



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

Capital Markets Day, 21 March 2024

13.00 ProCredit strategy and impact update followed by Q&A

Strategic update | Hubert Spechtenhauser

ProCredit impact | Dr Gian Marco Felice

Positioning and growth | Eriola Bibolli

Profitability | Christian Dargosa

15.00 Break

15.30 Round table 'ProCredit on the ground'

ProCredit Banks Bosnia & Herzegovina, Kosovo and Ukraine

16.30 Conclusion of event

A. Strategic update

*Hubert Spechtenhauser,
Chairman of the management board*

B. ProCredit impact

C. Positioning and growth

D. Profitability



Broadened ProCredit footprint for enhanced positive impact



Positioning

- ▶ Broadened and sharpened impact definition
- ▶ Universal bank for MSME and PI clients
- ▶ Strengthened position as attractive bank for retail clients



Growth

- ▶ Attain critical size and strong SME market position in each country
- ▶ Substantially grow # of clients (50% in SME; 150% in PI)
- ▶ Loan portfolio > EUR 10bn



Profitability

- ▶ Improved balance sheet structure with more granularity of assets & liabilities
- ▶ Investments in staff, IT & marketing to enable operating leverage & scaling effects
- ▶ Enhance medium-term RoE to 13 – 14%

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

Broader sense of responsibility

responsibility towards the societies in which we operate

Ethical behaviour

Cultivate professionalism and integrity among staff

respect to all fellow human beings

social justice

protecting the environment

fostering democracy and free speech

Positive contribution to ESG transition in our countries

Social impact

Environmental impact



KPIs

Jobs Creation
Investment Loans
Gender Equity

Green lending
Net zero

ProCredit regional focus in context of EU accession



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

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



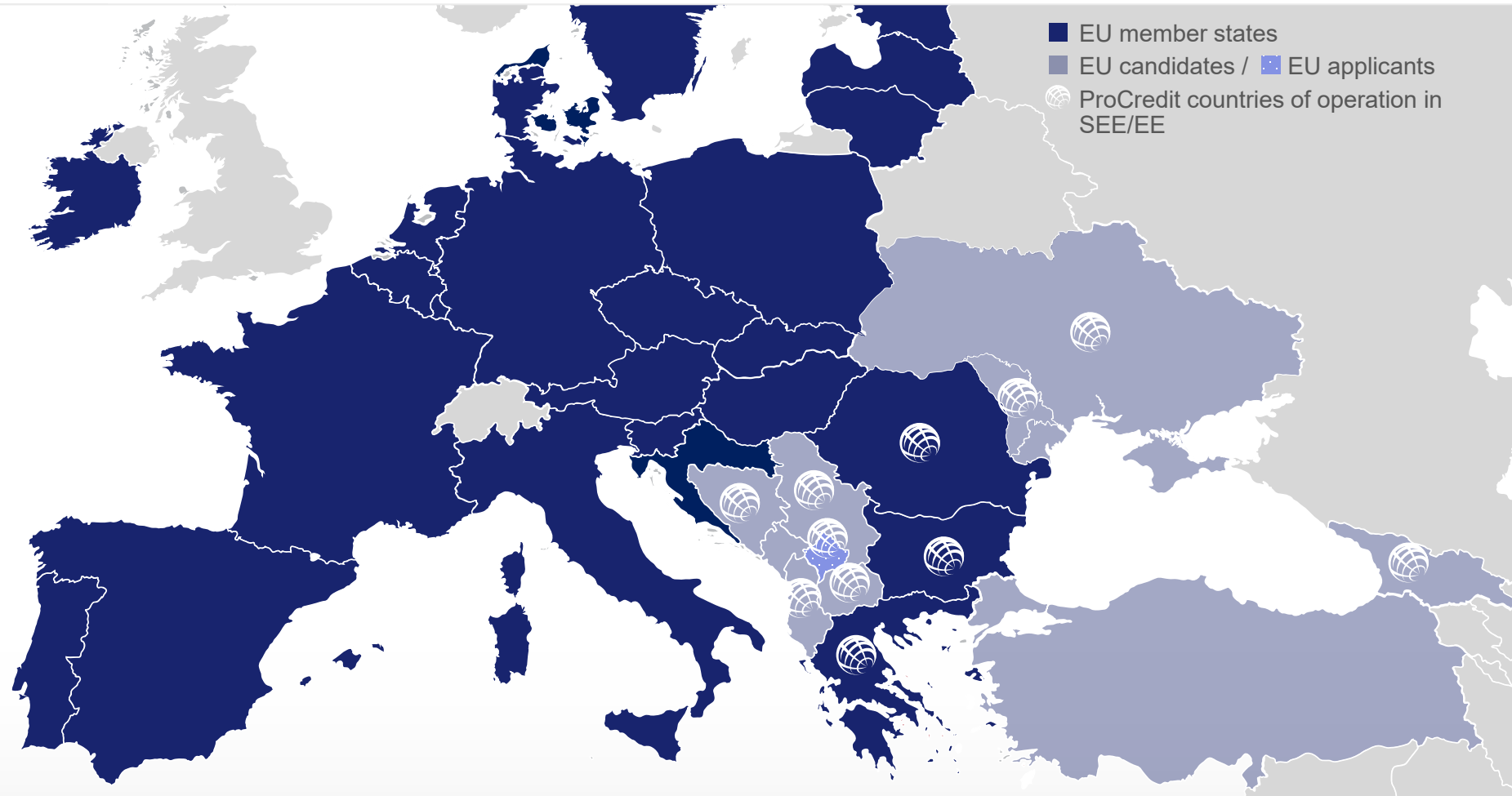
**Continued EU
accession**

(currently 8 countries
status as candidates for
EU membership)



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

(EIB and EBRD,
cumulative until 2022)



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

Before strategic update: focused positioning on SMEs



ProCredit target customers
(by client exposure)

Micro

SME

Private individuals

Very Small:
Up to € 50k

Small:
€ 50 – 500k

Medium:
> € 500k **+**

**Business owners,
high-/medium income**

Business focus

Non-strategic

Core segment

Highly restrictive

- ▶ 2% of loans
- ▶ Non-targeted, rather opportunistic approach

- ▶ 88% of loans
- ▶ ‘Hausbank’ concept serving all SMEs banking needs
- ▶ Strong growth track record with client group: €2bn loan growth in four years before Ukraine War (2017 – 2021)
- ▶ Client approach mainly through Business Client Advisors

- ▶ <10% of loans, mainly mortgage
- ▶ Limited to business owners or middle- and high-income private individuals
- ▶ High-quality, restrictive offer

Strong group positioning for MSME and PI clients



ProCredit target customers
(by client exposure)

Micro

SME

Private individuals

Very Small:
Up to € 100k

Small:
€ 100 – 750k

Medium:
> € 750k **+**

Strategic update

STRONG GROWTH

- Strong expansion in client group
- Direct banking approach
- Strong impact rationale

CONTINUE TO EXPAND MARKET SHARE

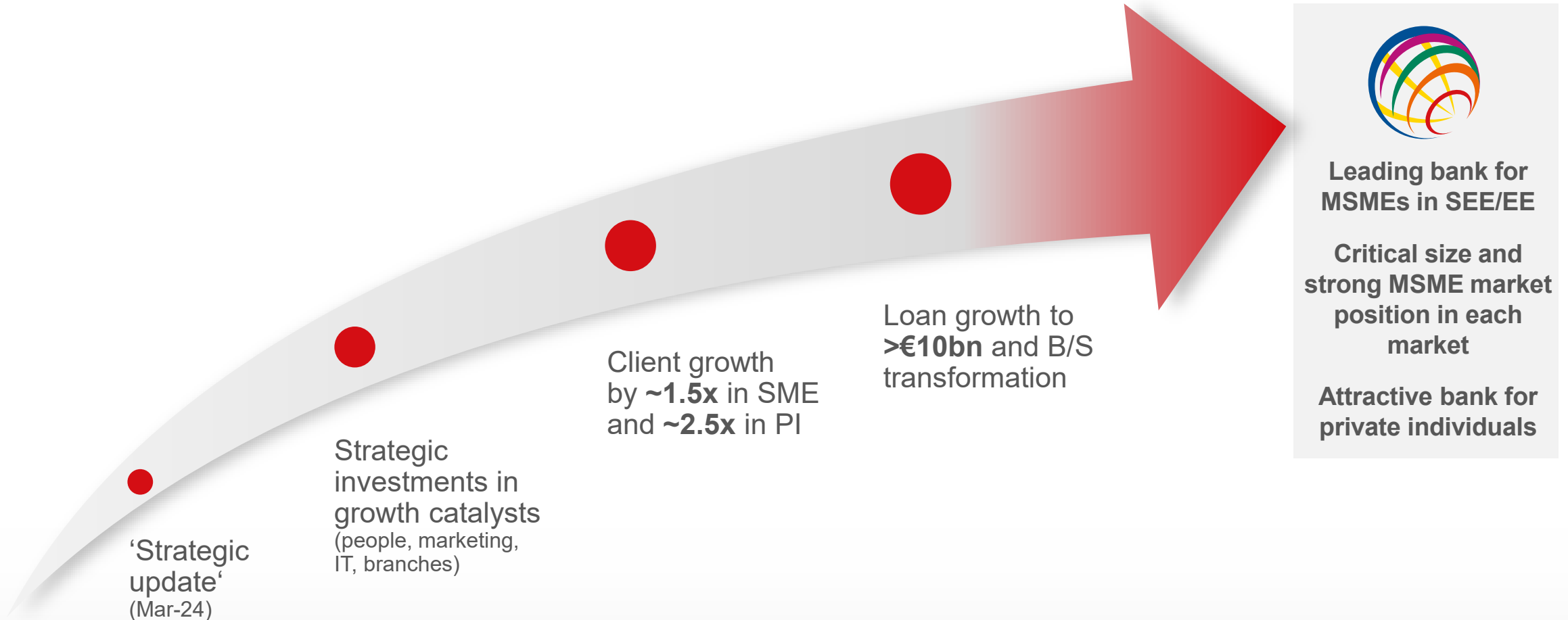
- Continue successful growth track as Hausbank for SME clients
- Focus growth on smaller business clients, converting into medium-sized companies
- Expand via branches in Tier 2 economic hubs and stronger syndication of SME services (POS, e-commerce, trade finance)

