ProCredit HOLDING

QUARTERLY REPORT AS OF 30 SEPTEMBER

2022

Contents

Quarterly Financial 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.

Accountability is part of our culture. Sustainable behaviour is essential for us, and we want our activities to make a positive, lasting contribution to the environment and to society. We coordinate our actions using a comprehensive environmental management system. Accordingly, we analyse the environmental impact of both our own activities and those of our clients. During this process, we promote green investment projects, especially in energy efficiency and renewable energies.

We aim to be the “Hausbank” for our clients, and thus to be their first point of contact for financing and deposits as well as for account and payment services. Our SME clients typically have financing needs ranging from EUR 50 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 all 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, particularly the growing middle class. Our comprehensive range of online services creates the foundation for long-term client relationships. Our clients can conduct their banking transactions directly via our digital channels, and individual customer enquiries are processed in a focused way through our call centres. In general, we do not offer counter and cash transactions, which meant that the changes in contact and distance rules introduced in the time of the pandemic were relatively easy for us to implement and had virtually no impact on business operations. With our direct services, we aim to stand out from other providers in our markets in terms of convenience, security and transparency.

REPORT ON THE ECONOMIC POSITION

Course of Business Operations

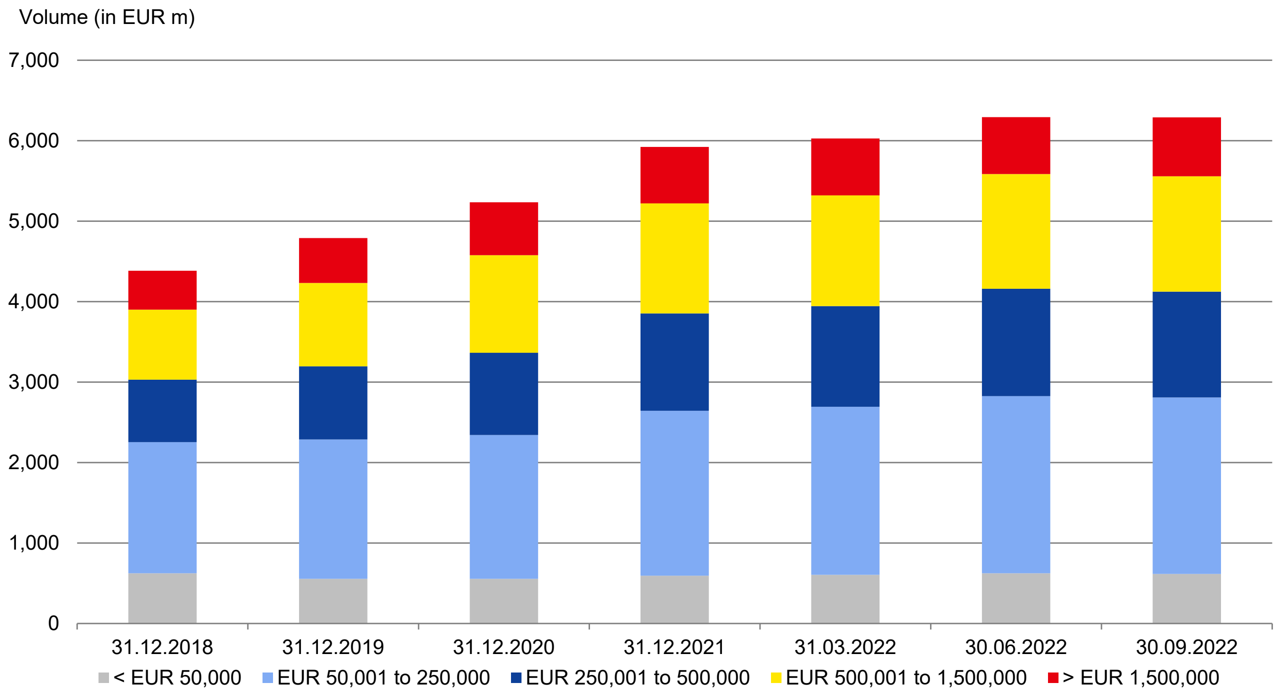
On the one hand, our business performance in the first nine months of the year was positive for most of the ProCredit banks, even if their results were negatively affected by uncertainties related to COVID-19 and its impact on the economy. On the other hand, the war of aggression against Ukraine dominated the current financial year. The attack on a sovereign European country and the further developments of the war have caused us great concern and we are extremely worried about the people in Ukraine. In addition, rising energy prices can be observed, and price increases and higher inflation rates are occurring in Europe. In our reporting, and particularly in connection with our subsidiary in Ukraine, we would like to take these factors into account by presenting extraordinary charges separately. Further information can also be found under "Result of operations" and in the sections on the Eastern Europe segment and credit risk.

