ProCredit
HOLDING

INTERIM REPORT AS OF 30 JUNE

2024

Contents

Interim group management report

FUNDAMENTAL INFORMATION ABOUT THE GROUP

Our strategy

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

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

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 six months of the year, particularly with regard to the good profit of the period and strong growth figures. Our banks reported almost exclusively positive financial figures and we achieved a return on equity of 11.6% at the end of the second quarter, which is at the upper end of our expectations for the 2024 financial year (10-12%). Likewise, nearly all the banks recorded good loan portfolio and deposit growth. The loan portfolio in Ukraine is an exception here, as we are restricting new lending business primarily to our existing customers outside the conflict zone due to the ongoing armed conflict.

in EUR m

Statement of Financial Position	**30.6.2024**	**31.12.2023**	**Change**
Loan portfolio	6,656.0	6,226.5	429.5
Deposits	7,549.0	7,254.2	294.8

Statement of Profit or Loss	**1.1.–30.6.2024**	**1.1.–30.6.2023**	**Change**
Net interest income	180.6	155.7	24.9
Net fee and commission income	29.3	28.9	0.5
Operating income	219.7	191.8	27.9
Personnel and administrative expenses	140.8	114.5	26.3
Loss allowance	5.7	0.5	5.2
Profit of the period	57.6	64.1	-6.5

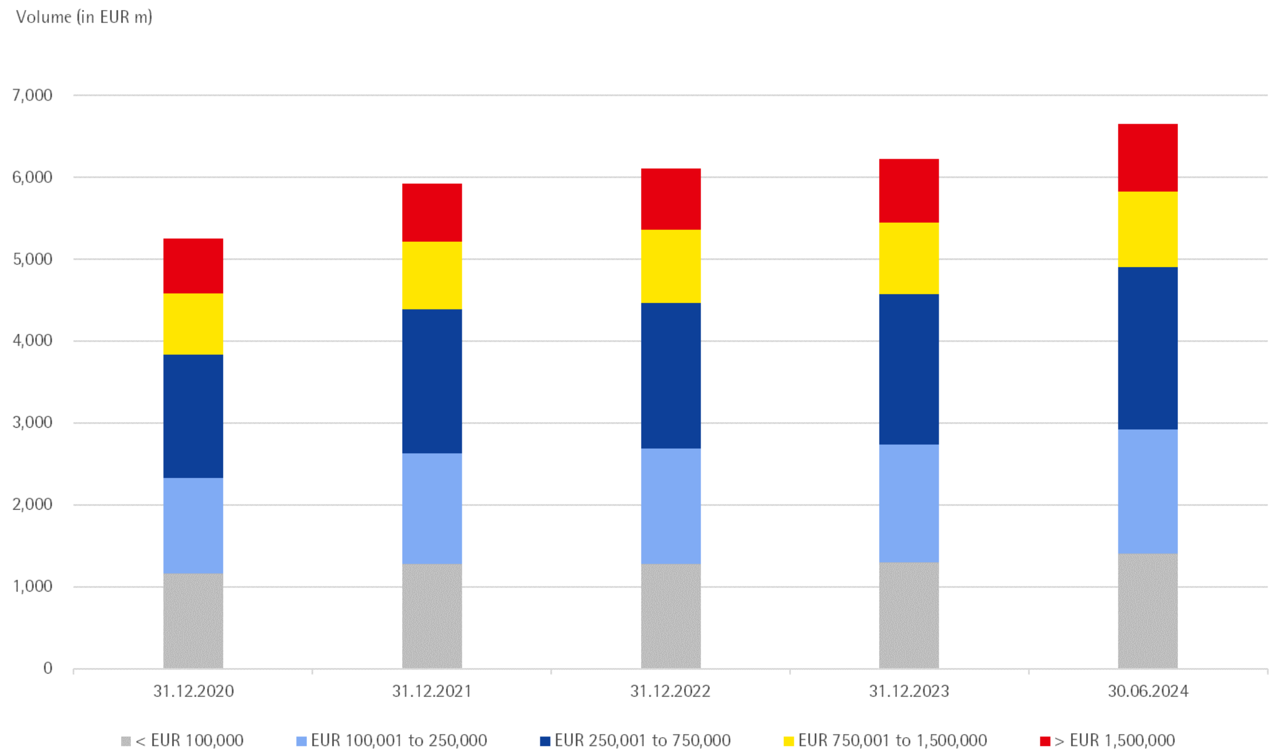
Key performance indicators	**1.1.–30.6.2024**	**1.1.–30.6.2023**	**Change**
Change in loan portfolio	6.9%	0.8%	6.1 pp
Cost-income ratio	64.1%	59.7%	4.4 pp
Return on equity (annualised)	11.6%	14.2%	-2.6 pp

	30.6.2024	**31.12.2023**	**Change**
Common Equity Tier 1 capital ratio	14.0%	14.3%	-0.3 pp

Additional indicators	**30.6.2024**	**31.12.2023**	**Change**
Deposits to loan portfolio	113.4%	116.5%	-3.1 pp
Net interest margin (annualised)	3.6%	3.6%	0.0 pp
Cost of risk (annualised)	18 bp	25 bp	-7 bp
Share of defaulted loans	2.5%	2.7%	-0.2 pp
Stage 3 loans coverage ratio	55.6%	57.6%	-2.0 pp
Green loan portfolio	1,310.1	1,268.3	3.3%

Assets

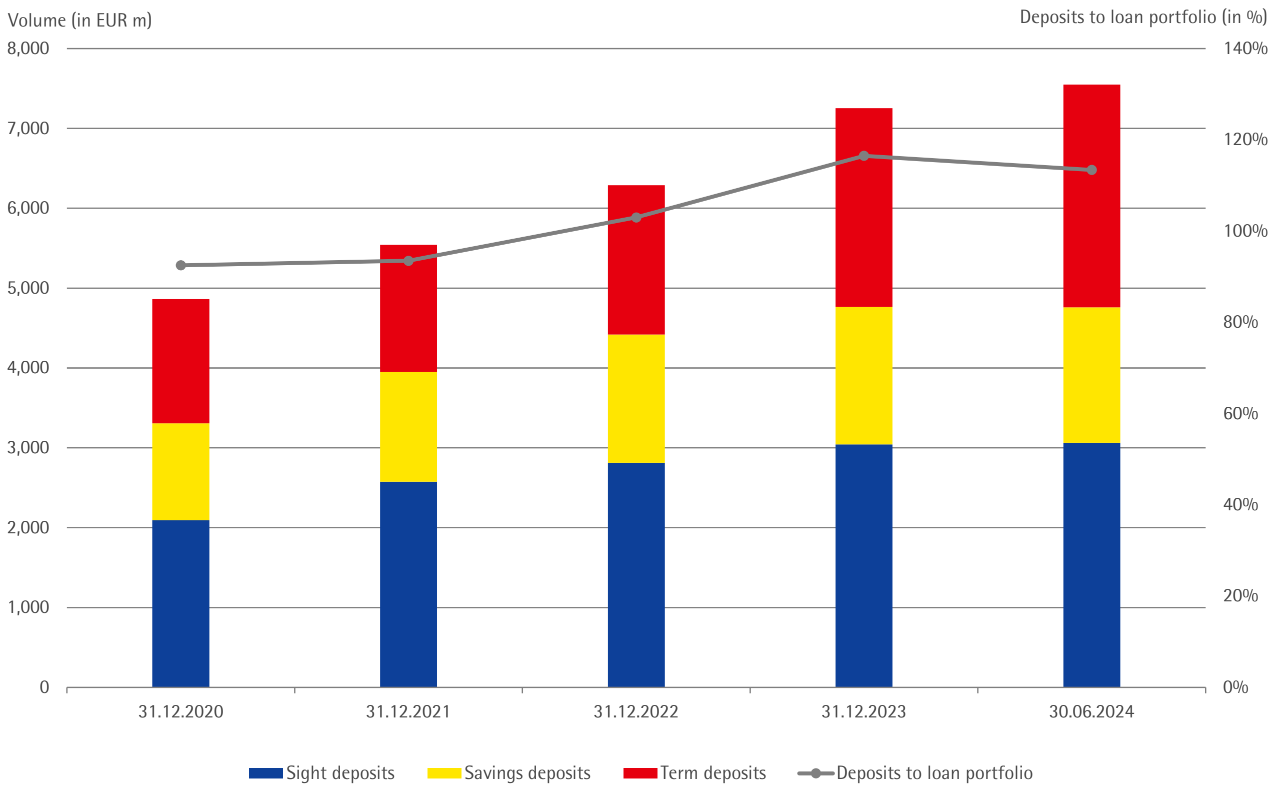
As of 30 June 2024, total assets had increased by EUR 306.0 million, or 3.1%, compared to year-end 2023. This is mainly due to additional loans and advances to customers (+EUR 431.7 million), investment securities (+EUR 56.3 million), and loans and advances to banks (+EUR 47.9 million); at the same time, there were decreases in central bank balances (-EUR 184.0 million) and cash (-EUR 53.3 million).



Loan portfolio development, by loan volume

Liabilities and equity

The total portfolio of our liabilities increased by EUR 285.6 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 294.8 million, or 4.1%, was mainly generated by additional term deposits from private clients. The deposit-to-loan ratio declined by 3.1 percentage points from year-end 2023 to 113.4%. In addition, the volume of subordinated debt increased by EUR 106.0 million, in particular due to the placement of green Tier 2 bonds in the amount of EUR 125 million in April 2024. The volume of other debt instruments, such as liabilities to banks and debt securities, decreased by EUR 102.8 million due to contractual repayments.



Deposits

We had a solid liquidity position at all times during the reporting period. At the end of the second quarter of 2024, the liquidity coverage ratio (LCR) stood at 202.0% (31 December 2023: 177.9%). The net stable funding ratio (NSFR) stood at 153.6% (31 December 2023: 158.1%).

Equity increased by EUR 20.4 million compared to year-end 2023, mainly on the basis of the current consolidated result excluding the prorated dividend payout of the 2023 consolidated result in the amount of EUR 37.7 million. The Common Equity Tier 1 capital ratio (CET1 fully loaded) is 14.0% at 30 June 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 financial performance of the group in the first six months of 2024 was positive. Our consolidated result of EUR 57.6 million corresponds to a return on equity of 11.6%. This result 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, as well as the improved return on equity, all of which highlights the group's strong earning potential.

Our net interest income showed an increase of EUR 24.9 million or 16.0% over the previous year's period. Interest income rose by EUR 48.7 million, while interest expenses grew by EUR 23.8 million. The rise in interest income is due both to key interest rate increases, which had an impact on our loan portfolio and also led to higher average interest rates on central bank balances and bonds, as well as to the growth of our loan portfolio. The increase in interest expenses is mainly attributable to higher interest rates on savings and term deposits for business and private clients. At 3.6%, the net interest margin was at the year-end level.

