ProCredit HOLDING

Dr Gabriel Schor, Member of the Management Board
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# Q4 2021 / FY 2021 results

Frankfurt am Main, March 2022

Background info

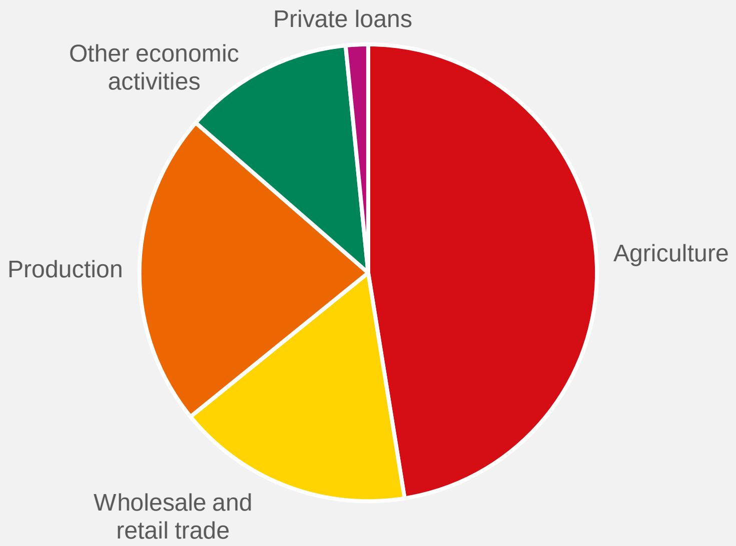
# Update on ProCredit Bank Ukraine – key facts

## Current status of operations (24.03.2022)

- **Safety of staff is our primary focus**: strong support across the group for our Ukrainian colleagues, e.g. accommodation, essentials, medical supplies. Some 70% of staff working from decentralized locations in and outside Ukraine
- **Banking operations in broad terms uninterrupted,** despite the extremely difficult environment: payment transactions via e-banking, card transactions, cash withdrawals. Group internal and external reporting ongoing
- **Close contact with clients maintained**: mainly via remote communication tools; a small number of branches (5) not needed to maintain operations; Business Client Advisers maintaining contact with SME clients as best as possible
- **Lending is restricted** (mostly on a case-by-case basis; e.g. draw downs on credit lines) with a focus on support and interaction with existing clients
- **Stable liquidity situation** and **close ongoing cooperation with the National Bank of Ukraine**

## Overview of ProCredit Bank Ukraine

### Loan portfolio by industry




**328**
total number of staff

**EUR 757m**
loan portfolio, 12.8% of group portfolio

**47%**
of loan portfolio in agriculture

*Note: All financial data as of Dec-21, agriculture incl. forestry and fishing*

# Agenda

| | |
|---|---|
| A | Highlights |
| B | Group results |
| C | Asset quality and capital |
| D | Update on ProCredit Bank Ukraine |
| Q&A | |
| Appendix | |

# Highlights FY 2021

## FY 2021 financial result overachieving increased guidance; RoE on level of medium-term guidance

- **Results guidance metrics overachieved** on the back of already increased results guidance within 2021
- **Net profit of EUR 79.6m** (+92% vs. 2020 of EUR 41.4m)**,** corresponding to a **RoE of 9.7%** (2020: 5.3%) above the increased guidance range of 8.0 – 9.5%
- **Cost-income ratio further improved to 64.2%**, supported by encouraging margin development throughout 2021
- **RoE on medium-term guidance level of c. 10%;** further efficiencies and scale effects to be realised in order to achieve medium-term CIR level of <60%

## Continued strong business development with robust loan portfolio quality

- **Customer loans growth of 12.8%**, above guidance of c. 10%, underpinning strong 'Hausbank' positioning and expertise in green lending
- **Customer deposits growth of 13.1%**, with increase driven by low-margin sight- and FlexSave deposits
- **Cost of risk of 12bps** with overall improved portfolio quality indicators; Stage-3 ratio at 2.3% (2020: 2.6%), net write-offs of 0.1%

## Prudent capitalisation and liquidity comfortably above regulatory requirements

- **CET1 ratio at 14.1%** further increased against Q4-20 by 80bps and well above regulatory requirement of 8.2%; leverage ratio comfortable at 9.3%
- **Two dividend payments in 2021** (18 ct per share in May-21; 35 ct per share in Dec-21)
- **Prudent group liquidity**: LCR 158%, HLA EUR 1.6bn, HLA ratio 28%

## Long-term, impact-oriented business model particularly important the in current geopolitical environment

- **Support of clients also in difficult periods** embedded in ProCredit group's business and impact approach
- **Strong growth, good loan portfolio quality and robust financials through the economic cycle** reinforce business, impact and scaling potential of the group

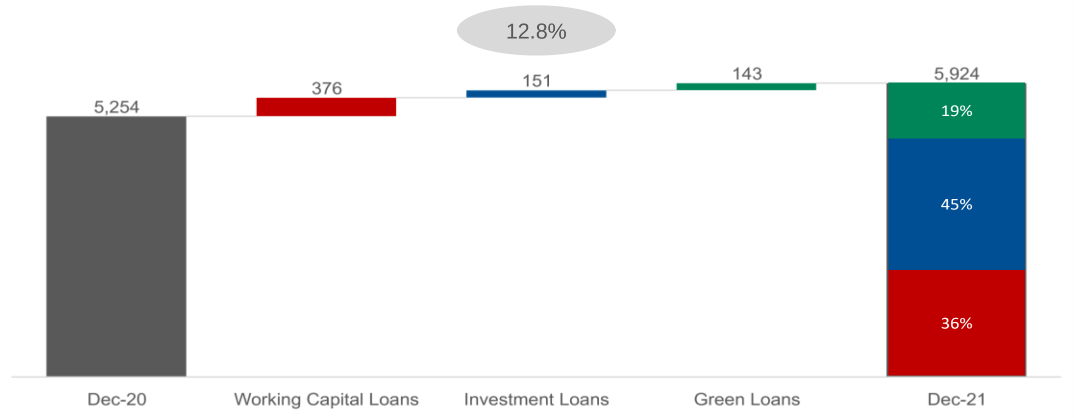
# FY 2021 results versus increased guidance

| | Guidance FY 2021[1] | Actual FY 2021 | |
|---|---|---|---|
| ► **Growth of the loan portfolio** | c. 10% | 12.8% | ✓ |
| ► **Return on equity (RoE)** | 8.0 – 9.5%<br>*upper-end corridor result likely* | 9.7% | ✓ |
| ► **Cost-income ratio (CIR)** | c. 65%<br>*likely to not exceed 65%* | 64.2% | ✓ |
| ► **CET1 ratio and leverage ratio** | > 13% and c. 9% | 14.1% and 9.3% | ✓ |
| ► **Dividend payout ratio** | 1/3 of profits | 18 ct and 35 ct per share paid in 2021; Ukraine situation leading to decision to not distribute dividend for FY 2021 | |

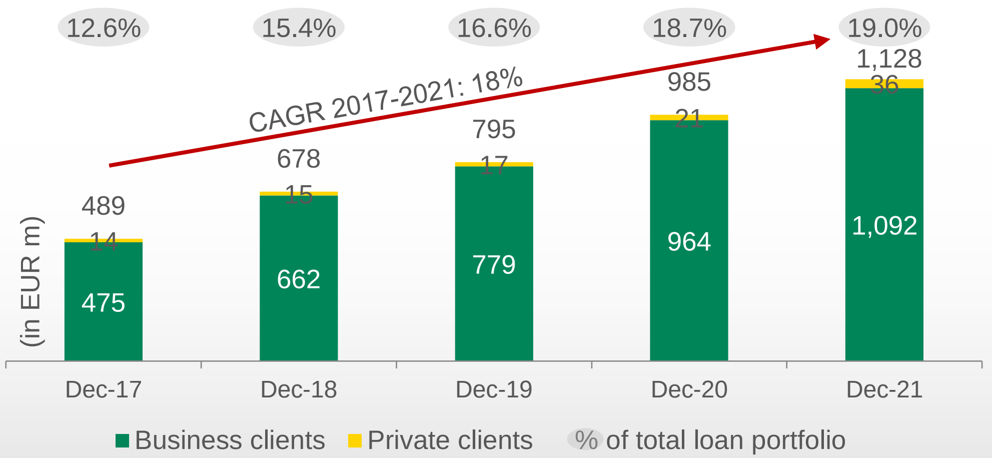
*(1) Increased vs. initial guidance for FY 2021 as presented in FY 2020 results presentation for RoE (initial guidance 6.0 – 7.5%), cost-income ratio (initial guidance 65 – 68%) and CET1 ratio (initial guidance c. 13%)*

# Continued strong growth in customer loans

## Loan portfolio growth




## Green loan portfolio growth

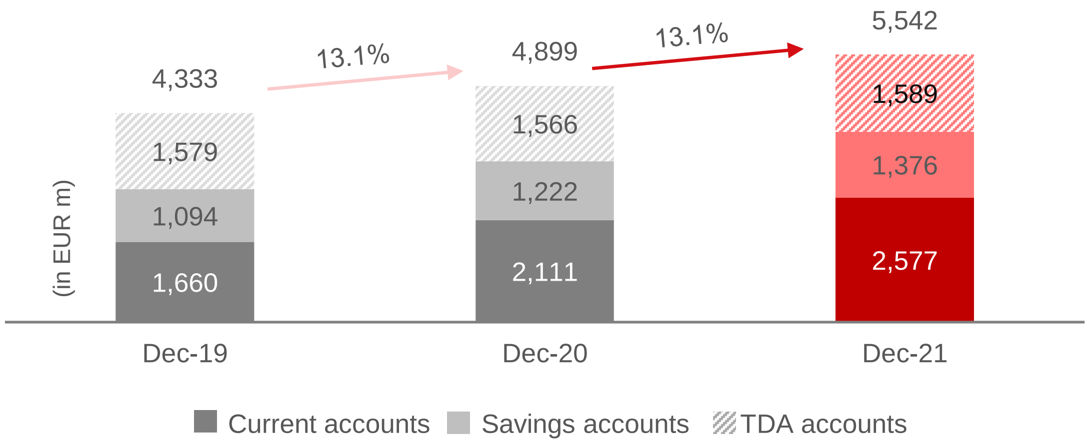


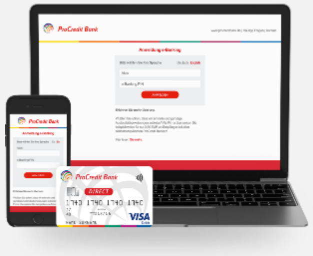

- ▶ Strong growth in customer loans in FY 2021 (EUR 670m/12.8%) and in Q4-21 (EUR 121m/2.1%)
  - Growth in all loan categories, with stronger demand for working capital loans in 2021 with maturities < 3 years
  - All ProCredit banks contributing to overall increase, with good growth rates across all geographies and regional segments
  - FX-adjusted loan growth of slightly more than 10%
- ▶ Green loan portfolio amounting to EUR 1.1bn and representing 19.0% of total loan portfolio
  - Very high portfolio quality; default rate of the green loan portfolio at 1.1% (1.2pp lower than for total loan portfolio)
  - Close to current medium-term target for green loans of 20% share of total loan portfolio

# Good deposit development through digital banking channels

- ▶ YOY increase of EUR 643m (+13.1%)
  - Achieved mostly through growth in business clients, also private client deposits increasing visibly (+ EUR 216m)
  - Increased share of sight deposits and FlexSave (up 3.3pp YoY to 71%)
  - Positive impact on interest expenses and net interest margin
- ▶ Growing appeal of digital approach ('shift to digital')
  - 2021 deposit growth driven entirely by sight and FlexSave deposits from businesses and private individuals
  - OTC transactions essentially eliminated
  - Strategic management of deposit/ loan ratios on bank level

## Deposits by product



# Sustainability commitment firmly integrated in the business model – Impact report 2021 published

## Impact through business

- Supporting SMEs through the cycle
- No focus on consumer lending
- ESG assessment central to client selection and lending
- Promoting transparency
- Commitment to SDGs and signatory to UNEP FI & PCAF

Corporate ESG Performance Prime ISS ESG

**MSCI ESG rating: AA**

## Environmental responsibility

- Green loan portfolio > €1.1bn, avg. growth 18% p.a. since 2017
- Strict lending standards and exclusion list
- Internal measures for greener planet, including
  - plastic strategy
  - energy efficient buildings

Edge Excellence in Design For Greater Efficiencies

## Comprehensive staff development

- High diversity, gender parity
- Unique approach to staff recruitment and development
- Continuous value-based training in own academy
- Fair, transparent salary linked to training level; no variable components