in EUR m

Statement of Financial Position	**30.09.2022**	**31.12.2021**	**Change**
Loan portfolio	6,291.9	5,924.4	367.5
Deposits	5,984.1	5,542.3	441.8
Statement of Profit or Loss	**1.1.-30.09.2022**	**1.1.-30.09.2021**	**Change**
Net interest income	192.1	161.4	30.7
Net fee and commission income	40.2	37.1	3.2
Operating income	246.6	204.5	42.1
Personnel and administrative expenses	149.8	127.7	22.1
Loss allowance	79.1	3.2	75.9
of which contribution of PCB Ukraine	*73.1*	*0.5*	*72.6*
Profit of the period	17.3	62.0	-44.7
of which contribution of PCB Ukraine	*-43.2*	*17.3*	*-60.5*
Key performance indicators	**1.1.-30.09.2022**	**1.1.-30.09.2021**	**Change**
Change in loan portfolio	6.2%	10.4%	-4.2 pp
Cost-income ratio	60.7%	62.4%	-1.7 pp
Return on equity (annualised)	2.7%	10.1%	-7.5 pp
	30.09.2022	**31.12.2021**	**Change**
Common Equity Tier 1 capital ratio	13.6%	14.1%	-0.6 pp
Additional indicators	**30.09.2022**	**31.12.2021**	**Change**
Deposits to loan portfolio	95.1%	93.5%	1.6 pp
Net interest margin (annualised)	3.0%	2.9%	0.2 pp
Cost of risk (annualised)	173 bp	12 bp	161 bp
Share of defaulted loans	3.1%	2.3%	0.8 pp
Stage 3 loans coverage ratio	57.1%	49.6%	7.5 pp
Green loan portfolio	1,240.5	1,128.1	112.4

Assets

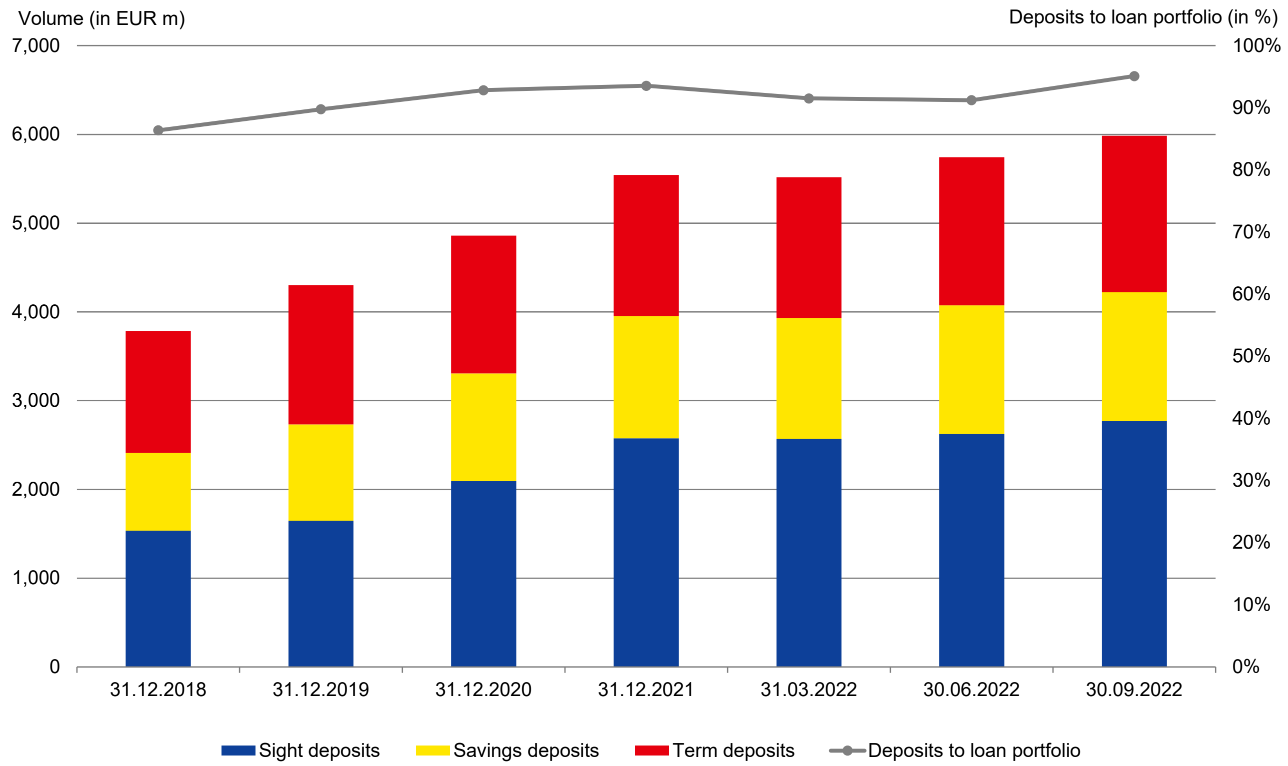
As of 30 September 2022, total assets had increased by EUR 456 million, or 5.6%, compared to year-end 2021. This was mainly due to growth in the loan portfolio, which increased by EUR 368 million. We saw good portfolio growth in most of our banks and across all loan-size segments.



