ProCredit
HOLDING

QUARTERLY REPORT AS OF 30 SEPTEMBER

2024

Contents

Quarterly report

FUNDAMENTAL INFORMATION ABOUT THE GROUP

Our strategy

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

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

We aim to be the "Hausbank" for our clients, and thus to be their first point of contact for financial matters. Our SME clients typically have financing needs ranging from EUR 100,000 to the single-digit millions. As specialists in financing MSMEs, we understand the particular challenges these clients face and the specific needs they have, often going well beyond just loans. We offer banking services in terms of financing, account operations, payments and deposit business, and we also support our clients in their long-term investment projects. In addition, we offer efficient solutions for trade finance business and international payments through our network of banks.

In addition to serving MSMEs, we also pursue a direct banking strategy for private clients. As a general rule, we interact with our private customers via digital channels, offering them a full range of online services combined with personal customer care. With our direct services, we aim to stand out from other providers in our markets in terms of convenience, security and transparency.

Accountability is part of our culture. An integral part of the business strategy is our aim to have the smallest possible impact on the environment and to pro-actively bring about a shift in thinking, with greater focus on sustainability. Environmental awareness, consideration of the impact of our actions on the environment and understanding climate change impacts have always been highly relevant to the ProCredit group and its clients. We coordinate our actions using a comprehensive environmental management system and we aim to promote sustainable development in all forms. Our environmental management system encompasses both internal and external dimensions, enabling us to manage the impact of our own business activities, and that of our customers, on the environment. Internal measures include controlling and reducing the environmental footprint of the individual ProCredit institutions. Key external aspects of environmental management are the strict application of our Exclusion List in lending business and, as part of the credit risk assessment, an annual review of sustainability factors regarding the impact of our client's operations on the environment and society. We believe that our banks can make an important contribution with these measures by promoting sustainable economic development in our countries of operation through green investment projects, particularly in the areas of energy efficiency and renewable energies, and through green investments in waste management or organic agriculture.

REPORT ON THE ECONOMIC POSITION

Course of business operations

Our business performance was positive in the first nine months of the year, particularly with regard to the good consolidated result and strong growth figures. Our banks reported almost exclusively positive financial figures and we achieved a return on equity of 11.3% at the end of the third quarter. Likewise, nearly all the banks recorded good loan portfolio and deposit growth, which was supported by generally favourable market conditions. The exceptions in this respect were the ProCredit banks in Ukraine and Ecuador. In Ukraine, we have restricted new lending business primarily to our existing customers outside the conflict zone, due to the ongoing Russia's war of aggression. In Ecuador, the economic situation has shown a steady decline in recent years. In the current financial year, the country has suffered from a prolonged drought, energy supply bottlenecks supply and a deteriorating security situation, among other things. For the banking sector, this has meant a decline in liquidity, lower growth prospects, weaker profitability and a worsening of portfolio quality.

in EUR m

Statement of financial position	**30.9.2024**	**31.12.2023**	**Change**
Loan portfolio	6,783.8	6,226.5	557.4
Deposits	7,820.5	7,254.2	566.3

Statement of profit or loss	**1.1.-30.9.2024**	**1.1.-30.9.2023**	**Change**
Net interest income	270.6	244.7	25.9
Net fee and commission income	44.0	43.2	0.8
Operating income	330.7	301.2	29.5
Personnel and administrative expenses	217.2	176.9	40.3
Loss allowance	4.1	9.0	-4.9
Profit of the period	84.8	94.0	-9.2