## Key facts and selected achievements in 2021

**2.3%**
credit-impaired loans; well below banking sectors

**+13%**
continued strong business loan portfolio growth

**92%**
of loan portfolio is to SMEs

**70%**
of people employed by SMEs in SEE/EE

- <u>ProCredit taking differentiated view</u>: exclusion of finance for PV projects with PV panels potentially linked to forced labour (China's Xinjiang region)

**-56%**
$CO_2$ saved since 2018, 5,486 t emissions in 2021

**19.0%**
share of green loans in total loan portfolio

**-324 kilotonnes**
$CO_2$ equivalent of green loan portfolio

**59% electric fleet**
electric fleet; 207 publicly available-chargers

- Own 3 MWp PV park ('ProEnergy')
- ProCredit e-mobility charging station app (developed by group IT company Quipu)
- Introduction of 'Green Deposits'

**51% / 49%**
diversity of women / men in middle management

**100%**
of employees with min. B1 English proficiency

**134**
training hours per employee, total of 425,010 hours

**€6.4m**
training cost in FY 2021

- Launch of ProCredit e-campus
- Strong employee acceptance of Covid-19 vaccination campaign

# Promoting e-mobility across our countries of operation

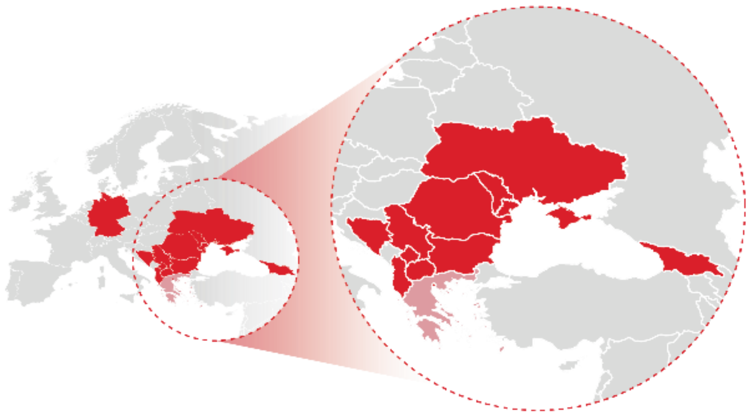
Illustration



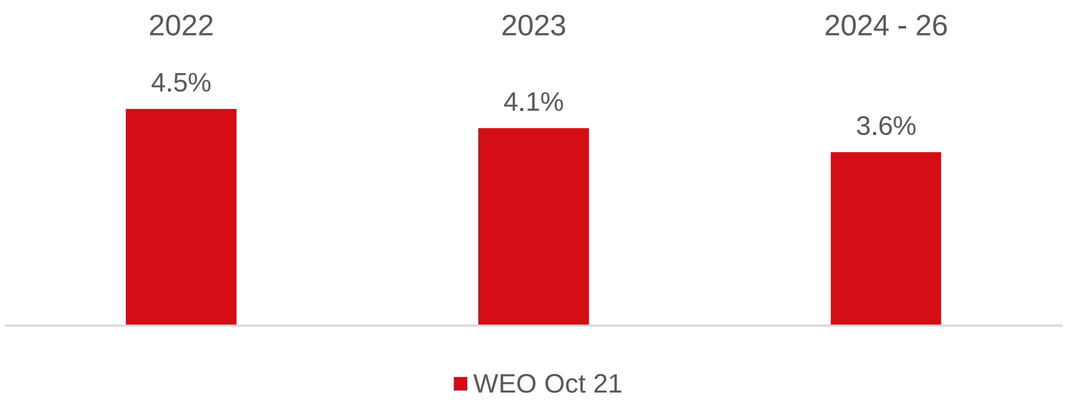
- Installation of 207 public electric vehicle chargers in all ProCredit countries of operations
- ProCredit app developed to easily locate the electric chargers that are free of charge
- Cooperation with car dealers, price incentive for e-car finance
- Group wide campaigns to raise awareness and to incentivise the use of e-cars (Jan-22)
- As of Dec-21, the ProCredit fleet comprises 59% e-cars (or 72% including the hybrid plug-ins)

# Key recent developments and outlook for our countries of operations

## Overview of regional presence in SEE/EE



## Expected GDP development in SEE[1]




*Notes: (1) Median real GDP growth; includes PCH countries of operation in SEE*
*Source: IMF World Economic Outlook Oct-21*

## COVID-19 pandemic and governmental response

- Steady progress of vaccination roll-out helps curb the impact on the population of increasing infection rates
- Restrictive measures amid higher infection rates in basically all countries of operation
- Strong economic recovery in 2021 in all countries
- ProCredit share of portfolio in moratorium at end Q4-21 at 0.02%

## Macroeconomic environment

- IMF World Economic Outlook indicates a very robust growth outlook in SEE for 2022 and beyond
- Inflation projected to and started to increase in most ProCredit countries of operation
- Industrial Production Indices for most countries showing steady/ positive development
- Impact from war in Ukraine not yet visible in economic forecasts for EE, first estimations for Ukraine indicate c. -10% GDP development in 2022, but depending on the war scenario (IMF, March 2022)

# Outlook for ProCredit Group

## Outlook 2022: Limited ability to forecast key metrics resulting from uncertainties of war in Ukraine

| | |
|---|---|
| ► **Growth of the loan portfolio** | c. 10% in many group banks, overall below FY 2021 |
| ► **Return on equity (RoE)** | significantly below FY 2021 |
| ► **Cost-income ratio (CIR)** | higher than FY 2021 |
| ► **CET1 ratio and leverage ratio** | potential for stronger decline, but to remain significantly above regulatory requirements |

## Medium-term outlook confirmed

In the medium term, assuming a stable political, economic and operating environment, we see potential for around 10% p.a. growth in the total loan portfolio, a cost-income ratio (CIR) of < 60%, and a return on equity (RoE) of about 10%.

Announcement of updated medium-term guidance postponed until further visibility on effects from war in Ukraine.

**Risk factors to guidance:**

Include negative economic effects from slower improvement or deterioration in conditions related to the COVID-19 pandemic and recovery therefrom, major disruptions in the Eurozone, a significant change in foreign trade or monetary policy, a worsening of the interest rate margin, pronounced exchange rate fluctuations, extension of war to further countries of operation.

# Agenda

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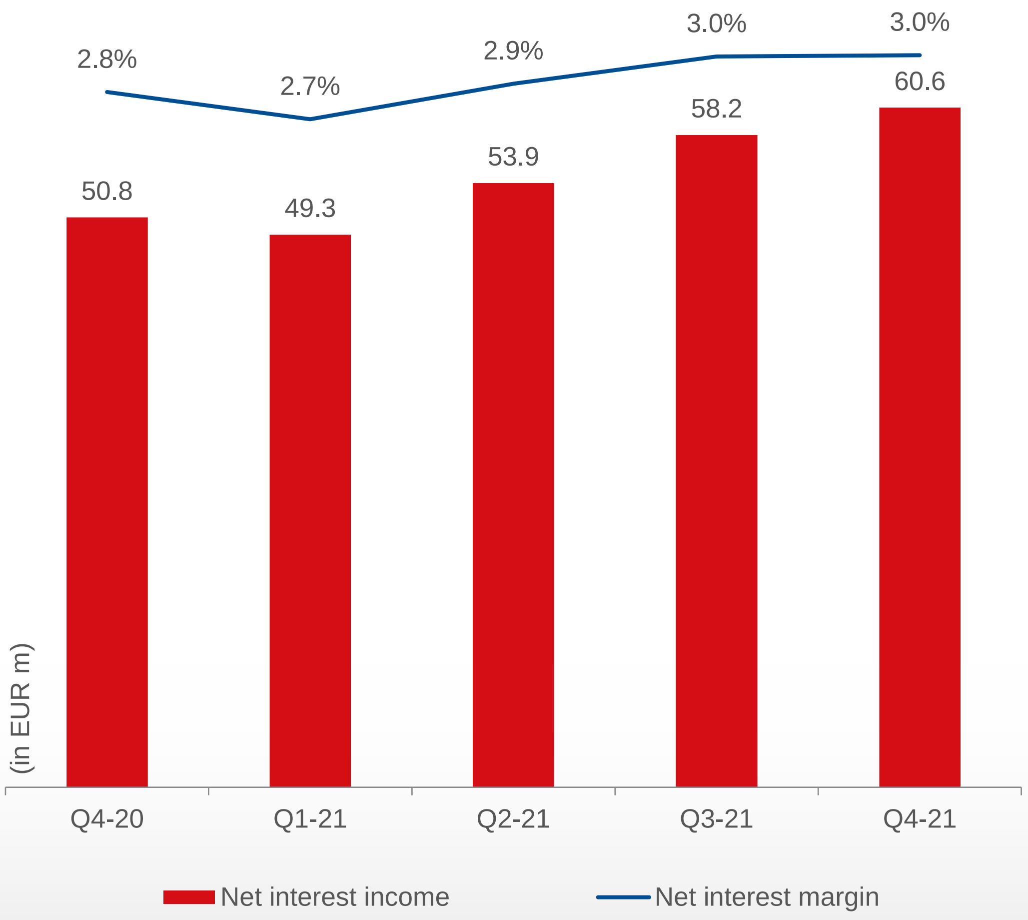
# FY 2021 results at a glance

| In EUR m | | Q4-2020 | Q4-2021 | FY-2020 | FY-2021 | y-o-y |
|---|---|---|---|---|---|---|
| Income statement | Net interest income | 50.8 | 60.6 | 201.6 | 222.0 | 20.5 |
| | Net fee and commission income | 12.7 | 13.8 | 47.4 | 50.9 | 3.5 |
| | Other operating income (net) | 0.5 | 2.9 | 3.2 | 9.0 | 5.8 |
| | Operating income | 64.0 | 77.4 | 252.1 | 281.9 | 29.8 |
| | Personnel expenses | 22.4 | 26.0 | 84.3 | 90.1 | 5.8 |
| | Administrative expenses | 24.0 | 27.2 | 87.1 | 90.8 | 3.6 |
| | Loss allowance | 7.5 | 3.2 | 28.6 | 6.5 | -22.1 |
| | Tax expenses | 2.2 | 3.4 | 10.7 | 14.9 | 4.2 |
| | Profit after tax | 8.0 | 17.6 | 41.4 | 79.6 | 38.2 |
| Key performance indicators | Change in customer loan portfolio | 0.9% | 2.1% | 9.5% | 12.8% | 3.2pp |
| | Cost-income ratio | 72.3% | 68.7% | 68.0% | 64.2% | -3.8pp |
| | Return on equity | 4.1% | 8.2% | 5.3% | 9.7% | 4.5pp |
| | CET1 ratio (fully loaded) | 13.3% | 14.1% | 13.3% | 14.1% | 0.9pp |
| Additional indicators | Net interest margin | 2.8% | 3.0% | 2.9% | 2.9% | 0.0pp |
| | Net write-off ratio | 0.2% | 0.1% | 0.1% | 0.1% | 0.0pp |
| | Credit impaired loans (Stage 3) | 2.6% | 2.3% | 2.6% | 2.3% | -0.3pp |
| | Coverage impaired portfolio (Stage 3) | 91.4% | 96.8% | 91.4% | 96.8% | 5.4pp |
| | Book value per share (EUR) | 13.2 | 14.5 | 13.2 | 14.5 | 1.3 |