BROAD RETAIL APPROACH

- Broader, less restrictive retail approach
- Universal bank for PI customers
- Focus on social responsibility

 = additional growth areas

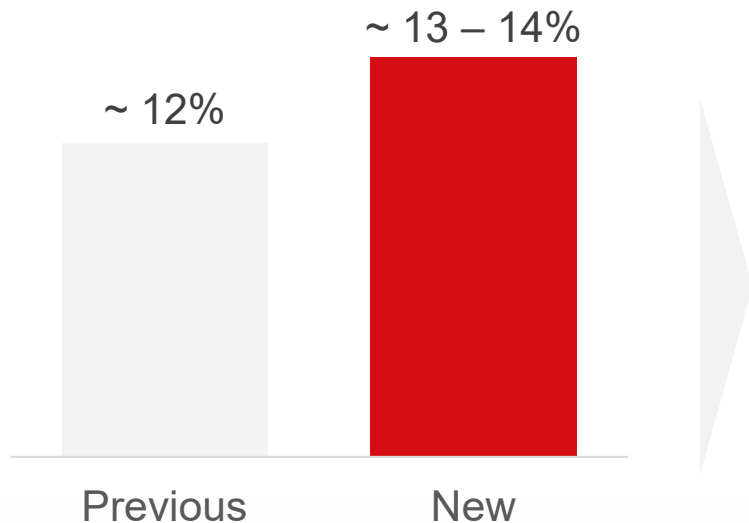
Targeting ambitious client and balance sheet growth



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

Increased outlook for group profitability

Medium-term RoE outlook



Scale and B/S transformation

- ▶ Margins to be strengthened from both sides of the balance sheet
- ▶ Expansion of client base across all segments to support non-interest income

Continued strong focus on cost efficiency

- ▶ Strategic investments in growth catalysts in 2024/25
- ▶ Underlying cost efficiency to remain high; target medium-term cost-income ratio at ~57%

Moderate assumptions for PCB Ukraine

- ▶ Fully operational and ringfenced
- ▶ Moderate group contribution assumed from 2024 onwards

unchanged
upside potential
~1.5 ppt
on medium-term
group RoE



Broadened and sharpened impact definition embedded in all business aspects



Transformation into universal bank for MSMEs and private individuals linked to ambitious growth targets to attain critical size and strong MSME market positions in each market



Positioning as an **attractive bank for retail clients**



Targeted balance sheet transformation: More size; more granularity; deposit-to-loan ratio of 120% in all entities



Substantial profit growth: Group medium-term RoE outlook raised to ~13 – 14% (not incl. upside potential in Ukraine)

A. Strategic update

B. ProCredit impact

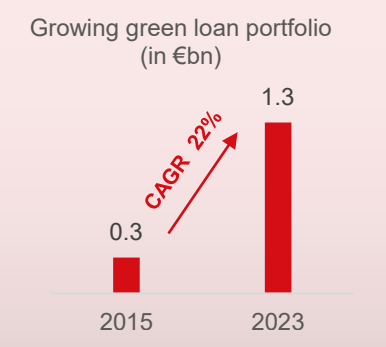
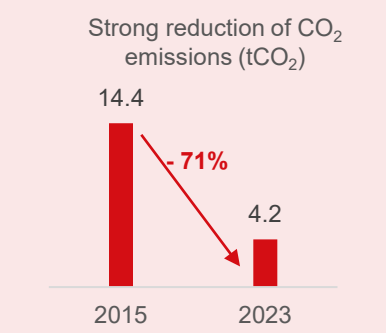
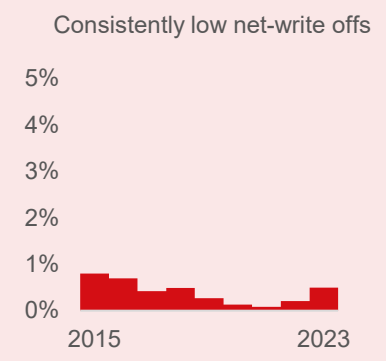
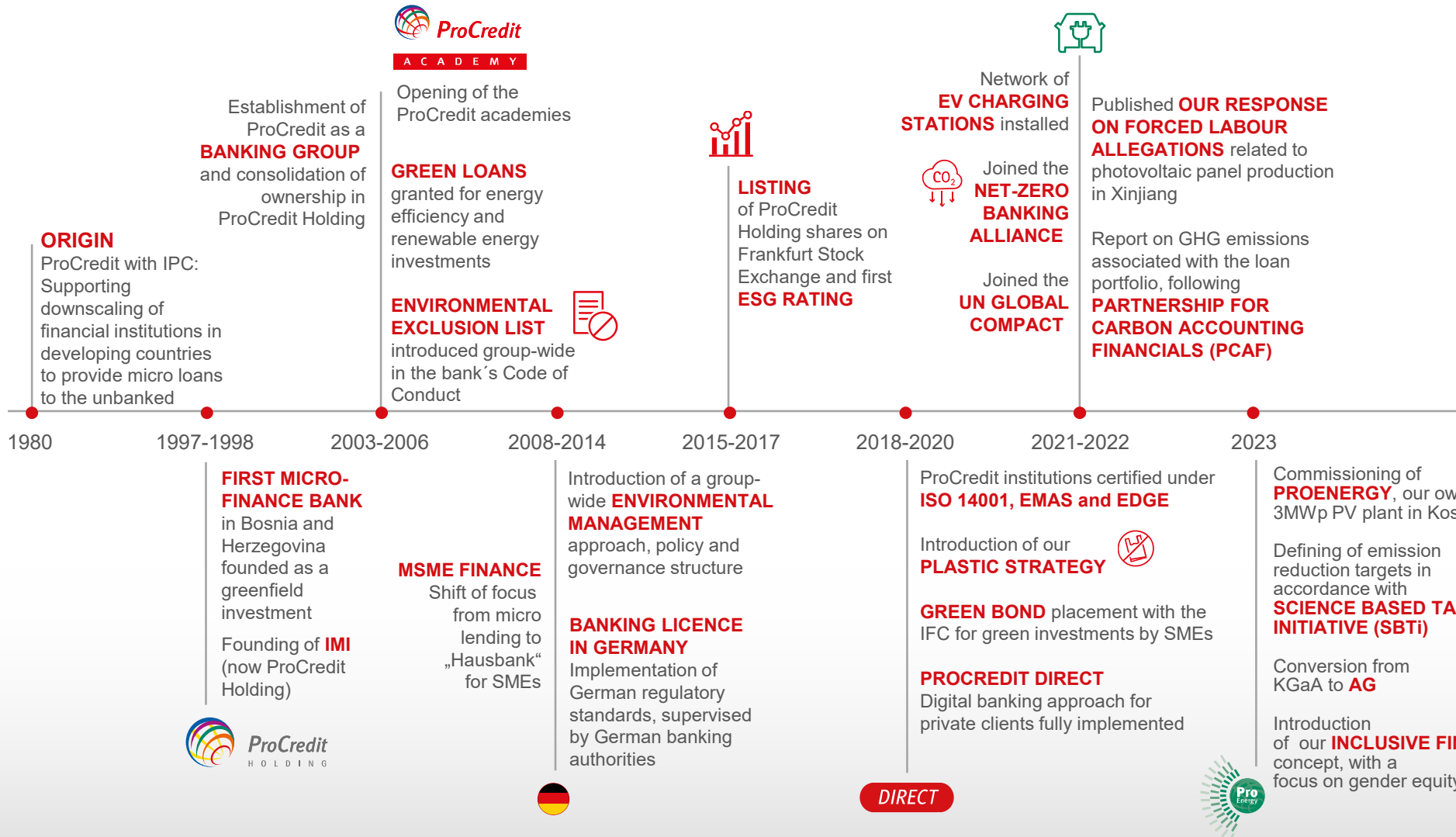
*Dr Gian Marco Felice,
Member of the management board*