Loan portfolio development, by loan volume

Liabilities and equity

Compared to year-end 2021, liabilities exhibited an increase of EUR 426 million as of 30 September 2022, which is mainly due to the positive development of deposits. At the same time, customer deposits are the most important source of funding for our group. The total increase in deposits of EUR 442 million, or 8.0%, was mainly generated by additional sight and term deposits from business and private clients and from savings accounts, especially in the retail segment. The deposit-to-loan ratio improved by 1.6 percentage points from year-end 2021 to 95.1%.



Deposit development

We had a solid liquidity position at all times during the reporting period. At the end of the third quarter of 2022, the liquidity coverage ratio (LCR) stood at 153% (31 December 2021: 158%).

Equity increased by EUR 30 million compared to year-end 2021 due to an increase in the currency reserve and to the current consolidated result. At 13.6% as of 30 September 2022, the Common Equity Tier 1 capital ratio (CET1 fully loaded) is 0.5 percentage points below the year-end level, which is mainly attributable to the downgrade in Ukraine's country rating and to loan portfolio growth. The group's capitalisation continues to be stable.

Result of operations

The consolidated result of EUR 17.3 million represents a return on equity of 2.7% for the reporting period. It was thus significantly below the result for the same period of the previous year. This development is to be viewed in a differentiated manner: firstly, the positive operating performance of our banks, and then the war of aggression towards Ukraine and its effects on our group. On the one hand, all ProCredit banks (with the exception of ProCredit Bank Ukraine) continue to develop successfully as in recent years. They are generally reporting growing loan portfolios, including in green loans, increasing net interest and net fee and commission income, and improved return-on-equity and cost-income ratios, in spite of the effects that COVID-19 may have on the economy, and of rising energy prices and growing inflation. On the other hand, the war in Ukraine has affected us both in a human sense and economically. We have concern for the people who are affected in any way by the armed conflict. At the operational level, we are in close exchange with our Ukrainian colleagues. Our colleagues are continuing to run the bank as well as is feasible in this generally challenging context, and operations have been maintained at all times since the start of the war. In addition, the war is leading to a substantial increase in loss allowances for our Ukrainian portfolio, which is impacting the group's financial performance.

The ProCredit group recorded a significant increase in net interest income as of 30 September 2022. This figure increased by EUR 30.7 million, or 19.0%, compared to the same period of the previous year. Interest income increased by EUR 47.9 million, while interest expenses grew by EUR 17.2 million. The net interest margin was 3.0%, 18 basis points above the margin for the whole of 2021, which can be attributed to key interest rate increases in our countries of operation.

Net fee and commission income also increased by EUR 3.2 million or 8.6%. In particular, income from debit and credit card business and from payment transactions improved.

Overall, our operating income rose noticeably by EUR 42.1 million or 20.6%. Personnel and administrative expenses increased by EUR 22.1 million or 17.3%. Higher expenses for salaries, marketing and IT, as well as the generally inflationary environment, were the main drivers here. During the current financial year there were various one-time costs totalling around EUR 6.8 million, particularly in the form of legal, auditing and consulting costs in connection with the war in Ukraine and special salary payments. This figure also includes the full write-down of the goodwill of ProCredit Bank Ukraine in the amount of EUR 0.8 million, as reflected in net other operating result. On the other hand, the group benefited from a temporary increase of EUR 5.0 million in the result from derivative financial instruments and hedging relationships.

Our cost-income ratio improved by 1.7 percentage points to 60.7% due to the positive development of earnings. Loss allowances rose by EUR 75.9 million to a total of EUR 79.1 million, due in particular to the war in Ukraine (please refer to our explanations in the risk report on the topic of credit risk). The loss allowances correspond to an annualised cost of risk of 173 basis points, which is significantly higher than the previous year's level (12 basis points).