# Net interest income

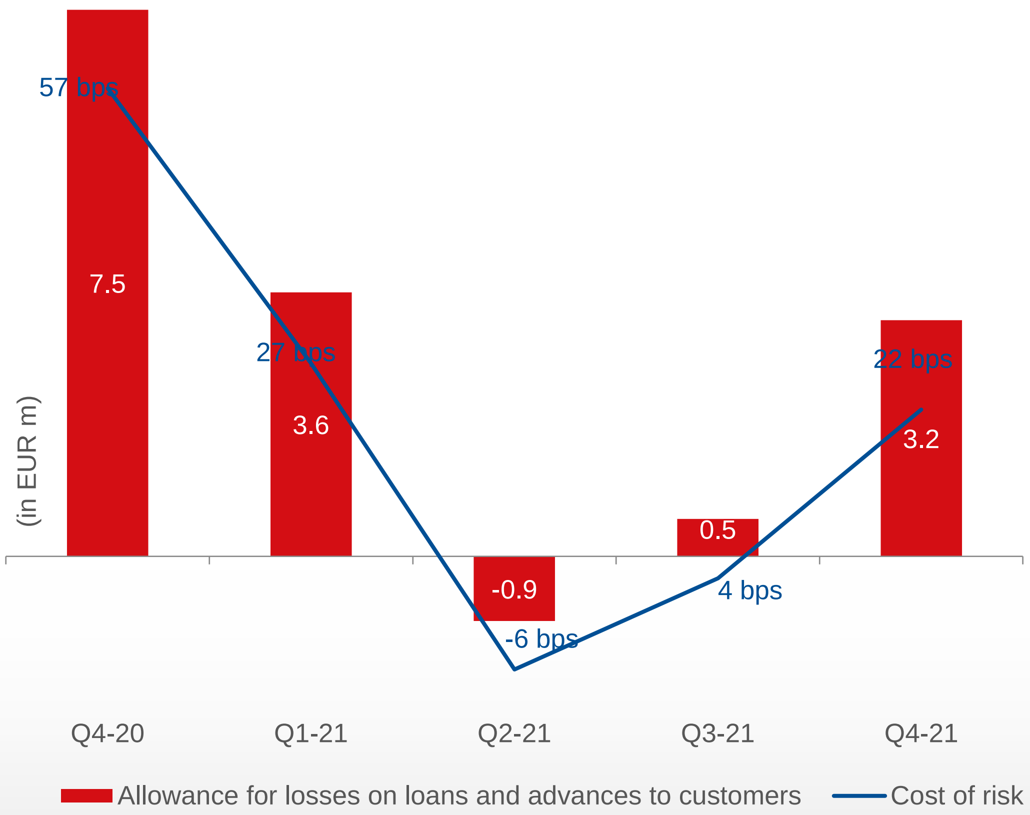



- ▶ Strong Q4-21 NII of EUR 60.6m (increased by EUR 2.4m or 4.1% vs. Q3-21 and EUR 9.8m or 19.3% vs. Q4-20)

- ▶ Net interest income with positive dynamic in 2021 as result of
  - Volume effects driven by strong portfolio growth of 12.8%
  - Margin increase with positive development driven by all banks; Q4-21 NIM of 3.0% well above the level of Q4-20 (2.8%) and H1-21 (2.8%)
  - Steadily increasing share of sight deposits supporting structurally lower funding costs

- ▶ Full year NII of EUR 222.0m, increased by EUR 20.5m or 10.2% vs. previous year

# Provisioning expenses




- Q4-21 loan loss provisioning expenses at EUR 3.2m, corresponding to 22bps cost of risk
  - Majority of pandemic-driven provisions not released during annual parameter update
- Full-year loan loss provisioning expenses of EUR 6.5m significantly below previous year; FY 2021 cost of risk of 12 bps supported by good portfolio quality development
  - Share of credit impaired loans reduced by 30bp to 2.3%
  - Share of loans in Stage 2 reduced by 80bp to 3.6%
  - Cost of risk driven primarily by loan portfolio growth as well as additional stage 3 provisions; recoveries from written off loans of EUR 12.8m contribute to good credit risk performance

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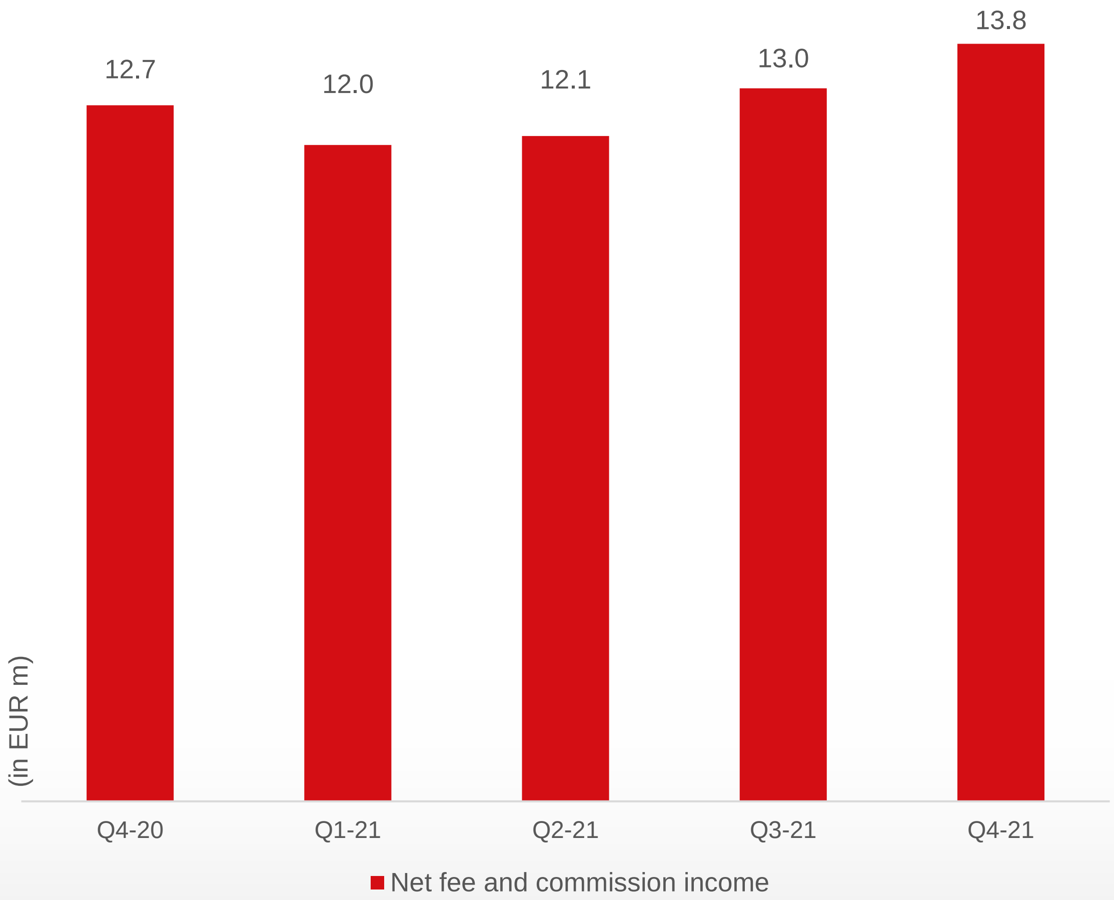
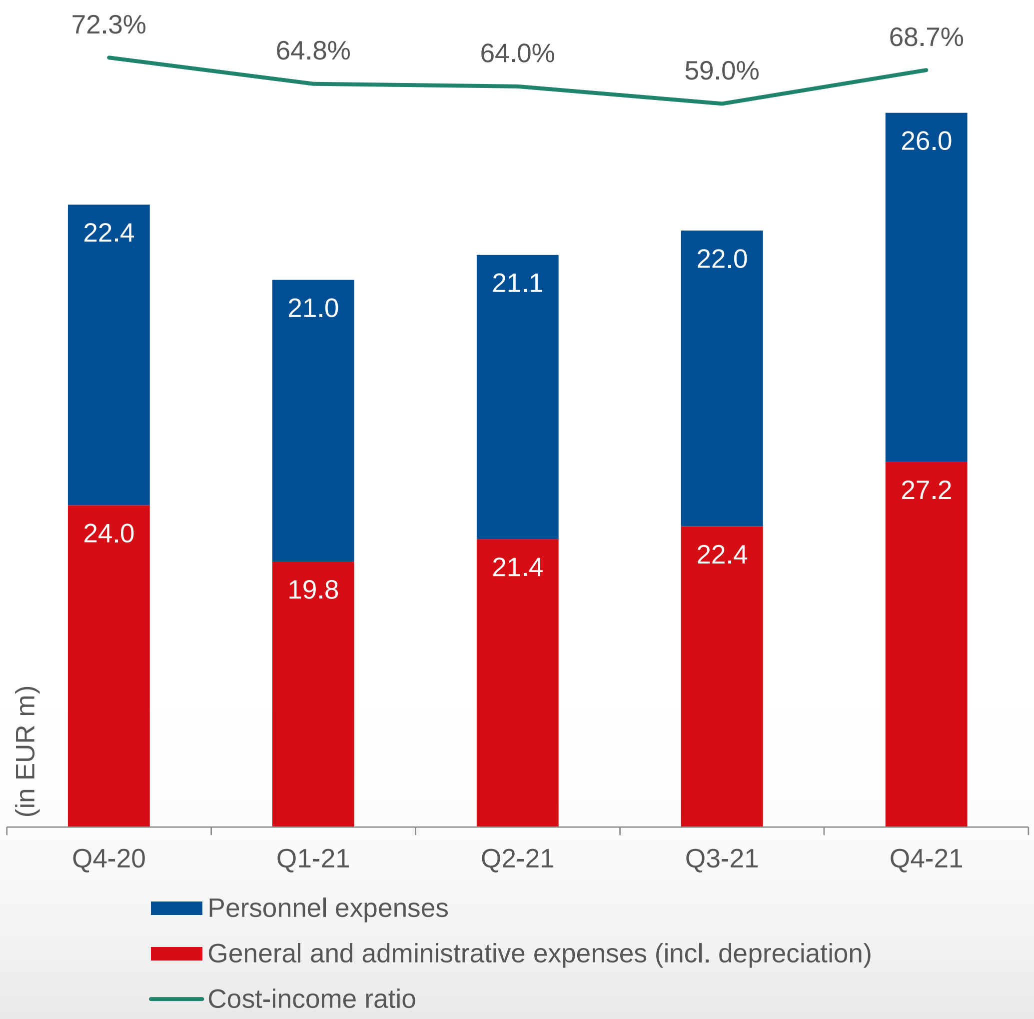
# Net fee and commission income




- Q4-21 net fee and commission income EUR 0.8m or 6.2% above Q3-21 and well above previous quarters
  - Steady increases in number and volume of transactions, yielding higher income from money transfer and credit/debit card fees
  - Increase in fee expenses, driven partly by EUR 0.6m higher payments for guarantee schemes such as InnovFin
- Full year net fee and commission income of EUR 50.9m, increased by EUR 3.5m or 7.3% vs. previous year

# Operating expenses

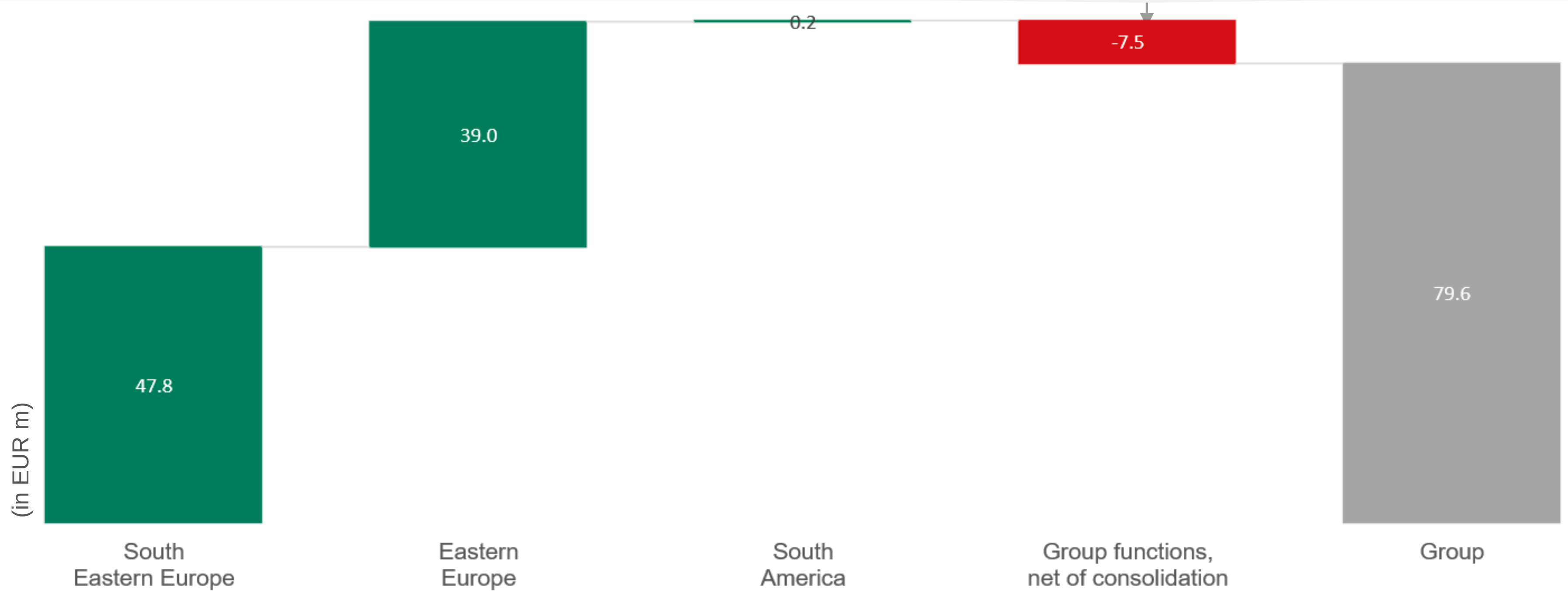



- Q4-21 cost-income ratio of 68.7% with seasonal increase vs. Q3-21, but significantly improved YOY (-3.6pp)
  - Q4-21 cost base includes effects from stock participation of c. 80 key employees in our banks of c. EUR 2m and write-down of goodwill
- Full year 2021 cost-income ratio reduced significantly by 3.8 percentage points to 64.2% driven by higher operating income and tight cost control
  - Operating income up EUR 29.8m or 11.8% vs. FY 2020, overcompensating 5.5% cost increase
  - Increase in cost base driven by higher wages as well as increased investments in IT and marketing
  - Operating expenses supported by lower travelling expenses (-EUR 3.5m vs. FY 2019); return to pre-pandemic levels expected by 2023
  - Class action lawsuits in Serbia steadily rejected by local courts after revised verdict of the Supreme Court; net effect in 2021 of -EUR 2.6m, remaining EUR 2.5m stock of provisions for potential release in 2022