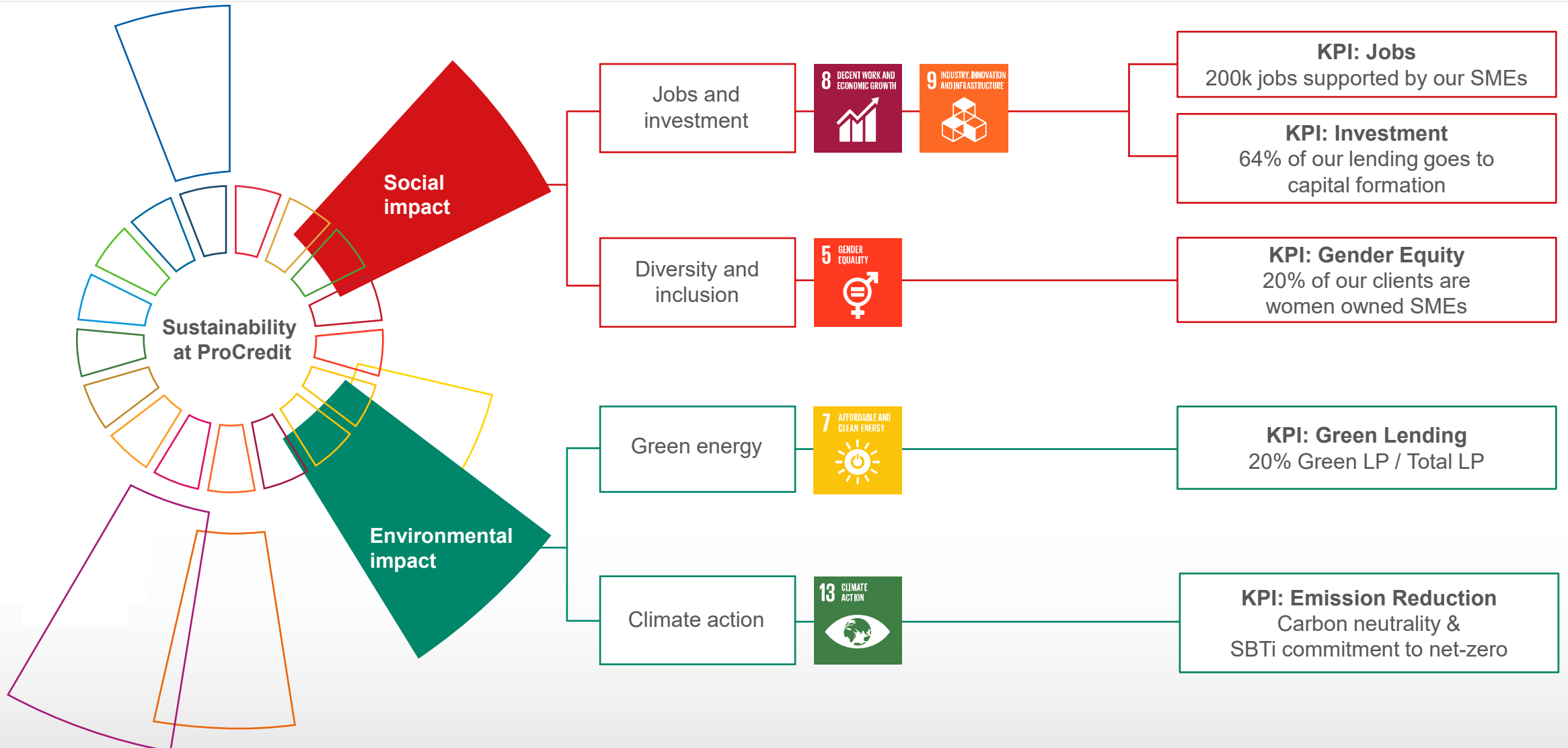
C. Positioning and growth

D. Profitability



Strong impact track record over the decades





INTERNAL MANAGEMENT SYSTEM

- ▶ Comprehensive **Environmental Management System** to analyse and monitor the impacts resulting from our activities
- ▶ **Reduce own emissions** by optimizing energy efficiency, promoting renewable energies and reducing resource consumption w/o using external offset certificates
- ▶ **Carbon Neutrality** in 2023, **SBTi validated targets** for scope 1 and 2 (further reduction of 42% until 2030)



CORPORATE GOVERNANCE

- ▶ Flat hierarchies support **transparency** and **open communication**
- ▶ Non-discrimination and promotion of diversity foster sense of **fairness and inclusion**
- ▶ **Value-based** Code of Conduct nurtures **professionalism** and **social responsibility**
- ▶ **Zero-tolerance** stance with respect to any type of fraud – for ourselves & our clients



STAFF

- ▶ **Merit-based culture**; PCB managers “home-grown”; ProCredit Academy graduates; equal shares of men and women
- ▶ **Fair and transparent salary structure** and no offering short-term, performance-related bonuses
- ▶ Capped ratio between the highest and median salary levels
- ▶ **Staff development** with comprehensive knowledge and skills training, regular performance reviews and broad career options



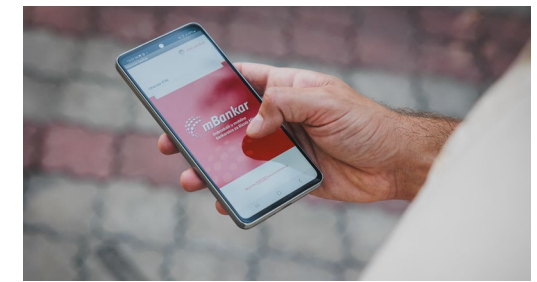
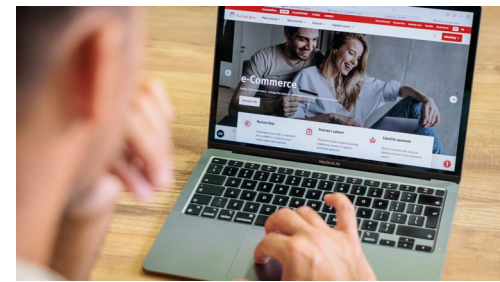
Supporting sustainable economic development: MSME Hausbank



High importance of SMEs
in our countries of operation



Responsible approach to private individuals: ProCredit Direct



UPDATE

- Focus on SMEs which are often underserved by other banks
- Client engagement to support decarbonisation of local economies
- Financing of small-scale renewable energy projects covering a segment usually neglected by larger investors and banks
- New focus on gender equity, promoting diversity and equal opportunities

- Platform banking, based on our proprietary, vertically integrated, technology stack, allows for scalability
- Transparent and fair service offer in markets characterized by weak consumer protection standards
- Promotion of culture of savings in our markets; lending decisions based on individual repayment capacity to avoid over-indebtedness
- Continue to promote green investments and green accounts

More positive social, environmental and economic impact

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

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

Engage and support our clients in decarbonising their businesses:

1. Support in the measurement of their CO₂ emissions
2. Setting their targets for reduction according to the SBTi standards
3. Support their green transition through our green loans

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

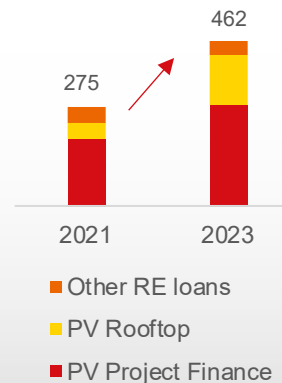
ProCredit is pioneering decarbonisation with SME clients

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

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

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

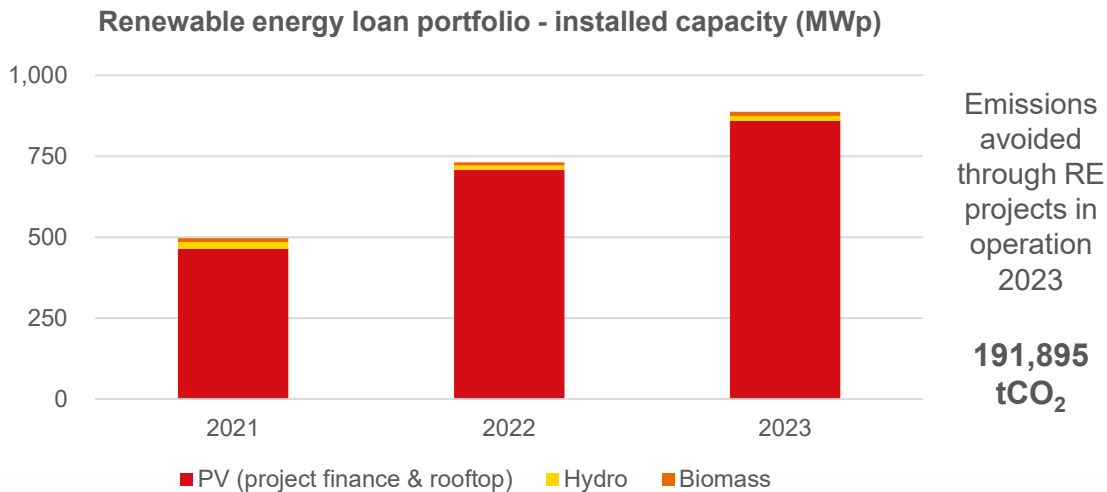
Renewable energy loan portfolio (in €m)



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

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

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



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

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

Case study: Solar one Štip, North Macedonia

Solar one

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



Continuous pioneering role in impact banking



Sustainability is embedded in the DNA of ProCredit and holistically integrated in the business model with all client groups



Strong impact track record over the past decades in South-Eastern and Eastern Europe in fostering social-economic development and environmental protection



A strong and growing contribution in financing **renewable energy** projects, particularly for small and mid-size photovoltaic projects driven by local investors with limited access to capital



ProCredit pioneering decarbonisation of its SME loan portfolio through implementation of Climate Action Strategy including targets validated by SBTi

A. Strategic update

B. ProCredit impact

C. Positioning and growth

***Eriola Bibolli,
Member of the management board***

D. Profitability



Focus on SEE/EE | strategic and impact rationale



Strong and intact GDP growth outlook in the region, particularly compared to Euro area



Banking sectors still underdeveloped and expected to converge over time to CEE/WE



ProCredit significantly invested in the region; local investments supported by EU/EU-connected institutions