Net fee and commission income grew slightly, rising to EUR 29.3 million, with the increase in fee and commission income by EUR 3.6 million set against the EUR 3.1 million increase in fee and commission expenses. The result from foreign exchange transactions grew by EUR 1.1 million, or 8.8%, to EUR 14.1 million. Net other operating result declined marginally by EUR 0.1 million. Overall, we were able to report an increase of EUR 27.9 million or 14.6% in operating income, which was mainly attributable to the growth in net interest income.

Personnel and administrative expenses grew by EUR 26.3 million or 22.9%, mainly as a result of the investments announced for the year in staff, IT, marketing and process automation, which aim to accelerate business growth and achieve economies of scale in the medium term. Personnel expenses increased by EUR 12.9 million or 22.8% due to the increase in the number of employees and in the average salaries. Administrative expenses grew by EUR 13.4 million or 23.0%, largely due to higher IT and marketing expenses as well as additional tax expenses. Overall, the group's profit before tax and loss allowances increased by EUR 1.7 million or 2.2% to EUR 79.0 million. Our cost-income ratio rose, moving 4.4 percentage points to 64.1%.

Loss allowances increased by EUR 5.2 million to EUR 5.7 million overall. This corresponds to a cost of risk of 18 basis points, which is lower than the previous year’s level (25 basis points).

Overall, our consolidated result stood at EUR 57.6 million and thus EUR 6.5 million below the same period in the previous year. In comparison, the higher net interest income was offset by additional personnel and administrative expenses as well as increased loss allowances, which were at a low level in 2023. In addition, income tax expenses increased by EUR 3.0 million, in particular due to withholding taxes on dividends paid within the group. Overall, our consolidated result corresponds to a return on equity of 11.6%.

The share of defaulted loans improved slightly to 2.5%, declining by 0.2 percentage points compared to year-end 2023. The Stage 3 loans coverage ratio decreased slightly to 55.6% (previous year: 57.6%).

Segment overview

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

in '000 EUR	**1.1.–30.6.2024**	**1.1.–30.6.2023**
South Eastern Europe	57,752	44,750
Eastern Europe	20,097	26,242
South America	– 4,639	– 355
Germany*	– 15,610	– 6,576
Profit of the period	**57,599**	**64,061**

* *Segment Germany includes consolidation effects*

South Eastern Europe

in EUR m

Statement of Financial Position	30.6.2024	31.12.2023	Change
Loan portfolio	5,003.3	4,626.3	377.0
Deposits	5,517.7	5,327.0	190.8

Statement of Profit or Loss	1.1.–30.6.2024	1.1.–30.6.2023	Change
Net interest income	122.1	99.5	22.6
Net fee and commission income	19.1	18.4	0.7
Operating income	146.4	121.3	25.0
Personnel and administrative expenses	80.6	66.3	14.3
Loss allowance	-0.2	4.5	-4.6
Profit of the period	57.8	44.7	13.0

Key performance indicators	1.1.–30.6.2024	1.1.–30.6.2023	Change
Change in loan portfolio	8.1%	2.1%	6.0 pp
Cost-income ratio	55.1%	54.6%	0.4 pp
Return on equity (annualised)	16.4%	13.2%	3.2 pp

Additional indicators	30.6.2024	31.12.2023	Change
Deposits to loan portfolio	110.3%	115.1%	-4.9 pp
Net interest margin (annualised)	3.5%	3.3%	0.2 pp
Cost of risk (annualised)	-1 bp	27 bp	-28 bp
Share of defaulted loans	1.7%	1.8%	-0.1 pp
Stage 3 loans coverage ratio	54.4 %	55.8 %	-1.4 pp
Green loan portfolio	1,070.2	1,021.6	4.8 %

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 377.0 million or 8.1% to a total of EUR 5.0 billion. All of the banks contributed to this growth, and particularly the institutions in Albania, Kosovo, Bosnia and Herzegovina and Bulgaria. The green loan portfolio grew by 4.8%, with above-average growth at our banks in Albania, Romania and Bosnia and Herzegovina. The share of defaulted loans remained stable at 1.7%, and the Stage 3 loans coverage ratio declined by 1.4 percentage points from year-end to a total of 54.4%.

Deposits increased by EUR 190.8 million or 3.6%, with particularly strong growth rates at our banks in Romania, Bulgaria and Serbia.

The profit of the period stood at EUR 57.8 million, an increase of EUR 13.0 million compared to the same period in the previous year, primarily due to a rise of EUR 22.6 million in net interest income. Operating income in the segment increased by EUR 25.0 million overall, while personnel and administrative expenses grew by EUR 14.3 million. Cost of risk stood at a low level of -1 basis point. The cost-income ratio for the segment increased slightly, rising 0.4 percentage points to 55.1%. The return on equity improved by 3.2 percentage points to 16.4%.

Eastern Europe

in EUR m

Statement of Financial Position	30.6.2024	31.12.2023	Change
Loan portfolio	1,124.4	1,075.2	49.2
Deposits	1,344.6	1,266.6	78.0

Statement of Profit or Loss	1.1.–30.6.2024	1.1.–30.6.2023	Change
Net interest income	49.0	44.9	4.1
Net fee and commission income	3.1	3.5	-0.3
Operating income	57.8	52.2	5.6
Personnel and administrative expenses	27.9	23.0	4.9
Loss allowance	4.4	-3.0	7.4
Profit of the period	20.1	26.2	-6.1

Key performance indicators	1.1.–30.6.2024	1.1.–30.6.2023	Change
Change in loan portfolio	4.6%	-3.5%	8.0 pp
Cost-income ratio	48.2%	44.0%	4.2 pp
Return on equity (annualised)	17.7%	25.1%	-7.4 pp

Additional indicators	30.6.2024	31.12.2023	Change
Deposits to loan portfolio	119.6%	117.8%	1.8 pp
Net interest margin (annualised)	5.3%	5.4%	-0.1 pp
Cost of risk (annualised)	80 bp	14 bp	66 bp
Share of defaulted loans	4.1%	5.1%	-1.0 pp
Stage 3 loans coverage ratio	73.8%	75.4%	-1.6 pp
Green loan portfolio	148.7	150.6	-1.3%

Deposits are presented without intercompany transactions.

In the Eastern Europe segment, the loan portfolio increased by EUR 49.2 million or 4.6%, despite the further reduction of the loan portfolio in Ukraine. The loan portfolios of the banks in Moldova and Georgia showed comparatively strong growth rates of 15.5% and 9.8%, respectively. The share of defaulted loans in the segment declined by 1.0 percentage point to 4.1%. The Stage 3 loans coverage ratio in the segment decreased by 1.6 percentage points compared to the end of the year, yet remains at a relatively high level of 73.8% due to the elevated loss allowances for the Ukrainian portfolio. Deposits grew by EUR 78.0 million or 6.2% compared to the end of the year, with particularly strong growth at our banks in Georgia and Moldova. As a result, our deposit-to-loan ratio increased by 1.8 percentage points to 119.6%.

The profit of the period decreased by EUR 6.1 million compared to the previous year's period, dropping to EUR 20.1 million overall. Operating income increased by EUR 5.6 million or 10.8%, while personnel and administrative expenses stood at EUR 27.9 million, which is EUR 4.9 million above the previous year's level. The cost-income ratio increased by 4.2 percentage points to 48.2%. Expenditures for loss allowances grew by EUR 7.4 million to EUR 4.4 million, which corresponds to an annualised cost of risk of 80 basis points. The profit of the period corresponds to annualised return on equity of 17.7%.

South America

in EUR m

Statement of Financial Position	30.6.2024	31.12.2023	Change
Loan portfolio	489.8	481.6	8.2
Deposits	411.8	383.0	28.8

Statement of Profit or Loss	1.1.-30.6.2024	1.1.-30.6.2023	Change
Net interest income	9.1	10.0	-1.0
Net fee and commission income	0.1	0.1	0.0
Operating income	9.4	9.8	-0.5
Personnel and administrative expenses	12.6	10.0	2.7
Loss allowance	1.4	-0.6	2.1
Profit of the period	-4.6	-0.4	-4.3

Key performance indicators	1.1.-30.6.2024	1.1.-30.6.2023	Change
Change in loan portfolio	1.7%	-0.8%	2.5 pp
Cost-income ratio	134.9%	101.4%	33.5 pp
Return on equity (annualised)	-19.6%	-1.3%	-18.3 pp

Additional indicators	30.6.2024	31.12.2023	Change
Deposits to loan portfolio	84.1%	79.5%	4.5 pp
Net interest margin (annualised)	3.0%	3.1%	-0.2 pp
Cost of risk (annualised)	60 bp	41 bp	18 bp
Share of defaulted loans	7.2%	6.9%	0.3 pp
Stage 3 loans coverage ratio	35.1%	33.0%	2.1 pp
Green loan portfolio	78.5	82.3	-4.7%

Deposits are presented without intercompany transactions.

The loan portfolio of ProCredit Bank Ecuador expanded slightly, growing by EUR 8.2 million or 1.7% to EUR 489.8 million. Deposits increased by EUR 28.8 million or 7.5% to a total of EUR 411.8 million.

The profit of the period decreased by EUR 4.3 million to EUR -4.6 million. This was mainly due to lower net interest income caused by a tighter net interest margin as well as rising personnel and administrative expenses and expenditures for loss allowances. 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.

Germany

in EUR m

Statement of Financial Position	30.6.2024	31.12.2023	Change
Loan portfolio	38.4	43.3	-5.0
Deposits	274.9	277.6	-2.7

Statement of Profit or Loss	1.1.–30.6.2024	1.1.–30.6.2023	Change
Net interest income	0.4	1.2	-0.8
Operating income	94.8	39.1	55.7
Personnel and administrative expenses	52.6	41.3	11.3
Loss allowance	0.1	-0.3	0.4
Profit of the period	40.0	-1.9	41.9
Profit of the period and consolidation effects	-15.6	-6.6	-9.0

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 and deposits decreased slightly compared to 31 December 2023. 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 0.7 million to EUR 5.7 million, which is largely attributable to the EUR 1.6 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 improved result was primarily attributable to higher income from dividends, which derive from fully consolidated subsidiaries and do not affect the consolidated result of the group. The rise in personnel and administrative expenses was due, among other things, to additional personnel expenses arising in connection with the larger number of staff and higher salaries, as well as to additional expenditures for software. In addition, income tax expenses in the segment increased by EUR 2.1 million due to withholding taxes paid on group-internal dividends. The segment's contribution to the consolidated result declined by EUR 9.0 million.

Events after the reporting period

As of 1 August 2024, Georgios Chatzis assumed the role of Chief Risk Officer (CRO) within the Management Board of ProCredit Holding AG, taking over the role from Eriola Bibolli. He is responsible for Group Credit Risk, Group Financial Risk Management, Group Operational Risk Management, and Group and PCH Risk Control. At the same time, Eriola Bibolli was assigned responsibility for Business Development and Business Support.

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 principles of risk management and the risk strategy of the ProCredit group have not changed compared to year-end. 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.