# Contribution of regional segments to group net income

Group functions, e.g. risk management, reporting, capital management, IT, liquidity management, training and development

Includes ProCredit Holding, Quipu, ProCredit Academy Fürth, ProCredit Bank Germany (EUR 51m customer loan portfolio; EUR 257m customer deposits)




| | South Eastern Europe | Eastern Europe | South America | Group functions, net of consolidation | Group |
|---|---|---|---|---|---|
| Customer loan portfolio (EUR m) | 4,135 | 1,316 | 423 | | 5,924 |
| Change in customer loan portfolio | 8.8% | 21.9% | 31.7% | | 12.8% |
| Cost-income ratio | 63.9% | 45.5% | 89.9% | | 64.2% |
| Return on equity | 8.4% | 17.9% | 0.5% | | 9.7% |

# Key figures per ProCredit bank (as per FY 2021)

| Country | Bulgaria | Serbia | Kosovo | North Macedonia | Romania | Bosnia & Herzegovina |
|---|---|---|---|---|---|---|
| Customer loan portfolio (EUR m) | 1,221 | 1,002 | 590 | 461 | 358 | 267 |
| Change in customer loan portfolio (%) | 11.2% | 6.0% | 10.4% | 8.7% | 4.0% | 12.3% |
| Credit impaired loans (Stage 3) | 1.7% | 2.0% | 2.3% | 1.8% | 1.6% | 2.6% |
| Profit after tax (EUR m) | 19.6 | 4.1 | 17.4 | 3.0 | 1.8 | 1.2 |

- South Eastern Europe
- Eastern Europe
- South America
- Germany

| Country | Albania | Ukraine | Georgia | Moldova | Ecuador | Germany |
|---|---|---|---|---|---|---|
| Customer loan portfolio (EUR m) | 235 | 757 | 388 | 171 | 423 | 51 |
| Change in customer loan portfolio (%) | 9.2% | 30.4% | 12.6% | 10.9% | 31.7% | -5.1% |
| Credit impaired loans (Stage 3) | 3.6% | 1.5% | 2.4% | 2.8% | 6.5% | 0.0% |
| Profit after tax (EUR m) | 0.6 | 23.7 | 11.1 | 4.1 | 0.2 | 1.5 |

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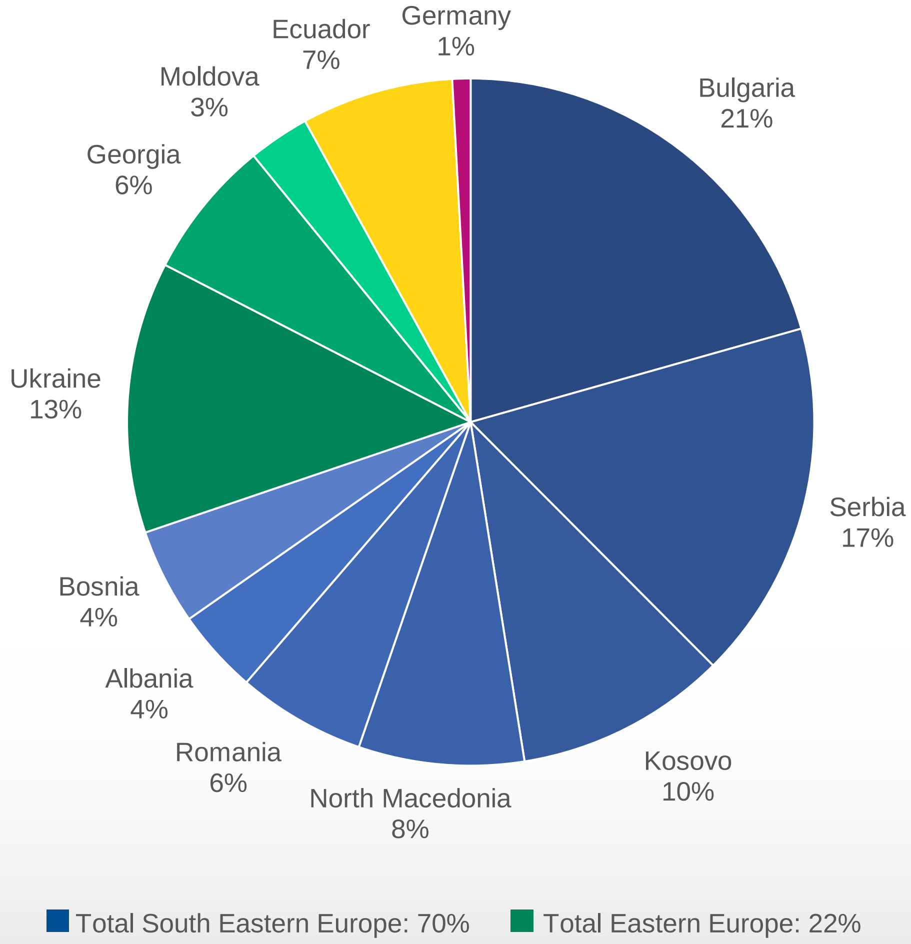
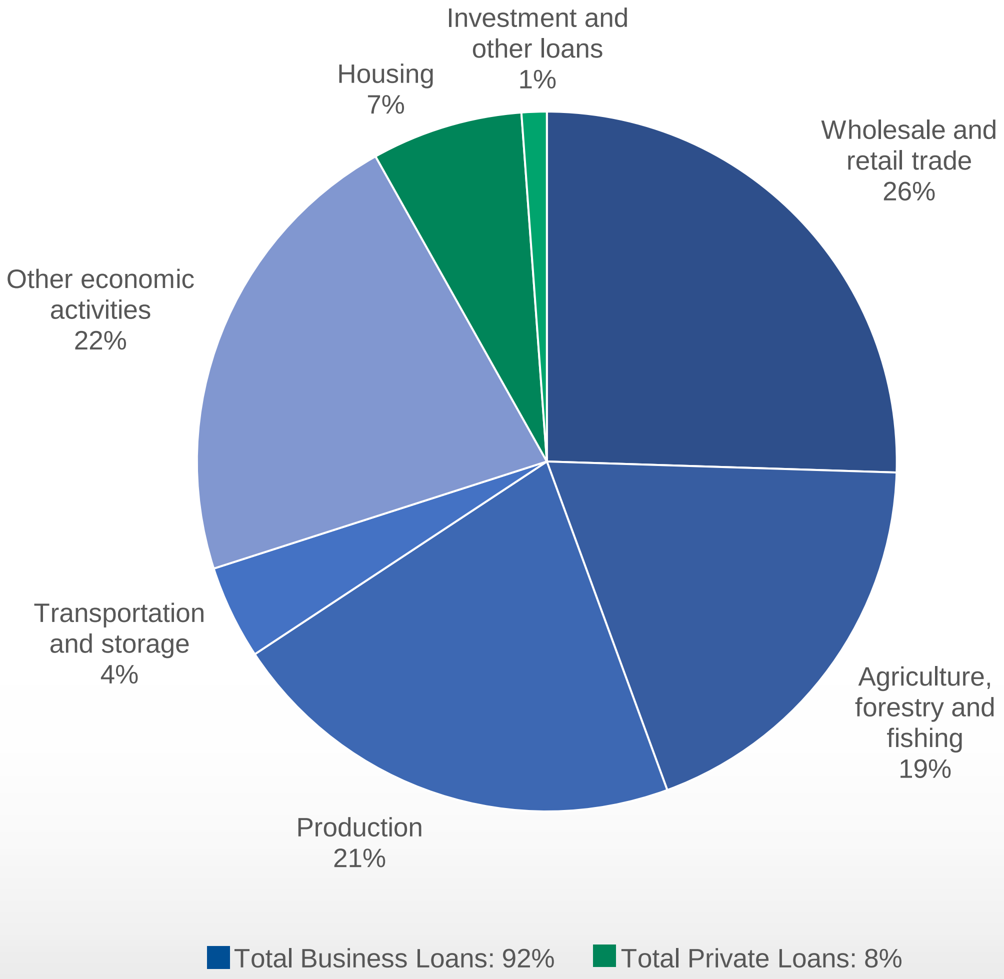
# Structure of the loan portfolio

## Loan portfolio by geographical segments

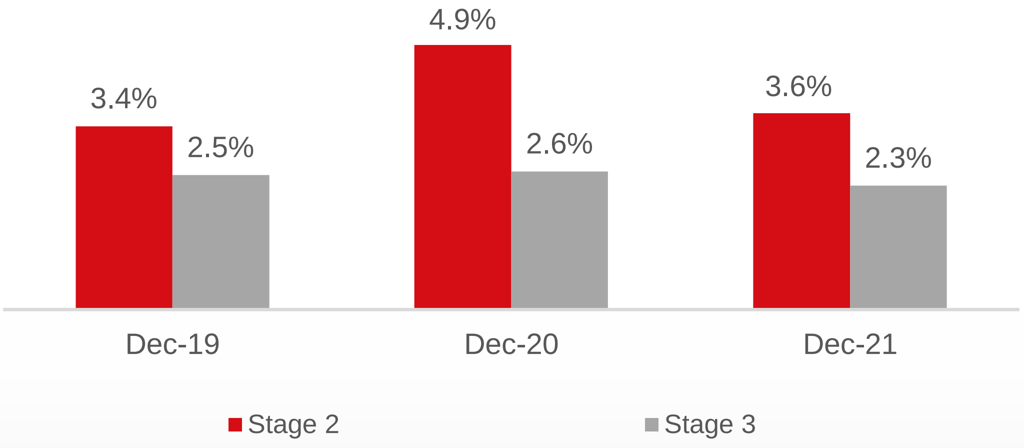



## Loan portfolio by sector



# Loan portfolio quality

| | IFRS 9 | | |
|---|---|---|---|
| Net write-offs | 0.3% | 0.1% | 0.1% |
| Coverage impaired portfolio | 89.1% | 91.4% | 96.8% |



