance indicators	1.1.-31.3.2024	1.1.-31.3.2023	Change
Change in loan portfolio	-0.7%	-2.8%	2.0 pp
Cost-income ratio	45.6%	42.6%	3.1 pp
Return on equity (annualised)	20.6%	21.0%	-0.4 pp

Additional indicators	31.3.2024	31.12.2023	Change
Deposits to loan portfolio	123.6%	117.8%	5.8 pp
Net interest margin (annualised)	5.5%	5.4%	0.1 pp
Cost of risk (annualised)	38 bp	14 bp	25 bp
Share of defaulted loans	4.5%	5.1%	-0.5 pp
Stage 3 loans coverage ratio	77.3%	75.4%	1.9 pp
Green loan portfolio	146.9	150.6	-2.5%

Deposits are presented without intercompany transactions.

In the Eastern Europe segment, the loan portfolio decreased by EUR 7.7 million or 0.7%, in particular due to a further reduction of the loan portfolio in Ukraine. The loan portfolios of the banks in Moldova and Georgia showed comparatively strong growth of 7.4% and 5.2%, respectively. The share of defaulted loans in the segment declined by 0.5 percentage points to 4.5%. The Stage 3 loans coverage ratio in the segment increased compared to the end of the previous year by 1.9 percentage points; it remains at a higher level of 77.3% due to the elevated risk provisioning for the Ukrainian portfolio. Deposits grew by EUR 52.5 million or 4.1% compared to the end of the previous year, with particularly strong growth at our bank in Moldova. Our deposit-to-loan ratio increased by 5.8 percentage points to 123.6%.

The profit of the period improved, growing by EUR 1.0 million to EUR 11.6 million. The performance of ProCredit Bank Ukraine in particular contributed to this development. Operating income increased by EUR 2.9 million or 11.0%, while personnel and administrative expenses were EUR 2.1 million above the previous year's level at EUR 13.4 million. The cost-income ratio increased by 3.1 percentage points to 45.6%. Expenditures for loss allowances amounted to EUR 1.0 million, which corresponds to an annualised cost of risk of 38 basis points. The profit of the period corresponds to an annualised return on equity of 20.6%.

South America

in EUR m

Statement of Financial Position	31.3.2024	31.12.2023	Change
Loan portfolio	489.1	481.6	7.5
Deposits	393.9	383.0	10.9

Statement of Profit or Loss	1.1.–31.3.2024	1.1.–31.3.2023	Change
Net interest income	4.4	5.4	-1.0
Net fee and commission income	0.1	0.1	0.0
Operating income	4.9	5.4	-0.6
Personnel and administrative expenses	6.0	4.9	1.1
Loss allowance	0.0	-0.2	0.2
Profit of the period	-1.1	0.3	-1.4

Key performance indicators	1.1.–31.3.2024	1.1.–31.3.2023	Change
Change in loan portfolio	1.6%	-1.4%	3.0 pp
Cost-income ratio	123.5%	90.1%	33.3 pp
Return on equity (annualised)	-9.3%	2.1%	-11.3 pp

Additional indicators	31.3.2024	31.12.2023	Change
Deposits to loan portfolio	80.5%	79.5%	1.0 pp
Net interest margin (annualised)	2.9%	3.1%	-0.2 pp
Cost of risk (annualised)	1 bp	41 bp	-40 bp
Share of defaulted loans	6.5%	6.9%	-0.4 pp
Stage 3 loans coverage ratio	34.6%	33.0%	1.6 pp
Green loan portfolio	80.7	82.3	-2.0%

Deposits are presented without intercompany transactions.

The loan portfolio of ProCredit Bank Ecuador expanded slightly, growing by EUR 7.5 million or 1.6% to EUR 489.1 million. Deposits increased by EUR 10.9 million or 2.9% to a total of EUR 393.9 million.

The profit of the period decreased by EUR 1.4 million to EUR -1.1 million. This was primarily attributable to lower net interest income due to a tighter net interest margin and rising personnel and administrative expenses. The net interest margin declined due to regulatory lending rate caps in Ecuador, which prevented existing financial instruments from being repriced in the current environment of rising interest rates. The cost-income ratio increased by 33.3 percentage points to 123.5%, and the return on equity was negative at -9.3%.

