



Dr Gian Marco Felice, Management Board Member

Key enablers: Technology and staff

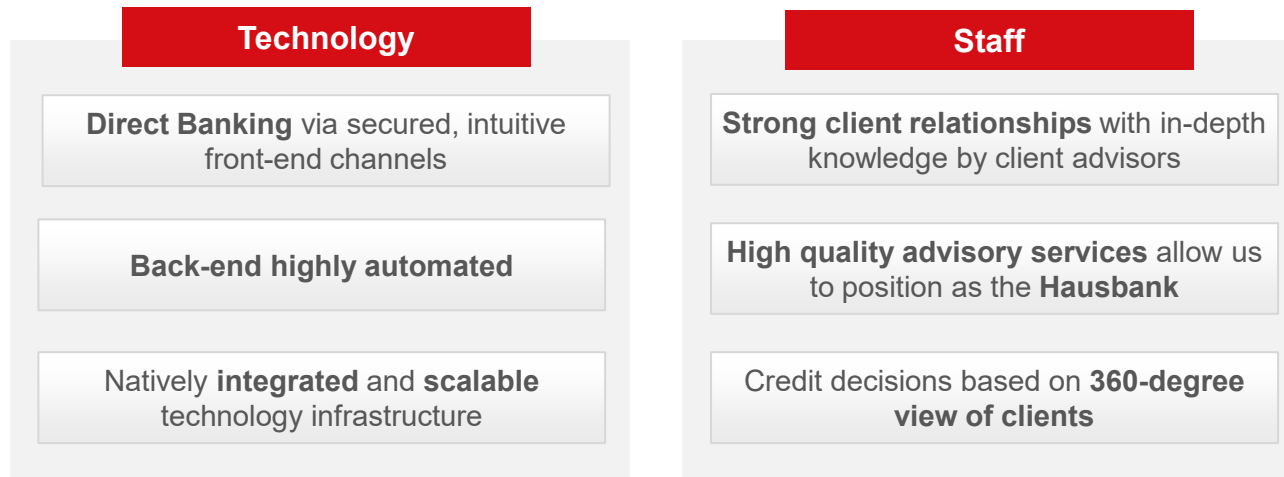
Capital markets day, October 2021

IT and staff are central to our strategy

Our approach to SMEs is based both on technology and client relationship



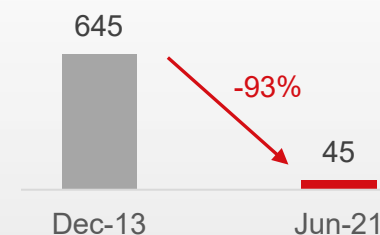
ProCredit business strategy rests on two pillars



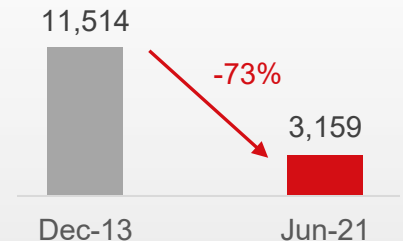
- ▶ Our channels give our customers a secure, easy and convenient access to services while saving cost for both the client and the bank
- ▶ They appreciate not wasting time in performing “low-value” transactions, while enjoying the personalized “high-value” service provided by our staff
- ▶ Our approach allows us to select well organized, innovative businesses, with a high degree of transparency.