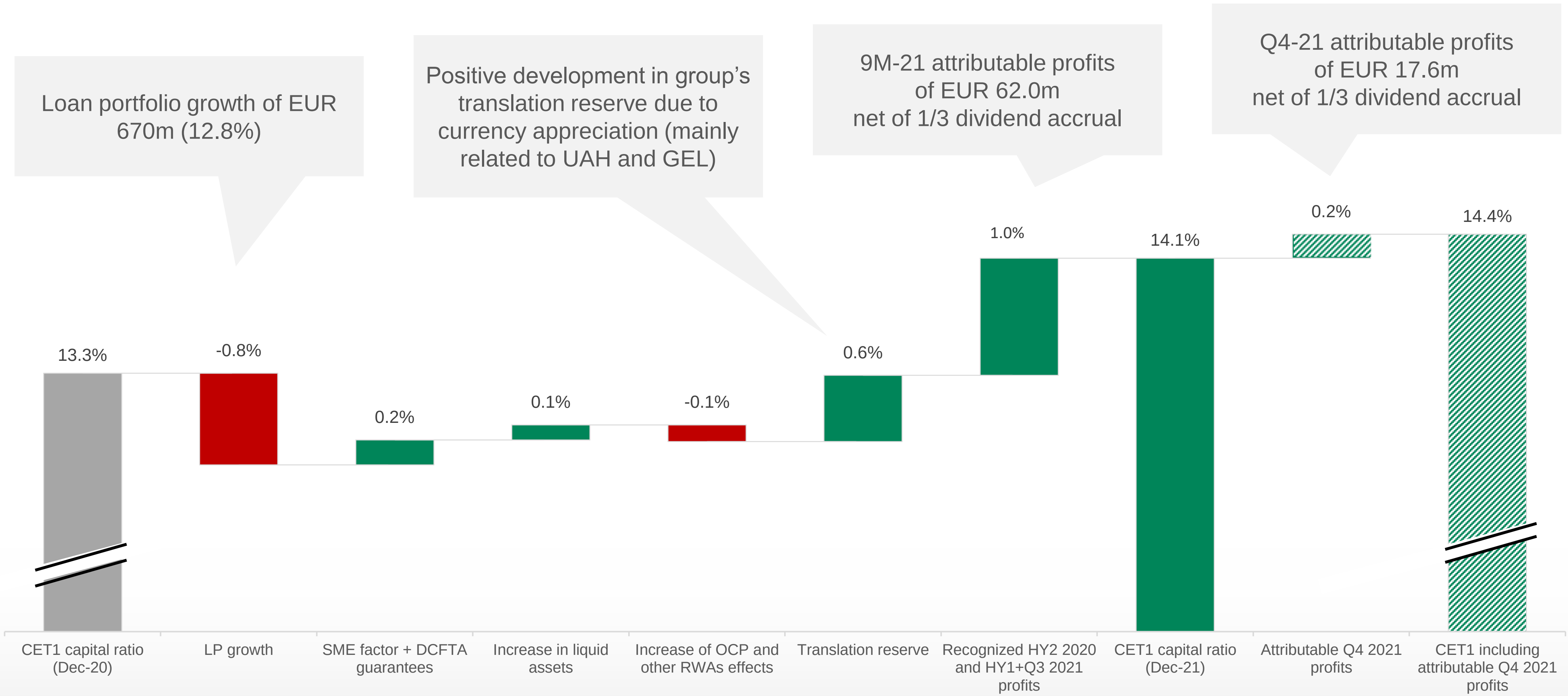

- Continued positive development of risk indicators in Q4-21
- Share of Stage 3 loans at 2.3% even below the good level of Q4-20, driving good development of cost of risk
- Share of Stage 2 loans at 3.6% well below levels of Q4-20 and Q3-21
  - Significantly reduced pandemic-related restructuring activities since mid Q2-21
  - Good level of repayments within restructured portfolio
- Net write-offs consistently at a very low level, also throughout the pandemic, mainly as a result of client-centric approach towards credit risk
- Continued high coverage ratio of 96.8% (excluding any collateral)

# Regulatory capital and risk-weighted assets

| in EUR m | Dec-20 | Dec-21 |
|---|---|---|
| CET1 capital | 706 | 792 |
| Additional Tier 1 capital | 0 | 0 |
| Tier 1 capital | 706 | 792 |
| Tier 2 capital | 76 | 64 |
| Total capital | 782 | 856 |
| | | |
| RWA total | 5,325 | 5,601 |
| o/w Credit risk | 4,363 | 4,562 |
| o/w Market risk (currency risk) | 528 | 591 |
| o/w Operational risk | 432 | 433 |
| o/w CVA risk | 2 | 15 |
| | | |
| CET1 capital ratio | 13.3% | 14.1% |
| Total capital ratio | 14.7% | 15.3% |
| Leverage ratio | 9.3% | 9.3% |

- Capital ratios well above regulatory capital requirements (8.2% CET1 capital, 10.1% T1, 12.6% total capital)
- CET1 capital includes profits as of September 2021 YTD
  - Net of 1/3 dividend accruals (c. 37 bps in CET1 ratio), which for now continue to be deducted from regulatory capital ratios
  - Before Q4-21 attributable profits of EUR 17.6m (c. 31 bps in CET1 ratio without 1/3 dividend accrual)
- Two dividend payments in 2021 in line with dividend policy
  - 18 ct per share in May-21 (EUR 10.6m)
  - 35 ct per share in Dec-21 (EUR 20.6m)
- Application of standardized approach resulting in relatively limited impact of Basel IV implementation in 2025
- Leverage ratio of 9.3% well above banking sector averages

# Development of CET1 capital ratio (fully loaded)



# Agenda

# ProCredit Bank Ukraine – development since invasion into Ukraine

- **Key infrastructure and security measures:**
  - Direct banking concept means: **no physical offices required** to conduct the main banking operations
  - **Bank’s operationality steady and secured:** data bases backed up in Germany; card transactions processed by Quipu outside Ukraine; call center shifted to Germany
- **Liquidity position of the bank has remained stable since the outbreak of the war:**
  - **Highly liquid assets of EUR 196m** against some EUR 950m in total assets (as of March 18 2022)
  - **Additional contingency liquidity line of approx. EUR 60m** provided by NBU (as provided to entire banking sector) not used as of today
  - **Private client deposits with increase since start of the invasion by approx. EUR 12m**; SME client deposits decreased in first days of invasion also due to contribution of SMEs to Ukrainian defence fund, but have since then stabilized
- **Historically strong loan portfolio quality in an overall challenging market:**
  - **Share of impaired loans at 1.6%** with coverage of **179%** (as of January 31 2022)
  - Currently, **close to all exposures in one-month moratorium** with instruction by National Bank of Ukraine to not reflect loans in moratoria in arrears (IFRS treatment may differ)
- **Prudent capitalisation well above regulatory requirement:**
  - **Local CET1 ratio of 12.2%** vs regulatory capital requirement of 7% (as of February 28 2022)

# ProCredit Bank Ukraine – key group messages and facts

## Key group messages on the current crisis

- ProCredit group comprises 12 banks with the **large majority of assets not directly impacted by the war in Ukraine**
- ProCredit group has **no exposure to Russian banks, no Russian subsidiary, and no banking activities in Russia. No strong direct impact** from resolved international sanctions against Russia on **the ProCredit group**
- **Limited number of clients** of the ProCredit banks in South Eastern and Eastern Europe rely on business relationships with Russian entities
- **Comfortable capital positions with 14.1% CET1 ratio** (vs. 8.2% regulatory requirement) and 9.3% leverage ratio – well above banking sector averages
- **Group targets for the medium term confirmed,** also in a scenario without contribution from ProCredit Bank Ukraine: growth of the loan portfolio of around 10% p.a., cost-income ratio of <60%, return on equity of about 10%

## Overview of ProCredit Bank Ukraine

| Loan portfolio | RWA | Equity |
|---|---|---|
| EUR 757m<br>*(12.8% of group)* | EUR 818m<br>*(14.6% of group)* | EUR 130m |
| **Staff** | **Net income** | **RoE** |
| 328 | EUR 23.7m<br>*(27.2% of group[1])* | 19.9% |

*Note: All financial data as of Dec-21, agriculture incl. forestry and fishing;*
*(1) Ratio based on group net income before allocation of group functions*

# Agenda

# Q&A

*Photovoltaic project financed by ProCredit Bulgaria*

# Agenda

# ProCredit – A unique approach to banking

## Summary

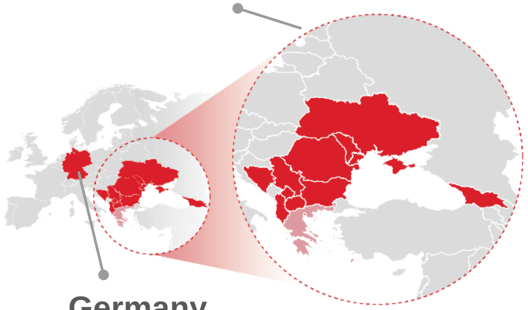
- A profitable, development-oriented commercial group of banks with a focus on South Eastern and Eastern Europe
- Headquartered in Frankfurt and supervised by the German Federal Financial Supervisory Authority (BaFin) and Deutsche Bundesbank
- Mission of promoting sustainable development with an ethical corporate culture and long-term business relationships
- Track record of high quality loan portfolio
- Profitable every year since creation as a banking group in 2003
- Listed on the Frankfurt Stock Exchange since December 2016

## Key figures FY 2021 and FY 2020

| Total assets | Customer loan portfolio | Deposit/loan |
|---|---|---|
| EUR 8,216m | EUR 5,924m | 94% |
| EUR 7,329m | EUR 5,254m | 93% |
| **Number of employees** | **Profit of the period** | **RoE** |
| 3,178 | EUR 79.6m | 9.7% |
| 3,261 | EUR 41.4m | 5.3% |
| **CET1 ratio (fully loaded)** | **Rating (Fitch)** | **MSCI ESG rating: AA** |
| 14.1% | BBB (stable)(1) | Corporate ESG Performance Prime ISS ESG |
| 13.3% | | |

## Geographical distribution

**South Eastern and Eastern Europe**
(ca. 92% of gross loan portfolio)

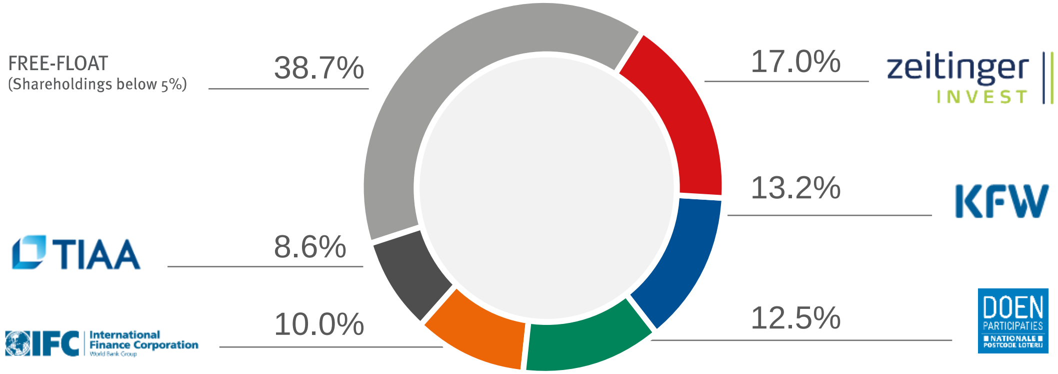


**South America**
(ca. 7% of gross loan portfolio)

**Germany**
(ca. 1% of gross loan portfolio)

*Notes: (1) Last affirmed on December 20 2021*

## Reputable development-oriented shareholder base




Note: Shareholder structure according to the voting right notifications and voluntary disclosure of voting rights as published on our website www.procredit-holding.com

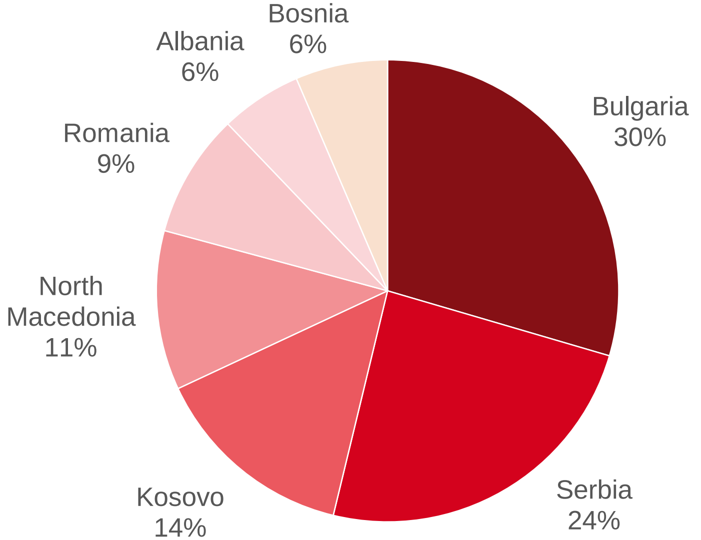
# Overview of quarterly financial development

| In EUR m | | Q4-2020 | Q1-2021 | Q2-2021 | Q3-2021 | Q4-2021 |
|---|---|---|---|---|---|---|
| Income statement | Net interest income | 50.8 | 49.3 | 53.9 | 58.2 | 60.6 |
| | Net fee and commission income | 12.7 | 12.0 | 12.1 | 13.0 | 13.8 |
| | Other operating income (net) | 0.5 | 1.6 | 0.6 | 3.9 | 2.9 |
| | Operating income | 64.0 | 62.8 | 66.6 | 75.1 | 77.4 |
| | Personnel expenses | 22.4 | 21.0 | 21.1 | 21.9 | 26.0 |
| | Admininistrative expenses | 24.0 | 19.8 | 21.3 | 22.4 | 27.2 |
| | Loss allowance | 7.5 | 3.6 | -0.9 | 0.5 | 3.2 |
| | Tax expenses | 2.2 | 2.9 | 4.1 | 4.6 | 3.4 |
| | Profit after tax | 8.0 | 15.6 | 20.7 | 25.7 | 17.6 |
| Key performance indicators | Change in customer loan portfolio | 0.9% | 3.0% | 4.5% | 2.6% | 2.1% |
| | Cost-income ratio | 72.3% | 64.8% | 63.8% | 59.1% | 68.7% |
| | Return on Equity(1) | 4.1% | 7.9% | 10.2% | 12.3% | 8.2% |
| | CET1 ratio (fully loaded) | 13.3% | 13.2% | 13.7% | 13.8% | 14.1% |
| Additional indicators | Net interest margin(1) | 2.8% | 2.7% | 2.9% | 3.0% | 3.0% |
| | Net write-off ratio(1)(2) | 0.2% | 0.0% | 0.2% | 0.1% | 0.1% |
| | Credit impaired loans (Stage 3) | 2.6% | 2.7% | 2.5% | 2.6% | 2.3% |
| | Coverage of Credit impaired portfolio (Stage 3) | 91.4% | 88.9% | 90.8% | 87.3% | 96.8% |
| | Book value per share (EUR) | 13.2 | 13.7 | 13.9 | 14.5 | 14.5 |