Our loan portfolio is monitored continuously for possible risk-relevant developments. The riskiness of our clients is determined using a range of indicators, including the risk classification, restructuring status and client compliance with contractual payment requirements. The forward-looking expected credit loss (ECL) model pursuant to IFRS 9 is the central element of the approach to quantifying loss allowances for both on- and off-balance sheet financial instruments, 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.

Our focus in risk assessment continues to be on the uncertain macroeconomic conditions. The conflict in Ukraine has a major impact on our loan portfolio there, yet it has had only an insignificant impact on clients in our countries of operation outside of Ukraine. We are also observing falling inflation, with interest rates remaining high and relatively stable. Additional market disruptions could have an impact on credit risk or on the ability of our customers to repay their loans.

The lending business 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. At the end of the second quarter, 5.9% of the ProCredit Bank Ukraine's loan portfolio was classified as defaulted; this generally includes all exposures to clients in currently occupied territories. As of the reporting date, the Ukrainian loan portfolio represented 7.2% of the total portfolio of the group (12.2023: 8.0%). In addition, the conditions in Ecuador remain challenging, with the deterioration of the security situation and a weak economy having a negative impact on credit quality in the banking sector. A strategy is being implemented with specific measures to reduce non-performing loans; for the time being, this has prevented a further decline in loan portfolio quality for ProCredit Bank Ecuador in 2024 (see also South America segment).

We continue to take these effects into account as part of our outlook for credit risk at group level. 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 second quarter.

The current macroeconomic forecasts from the IMF World Economic Outlook Database and the Economist Intelligence Unit (EIU) were used in establishing loss allowances. The parameters are calculated by weighting the three scenarios (baseline/downside/upside), with the baseline scenario normally weighted at 50% and the alternative scenarios at 25%. The weighting was adjusted to reflect the assessment of a tense macroeconomic situation in Q3 2022 and has since been retained. A description of changes in weighting deviating from the standard case described here can be found in the section on overlays.

Baseline scenario	Coun try	Albania	Bosnia and Herzegovina	Bulgaria	Germany	Ecuador	Georgia	Kosovo	Mol-dova	North Macedonia	Romania	Serbia	Ukraine
GDP growth in %	2023	3.6	2.0	1.7	-0.5	–	6.2	3.8	2.0	2.5	2.2	2.0	-14.8
	2024	3.3	3.0	3.2	–	1.8	4.8	4.0	4.3	3.2	3.8	3.0	3.2
	2025	3.4	3.0	–	–	–	5.2	4.0	–	–	3.8	4.5	3.0
Inflation rate in %	2023	3.8	2.2	–	–	2.4	0.8	1.5	5.0	–	–	8.2	5.0
	2024	3.6	2.1	2.2	2.8	1.5	3.0	3.7	5.0	2.3	–	4.0	5.2
	2025	3.0	2.2	–	–	1.5	–	1.5	5.0	–	–	3.5	5.5
Unemploy-ment rate in %	2023	–	–	–	–	–	18.4	–	4.9	–	–	–	–
	2024	–	–	–	3.3	–	18.6	–	4.2	14.1	–	–	–
	2025	–	–	–	–	–	18.1	–	4.2	14.0	–	–	–
Change in credit interest rate in %	2023	–	–	–	–	–	-0.7	–	-0.8	1.0	1.6	–	–
	2024	–	-0.1	-0.1	–	–	-2.0	0.3	-1.0	–	-0.8	-2.5	–
	2025	–	–	–	–	-0.3	–	–	–	–	–	-1.5	–
Change in purchasing power parity in %	2023	–	–	–	–	–	–	–	–	–	–	–	44.2
	2024	2.7	–	–	–	–	–	–	–	–	–	–	–
Change in gas price in %	2023	-59.4	–	-59.4	–	-59.4	–	–	–	-59.4	–	–	-59.4
	2024	30.8	–	30.8	30.8	30.8	30.8	30.8	–	30.8	30.8	–	–
	2025	–	–	–	–	–	–	-5.9	–	–	–	–	–
Change in oil price in %	2023	-18.8	–	–	–	-18.8	–	–	–	–	–	–	–
	2024	–	-2.9	–	–	–	-2.9	–	–	–	–	–	–
	2025	–	–	–	–	–	–	–	-3.4	–	–	–	–
Weight		50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%

Downside scenario	Country	Albania	Bosnia and Herzegovina	Bulgaria	Germany	Ecuador	Georgia	Kosovo	Moldova	North Macedonia	Romania	Serbia	Ukraine
GDP growth in %	2023	2.1	-0.1	0.3	-2.1	–	4.8	1.8	-2.5	1.5	-0.2	-0.7	-19.3
	2024	1.8	0.9	1.8	–	0.0	3.4	2.0	-0.2	2.2	1.4	0.3	-1.4
	2025	1.9	0.9	–	–	–	3.8	2.0	–	–	1.4	1.7	-1.6
Inflation rate in %	2023	5.1	3.9	–	–	4.8	3.7	6.0	11.6	–	–	12.6	10.4
	2024	4.8	3.8	7.0	3.7	3.9	5.9	8.2	11.6	5.0	–	8.4	10.6
	2025	4.3	3.9	–	–	3.9	–	6.1	11.6	–	–	7.9	10.9
Unemployment rate in %	2023	–	–	–	–	–	19.6	–	5.9	–	–	–	–
	2024	–	–	–	4.0	–	19.8	–	5.2	14.1	–	–	–
	2025	–	–	–	–	–	19.3	–	5.2	14.0	–	–	–
Change in credit interest rate in %	2023	–	–	–	–	–	0.3	–	1.0	1.5	4.3	–	–
	2024	–	0.7	0.4	–	–	-1.1	1.1	0.8	–	1.8	0.6	–
	2025	–	–	–	–	0.3	–	–	–	–	–	1.6	–
Change in purchasing power parity in %	2023	–	–	–	–	–	–	–	–	–	–	–	52.3
	2024	3.4	–	–	–	–	–	–	–	–	–	–	–
Change in gas price in %	2023	-22.3	–	-22.3	–	-22.3	–	–	–	-22.3	–	–	-22.3
	2024	67.8	–	67.8	67.8	67.8	67.8	67.8	–	67.8	67.8	–	–
	2025	–	–	–	–	–	–	31.2	–	–	–	–	–
Change in oil price in %	2023	0.7	–	–	–	0.7	–	–	–	–	–	–	–
	2024	–	16.5	–	–	–	16.5	–	–	–	–	–	–
	2025	–	–	–	–	–	–	–	16.1	–	–	–	–
Weight		40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%

Upside scenario	Country	Albania	Bosnia and Herzegovina	Bulgaria	Germany	Ecuador	Georgia	Kosovo	Moldova	North Macedonia	Romania	Serbia	Ukraine
GDP growth in %	2023	4.7	3.5	3.9	0.3	–	9.2	6.8	6.8	4.5	6.0	5.4	-10.3
	2024	4.4	4.5	5.4	–	4.6	7.7	7.0	9.0	5.2	7.6	6.4	7.7
	2025	4.5	4.5	–	–	–	8.2	7.0	–	–	7.6	7.9	7.5
Inflation rate in %	2023	2.7	0.8	–	–	-0.1	-2.6	-0.2	-1.9	–	–	6.0	-1.2
	2024	2.5	0.7	-1.2	2.0	-1.0	-0.4	2.0	-1.9	0.3	–	1.8	-1.0
	2025	1.9	0.8	–	–	-0.9	–	-0.1	-1.9	–	–	1.3	-0.7
Unemployment rate in %	2023	–	–	–	–	–	17.3	–	3.8	–	–	–	–
	2024	–	–	–	2.8	–	17.5	–	3.1	12.5	–	–	–
	2025	–	–	–	–	–	17.0	–	3.1	12.4	–	–	–
Change in credit interest rate in %	2023	–	–	–	–	–	-1.7	–	-3.6	0.3	0.5	–	–
	2024	–	-0.4	-0.6	–	–	-3.0	-0.3	-3.8	–	-1.9	-4.8	–
	2025	–	–	–	–	-1.0	–	–	–	–	–	-3.8	–
Change in purchasing power parity in %	2023	–	–	–	–	–	–	–	–	–	–	–	34.4
	2024	0.5	–	–	–	–	–	–	–	–	–	–	–
Change in gas price in %	2023	-88.5	–	-88.5	–	-88.5	–	–	–	-88.5	–	–	-88.5
	2024	1.6	–	1.6	1.6	1.6	1.6	1.6	–	1.6	1.6	–	–
	2025	–	–	–	–	–	–	-35.1	–	–	–	–	–
Change in oil price in %	2023	-37.9	–	–	–	-37.9	–	–	–	–	–	–	–
	2024	–	-22.0	–	–	–	-22.0	–	–	–	–	–	–
	2025	–	–	–	–	–	–	–	-22.5	–	–	–	–
Weight		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

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

The sensitivity of our loss allowances is analysed in terms of the influence of relevant macroeconomic factors. Sensitivity is calculated by simultaneously increasing or decreasing all the applied macroeconomic model factors by 10%, depending on the expected direction of the factor's impact, in order to simulate a positive or negative macroeconomic environment. The following table presents the loss allowances for the group with the respective macroeconomic changes.

	30.6.2024		
in '000 EUR	Loss allowance Positive macroeconomic change	Loss allowance	Loss allowance Negative macroeconomic change
South Eastern Europe	96,812	98,496	100,249
Eastern Europe	77,283	78,218	79,008
of which contribution of PCB Ukraine	*61,648*	*62,372*	*62,939*
South America	17,163	17,385	17,610
Germany	390	402	414
Total	**191,648**	**194,501**	**197,281**

Overlays

Overlays are made to account for uncertainty arising from current economic and political developments resulting from the war in Ukraine and for the macroeconomic forecasts which cannot be completely represented in the models:

in EUR m

Overlay description	Impact on	31.12.2023	Change	30.6.2024
Macroeconomic effects of a negative development due to the ongoing Russian invasion in Ukraine	Loan portfolio in all banks except PCB Ukraine in Stage 1, 2 and 3	4.6	0.3	4.9
Effects of multifactorial crisis on the credit risk parameters	Loan portfolio in all banks except PCB Ukraine in Stage 1, 2 and 3	34.1	1.2	35.2
Total		**38.7**	**1.5**	**40.2**

in EUR m

Overlay description	Impact on	31.12.2023	Change	30.6.2024
Increased uncertainty of negative macroeconomic development due to the ongoing Russian invasion in Ukraine	Loan portfolio in PCB Ukraine in Stage 1, 2 and 3	3.6	0.4	4.1
Increased uncertainty of credit risk parameters due to the ongoing Russian invasion in Ukraine	Loan portfolio in PCB Ukraine in Stage 1, 2 and 3	19.7	2.0	21.7
Total		**23.3**	**2.5**	**25.8**

The adjustments for all ProCredit institutions except ProCredit Bank Ukraine are described below, followed by a separate presentation for that bank.