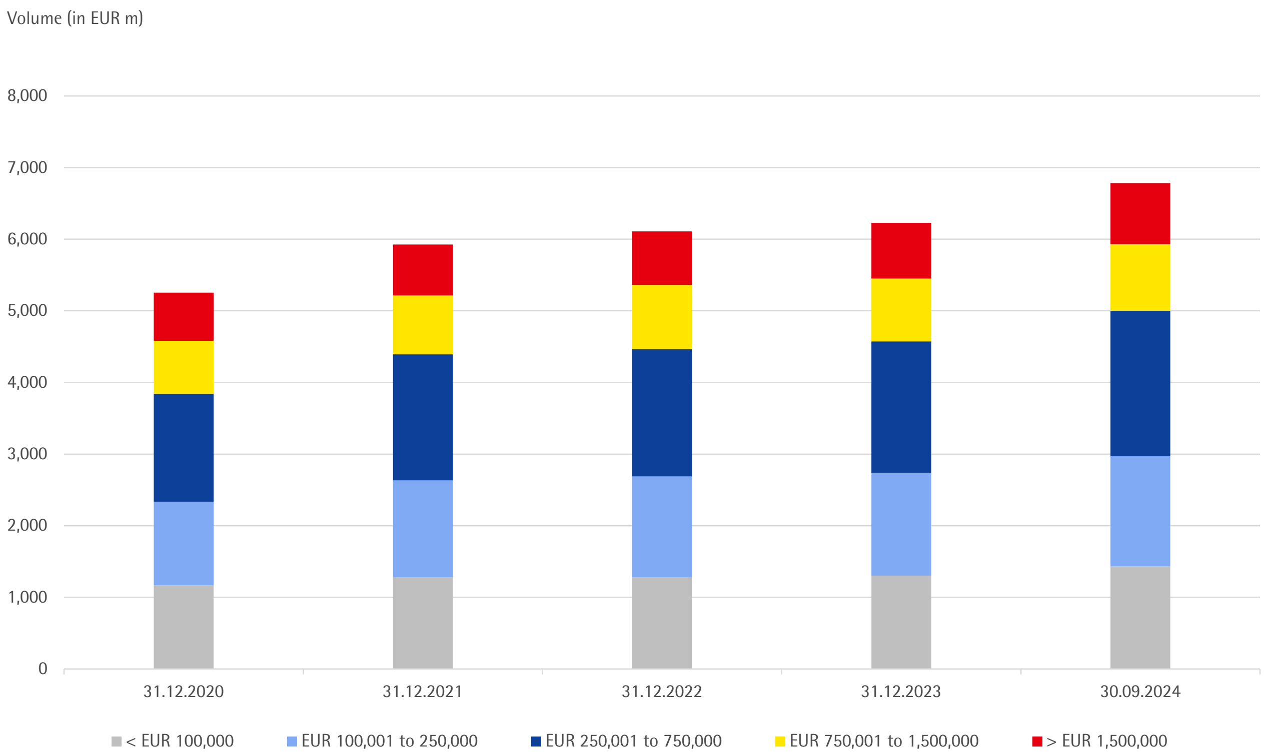
Key performance indicators	**1.1.-30.9.2024**	**1.1.-30.9.2023**	**Change**
Change in loan portfolio	9.0%	1.9%	7.0 pp
Cost-income ratio	65.7%	58.7%	6.9 pp
Return on equity (annualised)	11.3%	13.6%	-2.3 pp

	30.9.2024	**31.12.2023**	**Change**
Common Equity Tier 1 capital ratio	14.1%	14.3%	-0.2 pp

Additional indicators	**30.9.2024**	**31.12.2023**	**Change**
Deposits to loan portfolio	115.3%	116.5%	-1.2 pp
Net interest margin (annualised)	3.6%	3.6%	0.0 pp
Cost of risk (annualised)	8 bp	25 bp	-17 bp
Share of defaulted loans	2.3%	2.7%	-0.4 pp
Stage 3 loans coverage ratio	56.1%	57.6%	-1.5 pp
Green loan portfolio	1,318.7	1,268.3	4.0%