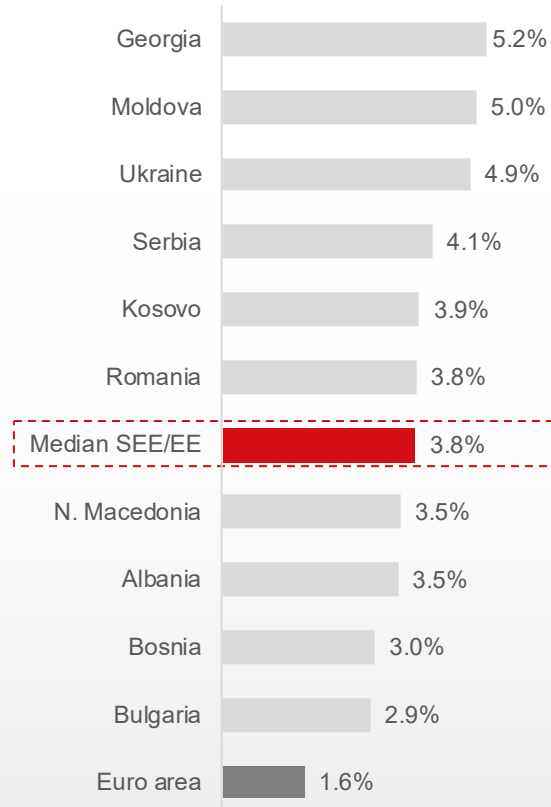


Significant potential to accompany a growing number of business and retail clients

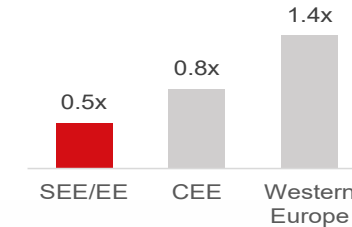


Impact approach centered around financing SMEs as they play vital role for economies and responsible private client approach

GDP growth outlook
(GDP growth p.a. 2025 – 28e)



Banking sector penetration
(loans/GDP 2022, median)



~ €1bn equity invested in the region making ProCredit one of the most important international investors in the region

> €100bn investment volume into SEE/EE from IFIs (EIB and EBRD, cumulative until 2022)

Good SME and PI market outlook
(by 2028, estimate as of 2023)

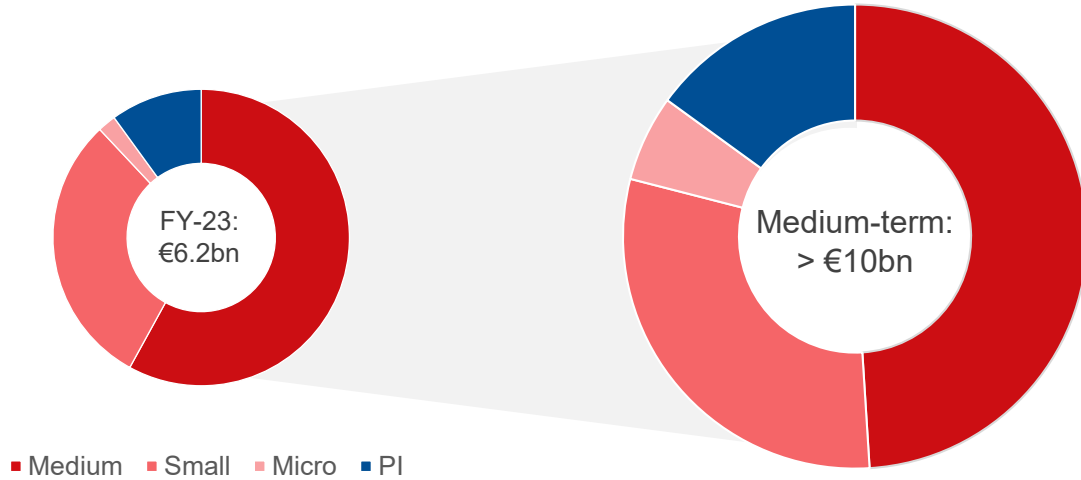
>15% growth of SME lending market in SEE/EE expected by 2028

>20% growth of # PI clients in SEE/EE markets expected by 2028

Macro / sector view

Strong growth ambitions in all three client segments

Targeted growth and transformation of loan book ...



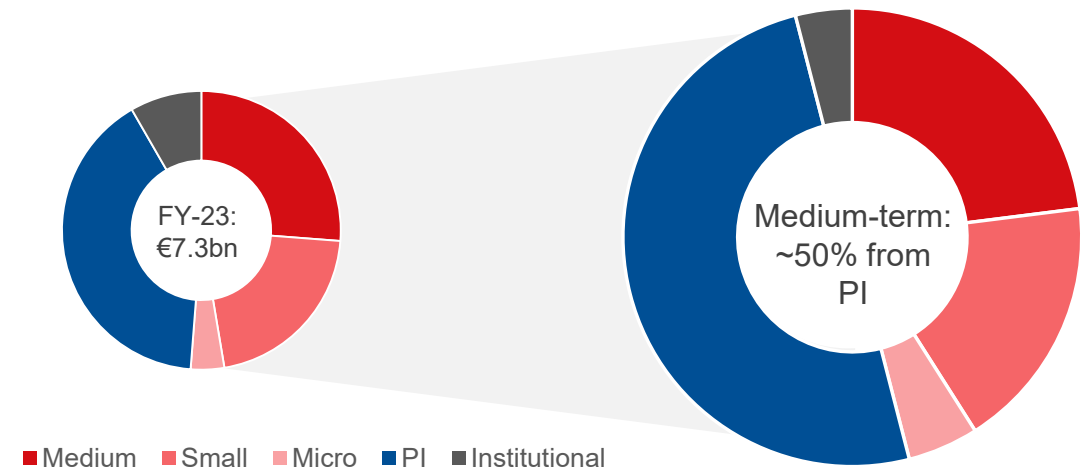
Medium:
~1.5x
target loan portfolio multiplier

Small:
~1.5 – 2.0x
target loan portfolio multiplier

✓
Enlarge group footprint across all client segments to amplify positive impact

✓
Use unique market position to grow with smaller, underserved business clients

... and building a highly granular deposit structure



Micro:
~4x
target loan portfolio multiplier

PI:
~2.0 – 2.5x
target loan portfolio multiplier

✓
Leverage strategic benefits of smaller client categories

(e.g. *Hausbank* reciprocity, margins, RWA density, impact)

✓
Grow number of private clients whilst promoting savings culture

MSME: SME and micro clients

SME

Micro

PI

Starting point

- ▶ Strong market position as a **leading bank for SME clients** in our market of operation
- ▶ **Usually among the top-3 lenders** in each country with local differences (e.g. Kosovo #1, Romania < #5)
- ▶ **Client profile:** largely formalized enterprises with clear vision and good management across broad range of industry sectors
- ▶ **More muted loan growth during 2022/23** in line with group focus on strong local deposit-to-loan ratios; i.e. self-funded growth – strong progress made and all banks now in good starting position

KPIs

> €100k (small) and > €750k (medium) client exposure
 45k active clients
 € 5.5bn in loans, representing 88% of group portfolio

Key strengths of ProCredit

- ▶ **Long and consistent track record**
- ▶ **Solid reputation** as reliable ‘Hausbank’ for SMEs, serving all main banking needs
- ▶ **Hausbank Concept**
 - **Trustful long-term relationships** and true understanding of clients’ needs and risks
 - Full onboarding of clients to consolidate entire service range, e.g. loans, cards, transactions, deposits
- ▶ **Well-trained Business Client Advisers** central to fostering strong client relationships: highly professional treatment, superior customer care, high-speed services
- ▶ **Strong technology:** natively integrated and scalable technology infrastructure, secured and intuitive front-end channels, automated back-end



Highly tailored and successful business approach as ‘Hausbank’ for SME clients, however, with visibly lower growth rates in the last two years

- SME**
- Micro
- PI

Growth focus

- ▶ **Consolidate market position** as a leading SME bank in the region
- ▶ Medium-term ambition to **rank among the top-3 lenders to SMEs in each country** (where possible) and further expand respective local market shares
- ▶ **Cater local market and customer demands**, e.g. more flexibility and decision making on bank level enabling fast response to market opportunities
- ▶ Grow smaller clients and **actively build SME pipeline**
- ▶ Further build on positioning as **regional bank with hub in Germany**