Our consolidated profit of the reporting period was EUR 17.3 million, which is EUR 44.7 million lower than in the same period of the previous year and is attributable in particular to higher loss allowances, leading to an annualised return on equity of 2.7% at the end of the third quarter. Excluding the contribution of ProCredit Bank Ukraine, the consolidated profit of the period improved by EUR 15.8 million or 35.4%, mainly due to the increase in operating income.

The share of defaulted loans increased from 2.3% to 3.1% compared to the year-end 2021 level, in particular due to stage transfers within the portfolio in Ukraine. In the remaining banks in the group, the share of defaulted loans declined by 0.2 percentage points. The Stage 3 loans coverage ratio increased by 7.5 percentage points to 57.1%. Taking into account the ongoing armed conflicts in Ukraine as well as the macroeconomic impact caused by the COVID-19 pandemic, rising energy prices and higher inflation, the result of operations is largely in line with our expectations.

Segment overview

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

in '000 EUR	1.1.–30.09.2022	1.1.–30.09.2021
South Eastern Europe	52,500	36,988
Eastern Europe	-27,921	28,360
South America	2,037	144
Germany*	-9,276	-3,465
Profit of the period	**17,340**	**62,028**

* *Segment Germany includes consolidation effects*

South Eastern Europe

in EUR m			
Statement of Financial Position	**30.09.2022**	**31.12.2021**	**Change**
Loan portfolio	4,406.6	4,134.7	271.9
Deposits	4,264.2	3,936.8	327.3
Statement of Profit or Loss	**1.1.–30.09.2022**	**1.1.–30.09.2021**	**Change**
Net interest income	111.6	95.2	16.5
Net fee and commission income	25.8	23.3	2.4
Operating income	145.7	120.3	25.3
Personnel and administrative expenses	82.2	75.0	7.2
Loss allowance	4.9	4.2	0.7
Profit of the period	52.5	37.0	15.5
Key performance indicators	**1.1.–30.09.2022**	**1.1.–30.09.2021**	**Change**
Change in loan portfolio	6.6%	7.2%	-0.7 pp
Cost-income ratio	56.4%	62.4%	-5.9 pp
Return on equity (annualised)	11.4%	8.6%	2.9 pp
Additional indicators	**30.09.2022**	**31.12.2021**	**Change**
Deposits to loan portfolio	96.8%	95.2%	1.6 pp
Net interest margin (annualised)	2.6%	2.4%	0.2 pp
Cost of risk (annualised)	15 bp	18 bp	-2 bp
Share of defaulted loans	1.7%	2.0%	-0.3 pp
Stage 3 loans coverage ratio	51.9%	53.2%	-1.3 pp
Green loan portfolio	920.3	826.1	94.2

Loan portfolio and deposits are presented without intercompany accounts.

South Eastern Europe is the group's largest segment. The loan portfolio for this segment increased by EUR 272 million to EUR 4.4 billion. Our banks in Bulgaria, Kosovo, Bosnia and Herzegovina, and Albania achieved growth rates of more than 7%. The green loan portfolio recorded an increase of around EUR 94 million. The share of defaulted loans declined to 1.7%, while the Stage 3 loans coverage ratio fell slightly by 1.3 percentage points from year-end to a total of 51.9%.

Deposits increased by EUR 327 million, with particularly strong growth at our banks in Bosnia and Herzegovina and Bulgaria.

The profit of the period stood at EUR 52.5 million, a significant increase of EUR 15.5 million compared to the same period in the previous year, primarily due to a rise of EUR 16.5 million in net interest income. Overall, operating income grew by EUR 25.3 million. Personnel and administrative expenses increased by EUR 7.2 million. The cost-income ratio for the South Eastern Europe segment improved substantially by 5.9 percentage points to 56.4%.