Germany

in EUR m

Statement of Financial Position	31.3.2024	31.12.2023	Change
Loan portfolio	40.9	43.3	-2.4
Deposits	294.1	277.6	16.4

Statement of Profit or Loss	1.1.-31.3.2024	1.1.-31.3.2023	Change
Net interest income	0.8	0.4	0.4
Operating income	44.2	21.4	22.8
Personnel and administrative expenses	24.6	20.8	3.8
Loss allowance	0.0	0.0	0.0
Profit of the period	19.6	0.7	18.9
Profit of the period and consolidation effects	-5.6	-4.1	-1.5

Loan portfolio and deposits are presented without intercompany transactions.

The development of the Germany segment is essentially based on 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 decreased slightly compared to 31 December 2023, whereas deposits grew by EUR 16.4 million. Operating income was dominated by dividend payments from subsidiary banks to ProCredit Holding, IT services performed by QUIPU and the operating activities of ProCredit Bank Germany. Compared to the previous year's period, the result for ProCredit Bank Germany improved by EUR 0.8 million to EUR 2.9 million, which is largely attributable to the EUR 1.1 million increase in net interest income.

The segment's profit of the period increased compared to the previous year's period, in particular as the growth of operating income far outpaced that of personnel and administrative expenses. The increase in personnel and administrative expenses was partly due to additional personnel expenses resulting from an increase in the number of employees and higher salaries, as well as additional expenses for software. 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 1.5 million.

Events after the reporting period

As of 1 April 2024, Mr Christoph Beeck and Mr Georgios Chatzis were appointed as members of the Management Board for a term of three years. Christoph Beeck is responsible for Human Resources, Internal Audit, Compliance, Administration and Translation. After an onboarding phase, Georgios Chatzis will take over the duties of Chief Risk Officer.

Following the resignation of Ms Helen Alexander, which took effect on 18 April 2024, Mr Patrick Zeitinger was appointed as a member of the Supervisory Board by Zeitinger Invest GmbH from 19 April 2024. The appointment is for the period until the end of the General Meeting that resolves on the ratification of the acts of Mr Zeitinger for the 2028 financial year.

On 25 April 2024, ProCredit Holding successfully placed green Tier 2 bonds with a total volume of EUR 125 million with international and domestic institutional investors. This transaction is expected to increase the ProCredit group's total capital ratio by around 2 percentage points. It amounted to 15.4% at the end of the first quarter of 2024.

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 capital adequacy of the group and each individual bank continues to be sustainable and appropriate at all times, as well as to achieve steady results. The risk management principles and the risk strategy of the ProCredit group have not changed compared to the end of the previous year. The information provided in the 2023 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 uncertainties resulting from the current macroeconomic and geopolitical environment.

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 quality and low risk concentrations within the loan portfolio, as well as appropriate coverage of credit risks with loss allowances.

We monitor our loan portfolio 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, and it is updated on an ongoing basis. Our credit exposures 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.

As in the previous year, our risk assessment focuses on the continuing uncertain macroeconomic conditions. The conflict in Ukraine has a significant impact on our portfolio of loans there, but it continues to have only a limited impact on clients in our countries of operation outside of Ukraine. We also see inflation falling while interest rates remain high and relatively stable. Additional market disruptions, e.g. in energy supply and pricing, could have an impact on credit risk and the ability of our customers to service their debts.

The lending business with new and existing customers in Ukraine is subject to special conditions in order to effectively limit our credit risk. The risk classifications for our exposures in Ukraine are reassessed on an ongoing basis in order to ensure early identification and adequate reflection of potential increases in default risk. Overall, at the end of the first quarter 6.8% of the bank's loan portfolio was classified as defaulted; this generally includes all exposures to clients in currently occupied territories. The situation in Ecuador remains challenging, but has not yet led to a significant deterioration in the quality of the bank's portfolio.

Overall, with the exception of the points noted above, we were unable to identify any significant change in riskiness in our banks at the end of the first quarter. We continue to take these effects into account as part of a general negative outlook for credit risk at group level.

During the reporting period, on-balance-sheet loss allowances decreased overall by EUR 0.2 million (previous year's period: EUR -2.8 million); decreases were recorded in Stage 2 and Stage 3 due to reductions in receivables in those stages, whereas provisioning for Stage 1 increased due to portfolio growth during the first quarter.