In the standard case, the weighting is 50% for the baseline scenario and 25% each for the upside and downside scenarios. Due to the ongoing tense situation in the Russo-Ukrainian War, with possible spill-over effects impacting other economies where the ProCredit group operates, the adjusted weighting of scenarios for the calculation of loss allowance parameters has been retained. The base scenario has a weighting of 50%; the weightings of the downside scenario with 40% and the upside scenario with 10% have been retained. This overlay results in a EUR 4.9 million increase in loss allowances for all banks in the group except ProCredit Bank Ukraine.

The current global economic environment is characterised by several interrelated crises with potential negative consequences for price developments and interest rates. In all these areas, a stabilisation can be observed in 2023, especially compared to 2022; this is also expected for 2024 in the IMF macroeconomic forecasts. Nevertheless, the overlays have been retained.

Higher interest rates and elevated inflation cannot be reflected in all model parameters due to the lack of statistical correlations in the macroeconomic factors and historical default/loss rates. Therefore, the parameter adjustments were maintained for PD and LGD for all banks (separate adjustments for ProCredit Bank Ukraine).

The adjustments were based on observations of maximum default and loss rates from historical default events in the crises that serve as stress levels. The key parameters, PD and LGD, have been increased using the defined probability of occurrence of the stress level (20%, based on expert assessment). As part of the calculation of LGD, it is assumed that the probability of a defaulted credit exposure migrating back to Stage 1 or 2 is zero. A further measure was the increase in the credit conversion factor for potential receivables from off-balance sheet items by 20%. The overlays lead to a EUR 35.2 million increase in loss allowances for all banks except ProCredit Bank Ukraine.

Overall, the overlays for all banks except ProCredit Bank Ukraine increased compared to year-end 2023 by EUR 1.5 million to EUR 40.2 million.

The war in Ukraine has led to an elevated level of uncertainty in the country. The macroeconomic shock in Ukraine in 2022 was cushioned by stabilising measures taken by the government; economic output for 2023 stabilised and the EIU forecasts are positive, albeit conditionally.

As the loan portfolio in the occupied areas and surrounding regions is largely allocated to Stage 3 and assessed through individual estimation of losses, the ECL parameters are only applied to the loan portfolio outside that zone. For parameter estimation, the slightly positive GDP values in 2023 are replaced with the most negative historical GDP value prior to 2022 in order to obtain consistent conservative parameters that reflect the current situation. Estimated model parameters in Ukraine were further adjusted using historically observed stress levels from previous crises.

The LGD adjustment for ProCredit Bank Ukraine is based on our experience from observing relevant LGDs from the Ukraine conflict in 2014/15. The loss ratios were increased by an additional 10%. The LGDs of the portfolio with business activities in the current conflict area are assessed individually under conservative assumptions.

We also increased the PD on the basis of historical observations. Taking into account the adjustment of the economic forecast in the model, the model parameters were further increased by a stress factor of 10%. The PDs over the entire remaining term for exposures with increased credit risk since initial recognition (Stage 2) have also been raised to reflect possible negative consequences of the war in the future.

Furthermore, in establishing loss allowances on all exposures, we have not assumed any early repayments. The credit conversion factor is set to 100% for all empirically determined parameters. This means that all off-balance sheet receivables are converted 100% into credit risk-equivalent balance sheet items in the event of default. The adjustment of the model parameters increases loss allowances by EUR 21.7 million.

Due to increased uncertainty of negative macroeconomic developments resulting from the war, the weighting of the scenarios for calculating loss allowance parameters was retained from the end of 2023. The weighting is set as follows: 50% (50% in the baseline model) for the baseline scenario, 40% (25% in the baseline model) for the downside scenario and 10% (25% in the baseline model) for the upside scenario. The effect of this adjustment amounts to a EUR 4.1 million increase in loss allowances.

The overlays for the loan portfolio of ProCredit Bank Ukraine total EUR 25.8 million; at the end of 2023, the amount was EUR 23.3 million. The overlays ensure that the risk assessment remains appropriate and conservative, with a slightly positive macroeconomic outlook for Ukraine.

Individually assessed exposures are not taken into account when calculating the overlays, as individual assessment of defaulted exposures is not parameter-based. The volume of the individually assessed portfolio in Ukraine amounts to EUR 23.1 million. Around 82% of the defaulted portfolio in Ukraine has been individually assessed by credit analysts using conservative assumptions, resulting in a high coverage ratio of around 81% for the portfolio under individual assessment.

During the reporting period, on-balance-sheet loss allowances decreased overall by EUR 2.3 million (previous year's period: -EUR 3.0 million). Loss allowances in Stage 1 increased by EUR 7.6 million, mainly due to the overall growth of our loan portfolio. At the same time, loss allowances in Stage 2 fell, mainly due to a decline in loan receivables in this stage. In Stage 3, a reduction in loss allowances was mainly due to the utilisation of loan loss provisions.

	30.6.2024				
in '000 EUR	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
South Eastern Europe					
Gross outstanding amount	4,696,084	223,848	82,838	563	**5,003,333**
Loss allowances	-40,240	-12,885	-45,259	-112	**-98,496**
Net outstanding amount	4,655,844	210,963	37,579	450	**4,904,837**
Eastern Europe					
Gross outstanding amount	812,795	265,968	45,128	527	**1,124,417**
Loss allowances	-14,835	-29,680	-33,404	-300	**-78,218**
Net outstanding amount	797,960	236,288	11,724	227	**1,046,199**
South America					
Gross outstanding amount	408,243	46,144	35,184	267	**489,838**
Loss allowances	-3,042	-1,898	-12,340	-104	**-17,385**
Net outstanding amount	405,201	44,246	22,844	162	**472,453**
Germany					
Gross outstanding amount	37,617	747	-	-	**38,364**
Loss allowances	-390	-12	-	-	**-402**
Net outstanding amount	37,227	735	-	-	**37,963**
Total					
Gross outstanding amount	5,954,740	536,707	163,150	1,356	**6,655,952**
Loss allowances	-58,507	-44,474	-91,003	-517	**-194,501**
Net outstanding amount	5,896,233	492,233	72,147	839	**6,461,451**
Financial off-balance sheet transactions					
Nominal amount	895,408	82,596	917	-	**978,921**
Provisions	-4,214	-3,515	-452	-	**-8,182**

	31.12.2023				
in '000 EUR	**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**

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

in '000 EUR		30.6.2024				
Loan portfolio	**Risk class**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Performing	1	40,660	–	–	–	**40,660**
	2	915,348	1,726	–	–	**917,074**
	3	1,686,522	56,355	–	–	**1,742,877**
	4	1,500,883	114,832	–	–	**1,615,714**
	5	733,062	96,362	–	–	**829,424**
Underperforming	6	–	183,344	–	–	**183,344**
	7	–	58,258	–	–	**58,258**
Defaulted	8	–	–	147,645	1,289	**148,934**
Without risk class*		1,078,264	25,831	15,505	66	**1,119,666**
Gross outstanding amount		**5,954,740**	**536,707**	**163,150**	**1,356**	**6,655,952**

in '000 EUR		31.12.2023				
Loan portfolio	**Risk class**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Performing	1	39,623	–	–	–	**39,623**
	2	876,684	1,843	–	–	**878,527**
	3	1,597,529	49,254	–	–	**1,646,783**
	4	1,311,654	95,187	–	–	**1,406,841**
	5	713,148	117,459	–	–	**830,606**
Underperforming	6	–	190,439	–	–	**190,439**
	7	–	69,946	–	–	**69,946**
Defaulted	8	–	–	151,729	2,206	**153,935**
Without risk class*		948,051	46,415	15,256	53	**1,009,775**
Gross outstanding amount		**5,486,688**	**570,543**	**166,985**	**2,258**	**6,226,475**

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

Credit risk is assessed at the portfolio level on a monthly basis and, if necessary, more frequently. This includes an analysis of portfolio structure and quality, restructured exposures, write-offs, coverage level and concentration risk.

At the half-year mark, the share of defaulted loans had declined slightly compared to year-end 2023, decreasing from 2.7% to 2.5%, mainly due to derecognitions, write-offs and repayments in Stage 3. The Stage 3 loans coverage ratio decreased from 57.6% to 55.6%.

	30.6.2024					
in '000 EUR	**< EUR 100,000**	**EUR 100,000 – 250,000**	**EUR 250,000 – 750,000**	**EUR 750,000 – 1,500,000**	**> EUR 1,500,000**	**Total**
South Eastern Europe	1,078,725	1,077,361	1,468,630	712,951	665,665	5,003,333
Eastern Europe	162,435	287,631	393,155	156,297	124,900	1,124,417
South America	167,956	150,501	108,335	43,715	19,330	489,838
Germany	3	2,104	8,244	8,478	19,536	38,364
Loan portfolio	**1,409,120**	**1,517,597**	**1,978,364**	**921,441**	**829,431**	**6,655,952**

in '000 EUR	31.12.2023 < EUR 100,000	EUR 100,000 – 250,000	EUR 250,000 – 750,000	EUR 750,000 – 1,500,000	> EUR 1,500,000	Total
South Eastern Europe	995,176	997,636	1,340,701	666,838	625,974	4,626,325
Eastern Europe	148,223	285,874	377,342	155,909	107,880	1,075,227
South America	157,595	151,677	107,031	44,109	21,195	481,607
Germany	10	2,295	9,016	9,934	22,062	43,316
Loan portfolio	**1,301,004**	**1,437,481**	**1,834,090**	**876,790**	**777,111**	**6,226,475**

The following tables show the distribution of the loan portfolio by economic sector:

in '000 EUR	30.6.2024 < EUR 100,000	EUR 100,000 – 250,000	EUR 250,000 – 750,000	EUR 750,000 – 1,500,000	> EUR 1,500,000	Total
Business loans	**984,652**	**1,308,293**	**1,892,756**	**913,604**	**829,431**	**5,928,736**
Wholesale and retail trade	289,255	394,382	550,308	255,899	161,986	1,651,829
Agriculture, forestry and fishing	256,444	276,739	314,751	122,874	69,531	1,040,339
Production	171,472	281,744	455,967	215,398	132,930	1,257,513
Transportation and storage	80,282	73,561	79,642	39,317	23,286	296,088
Electricity, gas, steam and air conditioning supply	8,082	18,905	89,596	55,011	192,935	364,529
Construction and real estate	56,529	110,256	197,937	121,759	123,975	610,457
Hotel, restaurant and catering	31,120	42,155	61,829	28,168	38,996	202,269
Other economic activities	91,468	110,549	142,725	75,178	85,791	505,712
Private loans	**424,468**	**209,304**	**85,608**	**7,836**	**–**	**727,217**
Housing	241,029	195,569	79,425	7,836	–	523,859
Investment loans	60,917	7,032	1,838	–	–	69,787
Consumer loans	122,522	6,703	4,346	–	–	133,571
Gross outstanding amount	**1,409,120**	**1,517,597**	**1,978,364**	**921,441**	**829,431**	**6,655,952**

in '000 EUR	31.12.2023 < EUR 100,000	EUR 100,000 – 250,000	EUR 250,000 – 750,000	EUR 750,000 – 1,500,000	> EUR 1,500,000	Total
Business loans	**930,916**	**1,256,652**	**1,760,153**	**872,449**	**777,111**	**5,597,281**
Wholesale and retail trade	271,938	377,534	494,025	231,580	123,647	1,498,723
Agriculture, forestry and fishing	247,631	283,565	309,549	129,430	78,498	1,048,672
Production	167,318	271,464	433,822	215,278	130,816	1,218,697
Transportation and storage	74,008	69,586	77,025	38,906	21,475	281,000
Electricity, gas, steam and air conditioning supply	8,147	17,890	83,594	56,695	201,404	367,729
Construction and real estate	52,127	99,150	180,690	102,933	114,803	549,703
Hotel, restaurant and catering	28,331	41,673	60,654	25,107	36,315	192,081
Other economic activities	81,418	95,790	120,795	72,519	70,153	440,675
Private loans	**370,088**	**180,829**	**73,937**	**4,340**	**–**	**629,194**
Housing	228,269	169,438	67,902	4,340	–	469,950
Investment loans	55,416	5,699	925	–	–	62,040
Consumer loans	86,403	5,692	5,110	–	–	97,205
Gross outstanding amount	**1,301,004**	**1,437,481**	**1,834,090**	**876,790**	**777,111**	**6,226,475**

Counterparty risk, including issuer risk, and country risk

With regard to the group's counterparty and issuer risk and its country risk, there were no significant changes compared to the end of the previous year.