Eastern Europe

in EUR m

Statement of Financial Position	30.09.2022	31.12.2021	Change
Loan portfolio	1,298.4	1,315.6	-17.2
Deposits	1,129.1	1,094.1	35.0

Statement of Profit or Loss	1.1.-30.09.2022	1.1.-30.09.2021	Change
Net interest income	59.9	51.0	8.9
Net fee and commission income	5.0	5.5	-0.5
Operating income	71.5	60.3	11.3
Personnel and administrative expenses	32.7	26.9	5.9
Loss allowance	73.4	-0.8	74.2
of which contribution of PCB Ukraine	*73.1*	*0.5*	*72.6*
Profit of the period	-27.9	28.4	-56.3
of which contribution of PCB Ukraine	*-43.2*	*17.3*	*-60.5*

Key performance indicators	1.1.-30.09.2022	1.1.-30.09.2021	Change
Change in loan portfolio	-1.3%	18.4%	-19.8 pp
Cost-income ratio	45.8%	44.6%	1.2 pp
Return on equity (annualised)	-16.2%	17.6%	-33.8 pp

Additional indicators	30.09.2022	31.12.2021	Change
Deposits to loan portfolio	87.0%	83.2%	3.8 pp
Net interest margin (annualised)	4.4%	4.3%	0.1 pp
Cost of risk (annualised)	748 bp	-12 bp	760 bp
Share of defaulted loans	6.4%	1.9%	4.5 pp
Stage 3 loans coverage ratio	71.5%	58.7%	12.8 pp
Green loan portfolio	206.3	205.0	1.3

Deposits are presented without intercompany accounts.

The loan portfolio in the Eastern Europe segment declined by EUR 17.2 million or -1.3%. The share of defaulted loans increased by 4.5 percentage points to 6.4%; this development is mainly attributable to the war in Ukraine, where the share of defaulted loans at our Ukrainian bank rose from 1.5% to 9.9% in the past nine months. Due to the sharp rise in default rates and the negative impact of the war on the Ukrainian economy, the on-balance sheet loss allowances for our portfolio there increased by EUR 65.4 million. In our banks in Moldova and Georgia, the share of defaulted loans has remained stable at 2.5% since the beginning of the year. The Stage 3 loans coverage ratio in the segment increased by 12.8 percentage points to 71.5% due to the high level of provisioning for the Ukrainian portfolio.

Deposits rose by EUR 35.0 million or 3.2% compared to the end of the year, which is primarily due to the banks in Georgia and Moldova.

Banking operations in the segment developed largely as expected. Net interest income increased by EUR 8.9 million, mainly due to positive key interest rate effects in Georgia and Moldova. Overall, operating income grew by EUR 11.3 million to EUR 71.5 million. Personnel and administrative expenses increased by EUR 5.9 million, particularly due to higher personnel and IT expenses. The cost-income ratio grew by 1.2 percentage points to 45.8%. Loss allowance expenses amount to EUR 73.4 million, with EUR 73.1 million being attributable to ProCredit Bank Ukraine. The profit for the period is EUR -27.9 million, with ProCredit Bank Ukraine contributing EUR -43.2 million. For the banks in Georgia and Moldova, the profit for the period increased by EUR 4.4 million, or 40%, to EUR 15.3 million.

South America

in EUR m

Statement of Financial Position	30.09.2022	31.12.2021	Change
Loan portfolio	537.1	423.3	113.8
Deposits	339.0	254.2	84.8

Statement of Profit or Loss	1.1.-30.09.2022	1.1.-30.09.2021	Change
Net interest income	19.3	14.2	5.1
Net fee and commission income	0.0	-0.3	0.3
Operating income	17.7	12.9	4.8
Personnel and administrative expenses	14.1	12.3	1.8
Loss allowance	0.6	-0.1	0.8
Profit of the period	2.0	0.1	1.9

Key performance indicators	1.1.-30.09.2022	1.1.-30.09.2021	Change
Change in loan portfolio	26.9%	23.1%	3.8 pp
Cost-income ratio	79.5%	95.1%	-15.6 pp
Return on equity (annualised)	5.1%	0.4%	4.7 pp

Additional indicators	30.09.2022	31.12.2021	Change
Deposits to loan portfolio	63.1%	60.0%	3.1 pp
Net interest margin (annualised)	4.5%	4.5%	0.0 pp
Cost of risk (annualised)	18 bp	27 bp	-10 bp
Share of defaulted loans	6.2%	6.5%	-0.3 pp
Stage 3 loans coverage ratio	33.6%	30.3%	3.3 pp
Green loan portfolio	101.5	84.1	17.4

Deposits are presented without intercompany accounts.

The loan portfolio of ProCredit Bank Ecuador showed strong growth of EUR 113.8 million or 26.9%. Deposits also increased by EUR 84.8 million or 33.4%. Both developments were partly boosted by the appreciation of the US dollar, although the business growth adjusted for currency effects was also positive.

The profit for the period improved by EUR 1.9 million, particularly due to an increase in net interest income by EUR 5.1 million. Personnel and administrative expenses grew by EUR 1.8 million and loss allowances rose by EUR 0.8 million. As a result of these positive developments, the cost-income ratio improved by 15.6 percentage points to 79.5% and the return on equity by 4.7 percentage points.