*Notes: (1) Annualised, (2) Net write-offs to customer loan portfolio*

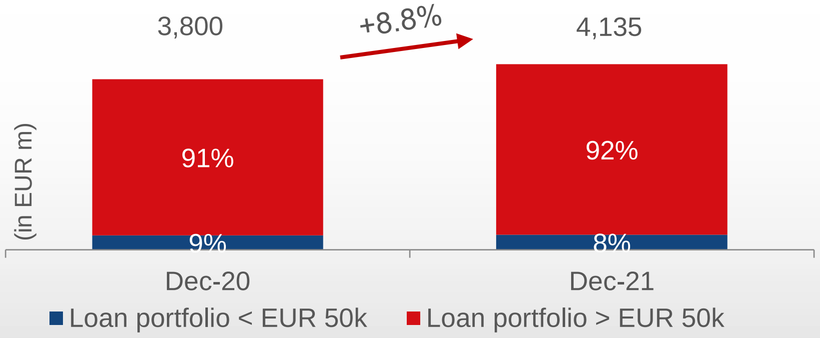
# Segment South Eastern Europe

## Regional loan portfolio breakdown




Total: EUR 4,135m (70% of gross loan portfolio)

## Loan portfolio growth (by exposure)

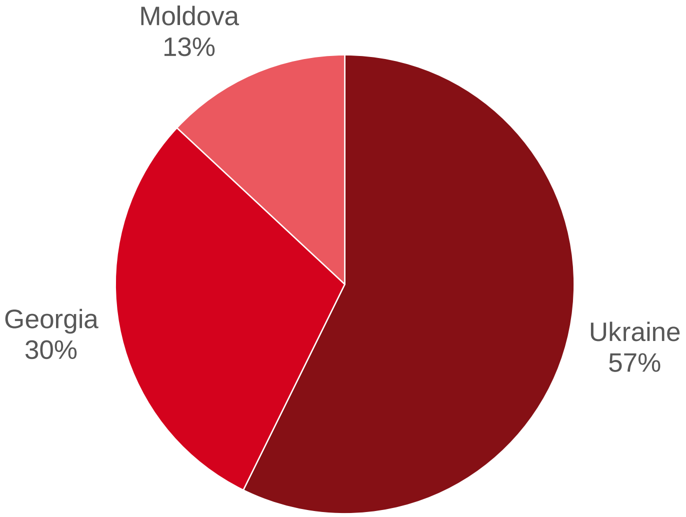



## Key financial data

| In EUR m | FY 2020 | FY 2021 |
|---|---|---|
| Net interest income | 117.3 | **130.1** |
| Net fee and commission income | 31.4 | **31.8** |
| Other operating income (net) | 1.2 | **4.6** |
| Operating income | 149.8 | **166.4** |
| Personnel expenses | 38.1 | **40.5** |
| Admininistrative expenses | 61.9 | **65.8** |
| Loss allowance | 13.7 | **7.0** |
| Tax expenses | 4.6 | **5.2** |
| Profit after tax | 31.6 | **47.8** |
| | | |
| Change in customer loan portfolio | 13.0% | **8.8%** |
| Deposits to loans ratio | 93.6% | **95.2%** |
| Net interest margin | 2.4% | **2.4%** |
| Cost-income ratio | 66.7% | **63.9%** |
| Return on Equity | 6.0% | **8.4%** |

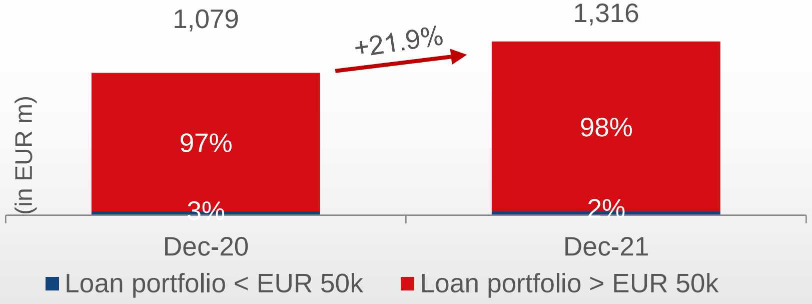
Segment Eastern Europe

## Regional loan portfolio breakdown




Total: EUR 1,316m (22% of gross loan portfolio)

## Loan portfolio growth (by exposure)



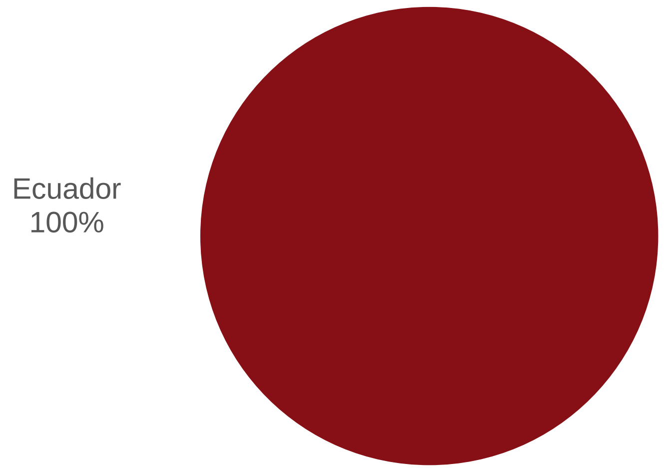

## Key financial data

| In EUR m | FY 2020 | FY 2021 |
|---|---|---|
| Net interest income | 62.8 | **71.3** |
| Net fee and commission income | 8.3 | **7.8** |
| Other operating income (net) | 5.5 | **4.7** |
| Operating income | 76.6 | **83.8** |
| Personnel expenses | 12.3 | **13.4** |
| Admininistrative expenses | 20.9 | **24.7** |
| Loss allowance | 11.2 | **-1.4** |
| Tax expenses | 4.9 | **8.1** |
| Profit after tax | 27.3 | **39.0** |

| | | |
|---|---|---|
| Change in customer loan portfolio | -1.0% | **21.9%** |
| Deposits to loans ratio | 83.1% | **83.2%** |
| Net interest margin | 4.1% | **4.3%** |
| Cost-income ratio | 43.3% | **45.5%** |
| Return on Equity | 12.3% | **17.8%** |

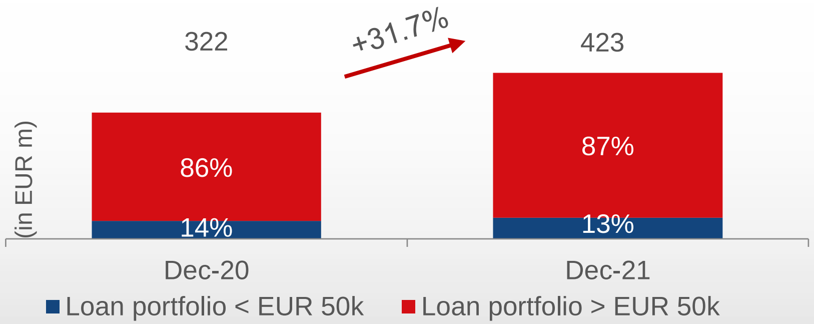
# Segment South America

## Regional loan portfolio breakdown




Total: EUR 423m (7% of gross loan portfolio)

## Loan portfolio growth (by exposure)

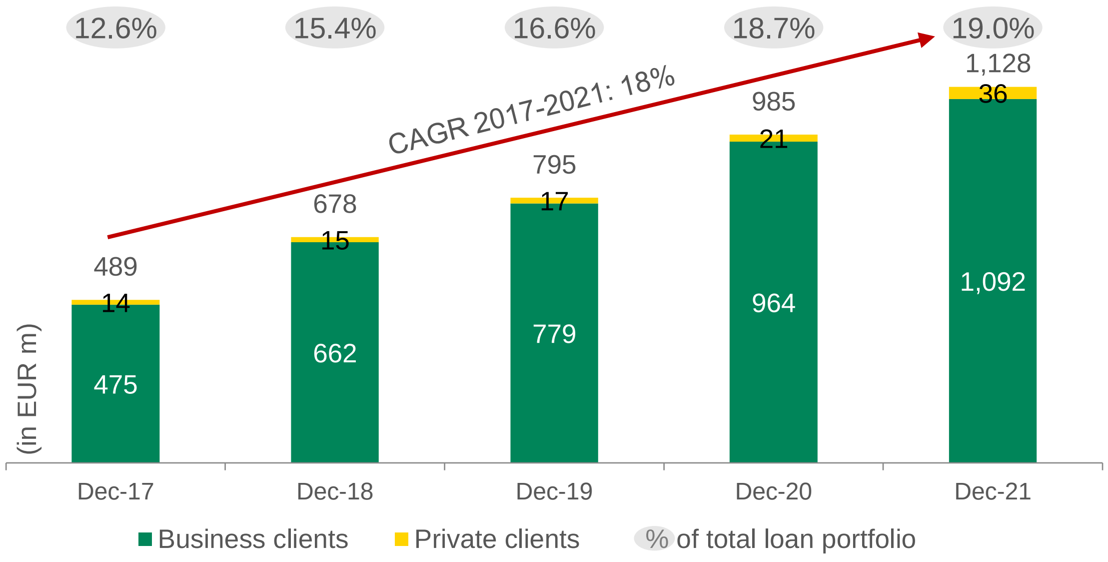



## Key financial data

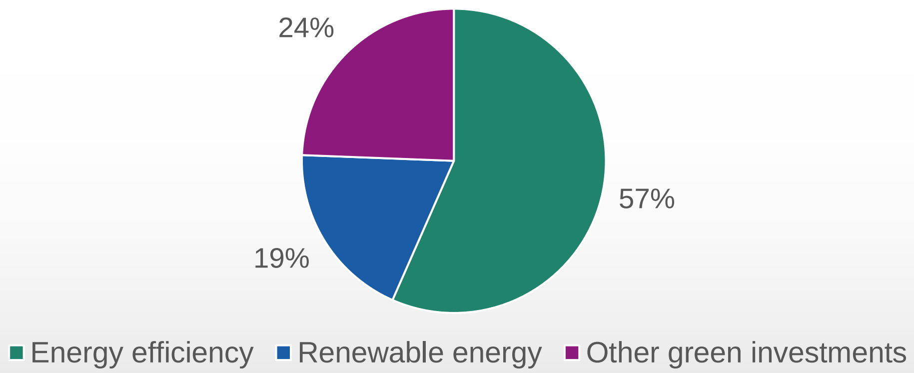
| In EUR m | FY 2020 | FY 2021 |
|---|---|---|
| Net interest income | 18.6 | **20.2** |
| Net fee and commission income | -0.3 | **-0.4** |
| Other operating income (net) | -0.8 | **-1.0** |
| Operating income | 17.5 | **18.8** |
| Personnel expenses | 5.8 | **5.9** |
| Admininistrative expenses | 10.5 | **10.9** |
| Loss allowance | 3.6 | **1.0** |
| Tax expenses | -0.1 | **0.6** |
| Profit after tax | -2.2 | **0.2** |
| | | |
| Change in customer loan portfolio | 11.3% | **31.7%** |
| Deposits to loans ratio | 53.8% | **60.0%** |
| Net interest margin | 5.0% | **4.5%** |
| Cost-income ratio | 93.2% | **89.9%** |
| Return on Equity | -4.7% | **0.5%** |