	31.3.2024				
in '000 EUR	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
South Eastern Europe					
Gross outstanding amount	4,518,762	211,115	85,684	604	**4,816,164**
Loss allowances	-38,888	-13,023	-47,586	-145	**-99,642**
Net outstanding amount	4,479,874	198,092	38,098	458	**4,716,523**
Eastern Europe					
Gross outstanding amount	733,197	285,884	47,919	542	**1,067,542**
Loss allowances	-12,549	-30,302	-37,158	-319	**-80,327**
Net outstanding amount	720,648	255,582	10,761	223	**987,214**
South America					
Gross outstanding amount	402,002	55,339	31,543	261	**489,144**
Loss allowances	-2,965	-2,239	-10,919	-87	**-16,210**
Net outstanding amount	399,037	53,100	20,623	174	**472,934**
Germany					
Gross outstanding amount	40,105	823	-	-	**40,928**
Loss allowances	-403	-17	-	-	**-421**
Net outstanding amount	39,701	806	-	-	**40,507**
Total					
Gross outstanding amount	5,694,066	553,160	165,146	1,406	**6,413,778**
Loss allowances	-54,805	-45,581	-95,663	-552	**-196,600**
Net outstanding amount	5,639,261	507,579	69,483	855	**6,217,178**
Financial off-balance sheet transactions					
Nominal amount	827,169	97,762	831	-	**925,762**
Provisions	-3,818	-3,550	-413	-	**-7,782**

in '000 EUR	31.12.2023 Stage 1	Stage 2	Stage 3	POCI	Total
South Eastern Europe					
Gross outstanding amount	4,307,663	237,262	80,342	1,059	**4,626,325**
Loss allowances	-36,930	-16,319	-44,934	-494	**-98,677**
Net outstanding amount	4,270,733	220,942	35,408	565	**4,527,648**
Eastern Europe					
Gross outstanding amount	734,497	286,190	53,989	552	**1,075,227**
Loss allowances	-10,693	-29,927	-40,641	-496	**-81,757**
Net outstanding amount	723,804	256,262	13,348	56	**993,470**
South America					
Gross outstanding amount	402,868	45,437	32,654	648	**481,607**
Loss allowances	-2,873	-2,019	-10,874	-120	**-15,886**
Net outstanding amount	399,995	43,417	21,780	528	**465,721**
Germany					
Gross outstanding amount	41,660	1,656	-	-	**43,316**
Loss allowances	-416	-23	-	-	**-440**
Net outstanding amount	41,244	1,632	-	-	**42,876**
Total					
Gross outstanding amount	5,486,688	570,543	166,985	2,258	**6,226,475**
Loss allowances	-50,912	-48,289	-96,449	-1,109	**-196,760**
Net outstanding amount	5,435,776	522,254	70,536	1,149	**6,029,715**
Financial off-balance sheet transactions					
Nominal amount	840,729	84,039	726	-	**925,494**
Provisions	-3,661	-2,126	-429	-	**-6,217**

Credit risk at the portfolio level is assessed on a monthly basis and, if necessary, more frequently. The stable, and in retrospect long-term, development of portfolio quality is attributable to careful credit analysis and customer service, particularly in our SME business. 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 end of the first quarter of 2024, the share of defaulted loans had declined slightly compared to year-end 2023, decreasing from 2.7% to 2.6%, mainly due to derecognitions, write-offs and repayments in Stage 3. The ratio of allowances to Stage 3 loans increased slightly, from 57.6% to 57.8%.

Capital management

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

As of 31 March 2024, the Common Equity Tier 1 and Tier 1 capital ratios of the ProCredit group stood at 14.0%. The total capital ratio was 15.4%. Our capitalisation is thus comfortably above the regulatory requirements, which are currently set at 9.3% for the Common Equity Tier 1 capital ratio, 11.5% for the Tier 1 capital ratio and 14.3% for the total capital ratio.

in EUR m	**31.3.2024**	**31.12.2023**
Common equity (net of deductions)	902.4	884.8
Additional Tier 1 (net of deductions)	-	-
Tier 2 capital	93.4	94.6
Total capital	995.8	979.5
RWA total	6,464.2	6,192.8
Credit risk	5,156.7	5,006.6
Market risk	695.3	666.4
Operational risk	599.8	508.4
Credit Valuation Adjustment risk	12.4	11.4
Common Equity Tier 1 capital ratio	14.0%	14.3%
Total capital ratio	15.4%	15.8%
Leverage ratio (CRR)	8.8%	8.8%

The capitalisation of the ProCredit group in the economic and normative perspectives was always ensured, as was its stress resistance level.