Germany

in EUR m			
Statement of Financial Position	**30.09.2022**	**31.12.2021**	**Change**
Loan portfolio	49.7	50.7	-1.0
Deposits	251.9	257.1	-5.3

Statement of Profit or Loss	**1.1.-30.09.2022**	**1.1.-30.09.2021**	**Change**
Net interest income	1.3	1.0	0.2
Operating income	47.3	60.6	-13.3
Personnel and administrative expenses	55.4	45.8	9.6
Loss allowance	0.3	0.0	0.2
Profit of the period	-8.4	13.8	-22.2
Profit of the period and consolidation effects	-9.3	-3.5	-5.8

Loan portfolio and deposits are presented without intercompany accounts.

The development of the Germany segment essentially consists of 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 remained virtually unchanged as of 30 September 2022. Deposits declined by EUR 5.3 million. Compared to the same period of the previous year, the result for ProCredit Bank Germany improved by EUR 2.5 million to EUR 3.3 million. The result from derivative financial instruments and hedging relationships was at a temporarily elevated level of EUR 2.2 million as of 30 September 2022.

The segment's profit for the period declined compared to the same period of the previous year, in particular due to lower dividend income for ProCredit Holding and higher personnel and administrative expenses. The increase in administrative expenses was due, among other things, to non-recurring legal, auditing and consulting costs amounting to approximately EUR 4.8 million in connection with the conflict in Ukraine. Income from dividends derives from fully consolidated subsidiaries and at the same time does not affect the consolidated result of the group. The segment's contribution to the consolidated result declined by EUR 5.8 million, due particularly to extraordinary administrative expenses.

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 capitalisation 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 significantly compared to year-end. The information provided in the 2021 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 the ongoing uncertainties resulting from rising costs for energy and raw materials, higher rates of inflation in Europe and the economic recovery from the COVID-19 pandemic.

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

At group and bank level, the 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. Accordingly, all credit exposures to customers 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.

We continue to assess the impact of the COVID-19 pandemic on our loan portfolio to be low, based on intensive monitoring and the lack of impact on the quality indicators for our loan portfolio. There is a low number of customers from business sectors that we have classified as vulnerable or whose business could be affected by the pandemic in the longer term. None of our loans are currently under moratorium in connection with the COVID-19 pandemic.

The conflict in Ukraine has a significant impact on our Ukrainian loan portfolio. The general moratorium for clients of ProCredit Bank Ukraine expired in July 2022. Any further adjustments to repayment agreements are made on an individual level within the framework of our group-internal policy on forbearance. Risk classifications for all exposures are reassessed on an ongoing basis in order to adequately reflect potential increases in default risk. At the end of the third quarter, 9.9% of the bank's loan portfolio was classified as in default; this includes all exposures to clients in currently occupied territories.

The conflict in Ukraine is having a far-reaching impact on many economies around the world and, at the same time, on the countries where we do business. This includes, above all, indirect effects arising from the conflict, such as a sharp rise in inflation and uncertainties regarding energy supply. In addition, we consider the direct consequences for our customers of sanctions or business relationships in countries affected by the conflict. Based on the quality indicators for our loan portfolio at the end of the quarter, we were unable to identify any significant change in the level of risk. Nevertheless, we take the above-mentioned effects into account as part of a general negative outlook (a stronger weighting of our pessimistic scenario resulted in an adjustment of approximately EUR 5.5 million compared to the level as at 30 June 2022) in our risk assessment for the credit portfolio.

Loss allowance expenses during the reporting period totalled EUR 79.1 million (same period of previous year: EUR 3.2 million), of which ProCredit Bank Ukraine accounted for EUR 73.1 million (same period of previous year: EUR 0.5 million). Compared to year-end, loss allowances in Stage 1 grew by EUR 3.9 million, which was primarily due to loan portfolio growth; loss allowances in Stage 2 grew significantly, by EUR 23.3 million. This development is largely attributable to the significant expansion of Stage 2 at our bank in Ukraine. Stage 3 loss allowances grew by EUR 43.2 million due to an increase in defaulted loans, which was likewise driven by the effects of the Russian invasion on our portfolio in Ukraine. At our banks outside of Ukraine, portfolio quality developed positively, in line with our expectations. The share of defaulted loans at those banks declined by 0.2 percentage points.