Medium-term KPIs

~1.5x
target # clients
multiplier

~1.5 – 2.0x
target loan
portfolio multiplier

Min. #3
SME lender in
each market

Investments in growth catalysts

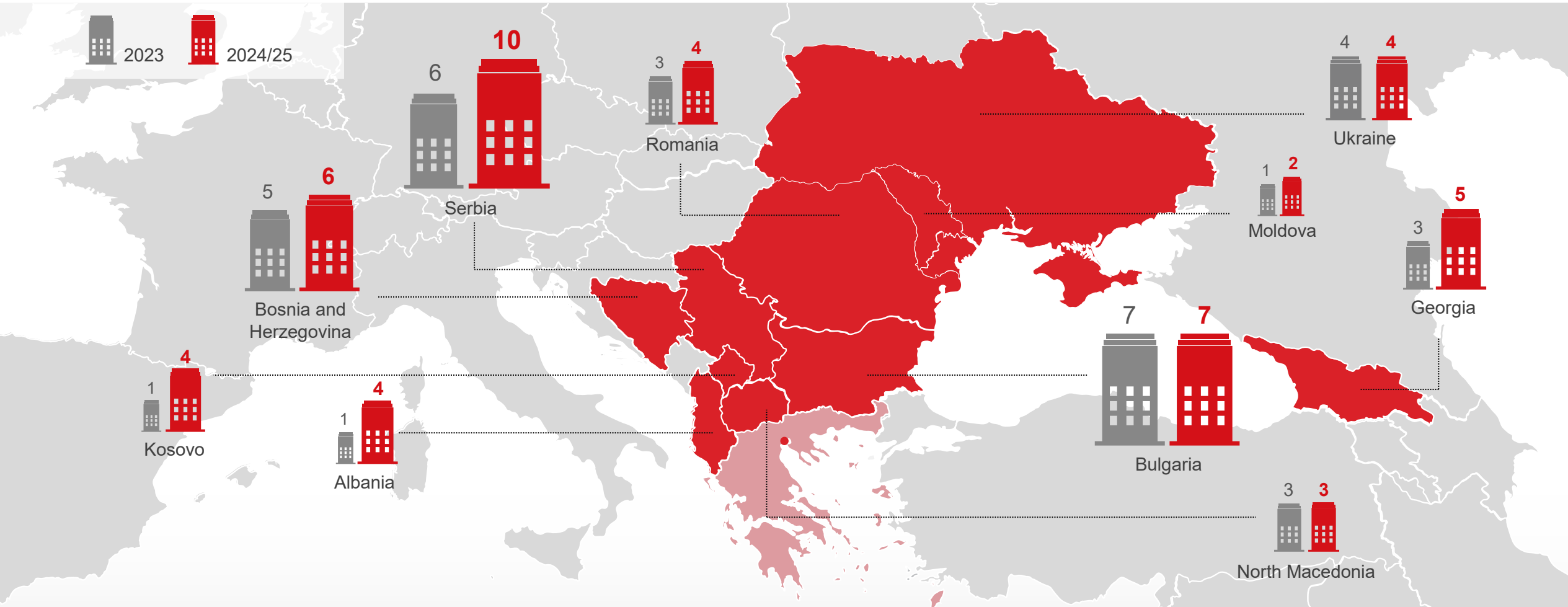
- ▶ **Differentiate through leading relationships, networking and advisory capabilities**
 - Accelerate sustainable finance solutions and advisory
 - Expand in regional and local business events and hubs
 - Enlarge skilled staff capacity: freed capacity from process simplification and automation, increase number of staff; continued focus on people development and training as distinct element of ProCredit
- ▶ **Complement product and service offering**
 - Expand digital offerings, e.g. POST and e-commerce platforms, SEPA and instant payments, trade finance
 - Customer portal and digital customer interaction, digital loan origination
- ▶ **Focused marketing for enhanced visibility**




Leverage strong group positioning with SME clients and dedicated investments to further expand the group's market share

Lean and modernized branch network as premium advisory centers

Proximity to clients and commercial centers



 **15 new branches** planned by 2025 to consolidate strong market position; highly selective approach with business potential and additional loan portfolio per branch as main KPI

Note: Shows the groups branch network in SEE and EE countries, excluding Service Points

ProCredit Group | Capital markets day | Frankfurt am Main, 21 March 2024

CASE STUDY

Targeted Campaigns for Businesses

Agro Loans



Investment loans to drive digitization



Loans for European Projects with Non-refundable Grants



Example of marketing campaigns by ProCredit Banks Bosnia & Herzegovina and Romania

Micro: Uniquely positioned to strongly grow client base

SME

Micro

PI

Starting point

- ▶ **Client profile:** Small offices (lawyers, doctors), shops, self-employed people, aspiring SMEs
- ▶ Important **differentiation to micro lending**
- ▶ **High degree of formality and transparency**, paired with sustainable business model
- ▶ Small enterprises whose banking needs can be met through **direct banking facilities** and willing to be served exclusively through the banks' digital channels
- ▶ **Segment not in focus in last years**

KPIs

Up to € 100k exposure per client
27k active clients
€ 150m loan portfolio, representing 2% of group

Key strengths and growth focus going forward

- ▶ **Good position and reputation** to serve client group
- ▶ **Strong technology already in place**, continue to invest in front-end applications and third-party technology
- ▶ **Targeted strong expansion in client group**, leveraging the group's direct banking approach
- ▶ **Use highly automized processes and technology**, e.g. simplified and efficient credit-risk assessment

Medium-term KPIs

~4x
target loan
portfolio multiplier

~5%
target loan
portfolio share



Expand in micro segment by using the group's **highly automized, technology-based direct banking facilities**

Private individual clients

SME

Micro

PI

Starting point

- ▶ **Solid base:** Established position in some markets, emerging position in others
- ▶ **Stable client base:** Successful retail performance with actively reduced client numbers in past years as result of **successful digitalization strategy**
- ▶ **Client profile:** Targeted approach for private clients associated with business clients or middle- and high-income households
- ▶ **High-quality, yet restrictive offer:** Thus not competing for private client market share (currently ~1% share of deposits per country)

KPIs

188k active clients

€ 0.6bn loan portfolio, representing <10% of group

€ 2.9bn deposit portfolio, ~500% deposit/loan ratio

Key strengths of ProCredit

- ▶ **Modern, convenient and transparent** digital banking services – **pioneering role** in local rollout of many innovations
- ▶ Established direct banking service “**ProCredit Direct**” – **strong retail deposit growth in past years**
- ▶ “**Hausbank**” for **core private clients**, serving all their banking needs, including transactions, savings, loans
- ▶ **Transaction banking** via modern, secure and efficient electronic channels and a transparent and convenient subscription fee approach
- ▶ **Service model optimized for customer experience already**, digital customer journey with ‘human touch’
- ▶ **Strong perception of ‘24/7 zones’** – unique concept and ProCredit brand in the markets of operation



PI client segment **central to our business model resilience** and a **complementing our impact orientation**

SME

Micro

PI

Growth focus

- ▶ Become the **bank of choice as modern and convenient full-service retail bank**
- ▶ **Profound change to growth ambitions** with high dedication to the segment, including resource allocation and investments
- ▶ **Grow client base, capture and meet evolving client demands**, customize and **enhance service model** with strong focus on **customer experience**
- ▶ **Leverage synergies:** cross-country between **subsidiaries** and within business units, leveraging the **strong partnerships with MSMEs and institutions**

Medium-term KPIs

2.5x	~2.0 – 2.5x	~3%
target # clients multiplier	target loan portfolio multiplier	deposit market share in each market

Investments in growth catalysts

- ▶ **Customer centered product and service offering**
 - Simple and streamlined (cards, instant payments, credit facilities, savings products)
 - Strong innovation focus (automized PI lending)
- ▶ **Dedicated investment into customer journey**
 - Investment in further digitalization of customer journey (e.g. digital self-service via mobile app and digital onboarding/payments, virtual 24/7 support with qualified and immediate personal attention)
- ▶ **Investment into staff, regional presence, marketing**
 - Further expand strong retail expertise on bank level
 - Digitalization and outreach for mass market
 - Digital marketing campaigns automation, presence and brand building community activities

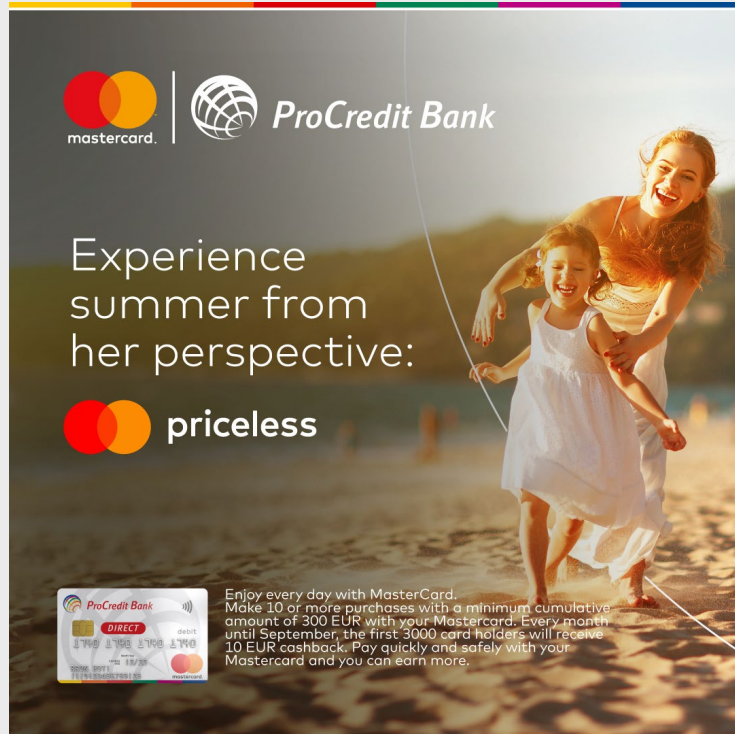


Positioning as an attractive full-service bank for retail clients, targeting the broader population of our markets with a comprehensive service offering highly focused on **superior customer experience**