ProCredit digital transformation

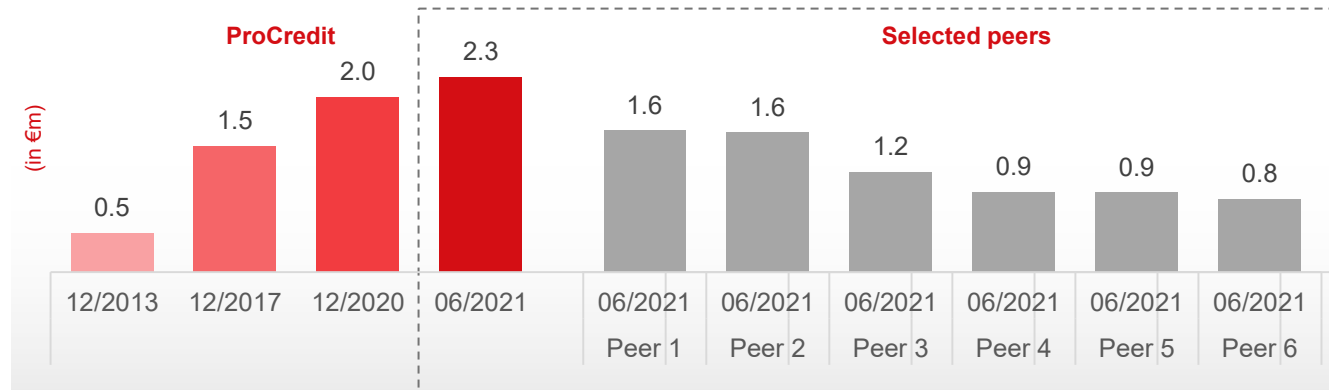
Number of branches



Number of group staff

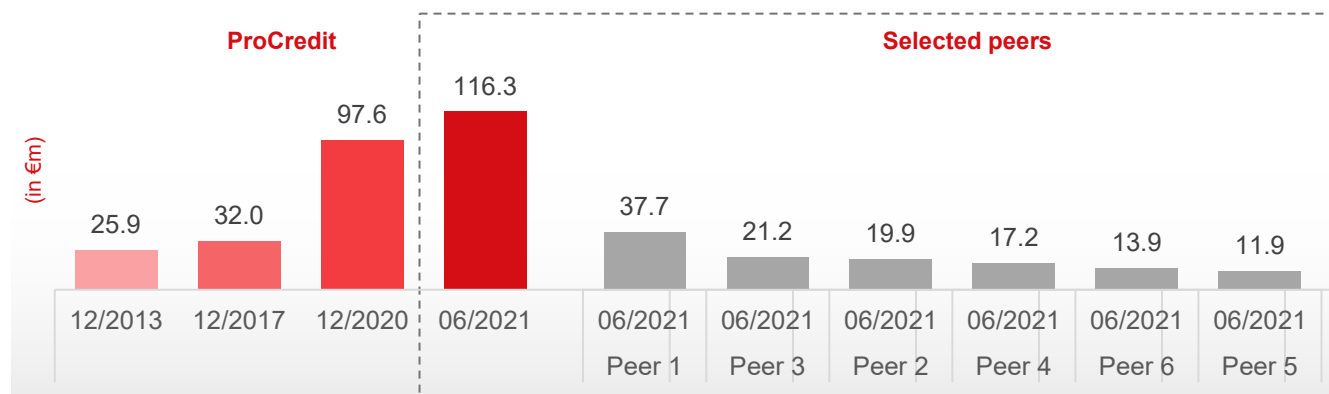


Loan portfolio per staff



- ▶ Digitalization means higher **efficiency** and ability to **scale**. The margin cost of on-boarding a new customer onto our platform is negligible.
- ▶ Streamlined infrastructure and low staff numbers means more **attention** and **investment in staff**

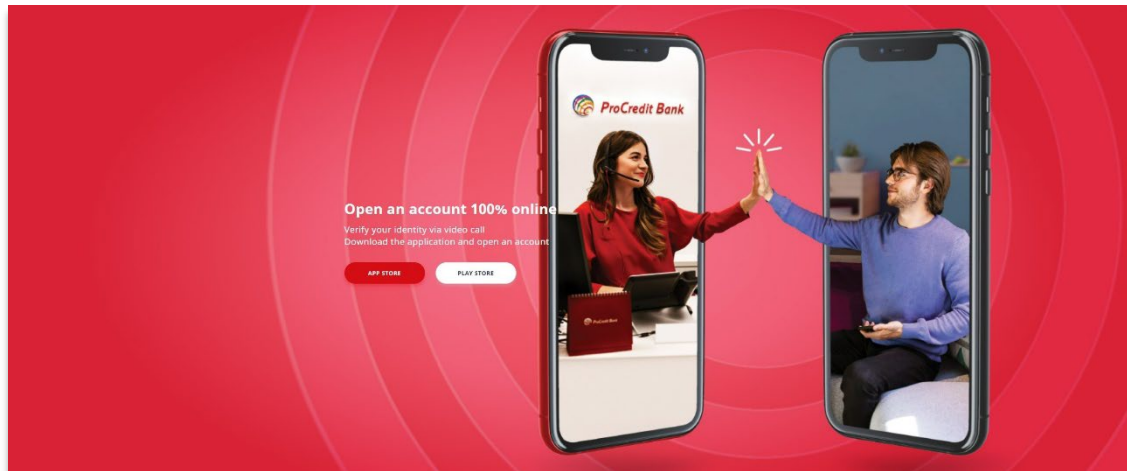
Loan portfolio per branch



- ▶ Direct Banking has made physical branches largely **obsolete**
- ▶ Our few remaining branches are now business centres with a **24/7 zone** for cash transactions

Key enabler: Technology

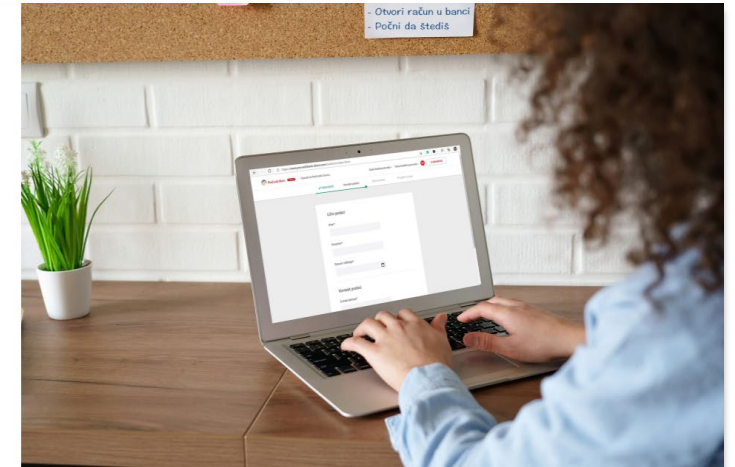
Seamless client interface with no need to visit branch



Open an account online

In just 20 minutes, with video identification and without having to visit the bank.