The group's counterparty and issuer risk in Ukraine consists mainly of exposures towards the National Bank of Ukraine, primarily in local currency. We consider it unlikely that they will be affected by a potential sovereign debt default. Nonetheless, in establishing loss allowances in accordance with IFRS 9 requirements, the exposures to the National Bank of Ukraine are partly assigned to Stage 2.

In addition, the group has insured part of the mandatory reserves with the National Bank of Ukraine with guarantees from the Multilateral Investment Guarantee Agency (MIGA). The guarantee covers ProCredit Holding's equity investments in ProCredit Bank Ukraine against the risk of expropriation of the mandatory minimum reserve held at the National Bank of Ukraine.

The group's cross-border exposures to Ukraine only include transactions with ProCredit Bank Ukraine. The National Bank of Ukraine continues to impose restrictions on international payment transactions. Nevertheless, the timely settlement of ProCredit Bank Ukraine liabilities has not been affected.

At the end of June 2024, the group had EUR 0.6 million in balances denominated in Russian roubles. Due to the sanctions currently in place, the group banks only have very limited access to these balances. Loss allowances have thus been established for the full amount.

Market risks

Foreign currency risk

Foreign currency risk at group level arises as a result of the equity investments that ProCredit Holding maintains in its subordinated companies in countries which do not have the euro as the domestic currency. The ProCredit banks keep their equity in the respective domestic currency. Thus, from a consolidated group perspective, OCPs in the respective domestic currencies exist and are roughly equal to the amount of the respective equity base. The group's regulatory capital and risk-taking potential are exposed to fluctuations due to changes in the exchange rates of domestic currencies against the euro. These are included in the translation reserve in the consolidated equity. These fluctuations are usually accompanied by simultaneous changes in the loan portfolio expressed in EUR terms.

The translation reserve remained stable and amounted to EUR -85.4 million as of 30 June 2024 (EUR -85.5 million as of end-2023).

Within the scope of the group's capital adequacy calculation in the economic approach, with a confidence level of 99.9%, a value-at-risk procedure is defined for fluctuations in the translation reserve. The risk amount changed from EUR 80.7 million at the end of 2023 to EUR 87.7 million in June 2024. The main reason for the increase was the higher hryvnia position, arising primarily from profits at the Ukrainian bank.

Interest rate risk in the banking book

At the group level, interest rate risk is quantified and limited accordingly on the basis of economic value impact and on the basis of the 12-month P&L effect. Account is taken for economic value impact effects within the scope of the group's capital adequacy calculation in the economic approach (see also the Capital management section).

Compared to the previous year, the negative economic value impact increased by EUR 8.1 million to EUR 72.3 million; this was due, among other things, to the reduction of some yield curves in the group's markets. The 12-month P&L effect increased by EUR 4.8 million to EUR 13.8 million. All indicators remained within the allocated limits at the end of June 2024.

Liquidity and funding risk

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

Despite the comfortable liquidity position overall, developments at group and bank level will continue to be closely monitored. Due in particular to the war in Ukraine, the liquidity situation of the ProCredit Bank in Ukraine and other ProCredit banks in the region are monitored and analysed on a daily basis in order to identify and be able to address potential problems in a timely manner. ProCredit Bank Ukraine's liquidity continued to increase in the first half of the year. This was mainly due to an increase in customer deposits and repayments of customer loans.

The liquidity situation of the ProCredit banks and the group remained adequate during the first half year. All of the ProCredit banks had sufficient liquidity available at all times to meet all financial obligations in a timely manner.

At the end of the second quarter 2024, the group-level LCR was 202% (31 December 2023: 178%) and the NSFR was 154% (31 December 2023: 158%). Both indicators were thus comfortably above the regulatory requirement of 100% in each case.

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

Other material risks

For us, other material risks include operational risk as well as business risk and model risk. The prevention of risks from money laundering, terrorist financing and fraud is also a key component of our risk management.

There have been no substantial changes to any of these other material risks, so the statements from the 2023 Combined management report still apply.

Capital management

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

As of 30 June 2024, the Common Equity Tier 1 and Tier 1 capital ratios of the ProCredit group stood at 14.0%. The total capital ratio was 17.3%. Our capitalisation is thus 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 14.4% for the total capital ratio.

in EUR m	**30.6.2024**	**31.12.2023**
Common equity (net of deductions)	915.4	884.8
Additional Tier 1 (net of deductions)	-	-
Tier 2 capital	217.5	94.6
Total capital	1,132.8	979.5
RWA total	6,539.5	6,192.8
Credit risk	5,244.8	5,006.6
Market risk	684.8	666.4
Operational risk	599.8	508.4
Credit Valuation Adjustment risk	10.2	11.4
Common Equity Tier 1 capital ratio	14.0%	14.3%
Total capital ratio	17.3%	15.8%
Leverage ratio (CRR)	8.8%	8.8%

The ProCredit group's regulatory requirements consist of the applicable Pillar 1 minimum requirement, which are 4.5% for the Common Equity Tier 1 ratio, 6.0% for the Tier 1 ratio and 8.0% for the total capital ratio, and the combined capital buffer requirements.

The capital conservation buffer introduced in stages is currently 2.5%. An individual capital add-on pursuant to the Supervisory Review and Evaluation Process (SREP) was set for the ProCredit group based on total capital. The German Federal Financial Supervisory Authority (BaFin) set the add-on to 3.5% for the ProCredit group. The institution-specific countercyclical capital buffer amounted to 0.4%.

Capitalisation in the economic perspective is presented below:

	30.6.2024	**31.12.2023**
in EUR m	**Limit Used**	**Limit Used**
Credit Risk	386.1	385.0
Interest Rate Risk	72.3	64.3
Foreign Currency Risk	87.7	80.7
Operational Risk	23.0	21.4
Model Risk	44.0	44.0
Total	**613.0**	**595.4**
Total limit used in %	**74.8%**	**72.6%**

In the first six months of the year, the capitalisation of the ProCredit group in the economic and normative perspectives was always ensured, as was its stress resistance level.

OUTLOOK

Based on the positive developments in the first half of the year, we confirm our guidance from the 2023 Combined Management Report. For the 2024 financial year, we therefore aim for loan portfolio growth of 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 a cost of risk of 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 the 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) to the extent that higher funding costs cannot be fully passed on to customers due to the rate ceilings, an increase in inflation rates and pronounced exchange rate fluctuations.

Condensed consolidated interim financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

in '000 EUR	Note	1.1.–30.6.2024	1.1.–30.6.2023
Interest income (effective interest method)*		289,583	241,851
Other interest income*		3,153	2,182
Interest expenses		112,163	88,370
Net interest income	3	**180,573**	**155,663**
Fee and commission income		45,567	41,981
Fee and commission expenses		16,222	13,099
Net fee and commission income	4	**29,345**	**28,883**
Result from foreign exchange transactions		14,054	12,917
Result from derivative financial instruments and hedging relationships		254	-890
Result on derecognition of financial assets measured at amortised cost		-7	-380
Net other operating result	5	-4,492	-4,415
Operating income		**219,727**	**191,777**
Personnel expenses	6	69,270	56,393
Administrative expenses	7	71,489	58,100
Loss allowance	8	5,736	543
Profit before tax		**73,232**	**76,740**
Income tax expenses	9	15,633	12,680
Profit of the period		**57,599**	**64,061**
Profit attributable to ProCredit shareholders		*57,599*	*64,061*
Earnings per share** in EUR		0.98	1.09

** 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 OTHER COMPREHENSIVE INCOME

in '000 EUR	1.1.–30.6.2024	1.1.–30.6.2023
Profit of the period	**57,599**	**64,061**
Items that are or may be reclassified to profit or loss		
Change in revaluation reserve from investment securities	221	1,707
Change in value not recognised in profit or loss	*218*	*1,718*
Change in loss allowance (recognised in profit or loss)	*3*	*-11*
Change in deferred tax on revaluation reserve from investment securities	20	-121
Change in translation reserve	100	2,397
Change in value not recognised in profit or loss	*100*	*2,397*
Items that will not be reclassified to profit or loss		
Change in revaluation reserve from shares	204	1,335
Change in deferred tax on revaluation reserve from shares	-6	0
Other comprehensive income of the period, net of tax	**539**	**5,318**
Total comprehensive income of the period	**58,139**	**69,379**
Total comprehensive income attributable to ProCredit shareholders	*58,139*	*69,379*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in '000 EUR	Note	30.6.2024	31.12.2023
Assets			
Cash	11	166,617	219,879
Central bank balances	11, 12	1,943,775	2,127,737
Loans and advances to banks	12	420,070	372,141
Derivative financial assets		9,197	8,083
Investment securities	12	806,826	750,542
Loans and advances to customers	12, 13	6,461,451	6,029,715
Property, plant and equipment		139,784	137,423
Intangible assets		27,580	22,732
Current tax assets		6,886	4,132
Deferred tax assets	9	7,675	12,201
Other assets	12	65,146	64,382
Total assets		**10,055,006**	**9,748,966**
Liabilities and equity			
Liabilities to banks		1,064,905	1,127,680
Derivative financial liabilities		403	1,334
Liabilities to customers	14	7,549,022	7,254,236
Debt securities	15	107,029	147,088
Other liabilities		52,058	48,613
Provisions	16	24,677	21,997
Current tax liabilities		5,950	23,513
Deferred tax liabilities		1,491	1,449
Subordinated debt	15	245,240	139,269
Liabilities		**9,050,775**	**8,765,177**
Subscribed capital and capital reserve		441,277	441,277
Retained earnings		645,809	625,906
Translation reserve		-85,385	-85,485
Revaluation reserve		2,530	2,091
Equity attributable to ProCredit shareholders		**1,004,231**	**983,789**
Total liabilities and equity		**10,055,006**	**9,748,966**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in '000 EUR	Subscribed capital and capital reserve	Retained earnings	Translation reserve	Revaluation reserve	Equity attributable to ProCredit shareholders
Balance as of 1.1.2024	**441,277**	**625,906**	**-85,485**	**2,091**	**983,789**
Profit of the period		57,599			57,599
Change in translation reserve			*100*		100
Change in revaluation reserve from investment securities				*241*	241
Change in revaluation reserve from shares				*198*	198
Other comprehensive income of the period, net of tax			100	439	539
Total comprehensive income of the period		57,599	100	439	58,139
Distributed dividend		-37,695			-37,695
Other changes		-2			-2
Balance as of 30.6.2024	**441,277**	**645,809**	**-85,385**	**2,530**	**1,004,231**