CASE STUDY

Targeted Campaigns for Private Individuals

ProCredit Direct



ProGreen Loans



ProGreen PV Loans

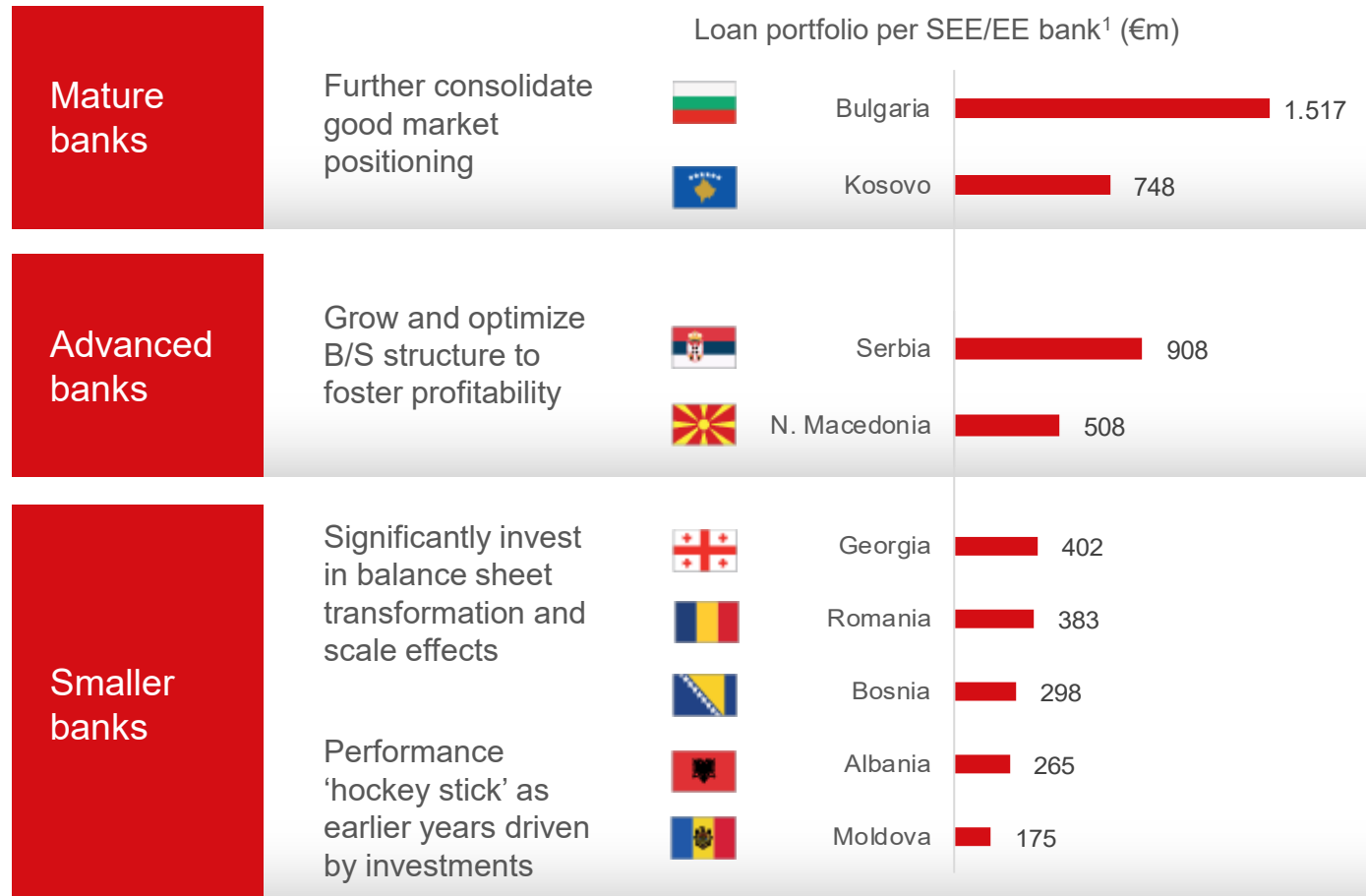


Example of marketing campaign by ProCredit Bank Romania

Regional growth strategies

Differentiated regional growth strategies in place

Unified target picture despite different maturity of banks ...



... contributing to group growth KPIs

1.5x / 2.5x

increased SME & private client base

> €10bn

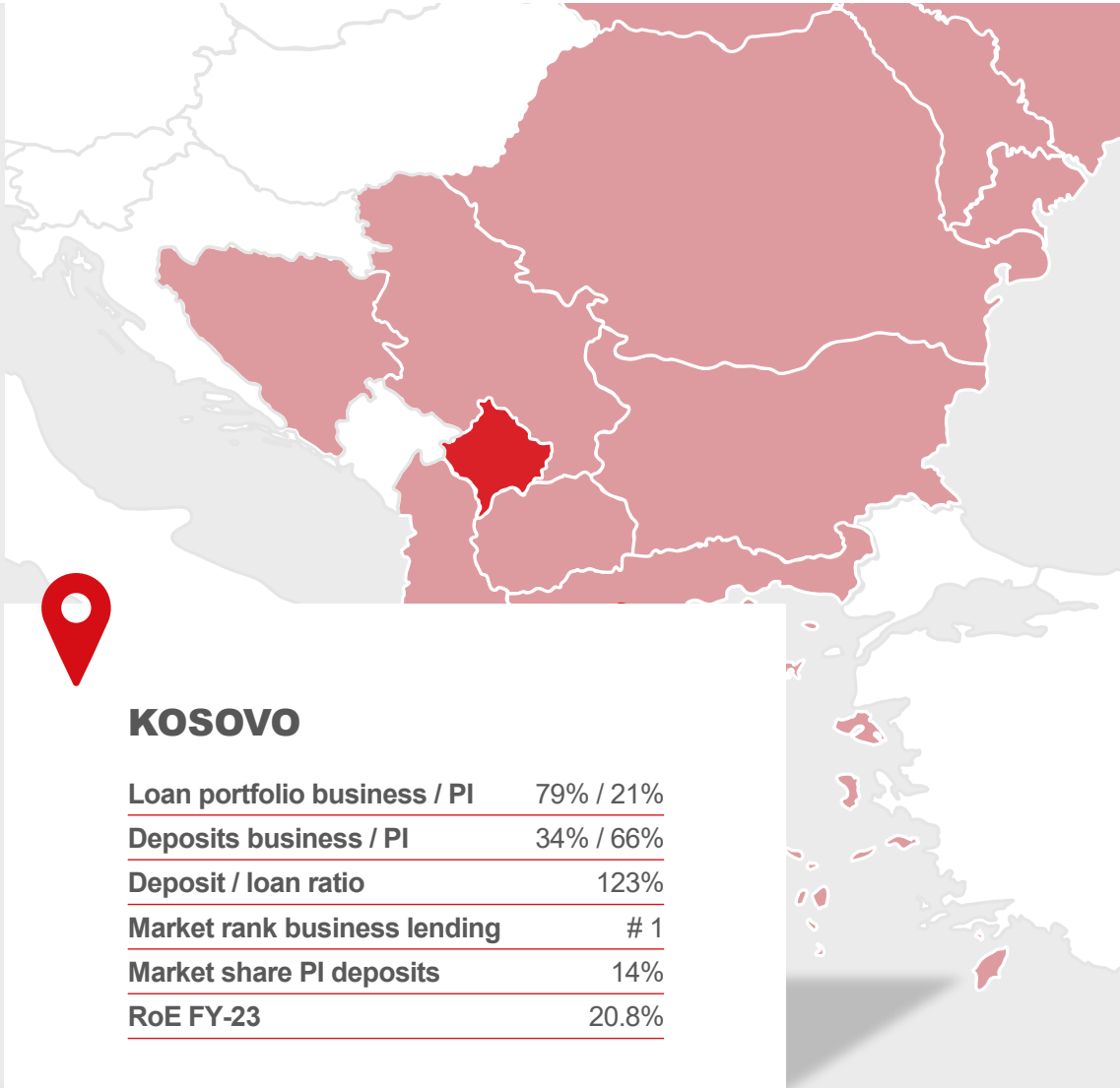
loan portfolio, with growth across all client segments

~ 120%

local deposit-loan ratios as growth locally funded



fueling group growth ambitions mainly via organic growth; selected inorganic growth opportunities evaluated on case-by-case basis



ProCredit Kosovo: Further consolidate SME market leader position and good reputation with PI clients

Key bank highlights:

- ▶ Strong local reputation as leading SME bank
- ▶ # 1 ranked bank by business loan portfolio
- ▶ Long-standing presence since 2000 with early built-up of market position
- ▶ Strong positioning, role and recognition also with PI clients

Key initiatives and medium-term ambitions:

- ▶ Become # 1 bank by total loan portfolio
- ▶ Accelerate loan growth across all categories; increase penetration across very small businesses, PI clients and non-loan clients
- ▶ Further focus areas include renewables, diaspora customers, enhanced reputation as ESG bank

Strong and targeted positioning for growth



ProCredit group with its **impact-centred approach** uniquely positioned on SEE/EE region, offering above **WE growth outlook**



High loan growth ambitions paired with **strategic transformation of loan book**: targeting ~ 50% of loans in Small, Very Small and PI client categories



Dedicated, **strategic investments in growth catalysts** in the next 1-2 years – strong impact rationale of investments as **supporting local economies**



Regional growth strategies in place, fuelling medium-term group ambitions: 1.5x and 2.5x increased SME and private client base, > €10 bn loan book, ~120% local deposit-loan ratios