	30.09.2022				
in '000 EUR	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
South Eastern Europe					
Gross outstanding amount	4,191,555	138,103	75,942	1,008	**4,406,608**
Loss allowances	-32,060	-9,283	-39,643	-327	**-81,313**
Net outstanding amount	4,159,494	128,820	36,299	681	**4,325,295**
Eastern Europe					
Gross outstanding amount	922,064	293,030	82,123	1,219	**1,298,435**
Loss allowances	-13,639	-31,008	-58,919	-690	**-104,256**
Net outstanding amount	908,425	262,022	23,203	529	**1,194,180**
South America					
Gross outstanding amount	464,995	38,833	32,599	719	**537,146**
Loss allowances	-3,747	-1,031	-10,983	-218	**-15,979**
Net outstanding amount	461,249	37,802	21,617	500	**521,168**
Germany					
Gross outstanding amount	47,541	1,769	398	0	**49,708**
Loss allowances	-432	-128	-24	0	**-583**
Net outstanding amount	47,109	1,642	375	0	**49,125**
Total					
Gross outstanding amount	5,626,155	471,735	191,063	2,946	**6,291,899**
Loss allowances	-49,878	-41,449	-109,569	-1,235	**-202,130**
Net outstanding amount	5,576,277	430,286	81,494	1,711	**6,089,768**
Contingent liabilities (financial)					
Nominal amount	748,503	34,981	1,131	0	**784,615**
Provisions	-2,401	-679	-595	0	**-3,674**

	31.12.2021				
in '000 EUR	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
South Eastern Europe					
Gross outstanding amount	3,933,093	118,360	82,084	1,202	**4,134,739**
Loss allowances	–27,261	–11,012	–43,893	–451	**–82,617**
Net outstanding amount	3,905,833	107,349	38,191	750	**4,052,122**
Eastern Europe					
Gross outstanding amount	1,231,375	59,279	23,619	1,371	**1,315,644**
Loss allowances	–15,248	–6,099	–14,167	–499	**–36,014**
Net outstanding amount	1,216,127	53,180	9,452	872	**1,279,630**
South America					
Gross outstanding amount	358,722	37,132	27,463	0	**423,316**
Loss allowances	–3,102	–1,037	–8,317	0	**–12,457**
Net outstanding amount	355,619	36,095	19,146	0	**410,859**
Germany					
Gross outstanding amount	50,334	376	0	0	**50,711**
Loss allowances	–353	–4	0	0	**–356**
Net outstanding amount	49,982	373	0	0	**50,354**
Total					
Gross outstanding amount	5,573,524	215,148	133,166	2,572	**5,924,410**
Loss allowances	–45,964	–18,152	–66,377	–951	**–131,444**
Net outstanding amount	5,527,560	196,996	66,788	1,622	**5,792,966**
Contingent liabilities (financial)					
Nominal amount	827,719	12,334	992	0	**841,045**
Provisions	–2,406	–401	–214	0	**–3,021**

The stable long-term development of portfolio quality is attributable to a clear focus on small and medium-sized businesses, as well as careful credit analysis and customer service. Close relationships with our clients enable us to gain a good understanding of their individual circumstances. This is particularly important in times of crisis and enables credit risks to be identified at an early stage and appropriate measures to be taken. At the end of the third quarter, the share of defaulted loans had increased from the year-end level by 0.8 percentage points to 3.1%, mainly due to Stage 3 transfers within the portfolio in Ukraine. The Stage 3 loans coverage ratio increased from 49.6% to 57.1%.

Capital Management

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

As of 30 September 2022, the Common Equity Tier 1 and Tier 1 capital ratios of the ProCredit group stood at 13.6%. The total capital ratio was 14.4%. Our capitalisation is thus comfortably above the regulatory requirements, which are currently set at 8.2% for the Common Equity Tier 1 capital ratio, 10.1% for the Tier 1 capital ratio and 12.6% for the total capital ratio.

in EUR m	**30.09.2022**	**31.12.2021**
Common equity (net of deductions)	838.8	792.0
Additional Tier 1 (net of deductions)	0.0	0.0
Tier 2 capital	54.4	64.4
Total capital	893.2	856.4
RWA total	6,183.5	5,600.9
Credit risk	5,059.6	4,562.1
Market risk	609.2	590.7
Operational risk	458.3	433.2
Credit Valuation Adjustment risk	56.4	14.8
Common Equity Tier 1 capital ratio	13.6%	14.1%
Total capital ratio	14.4%	15.3%
Leverage ratio (CRR)	9.3%	9.3%

In the first nine months of the year, the ProCredit group's capital base in the economic and normative perspectives was always ensured, as was its stress resistance level. As part of our capital planning and also against the background of the armed conflict in Ukraine, we have analysed additional stress scenarios.