[Open an account online](#)



- ▶ Fast and easy **remote account opening** for private individuals and small companies
- ▶ A **mobile-first**, multichannel, approach
- ▶ Based on Live ID and **Face Ident technology** (powered by machine learning)

- ▶ **Finished and available:** ProCredit banks in Georgia, Romania, Bulgaria, Serbia, Kosovo and Ecuador
- ▶ **Projects under implementation:** ProCredit banks in Ukraine, Albania and Macedonia
- ▶ **Currently still without legal framework within the country:** Bosnia and Moldova



A bank that is always by your side

With the innovative features of the ProCredit Direct digital service package, anytime, anywhere **digital payments...**

- ▶ ApplePay
- ▶ Gpay
- ▶ Own e-wallet
- ▶ QR codes
- ▶ Instant payments via phone number or email

... and **non-financial transactions**, such as advanced card management

- ▶ Card limit change
- ▶ Card instant issuing
- ▶ PIN management

A Direct Bank for SMEs

Fully integrated **non-financial transactions** particularly relevant for SMEs:

- ▶ Integration of **qualified digital signatures** to exchange certificates and contracts
- ▶ Different level of **authorizations** tailored made for the organizational structure of each SME client
- ▶ Integration with company **ERP** to facilitate accounting and payments



Our group technology company - Quipu



Key facts:

- Founded 2004
- 450 employees
- 20% of staff in HO in Frankfurt
- 8 offices around the world
- 30 languages spoken
- Approx. EUR 35m annual budget

Software:
core banking system & electronic channels

Card processing:
issuing and acquiring, VISA & MC

Cloud & Infrastructure:
hybrid private-public cloud environment

Insourcing IT brings many benefits

- ▶ Proprietary, vertically integrated, **technology stack**
- ▶ **No legacy** IT systems
- ▶ Technology **priorities** under end-to-end control
- ▶ **Agile** roll-out of synergies across all group banks
- ▶ Focus on data security and cybercrime prevention– group IT centralization ensuring consistent data security (GDPR compliant across the whole Group) and **reporting**
- ▶ Banks receive technology as **SaaS** (no own IT operations allowing focus on business)
- ▶ Full visibility, control and steering of **IT cost**

2004 – 2021

2022 / 23

2024 and later

Substantial tech 'investment': Quipu alone ~ €280m

Annual budget: Approx. €35m for entire technology stack (research, development, maintenance)

Finished:

- ✓ >99.9% of client transactions migrated to our scalable technology platform
- ✓ 8 out of 12 banks fully centralized as per end Q3-21, 3 ongoing.
- ✓ Full digitalization of non-financial transactions with private clients

Current projects:

- ▶ Finalize **centralization** of all banks (by 2022, PCB Bulgaria migration to start in 2023)
- ▶ Full digitalization of **non-financial transactions** with SME clients (for instance LC/LG)

Outlook:

- ▶ Further **leverage** efficiencies from scale with plateau of IT cost to be reached 2024f.
- ▶ **Data & Security** to play an increasingly important role in shaping our IT agenda

Key enabler: Staff

Select



- ▶ A diversified education background
- ▶ Social and analytical skills assessed over a 2-weeks period
- ▶ A relentless desire to learn

Train



- ▶ Highly selective 6- months on-boarding process
- ▶ Continuous training in own academy: 1 & 3-year long academy programs in Germany to maintain constant management talent pool
- ▶ On average >100 training hours per employee per year

Empower



- ▶ Flat hierarchies and close collaboration within and between institutions
- ▶ Being highly efficient also means that everyone's contribution counts
- ▶ Empowerment and responsibility pushed at all levels of our institutions

In numbers...

<p>50% / 50% diversity of women / men in management positions</p>	<p>< factor 4 avg. manager pay vs. other staff</p>	<p>3 steps max between PCH MB and anyone else</p>
<p>>70% of employees are with the group for >5 years</p>	<p>106 training hours per employee in COVID year 2020</p>	<p>>11k applicants for ProCredit Onboarding Programme in 2020</p>

...and beyond numbers:

The ProCredit Academy at the heart of our *res publica*



Key facts:

- In operation since January 2006
- 356k total training hours in 2020
- ~500 graduates in current staff from Banker and Management Academies



Slide 2:

- Data on peers based on the most recent stand-alone financial information of peer groups' banks operating in the ten Eastern European markets in which ProCredit is also present
- Stated values are aggregates of the banks' standalone financial data in the CESEE countries where the ProCredit Group operates, namely Albania, Bosnia and Herzegovina, Bulgaria, Georgia, Kosovo, Moldova, North Macedonia, Romania, Serbia and Ukraine. For all Peers, figures from their subsidiaries in respective countries are taken, weighted and aggregated.

Slide 8:

- Annual budget for technology stack of approx. €35m based on current expectation, excluding potential increase as result of price inflation

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