- A. Strategic update
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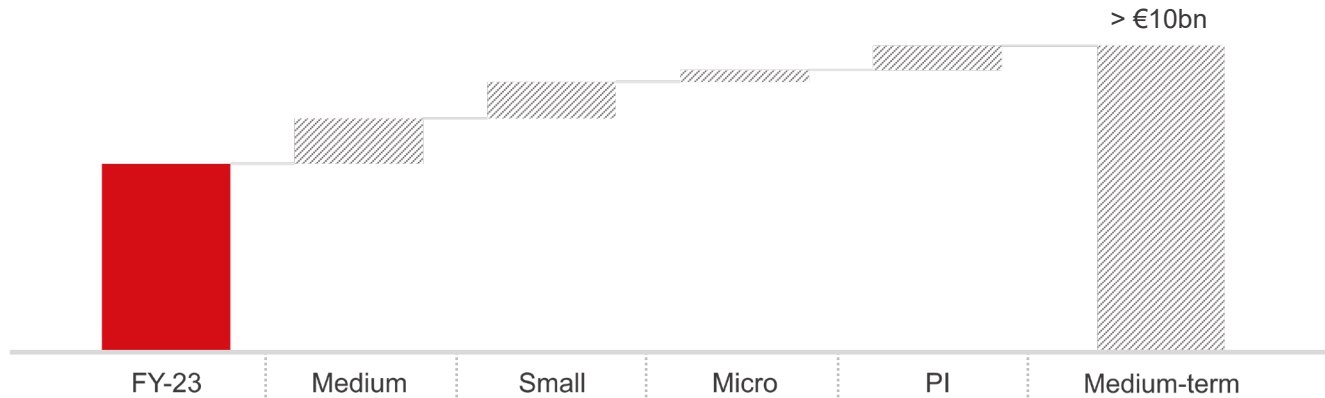
D. Profitability

***Christian Dagrosa, CFO and member
of the management board***



Financial benefits of loan portfolio transformation

Medium-term outlook for loan portfolio growth



	FY-23	Medium	Small	Micro	PI	Medium-term
Loan portfolio multiplier		~1.5x	~1.5 – 2.0x	~4x	~2.0 – 2.5x	Group trend ~1.6x
WAIR (FY-23)	6.9%	8.0%	8.0%	9.2%	5.1%	Consolidated WAIR to remain stable
Deposit-to-loan ratio (FY-23)	~50%	~85%	~85%	~200%	~500%	~120%
Fee income potential		✓✓✓	✓✓	✓	✓	To be optimized
RWA efficiency		✓	✓✓✓	✓✓✓	✓✓	To be optimized

Strong growth outlook delivering enhanced economies of scale ✓

Stabilized medium-term margins due to portfolio effect
(Target structure ~50% medium and ~50% other segments) ✓

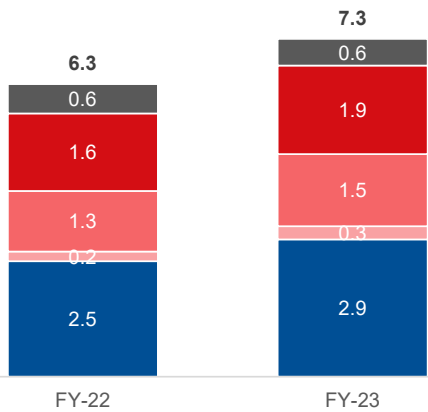
Leveraging reciprocity (*Hausbank*) and generating additional fee income potential ✓

Higher RWA efficiency in smaller segments (e.g. retail factor) to enhance capital efficiency ✓

Amplified growth of highly granular deposit base

Strong deposit growth to be continued ...

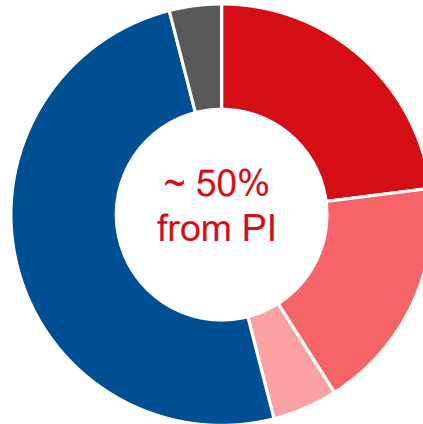
+15.4% ytd



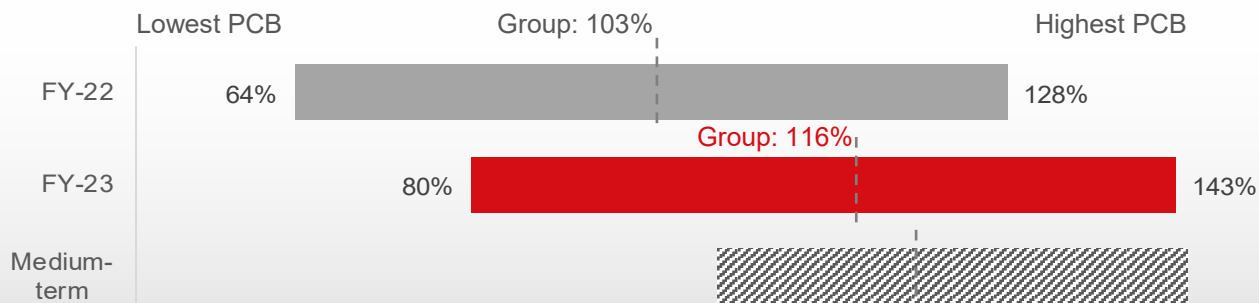
■ Medium ■ Small ■ Micro ■ PI ■ Institutional

... particularly driven by private clients

Target picture



Enhanced bank level deposit-to-loan ratios



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

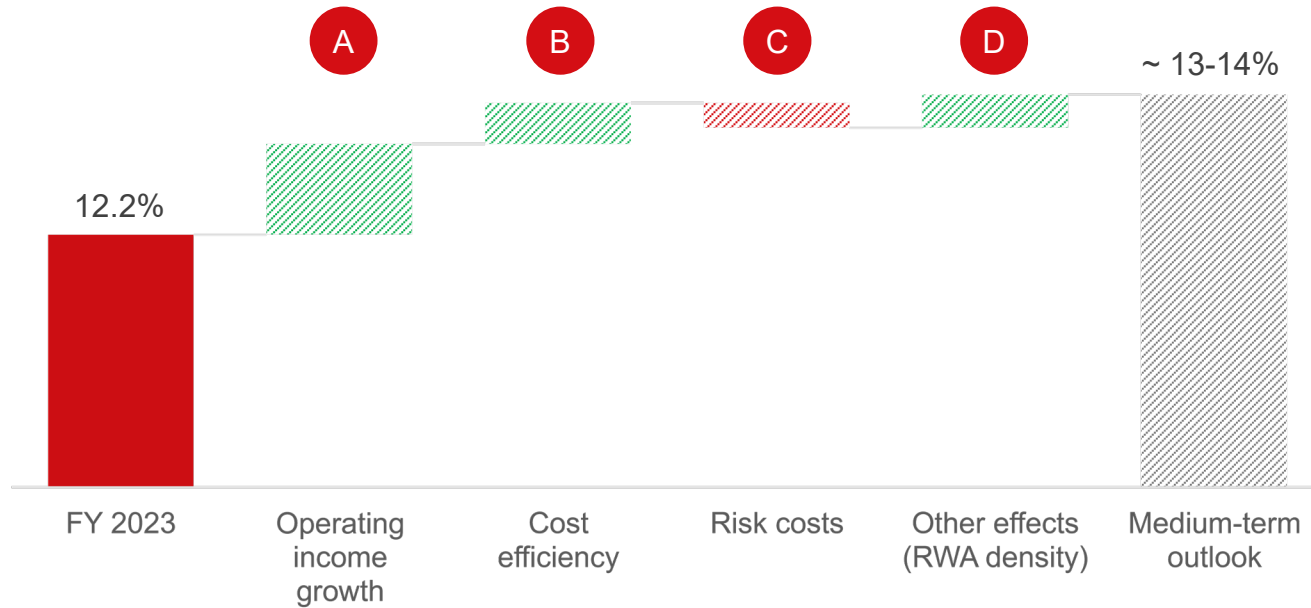
Highly granular target structure with ~ 50% from PI

Self-funded growth, local deposit-to-loan ratios of ~120% in all banks

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

Targeting a well-enhanced medium-term RoE level

Structurally strengthened RoE outlook














- A**
 - ▶ **Structural benefits** of loan portfolio and deposit transformation on **margins and growth**
 - ▶ Scaled operating income based on assumed broadly **stable margins** (NII FY-23: 3.6%) and increased share of non-interest income (fees, other)
- B**
 - ▶ Further increased cost efficiency towards **~57% CIR** (FY-23: 59.9%) as result of **scale benefits**
 - ▶ Temporary increase to **~63%** in FY-24 mainly driven by **strategic investments in growth catalysts**
- C**
 - ▶ Assumed through-the-cycle **risk costs of 30 – 35 bps** (FY-23: 25 bps)
 - ▶ Slight cautious increase on previous guidance level (25 – 30 bps) as result of **ambitious growth / different risk profile in segments**
- D**
 - ▶ RWA density with further improvement potential from 64% RWA / total asset ratio (FY-23) to **<60%** in the medium-term
 - ▶ Mix of **RWA reduction measures and inherent benefits from portfolio transformation** and investment management

Medium-term guidance assumptions on PCB Ukraine:

- Moderate bottom line group contribution from 2024 onwards (upper single digit to lower double digit €m p.a.).
- Medium-term RoE and CIR outlook for Group w/o PCB Ukraine confirmed and unchanged also in a worst-case/write-off scenario.
- Ukraine upside case (post-war reconstruction scenario) not considered in guidance: **upside potential on group medium-term RoE of c. 1.5 ppt.**

Local enhancements driving group profitability

Updated group RoE clusters and expectations (SEE/EE)

RoE level	FY 2023		Medium-term ambition
> 20%	2 banks	 Kosovo,	Few selected banks
		 Ukraine ¹	
12 – 20% Internal 'hurdle rate'	6 banks	 Bulgaria,	Majority of banks
		 Bosnia and Herz.,	
		 Georgia,	
		 Moldova,	
		 N. Macedonia,	
		 Serbia	
< 12%	3 banks	 Albania,	
		 Ecuador,	
		 Romania	