OUTLOOK

Based on the positive developments in the first quarter, we confirm our forecasts as set out in the 2023 combined management report. For the 2024 financial year, we aim for our loan portfolio to grow by around 10% (adjusted for currency effects). We expect the return on equity to be at a level of 10-12% with a cost-income ratio of around 63% and assuming cost of risk at up to 40 basis points. We expect the Common Equity Tier 1 capital ratio to be over 13% at year-end.

In the medium term, we aim to grow our loan portfolio to over EUR 10 billion. The proportion of green loans should be at least 25%. In the medium term, we see potential for a return on equity of 13-14% and a cost-income ratio of around 57%. Here, we assume cost of risk of around 30-35 basis points. In these medium-term prospects, the overall contribution of ProCredit Bank Ukraine is considered to be largely neutral. In our forecasts we do not take into account any upside potential, e.g. through reconstruction of the country co-financed by the Western community.

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), provided that increased funding costs cannot be fully passed on to customers due to the ceilings, a rise in inflation rates and pronounced exchange rate fluctuations.

SELECTED FINANCIAL INFORMATION

Consolidated statement of profit or loss

in '000 EUR	1.1.–31.3.2024	1.1.–31.3.2023
Interest income (effective interest method)*	143,568	116,133
Other interest income*	1,543	891
Interest expenses	55,042	41,591
Net interest income	**90,069**	**75,434**
Fee and commission income	21,979	20,304
Fee and commission expenses	7,899	6,312
Net fee and commission income	**14,081**	**13,992**
Result from foreign exchange transactions	6,571	6,471
Result from derivative financial instruments and hedging relationships	44	-693
Result on derecognition of financial assets measured at amortised cost	-1	-372
Net other operating result	-3,598	-1,094
Operating income	**107,166**	**93,737**
Personnel expenses	32,215	27,595
Administrative expenses	33,909	28,319
Loss allowance	293	1,889
Profit before tax	**40,749**	**35,933**
Income tax expenses	7,211	6,470
Profit of the period	**33,538**	**29,463**
Profit attributable to ProCredit shareholders	*33,538*	*29,463*

** Previous year figures have been adapted to the current disclosure structure.*

Consolidated statement of other comprehensive income

in '000 EUR	**1.1.–31.3.2024**	**1.1.–31.3.2023**
Profit of the period	**33,538**	**29,463**
Items that are or may be reclassified to profit or loss		
Change in revaluation reserve from investment securities*	53	1,071
*Change in value not recognised in profit or loss**	*47*	*1,097*
Change in loss allowance (recognised in profit or loss)	*6*	*-26*
Change in deferred tax on revaluation reserve from investment securities	4	-94
Change in translation reserve	3,796	2,501
Change in value not recognised in profit or loss	*3,796*	*2,501*
Items that will not be reclassified to profit or loss		
Change in revaluation reserve from shares*	266	349
Other comprehensive income of the period, net of tax	**4,120**	**3,828**
Total comprehensive income of the period	**37,658**	**33,291**
Total comprehensive income attributable to ProCredit shareholders	*37,658*	*33,291*
Earnings per share** in EUR	0.57	0.50

** Previous year figures have been adapted to the current disclosure structure.*

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

Consolidated statement of financial position

in '000 EUR	31.3.2024	31.12.2023
Assets		
Cash	160,587	219,879
Central bank balances	2,018,794	2,127,737
Loans and advances to banks	493,733	372,141
Derivative financial assets	8,772	8,083
Investment securities	813,560	750,542
Loans and advances to customers	6,217,178	6,029,715
Property, plant and equipment	137,497	137,423
Intangible assets	25,202	22,732
Current tax assets	6,622	4,132
Deferred tax assets	9,600	12,201
Other assets	65,293	64,382
Total assets	**9,956,838**	**9,748,966**

Liabilities and equity		
Liabilities to banks	1,108,310	1,127,680
Derivative financial liabilities	757	1,334
Liabilities to customers	7,454,644	7,254,236
Debt securities	147,867	147,088
Other liabilities	50,101	48,613
Provisions	24,098	21,997
Current tax liabilities	6,602	23,513
Deferred tax liabilities	1,405	1,449
Subordinated debt	141,608	139,269
Liabilities	**8,935,393**	**8,765,177**
Subscribed capital and capital reserve	441,277	441,277
Retained earnings	659,442	625,906
Translation reserve	-81,689	-85,485
Revaluation reserve	2,415	2,091
Equity attributable to ProCredit shareholders	**1,021,446**	**983,789**
Total liabilities and equity	**9,956,838**	**9,748,966**

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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.