in '000 EUR	Subscribed capital and capital reserve	Retained earnings	Translation reserve	Revaluation reserve	Equity attributable to ProCredit shareholders
Balance as of 1.1.2023	**441,277**	**512,537**	**-81,783**	**-2,596**	**869,434**
Profit of the period		64,061			64,061
*Change in translation reserve**			*2,397*		*2,397*
*Change in revaluation reserve from investment securities**				*1,586*	*1,586*
*Change in revaluation reserve from shares**				*1,335*	*1,335*
Other comprehensive income of the period, net of tax			2,397	2,922	5,318
Total comprehensive income of the period		64,061	2,397	2,922	69,379
Other changes		-1			-1
Balance as of 30.6.2023	**441,277**	**576,596**	**-79,386**	**325**	**938,812**

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

in '000 EUR	Note	1.1.–30.6.2024	1.1.–30.6.2023
Cash and cash equivalents at end of previous year		**2,487,576**	**1,957,931**
Cash flow from operating activities		–326,250	–36,127
Cash flow from investing activities		–13,788	–8,931
Cash flow from financing activities		58,225	16,536
Effects of exchange rate changes		64	603
Cash and cash equivalents at end of period	11	**2,205,827**	**1,930,010**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Significant accounting principles

1 Basis of accounting

The activities of the ProCredit group comprise the financing of Small and Medium-sized Enterprises (SMEs) and direct banking for private clients. We operate in South Eastern Europe, Eastern Europe, South America and Germany. Through our business activities we aim to sustainably provide a return on investment for our shareholders while making a contribution to economic, social and ecological development. The parent company of the group is ProCredit Holding AG ("ProCredit Holding"), domiciled at Rohmerplatz 33-37, 60486 Frankfurt am Main, Germany (Commercial Register Frankfurt, Section B No. 132455). We prepare the condensed consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and as applicable within the European Union.

The Condensed Consolidated Interim Financial Statements as of 30 June 2024 have been prepared in accordance with IAS 34 "Interim Financial Reporting". They comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows (condensed) and the Notes to the Condensed Consolidated Interim Financial Statements. Unless otherwise stated, the preparation of these Condensed Consolidated Interim Financial Statements follows the same recognition and measurement principles as were applied for the Consolidated Financial Statements for the 2023 financial year. On 1 January 2024 we adopted amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" and "Non-current Liabilities with Covenants" as well as amendments to IFRS 16 "Lease Liability in a Sale and Leaseback". The amendments have a minor impact on the consolidated financial statements. There was no early adoption of any standards, amendments and interpretations not yet effective.

Disclosures on financial position and financial performance and on the nature and extent of risks associated with financial instruments are presented in the Interim Group Management Report. The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the 2023 financial year.

The consolidated interim financial statements are presented in euros, which is also the group's functional currency. For computational reasons, the figures in the tables may exhibit rounding differences of ± one unit (EUR, %, etc.). Recognition and measurement is performed on a going-concern assumption.

In the course of preparing the consolidated interim financial statements, further assumptions, estimates and necessary discretionary judgements were made by the Management Board. All estimates and assumptions required are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis and are based on past experience and other factors, including expectations with regard to future events, and are considered appropriate under the given circumstances. Up until 30 June 2024, there were no material changes to the assumptions, estimates and necessary discretionary decisions as compared with year-end 2023.

2 Principles of consolidation

The special purpose vehicle PC Finance II B.V., The Netherlands, was liquidated as of 18 June 2024. The entity was no longer consolidated due to its insignificant influence on the financial position and financial performance of the group. There were no further changes in the composition of the group in the reporting period compared with the consolidated financial statements as of 31 December 2023.

Notes to the consolidated statement of profit or loss

3 Net interest income

in '000 EUR	**1.1.–30.6.2024**	**1.1.–30.6.2023**
Interest income from		
Central bank balances	23,219	16,175
Loans and advances to banks	9,108	4,449
Investment securities FVOCI	7,104	4,526
Investment securities AC	19,941	16,224
Loans and advances to customers	230,211	200,476
Interest income (effective interest method)*	**289,583**	**241,851**
Interest income from		
Derivative financial assets	2,757	1,738
Prepayment penalty	396	444
Other interest income*	**3,153**	**2,182**
Interest expenses on		
Liabilities to banks*	26,418	28,886
Derivative financial liabilities	1,520	1,053
Liabilities to customers*	73,500	51,688
Debt securities	2,172	2,601
Subordinated debt	8,432	4,079
Unwinding of provisions*	120	63
Interest expenses	**112,163**	**88,370**
Net interest income	**180,573**	**155,663**

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

Interest income from our green loan portfolio amounts to EUR 41.2 million (previous period: EUR 35.7 million). The green loan portfolio includes financing for investments in energy efficiency, renewable energies or other environmentally friendly technologies.

4 Net fee and commission income

in '000 EUR	1.1.–30.6.2024	1.1.–30.6.2023
Fee and commission income from		
Payment services	15,902	14,671
Debit/credit cards	10,886	9,220
Account maintenance fee	11,329	11,231
Letters of credit and guarantees	4,279	3,752
Others	3,170	3,107
Fee and commission income	**45,567**	**41,981**
Fee and commission expenses on		
Payment services	2,634	2,447
Debit/credit cards	9,985	8,132
Account maintenance fee	964	855
Letters of credit and guarantees	2,532	1,577
Others	108	88
Fee and commission expenses	**16,222**	**13,099**
Net fee and commission income	**29,345**	**28,883**

As part of our general business growth, net fee and commission income rose by EUR 0.5 million.

5 Net other operating income

in '000 EUR	1.1.–30.6.2024	1.1.–30.6.2023
Other operating income from		
Reversal of provisions	715	186
Reimbursement of expenses	149	331
Sale of repossessed properties	793	1,010
Sale of property, plant and equipment	269	635
IT-services	1,891	2,317
Rental of investment properties	329	318
Others	2,260	1,800
Other operating income	**6,407**	**6,597**
Other operating expenses for		
Deposit insurance	6,273	5,699
Reimbursement	540	237
Banking supervision*	1,138	690
Disposal of property, plant and equipment	23	436
Impairment of repossessed properties	142	610
Administration of repossessed properties	204	149
Credit recovery services and solvency checks	355	353
Litigation settlements	809	813
Provisions for non-financial off-balance sheet transactions	60	143
Others*	1,353	1,883
Other operating expenses	**10,899**	**11,013**
Net other operating result	**–4,492**	**–4,415**

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

6 Personnel expenses

in '000 EUR	1.1.–30.6.2024	1.1.–30.6.2023
Salary expenses	56,540	47,449
Social security expenses	8,034	6,487
Post-employment benefits plans (Defined contribution plans)	2,123	1,736
Post-employment benefits plans (Defined benefit plans)	440	92
Other employee benefits	2,133	628
Personnel expenses	**69,270**	**56,393**

7 Administrative expenses

in '000 EUR	1.1.–30.6.2024	1.1.–30.6.2023
Depreciation fixed and intangible assets (incl. impairment)	12,895	11,401
IT expenses	14,998	11,954
Office space-related expenses	7,696	7,116
Non-profit tax	10,699	8,350
Legal and consulting fees	6,230	5,703
Marketing, advertising and representation	5,163	4,089
Transport	3,015	2,305
Other personnel-related expenses (incl. Recruitment)	5,947	2,784
Insurances	1,741	1,881
Expenses for short-term leases	795	680
Expenses for leases of low-value items	244	215
Expenses for variable lease payments	91	96
Other administrative expenses	1,976	1,526
Administrative expenses	**71,489**	**58,100**

8 Loss allowance

in '000 EUR	1.1.–30.6.2024	1.1.–30.6.2023
Change in loss allowances	12,010	7,284
Recovery of written-off loans	-6,698	-7,053
Direct write-offs	424	312
Loss allowance	**5,736**	**543**

With regard to written-off exposures subject to enforcement activity, please refer to our disclosures in the 2023 consolidated financial statements.

9 Income taxes

In calculating both the current taxes on income and earnings and the deferred taxes, the respective country-specific tax rates are applied. The tax rate as a ratio of total tax expense to profit before tax for the six months ended 30 June 2024 is 21.3% (as of 30 June 2023: 16.5%). Deferred tax assets mainly resulted from the recognition of deferred taxes on loss carry-forwards in the Eastern Europe segment. As of the reporting date, the deferred tax assets were usable. The underlying projections that justify the usability of these deferred taxes are governed by assumptions and estimates and, due to the war in Ukraine, are subject to greater uncertainty.