OUTLOOK

Uncertainty remains high about the situation in Ukraine and the future development of the war. Against the backdrop of current events, we expect the return on equity to decrease significantly compared with the previous year (9.7%). Our cost-income ratio should improve to a level of 60-63% (2021: 64,4%). For the loan portfolio, we anticipate a growth rate in the mid single-digit percent range, after adjusting for currency effects. At year-end we also expect the group's capitalisation to be at a solid level: over 13.0% for the Common Equity Tier 1 ratio and around 9.0% for the leverage ratio.

Given the continued, steadily improving performance of most ProCredit banks, we have a positive view on the group's medium-term development. Despite the uncertainty surrounding further events in Ukraine, we confirm our medium-term targets of a cost-income ratio below 60% and a return on equity of around 10%. We also expect the loan portfolio to show annual growth in the mid to upper single-digit percentage range.

The potential expansion of the war to further areas of Ukraine or to other countries represents a risk factor for our forecast. Additional risk factors include negative economic impacts related to the COVID-19 pandemic, major disruptions in the Eurozone, further supply-chain and energy-sector disruptions, significant changes in foreign trade or monetary policy, a deterioration in interest rate margins, increasing inflationary pressures, and pronounced exchange rate fluctuations.

SELECTED FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss

in '000 EUR	**1.1.–30.09.2022**	**1.1.–30.09.2021**
Interest income (effective interest method)	274,740	226,854
Interest expenses	82,672	65,461
Net interest income	**192,068**	**161,393**
Fee and commission income	59,436	53,446
Fee and commission expenses	19,187	16,388
Net fee and commission income	**40,249**	**37,058**
Result from foreign exchange transactions	16,188	12,036
Result from derivative financial instruments and hedging relationships	5,048	347
Result on derecognition of financial assets measured at amortised cost	-237	0
Net other operating result	-6,678	-6,318
Operating income	**246,637**	**204,517**
Personnel expenses	72,527	64,113
Administrative expenses	77,250	63,584
Loss allowance	79,133	3,248
Profit before tax	**17,727**	**73,572**
Income tax expenses	388	11,544
Profit of the period	**17,340**	**62,028**
Profit attributable to ProCredit shareholders	*17,340*	*62,028*

Consolidated Statement of Other Comprehensive Income

in '000 EUR	**1.1.-30.09.2022**	**1.1.-30.09.2021**
Profit of the period	**17,340**	**62,028**
Items that are or may be reclassified to profit or loss		
Change in revaluation reserve	-6,067	74
Change in value not recognised in profit or loss	*-6,071*	*45*
Change in loss allowance (recognised in profit or loss)	*4*	*29*
Change in deferred tax on revaluation reserve	227	33
Change in translation reserve	18,705	24,970
Change in value not recognised in profit or loss	*18,705*	*24,970*
Other comprehensive income of the period, net of tax	**12,865**	**25,077**
Total comprehensive income of the period	**30,205**	**87,105**
Total comprehensive income attributable to ProCredit shareholders	*30,205*	*87,105*
Earnings per share* in EUR	0.29	1.05

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

Consolidated Statement of Financial Position

in '000 EUR	30.09.2022	31.12.2021
Assets		
Cash	135,537	140,488
Central bank balances	1,541,891	1,405,034
Loans and advances to banks	254,632	252,649
Derivative financial assets	12,530	1,343
Investment securities	405,928	410,400
Loans and advances to customers	6,089,768	5,792,966
Property, plant and equipment	144,121	137,536
Intangible assets	18,336	18,411
Current tax assets	5,092	3,472
Deferred tax assets	9,482	1,746
Other assets	55,071	51,855
Total assets	**8,672,390**	**8,215,901**
Liabilities and equity		
Liabilities to banks	1,406,349	1,313,666
Derivative financial liabilities	912	360
Liabilities to customers	5,984,090	5,542,251
Debt securities	232,450	353,221
Other liabilities	47,191	41,629
Provisions	19,880	16,816
Current tax liabilities	1,938	3,614
Deferred tax liabilities	615	640
Subordinated debt	92,451	87,390
Liabilities	**7,785,875**	**7,359,587**
Subscribed capital and capital reserve	441,277	441,277
Retained earnings	513,380	496,044
Translation reserve	-64,440	-83,145
Revaluation reserve	-3,701	2,139
Equity attributable to ProCredit shareholders	**886,515**	**856,314**
Total liabilities and equity	**8,672,390**	**8,215,901**

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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.