# Development of green loan portfolio

## Green loan portfolio growth




## Structure of green loan portfolio

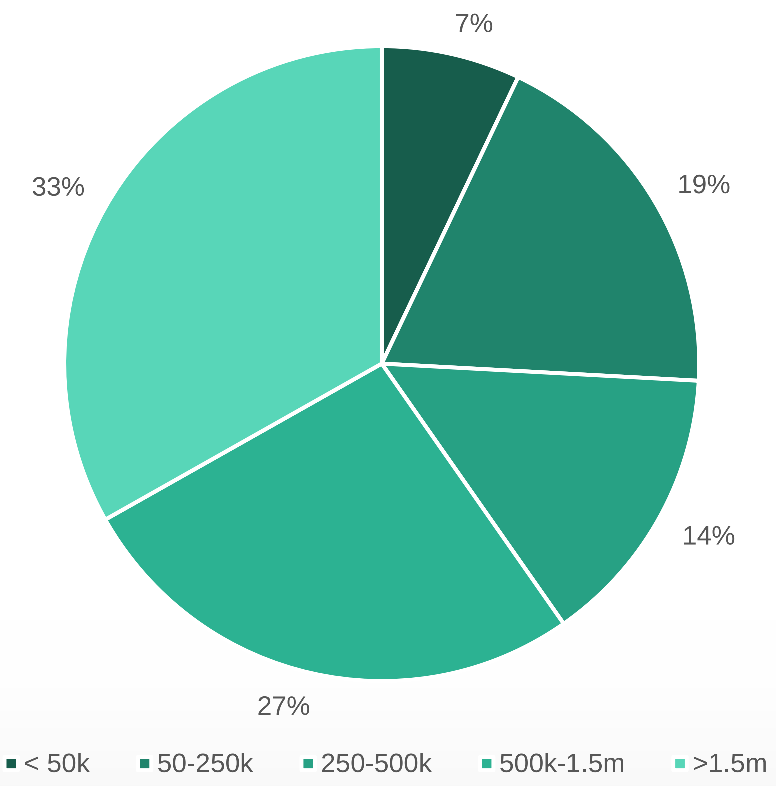



- Green loan portfolio amounting to EUR 1.1bn, representing 19.0% of total loan portfolio
  - FY 2021 growth of EUR 143m or 14.5%
- Includes financing of investments in:
  - Energy efficiency
  - Renewable energies
  - Other environmentally-friendly activities
- Investment opportunities in energy efficiency, e.g. buildings' efficiency measures and other investments to enhance sustainability also with agricultural clients; further unlocking portfolio growth and group diversification

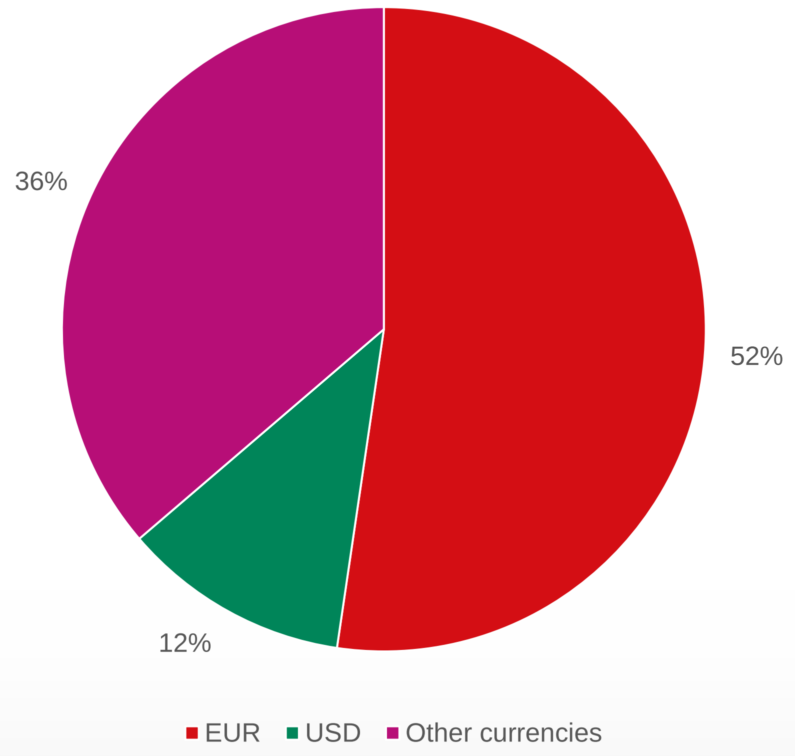
*Notes: Data from previous years is adjusted to the current scope of continued operations; data for 2018, 2019 and 2020 is presented as gross loan portfolio, previous year data is presented as outstanding principal*

# Structure of the loan portfolio by exposure and currency

## Loan portfolio by exposure

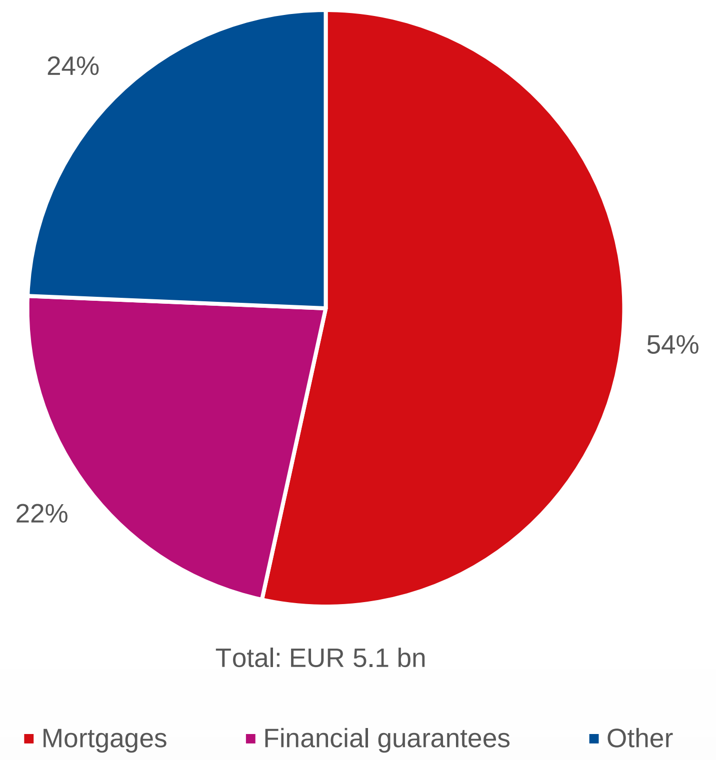



## Loan portfolio by currency



# Structure of collateral

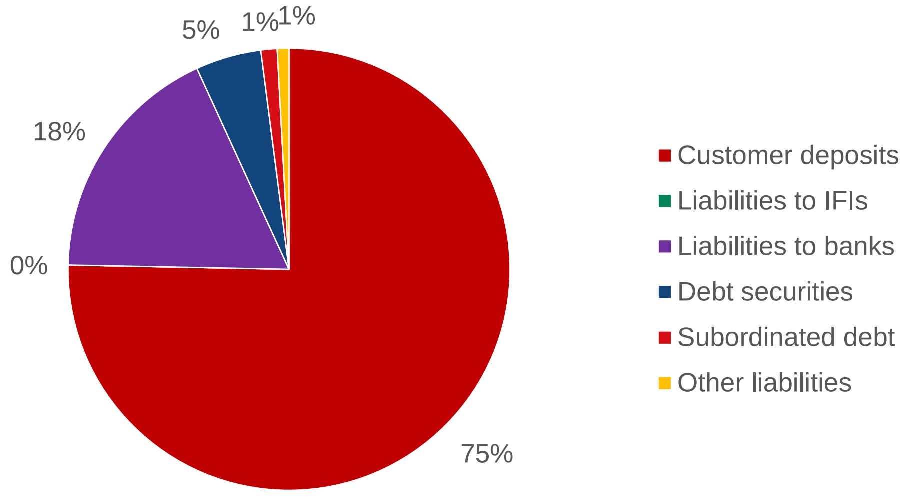
## Collateral by type




- Majority of collateral consists of mortgages
- Growing share of financial guarantees mainly as a result of InnovFin and other guarantee programmes provided by the European Investment Fund
- Clear, strict requirements for types of acceptable collateral, legal aspects of collateral and insurance of collateral items
- Standardised collateral valuation methodology
- Regular monitoring of the value of all collateral and a clear collateral revaluation process, including use of external independent experts
- Verification of external appraisals, yearly update of market standards and regular monitoring of activities carried out by specialist staff members

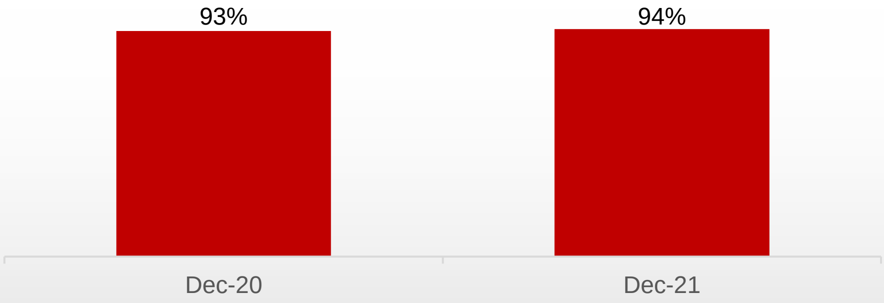
## Funding and rating

### Funding sources overview




Total liabilities: EUR 7.4bn

### Deposit-to-loan ratio development



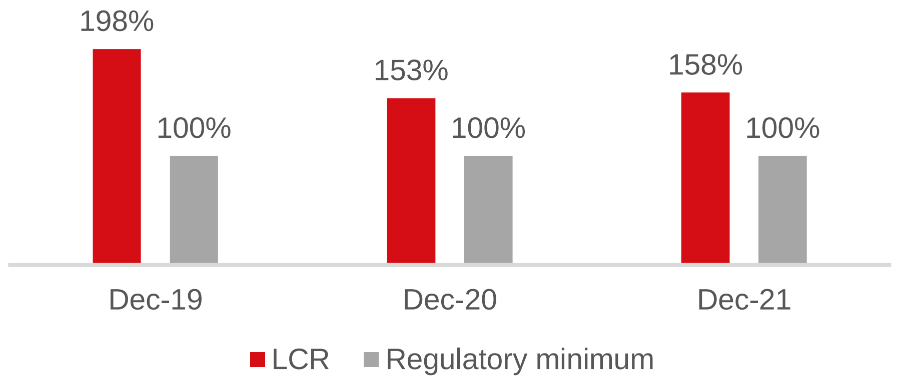

- Highly diversified funding structure and counterparties
- Customer deposits main funding source, accounting for 75%, supplemented by long-term funding from IFIs and institutional investors

**Rating:**

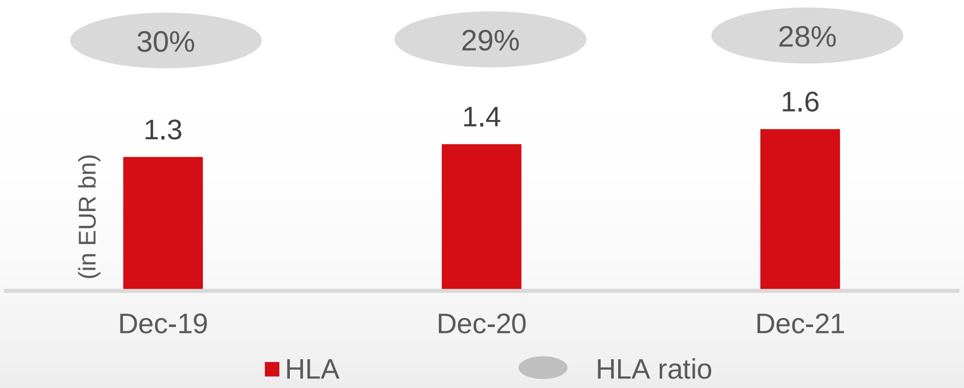
- ProCredit Holding and ProCredit Bank in Germany: BBB (stable) by Fitch, last affirmed in Dec-21
- Most of ProCredit banks’ ratings re-affirmed with “stable” outlook