10 Segment reporting

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

	1.1.–30.6.2024					
in '000 EUR	South Eastern Europe	Eastern Europe	South America	Germany	Consolidation	Group
Interest income (effective interest method)	166,741	86,430	26,809	28,235	-18,632	289,583
of which intercompany transactions	*2,041*	*4,802*	*17*	*11,772*		
Other interest income	2,104	69	-	3,847	-2,865	3,153
of which intercompany transactions	*1,776*	*-*	*-*	*1,089*		
Interest expenses	46,779	37,479	17,732	31,644	-21,470	112,163
of which intercompany transactions	*4,516*	*2,455*	*2,511*	*11,989*		
Net interest income	**122,066**	**49,019**	**9,076**	**438**	**-26**	**180,573**
Fee and commission income	35,480	7,169	985	8,024	-6,091	45,567
of which intercompany transactions	*191*	*4*	*-*	*5,896*		
Fee and commission expenses	16,334	4,024	893	1,059	-6,087	16,222
of which intercompany transactions	*3,979*	*1,813*	*211*	*84*		
Net fee and commission income	**19,145**	**3,145**	**92**	**6,966**	**-4**	**29,345**
Result from foreign exchange transactions	8,219	4,781	108	1,069	-123	14,054
of which intercompany transactions	*80*	*-*	*-*	*43*		
Result from derivative financial instruments and hedging relationships	241	-	-	12	-	254
of which intercompany transactions	*1,320*	*-*	*-*	*-1,320*		
Result on derecognition of financial assets measured at amortised cost	5	-11	-	-	-	-7
Net other operating result	-3,321	900	97	86,291	-88,458	-4,492
of which intercompany transactions	*2,002*	*1,233*	*558*	*84,666*		
Operating income	**146,355**	**57,835**	**9,373**	**94,777**	**-88,612**	**219,727**
Personnel expenses	31,638	9,840	4,916	22,876	-	69,270
Administrative expenses	48,966	18,057	7,724	29,756	-33,014	71,489
of which intercompany transactions	*16,559*	*7,731*	*2,532*	*6,192*		
Loss allowance	-156	4,386	1,447	59	-	5,736
Profit before tax	**65,908**	**25,552**	**-4,715**	**42,085**	**-55,598**	**73,232**
Income tax expenses	8,155	5,455	-75	2,097	-	15,633
Profit of the period	**57,752**	**20,097**	**-4,639**	**39,988**	**-55,598**	**57,599**
Profit attributable to ProCredit shareholders						*57,599*

in '000 EUR	1.1.–30.6.2023 South Eastern Europe	Eastern Europe	South America	Germany	Consolidation	Group
Interest income (effective interest method)*	130,895	83,118	24,180	21,518	-17,861	241,851
*of which intercompany transactions**	*2,304*	*3,205*	*20*	*12,332*		
Other interest income*	1,296	78	-	2,360	-1,553	2,182
*of which intercompany transactions**	*931*	-	-	*622*		
Interest expenses	32,714	38,281	14,136	22,670	-19,430	88,370
of which intercompany transactions	*5,357*	*2,334*	*3,047*	*8,691*		
Net interest income	**99,477**	**44,916**	**10,045**	**1,209**	**16**	**155,663**
Fee and commission income	31,911	7,289	1,007	7,757	-5,983	41,981
of which intercompany transactions	*204*	*5*	-	*5,775*		
Fee and commission expenses	13,497	3,800	900	886	-5,984	13,099
of which intercompany transactions	*3,725*	*1,965*	*217*	*78*		
Net fee and commission income	**18,415**	**3,489**	**107**	**6,871**	**1**	**28,883**
Result from foreign exchange transactions	8,249	4,101	117	455	-4	12,917
of which intercompany transactions	*109*	*0*	-	*-106*		
Result from derivative financial instruments and hedging relationships	-612	-	-	-279	0	-890
of which intercompany transactions	*-1,098*	-	-	*1,098*		
Result on derecognition of financial assets measured at amortised cost	54	-434	-	-	-	-380
Net other operating result	-4,255	148	-426	30,824	-30,706	-4,415
of which intercompany transactions	*1,482*	*976*	-	*28,247*		
Operating income	**121,328**	**52,219**	**9,842**	**39,079**	**-30,692**	**191,777**
Personnel expenses	25,158	8,918	4,080	18,238	-	56,393
Administrative expenses	41,130	14,060	5,901	23,048	-26,039	58,100
of which intercompany transactions	*12,928*	*6,180*	*2,341*	*4,590*		
Loss allowance	4,485	-3,014	-636	-291	-	543
Profit before tax	**50,556**	**32,255**	**498**	**-1,916**	**-4,654**	**76,740**
Income tax expenses	5,806	6,014	853	7	-	12,680
Profit of the period	**44,750**	**26,242**	**-355**	**-1,922**	**-4,654**	**64,061**
Profit attributable to ProCredit shareholders						*64,061*

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

in '000 EUR	30.6.2024 Total assets excluding taxes	Total liabilities excluding taxes	Contingent liabilities
South Eastern Europe	6,993,060	6,278,259	971,797
Eastern Europe	1,876,989	1,648,534	181,157
South America	616,139	574,281	18,611
Germany	2,164,690	1,362,366	3,708
Consolidation	-1,610,432	-820,105	-
Total	**10,040,446**	**9,043,335**	**1,175,273**

in '000 EUR	31.12.2023 Total assets excluding taxes	Total liabilities excluding taxes	Contingent liabilities
South Eastern Europe	6,868,204	6,163,832	911,615
Eastern Europe	1,821,410	1,596,120	183,792
South America	597,627	551,082	20,103
Germany	2,141,323	1,340,795	3,943
Consolidation	-1,695,930	-911,612	-
Total	**9,732,633**	**8,740,216**	**1,119,452**

Notes to the consolidated statement of financial position

11 Cash and central bank balances

in '000 EUR	30.6.2024	31.12.2023
Cash	166,617	219,879
Central bank balances	1,949,935	2,133,061
Loss allowances for central bank balances	-6,160	-5,324
Cash and central bank balances	**2,110,391**	**2,347,616**
Loss allowances for central bank balances	6,160	5,324
Loans and advances to banks with a maturity up to 3 months	414,900	366,764
Investment securities with a maturity up to 3 months	340,346	383,652
Central bank balance which do not qualify as cash or cash equivalents for the statement of cash flows	-665,971	-615,780
Cash and cash equivalents	**2,205,827**	**2,487,576**

Balances with central banks include minimum reserves that are not available for our day-to-day business and are thus not recognised under cash and cash equivalents in the cash flow statement.

12 Financial instruments and contingent liabilities by stages

	30.6.2024				
in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
Central bank balances					
Gross outstanding amount	1,921,982	27,953	-	-	**1,949,935**
Loss allowances	-5,042	-1,118	-	-	**-6,160**
Carrying amount	1,916,940	26,834	-	-	**1,943,775**
Loans and advances to banks					
Gross outstanding amount	420,090	-	546	-	**420,636**
Loss allowances	-20	-	-546	-	**-566**
Carrying amount	420,070	-	-	-	**420,070**
Investment securities					
Gross outstanding amount	808,079	-	-	-	**808,079**
Loss allowances	-1,329	-	-	-	**-1,329**
Carrying amount	806,750	-	-	-	**806,750**
Loans and advances to customers					
Gross outstanding amount	5,954,740	536,707	163,150	1,356	**6,655,952**
Loss allowances	-58,507	-44,474	-91,003	-517	**-194,501**
Carrying amount	5,896,233	492,233	72,147	839	**6,461,451**
Other assets (Financial Instruments excluding shares)					
Gross outstanding amount	50,575	-	166	-	**50,740**
Loss allowances	-2,123	-	-118	-	**-2,241**
Carrying amount	48,451	-	48	-	**48,499**
Financial off-balance sheet transactions					
Provisions	-4,214	-3,515	-452	-	**-8,182**

	31.12.2023				
in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
Central bank balances					
Gross outstanding amount	2,104,334	28,727	–	–	**2,133,061**
Loss allowances	-4,174	-1,149	–	–	**-5,324**
Carrying amount	2,100,160	27,578	–	–	**2,127,737**
Loans and advances to banks					
Gross outstanding amount	372,147	–	563	–	**372,710**
Loss allowances	-6	–	-563	–	**-570**
Carrying amount	372,141	–	–	–	**372,141**
Investment securities					
Gross outstanding amount	751,705	–	–	–	**751,705**
Loss allowances	-1,236	–	–	–	**-1,236**
Carrying amount	750,469	–	–	–	**750,469**
Loans and advances to customers					
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**
Carrying amount	5,435,776	522,254	70,536	1,149	**6,029,715**
Other assets (Financial Instruments excluding shares)					
Gross outstanding amount	48,143	–	–	–	**48,143**
Loss allowances	-1,940	–	–	–	**-1,940**
Carrying amount	46,203	–	–	–	**46,203**
Financial off-balance sheet transactions					
Provisions	-3,661	-2,126	-429	–	**-6,217**

13 Loans and advances to customers

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

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as of 1.1.2024	**5,486,688**	**570,543**	**166,985**	**2,258**	**6,226,475**
New financial assets originated	1,437,019	–	–	–	1,437,019
Modification of contractual cash flows of financial assets	221	155	-86	–	290
Derecognitions	-399,205	-70,348	-12,531	-2	-482,087
Write-offs	–	–	-13,069	-5	-13,074
Changes in interest accrual	7,905	-5,146	2,068	3	4,831
Changes in the principal and disbursement fee	-425,604	-105,862	-1,637	-941	-534,044
Transfers to Stage 1	173,218	-172,368	-850	–	–
Transfers to Stage 2	-342,214	350,312	-8,098	–	–
Transfers to Stage 3	-1,945	-29,532	31,477	–	–
Exchange rate movements and others	18,657	-1,048	-1,109	43	16,543
Gross outstanding amount as of 30.6.2024	**5,954,740**	**536,707**	**163,150**	**1,356**	**6,655,952**

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowances as of 1.1.2024	**-50,912**	**-48,289**	**-96,449**	**-1,109**	**-196,760**
New financial assets originated	-18,888	-	-	-	-18,888
Release due to derecognition	2,131	4,421	5,596	66	12,214
Transfers to Stage 1	-2,765	2,718	47	-	-
Transfers to Stage 2	5,472	-7,560	2,087	-	-
Transfers to Stage 3	59	5,337	-5,397	-	-
Change in credit risk	6,305	-1,044	-10,636	529	-4,846
Usage of allowance	-	-	12,641	5	12,647
Exchange rate movements and others	91	-58	1,108	-8	1,133
Loss allowances as of 30.6.2024	**-58,507**	**-44,474**	**-91,003**	**-517**	**-194,501**

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as of 1.1.2023	**5,460,063**	**447,993**	**196,721**	**2,949**	**6,107,726**
New financial assets originated	2,246,927	-	-	69	2,246,996
Modification of contractual cash flows of financial assets	-686	279	-237	-	-645
Derecognitions	-830,352	-128,517	-23,894	-173	-982,935
Write-offs	-	-127	-43,917	-186	-44,229
Changes in interest accrual	11,874	6,793	6,183	-15	24,834
Changes in the principal and disbursement fee	-932,538	-137,413	-14,567	-326	-1,084,844
Transfers to Stage 1	388,434	-386,233	-2,201	-	-
Transfers to Stage 2	-819,230	828,304	-9,074	-	-
Transfers to Stage 3	-8,309	-54,280	62,588	-	-
Exchange rate movements and others	-29,495	-6,257	-4,617	-59	-40,428
Gross outstanding amount as of 31.12.2023	**5,486,688**	**570,543**	**166,985**	**2,258**	**6,226,475**

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowances as of 1.1.2023	**-52,952**	**-38,583**	**-122,154**	**-1,242**	**-214,930**
New financial assets originated	-26,591	-	-	-	-26,591
Release due to derecognition	4,844	6,294	12,543	6	23,686
Transfers to Stage 1	-6,557	6,340	217	-	-
Transfers to Stage 2	17,698	-19,778	2,081	-	-
Transfers to Stage 3	199	6,610	-6,809	-	-
Change in credit risk	11,807	-9,895	-29,557	-65	-27,711
Usage of allowance	-	127	43,216	186	43,529
Exchange rate movements and others	639	597	4,015	5	5,256
Loss allowances as of 31.12.2023	**-50,912**	**-48,289**	**-96,449**	**-1,109**	**-196,760**

14 Liabilities to customers

in '000 EUR	30.6.2024	31.12.2023
Sight deposits	**3,062,816**	**3,046,001**
private individuals	872,372	825,974
legal entities	2,190,445	2,220,027
Savings deposits	**1,695,419**	**1,720,865**
private individuals	824,706	828,318
legal entities	870,713	892,547
Term deposits	**2,790,786**	**2,487,370**
private individuals	1,707,007	1,479,261
legal entities	1,083,779	1,008,108
Liabilities to customers	**7,549,022**	**7,254,236**

15 Debt securities and subordinated debt

As in the previous year, no new debt securities were issued in the first six months of 2024; also, EUR 40.0 million was repaid (financial year 2023: EUR 46.0 million). In addition, subordinated debt amounting to EUR 125.0 million was taken (financial year 2023: EUR 45.5 million); at the same time, EUR 20.0 million in subordinated debt was repaid (financial year 2023: EUR 0.0 million).