Structural profitability improvements driven by **growth strategy and dedicated investments** ✓

Internal expectation on bank level to **structurally** be able to achieve a RoE of at least **~12% in the medium-term** ✓

Higher group return expectations in markets with **typically stronger volatility** (risk-adjusted) ✓

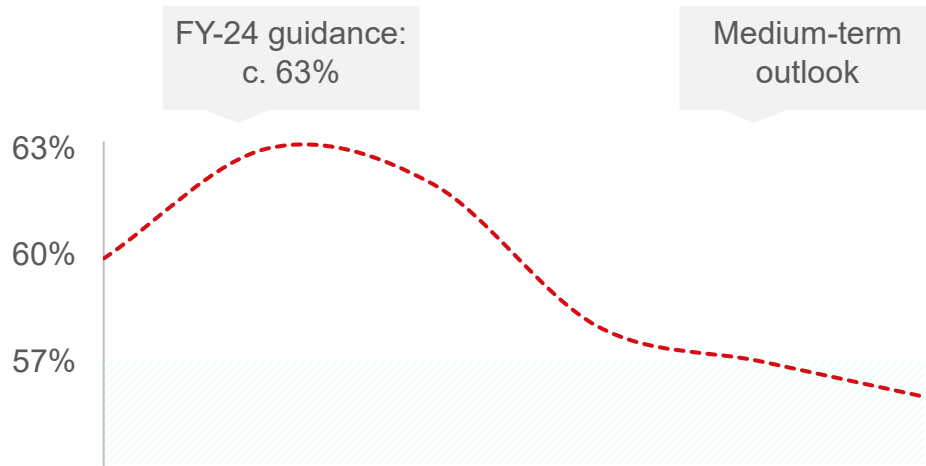
Group strategic 'toolkit' includes **organic and inorganic measures** (e.g. M&A) ✓

Notes: 1) Moderate bottom line group contribution and RoE assumed for PCB from 2024 onwards due to ongoing war

Strategic investments enabling more operating leverage

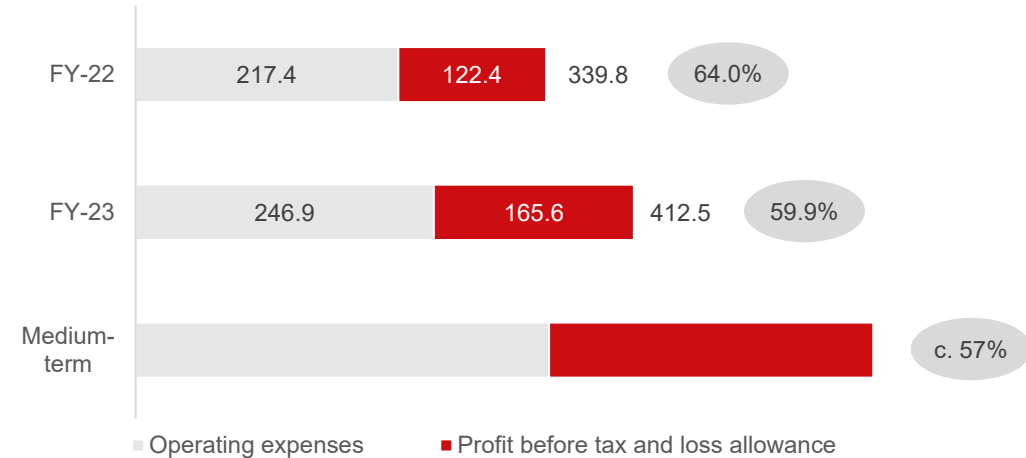
Temporary increase in CIR enabling medium-term potential

Illustrative development of cost-income-ratio over time



Combination of increased scale and cost discipline

Illustrative development of operating income and expenses



People and training

- Investment into staff: **+25%¹ employees over next years**, with focus on front office functions
- Loan portfolio per employee** to be further accelerated

Modern branch network

- Growth in branches +15 to ~50** in the medium-term, plus renovations
- Increased annual network cost: ~ €10m** (increased office rent and depreciation)¹

State-of-the-art technology

- Increased annual IT cost: €12m or ~20%¹**
- Scale benefits** to reduce IT cost per loan portfolio ratio

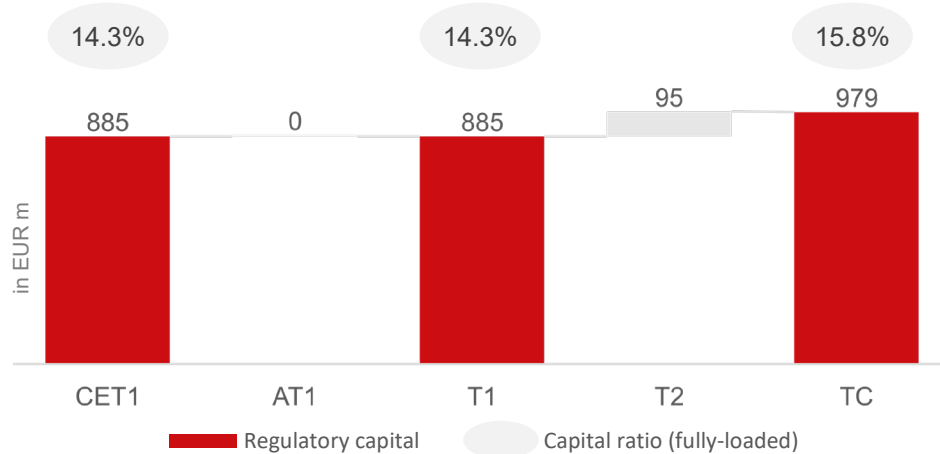
Marketing & communication

- Increased annual marketing cost: €5m or ~ 50%¹**
- Scale benefits** to reduce marketing cost per total revenue ratio

Notes: 1) In relation to base year FY-23

Prudent capitalization and higher RWA efficiency

Prudent capitalization and capital structure (FY-23)



8.8%
leverage ratio
(fully-loaded)

+0.8 ppt
increase in
CET1 ratio
in FY-23

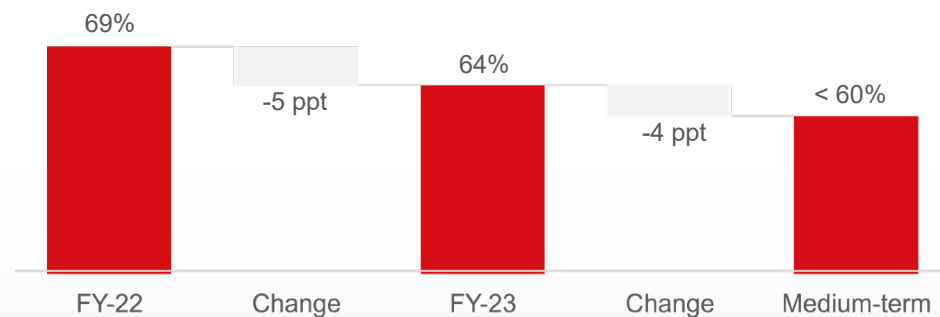
1/3
dividend payout
ratio policy

> 4pp
remaining RWA
density optimization
potential

Key strategic measures

- ▶ Maintain **comfortable capitalisation on all levels**
- ▶ Overall capital structure **regularly reviewed** in terms of **capital efficiency**
- ▶ Return to **dividend payout** targeted for FY 2023 profits in line with dividend policy (payout ratio of 1/3 of profits)
- ▶ **Strong execution of RWA efficiency measures** in FY-23, reducing RWA / asset ratio from 69% to 64%
- ▶ Key drivers for **further increased RWA efficiency**
 - ▶ RWA efficiency measures (e.g. guarantees, hard collateral, MIGA), optimization from liquidity placements (hard currency at central banks at 100%), long-term benefits of regulatory convergence, benefits from focus on small segment (retail factor)
- ▶ **CRR IV implementation** to be reflected in Jan-25 with minor negative impact on RWA

RWA density improvement well underway



Strategic update / portfolio transformation implies **additional potential to improve RWA density to <60%**

Updated positioning secures margin and delivers RoE



Increased and transformed asset and liability structure expected to **stabilize NIM at ~3.6%**, whilst generating **additional potential from other income streams**



Strategic investments in growth catalysts **increase CIR short-term**, but **enable more operating leverage and ~ 57% CIR in the medium-term**



Portfolio approach for 10 banks in SEE/EE imply **risk-adjusted return expectations** and a local bank **structural RoE 'hurdle rate' of ~12%**



Good growth in net income and capital efficiency drive **enhanced group medium-term RoE outlook of 13-14%**



Appendix



ProCredit Bank



ProCredit Bank

Illustration



Illustration of Service Point with 24/7 zone and advisory space

Slide 5

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

Slide 9

Assumptions and scenarios for ProCredit bank Ukraine largely unchanged (as presented on 24 March 2023, Analyst workshop presentation, page 19). In the post-war reconstruction scenario, the indicative medium-term upside potential on group RoE is now estimated at ~1.5 ppt.

Slide 20

GDP growth based on IMF World Economic Outlook as of October 2023. For SEE/EE the figure shown is based on the median of the countries of operation in SEE/EE the ProCredit group is active in.
IFI investment into SEE/EE based on disclosed publicly available information.
SME and PI market outlook based on general market study conducted by PWC.

Slide 34

Local figures such as market ranks and market shares based on own analysis and general market study conducted by PWC.

Slide 39

Indicative visualisation of the relative development of different line items for the updated medium-term group RoE outlook.
Cost-income ratio of ~57% is excluding one-off effects.

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