# Liquidity update

## Liquidity coverage ratio

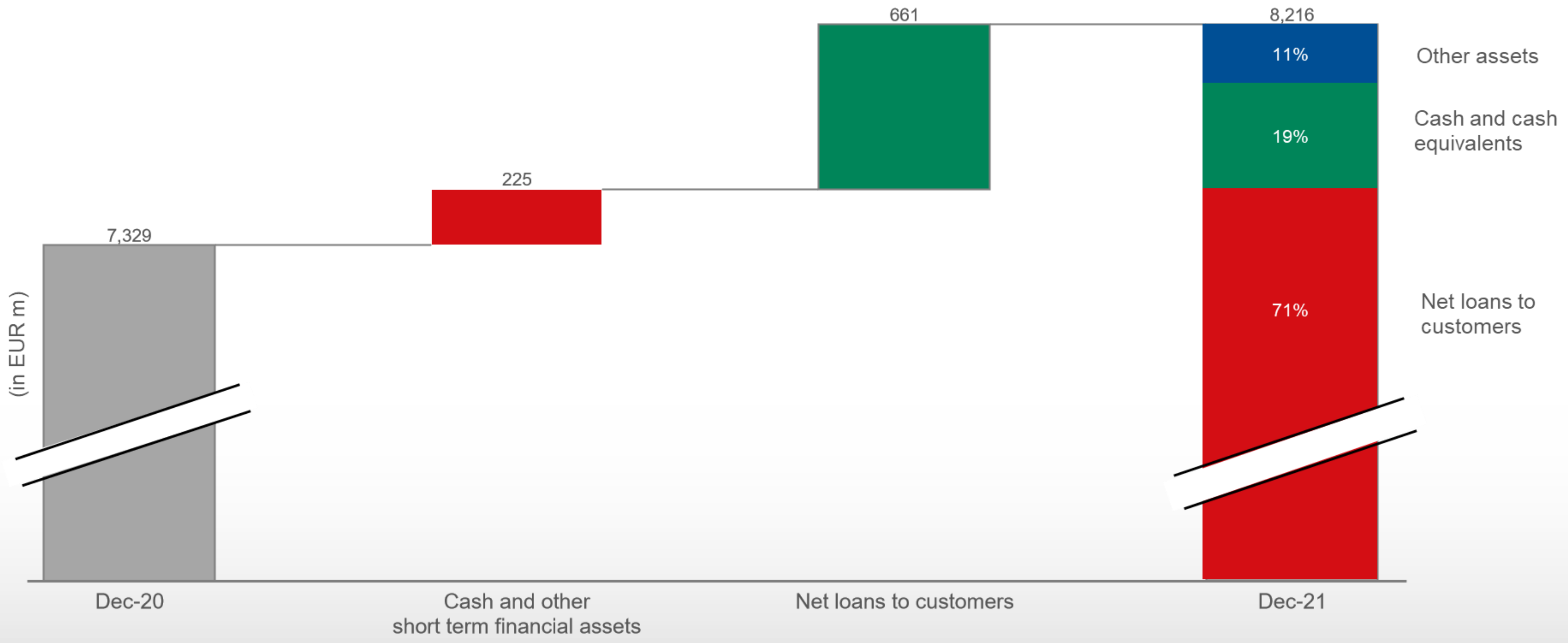



## Highly liquid assets (HLA) and HLA ratio




- LCR of 158% and NSFR of 142% (Dec-21) remain comfortably above the respective regulatory minimum
- Stable level of HLAs, with increase in Q4-21 (EUR 0.2 bn) primarily driven by strong deposit portfolio growth

# Asset reconciliation



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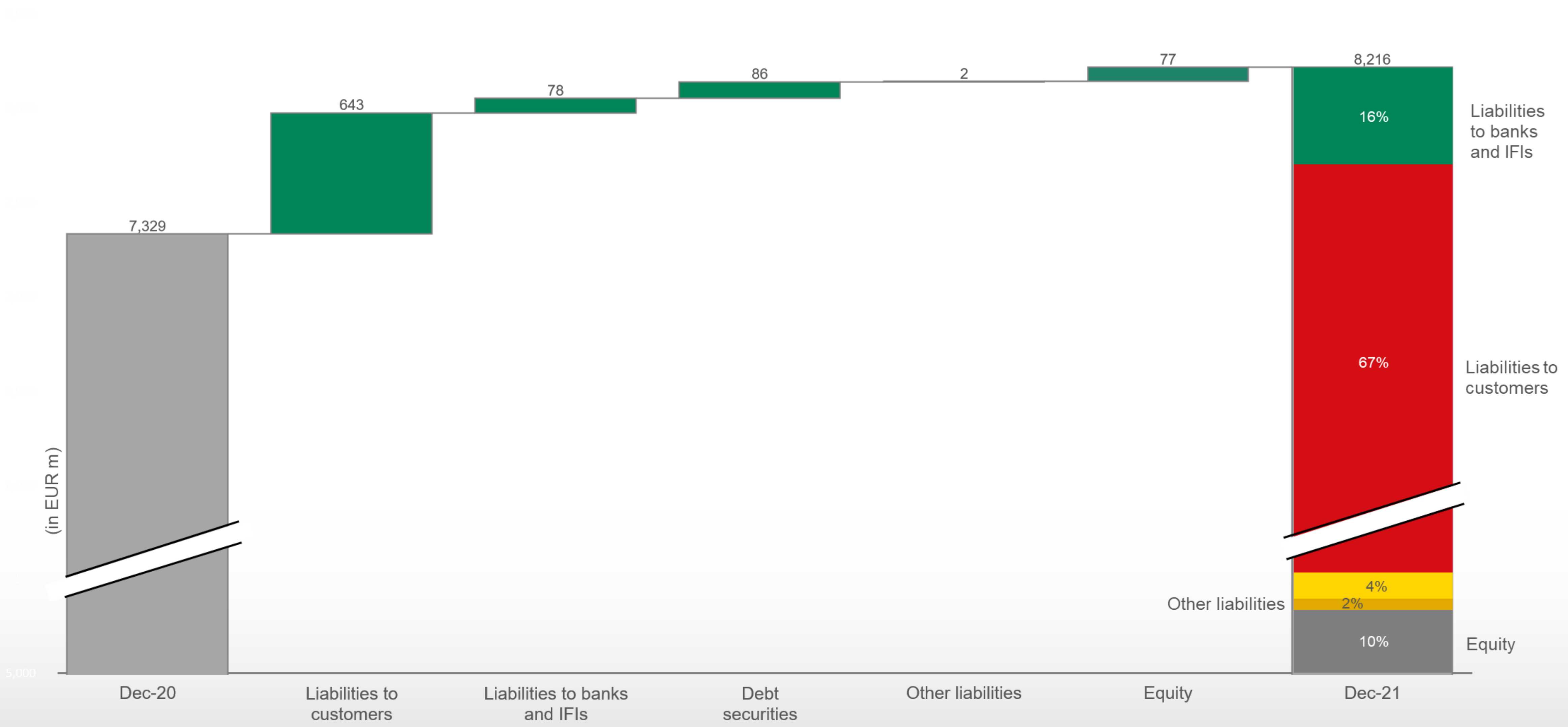
# Liabilities and equity reconciliation



# Balance sheet

| in EUR m | Dec-20 | Dec-21 |
|---|---|---|
| **Assets** | | |
| Cash and central bank balances | 1,405 | 1,546 |
| Loans and advances to banks | 237 | 253 |
| Investment securities | 336 | 410 |
| Loans and advances to customers | 5,254 | 5,924 |
| Loss allowance for loans to customers | -123 | -131 |
| Derivative financial assets | 1 | 1 |
| Property, plant and equipment | 141 | 138 |
| Other assets | 78 | 75 |
| **Total assets** | **7,329** | **8,216** |
| | | |
| **Liabilities** | | |
| Liabilities to banks | 1,236 | 1,314 |
| Liabilities to customers | 4,899 | 5,542 |
| Derivative financial instruments | 4 | 0 |
| Debt securities | 267 | 353 |
| Other liabilities | 59 | 63 |
| Subordinated debt | 85 | 87 |
| **Total liabilities** | **6,550** | **7,360** |
| | | |
| **Equity** | | |
| Subscribed capital | 294 | 294 |
| Capital reserve | 147 | 147 |
| Retained earnings | 447 | 496 |
| Translation reserve | -112 | -83 |
| Revaluation reserve | 3 | 2 |
| **Equity attributable to ProCredit shareholders** | **780** | **856** |
| **Total equity** | **780** | **856** |
| **Total equity and liabilities** | **7,329** | **8,216** |

# Income statement by segment

| 01.01.- 31.12.2021 (in EUR m) | Germany | Eastern Europe | South Eastern Europe | South America | Consolidation | Group |
|---|---|---|---|---|---|---|
| Interest and similar income | 23 | 114 | 159 | 35 | -21 | 310 |
| of which inter-segment | 20 | 0 | 0 | 0 | 0 | 0 |
| Interest and similar expenses | 22 | 42 | 29 | 15 | -21 | 88 |
| of which inter-segment | 1 | 6 | 8 | 6 | 0 | 0 |
| **Net interest income** | **0.5** | **71** | **130** | **20** | **0** | **222** |
| Fee and commission income | 14 | 15 | 54 | 1 | -11 | 73 |
| of which inter-segment | 10 | 0 | 0 | 0 | 0 | 0 |
| Fee and commission expenses | 2 | 7 | 22 | 2 | -11 | 23 |
| of which inter-segment | 0 | 4 | 6 | 1 | 0 | 0 |
| **Net fee and commission income** | **12** | **8** | **32** | **0** | **0** | **51** |
| Result from foreign exchange transactions | 1 | 6 | 11 | 0 | 0 | 18 |
| Result from derivative financial instruments | 0 | 0 | 1 | 0 | 0 | 1 |
| Result on derecognition of financial assets measured at amortised cost | 0 | 0 | 0 | 0 | 0 | 0 |
| Net other operating income | 113 | -2 | -7 | -1 | -113 | -10 |
| of which inter-segment | 109 | 2 | 2 | 0 | 0 | 0 |
| **Operating income** | **126** | **84** | **166** | **19** | **-113** | **282** |
| Personnel expenses | 30 | 13 | 40 | 6 | 0 | 90 |
| Administrative expenses | 35 | 25 | 66 | 11 | -46 | 91 |
| of which inter-segment | 9 | 11 | 21 | 5 | 0 | 0 |
| Loss allowance | 0 | -1 | 7 | 1 | 0 | 6 |
| **Profit before tax** | 61 | 47 | 53 | 1 | -67 | 95 |
| Income tax expenses | 1 | 8 | 5 | 1 | 0 | 15 |
| **Profit of the period** | **60** | **39** | **48** | **0** | **-67** | **80** |

# Explanatory note on performance indicators and ratios

**The ProCredit group uses an integrated system of indicators to monitor and manage the implementation and further development of the group's business and risk strategy:**

- The growth of the customer loan portfolio(1) is a key indicator of the success of new business and also provides reference points for the future earning capacity
- The cost-income ratio(2) is a relative indicator that provides insight into our efficient use of resources
- Return on equity (RoE)(3) is the most important indicator in terms of profitability; strong emphasis is placed on maintaining a sustainable RoE in conjunction with an appropriate risk profile
- The Common Equity Tier 1 capital ratio (CET 1)(4) is regarded as a key indicator for compliance with regulatory and internal capital requirements. It also serves as a benchmark for solvency and as basis for strategic decisions

**The group also considers the following additional indicators:**

- The ratio of customer deposits to the customer loan portfolio(5) reflects the ability to fund lending business through customer deposits
- The net interest margin(6) is an important indicator of profitability and measures the average interest earnings
- The share of credit-impaired loans(7) is the most significant indicator to assess portfolio quality
- The ratio of loss allowances to credit-impaired loans(8) gives insight into loss allowances in lending relative to the total volume of credit-impaired loans
- The cost of risk(9) indicates the credit risk expenses relative to portfolio size in a given period
- The net write-off (10) ratio shows how much loan portfolio is written off (net of recoveries) relative to portfolio size in a given period
- The green customer loan portfolio includes financing for investments in energy efficiency, renewable energies or other environmentally friendly technologies. By expanding the green loan portfolio, an important contribution to sustainability goals is made, as presented in the Impact Report

(1) *Our customer loan portfolio as of the balance sheet date of the current period relative to our customer loan portfolio as of 31 December of the previous year. Our customer loan portfolio corresponds to loans and advances to customers before loss allowances*
(2) *Our personnel and administrative expenses relative to operating income (excl. expenses for loss allowances)*
(3) *Profit attributable to ProCredit shareholders, divided by the average equity held by the ProCredit shareholders (annualised for quarterly figures)*
(4) *Ratio of our CET1 capital to risk-weighted assets*
(5) *Our customer loan portfolio relative to customer deposits as of the balance sheet date*
(6) *Our net interest income relative to the average total assets in the reporting period (annualised for quarterly figures)*
(7) *Credit-impaired loans relative to the customer loan portfolio as of the respective balance sheet date*
(8) *Loss allowances in lending relative to credit-impaired loans as of the balance sheet date*
(9) *Loss allowance expenses relative to average customer loan portfolio (annualised for quarterly figures)*
(10) *Gross write offs net of recoveries relative to average customer loan portfolio (annualised for quarterly figures)*

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## Financial calendar (continuously updated on IR Website)

| Date | Place | Event information |
|---|---|---|
| 29.-30.03.2022 | virtual | Jefferies, Pan- European Mid-Cap Conference |
| 12.05.2022 | | Quarterly Financial Report as of 31 March 2022 |
| 23.-25.05.2022 | Frankfurt/Main | Equity Forum, Spring Conference 2022 |
| 31.05.2022 | virtual | Annual General Meeting |
| 11.08.2022 | | Interim Report as of 30 June 2022 |
| 10.11.2022 | | Quarterly Financial Report as of 30 September 2022 |

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