16 Provisions

in '000 EUR	Unbilled services	Legal risks	Untaken vacation	Post-employment benefits	Off-balance sheet transactions	Other provisions	Provisions
Book value as of 1.1.2024	**4,198**	**4,058**	**2,838**	**2,411**	**6,792**	**1,701**	**21,997**
Used	-3,483	-354	-929	-33	-	-241	**-5,040**
Releases	-101	-142	-198	-	-1,049	-25	**-1,516**
Change in credit risk	-	-	-	-	-105	-	**-105**
Additions	4,561	322	909	440	2,794	166	**9,192**
Unwinding	-	45	-	75	-	-	**120**
Exchange rate movements	18	8	-14	63	-54	8	**29**
Book value as of 30.6.2024	**5,193**	**3,938**	**2,606**	**2,955**	**8,377**	**1,608**	**24,677**

in '000 EUR	Unbilled services	Legal risks	Untaken vacation	Post-employment benefits	Off-balance sheet transactions	Other provisions	Provisions
Book value as of 1.1.2023	**3,536**	**4,000**	**2,829**	**2,328**	**4,195**	**1,279**	**18,168**
Used	-3,322	-806	-2,353	-81	-	-226	**-6,786**
Releases	-199	-242	-401	-282	-682	-14	**-1,820**
Change in credit risk	-	-	-	-	-637	-	**-637**
Additions	4,168	1,049	2,791	341	4,035	639	**13,023**
Unwinding	-	50	-	168	-	14	**231**
Exchange rate movements	15	7	-29	-64	-119	8	**-183**
Book value as of 30.6.2023	**4,198**	**4,058**	**2,838**	**2,411**	**6,792**	**1,701**	**21,997**

Provisions for legal risks are mainly recognised for legal disputes, primarily for legal risks in connection with the collection of commission fees in the Serbian banking sector. Provisions for off-balance sheet transactions include provisions for non-financial and financial off-balance sheet transactions.

17 Fair value of financial instruments

in '000 EUR	Category	30.6.2024 Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets						
Central bank balances	AC	1,943,775	1,943,775	1,943,775	-	-
Loans and advances to banks	AC	420,070	390,583	-	390,583	-
Derivative financial assets	FV	9,197	9,197	-	9,197	-
Investment securities	FVOCI	388,502	388,502	262,674	125,828	-
Investment securities	AC	418,324	418,858	127,482	291,376	-
Loans and advances to customers	AC	6,461,451	6,445,744	-	-	6,445,744
Other assets (Shares)	FVOCI	9,352	9,352	4,021	3,553	1,778
Other assets (Financial instruments)	AC	48,499	48,499	-	48,499	-
Total		**9,699,170**	**9,654,510**	**2,337,951**	**869,037**	**6,447,522**
Financial Liabilities						
Liabilities to banks	AC	1,064,905	1,035,288	-	44,713	990,575
Derivative financial liabilities	FV	403	403	-	403	-
Liabilities to customers	AC	7,549,022	7,555,319	-	5,014,431	2,540,889
Debt securities	AC	107,029	100,670	-	-	100,670
Other liabilities	AC	52,058	52,348	-	49,386	2,962
Subordinated debt	AC	245,240	253,500	-	-	253,500
Total		**9,018,658**	**8,997,530**	**-**	**5,108,933**	**3,888,597**

Categories: FV - at fair value through profit or loss; AC - at amortised cost; FVOCI - at fair value through other comprehensive income

in '000 EUR	Category	31.12.2023 Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets						
Central bank balances	AC	2,127,737	2,127,737	-	2,127,737	-
Loans and advances to banks	AC	372,141	371,401	-	348,055	23,346
Derivative financial assets	FV	8,083	8,083	-	8,083	-
Investment securities	FVOCI	363,287	363,287	240,165	123,122	-
Investment securities	AC	387,255	387,740	47,122	340,617	-
Loans and advances to customers	AC	6,029,715	5,979,197	-	-	5,979,197
Other assets (Shares)	FVOCI	9,081	9,081	3,810	3,337	1,934
Other assets (Financial instruments)	AC	46,203	46,203	-	45,591	613
Total		**9,343,501**	**9,292,729**	**291,097**	**2,996,542**	**6,005,090**
Financial liabilities						
Liabilities to banks	AC	1,127,680	1,076,289	-	40,925	1,035,364
Derivative financial liabilities	FV	1,334	1,334	-	1,334	-
Liabilities to customers	AC	7,254,236	7,254,050	-	5,009,344	2,244,707
Debt securities	AC	147,088	138,667	-	-	138,667
Other liabilities	AC	48,613	48,194	-	45,452	2,742
Subordinated debt	AC	139,269	134,249	-	-	134,249
Total		**8,718,219**	**8,652,783**	**-**	**5,097,054**	**3,555,729**

Categories: FV - at fair value through profit or loss; AC - at amortised cost; FVOCI - at fair value through other comprehensive income

The ProCredit group's fair value determination gives the highest priority to (unadjusted) quoted prices in active markets for identical financial instruments and the lowest priority to unobservable inputs. For short-term financial instruments (maturity up to six months) carried at amortised costs, the carrying value represents a reasonable estimate of fair value to the extent that there are no significant interest rate changes. The ProCredit group has no fair value financial instruments with Level 3 inputs, with the exception of an insignificant amount of shares.

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

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

The fair value is determined in accordance with the IFRS valuation hierarchy. This categorises the inputs used in the valuation techniques to measure fair value into three levels:

(a) Level 1 Inputs

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

(b) Level 2 Inputs

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

(c) Level 3 Inputs

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

Additional Notes

18 Regulatory own funds

As of 30 June 2024, the Common Equity Tier 1 and Tier 1 capital ratios of the ProCredit group stood at 14.0%. The total capital ratio was 17.3%. The capitalisation of the ProCredit group 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 14.4% for the total capital ratio.

19 Contingent liabilities

in '000 EUR	30.6.2024	31.12.2023
Credit commitments (revocable)	792,713	750,437
Payment guarantees	169,949	160,520
Performance guarantees	196,352	193,958
Credit commitments (irrevocable)	14,054	10,923
Letters of credit	2,205	3,613
Total	**1,175,273**	**1,119,452**

The table above discloses the contractually agreed maximum amounts of contingent liabilities, without consideration of collateral. We currently have no information on the future utilisation of the guarantees, but expect that the most significant portion of these will expire without being drawn upon. It is not practicable to estimate the future use of the credit commitments.

20 Related party transactions

No significant transactions were carried out with related parties during the first six months of 2024. The most relevant expenditures for the ProCredit group arising in connection with related parties were for remuneration of the Management Board in the amount of EUR 1,212 thousand (previous period remuneration of ProCredit General Partner AG: EUR 783 thousand) as well as of the Supervisory Board in the amount of EUR 317 thousand (previous period remuneration of the Supervisory Board for ProCredit Holding and ProCredit General Partner: EUR 159 thousand).

21 Other information

Changes in Management Board and Supervisory Board

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, and Administration and Translation. After an onboarding phase, Georgios Chatzis will take over the duties of Chief Risk Officer (see also "Events after the reporting period").

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. This secondment is effective for the period until the close of the General Meeting that resolves on the ratification of the acts of Mr Zeitinger for the 2028 financial year.

Covenants

The total amount of our liabilities which are subject to covenants is EUR 1,035.6 million as of 30 June 2024. If these covenants are breached, the corresponding liabilities could become due immediately. The ProCredit group had fulfilled all of its covenants as of 30 June 2024, with exception for the following two instances: Due to covenant breaches by Banco ProCredit Ecuador (EUR 9.3 million) and ProCredit Bank Romania (EUR 6.9 million), liabilities to banks have been classified as short term. Early repayment is not expected; however, waiver agreements had not been concluded by the time the interim financial statements were prepared.

We expect to fulfil our covenants in the next 12 months. There is a potential risk that Banco ProCredit Ecuador will not fulfil the applicable covenants for liabilities to banks in the amount of EUR 19.9 million and for subordinated debt in the amount of EUR 6.5 million within the next 12 months. The bank is closely monitoring the corresponding indicators and risk scenarios and will actively take measures if necessary.

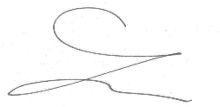
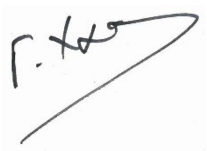
22 Events after the reporting period

As of 1 August 2024, Georgios Chatzis assumed the role of Chief Risk Officer (CRO) within the Management Board of ProCredit Holding AG, taking over the role from Eriola Bibolli. He is responsible for Group Credit Risk, Group Financial Risk Management, Group Operational Risk Management, and Group and PCH Risk Control. At the same time, Eriola Bibolli was assigned responsibility for Business Development and Business Support.

Frankfurt am Main, 5 August 2024

ProCredit Holding AG

Management Board

		
Hubert Spechtenhauser	Christoph Beeck	Eriola Bibolli
		
Georgios Chatzis	Christian Dagrosa	Dr Gian Marco Felice

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES

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

Frankfurt am Main, 5 August 2024

ProCredit Holding AG

Management Board

Hubert Spechtenhauser

Christoph Beeck

Eriola Bibolli

Georgios Chatzis

Christian Dagrosa

Dr Gian Marco Felice

REVIEW REPORT

To ProCredit Holding AG

We have reviewed the condensed interim consolidated financial statements - comprising the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the condensed consolidated statement of cash flows and selected explanatory notes to the condensed consolidated interim financial statements – and the interim group management report of ProCredit Holding AG, Frankfurt/Main, for the period from 1 January 2024 to 30 June 2024, that are part of the semi annual financial report pursuant to section 115 German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Frankfurt/Main, 6th August 2024

BDO AG

Wirtschaftsprüfungsgesellschaft

Grunwald	Gruchott
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

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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.