Assets

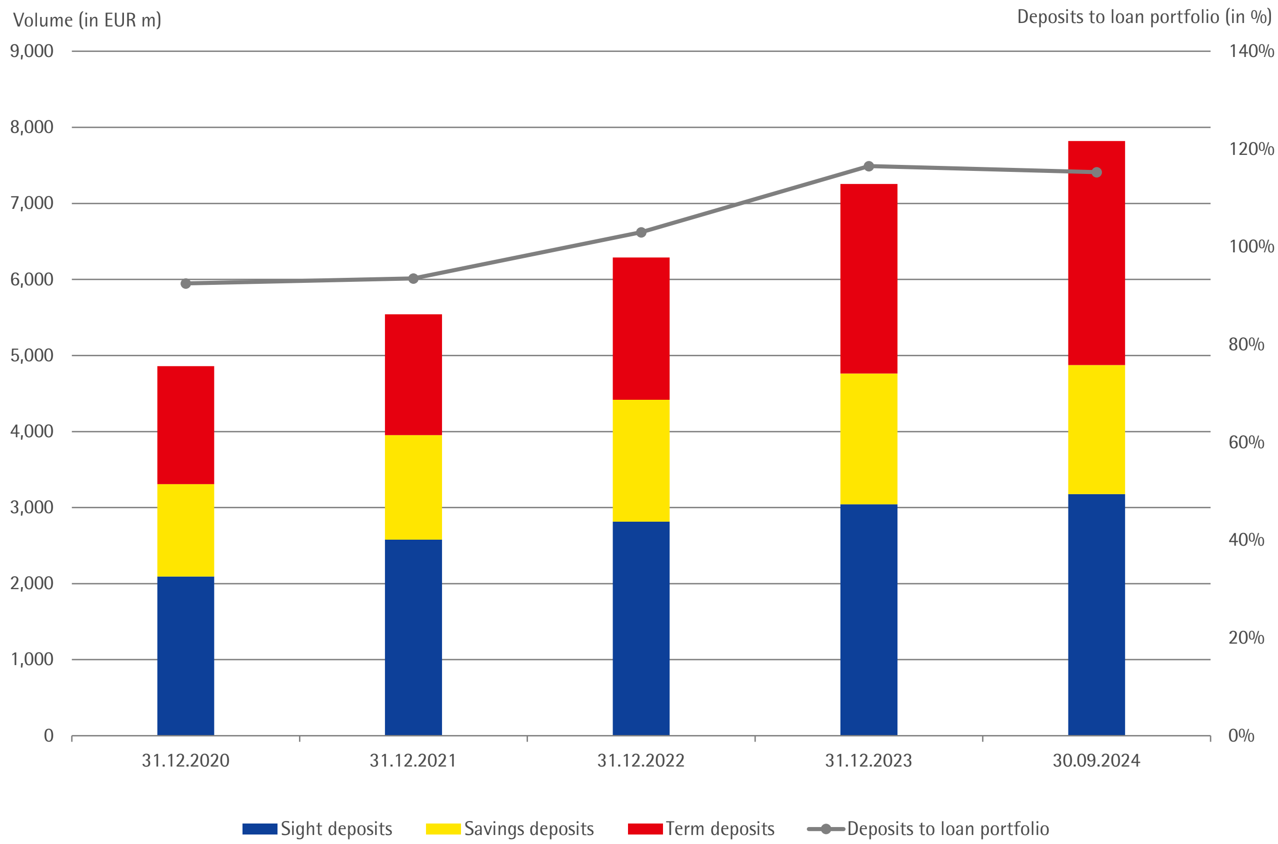
As of 30 September 2024, total assets had increased by EUR 559.6 million, or 5.7%, compared to year-end 2023. This is mainly due to additional loans and advances to customers (+EUR 565.7 million), loans and advances to banks (+EUR 128.9 million) and investment securities (+EUR 71.0 million). At the same time, there was a decline in central bank balances (EUR -161.0 million) and in cash (EUR -49.0 million).



Loan portfolio development, by loan volume

Liabilities and equity

The total portfolio of our liabilities increased by EUR 518.6 million since the beginning of the year, mainly due to the positive development of deposits. Customer deposits are also the most important source of funding for our group. The total increase in deposits of EUR 566.3 million, or 7.8%, was mainly generated by additional term deposits from private clients and business clients. The deposit-to-loan ratio declined by 1.2 percentage points from year-end 2023 to 115.3%. In addition, the volume of subordinated loans increased by EUR 107.5 million, in particular due to the placement of green Tier 2 bonds in the amount of EUR 125 million in April 2024. The volume of liabilities to banks and debt securities decreased by EUR 147.6 million due to contractual repayments.



Deposits

We had a solid liquidity position at all times during the reporting period. At the end of the third quarter of 2024, the liquidity coverage ratio (LCR) stood at 197.3% (31 December 2023: 177.9%). The net stable funding ratio (NSFR) stood at 153.3% (31 December 2023: 158.1%).

Equity increased by EUR 41.0 million compared to year-end 2023, mainly on the basis of the current consolidated result less the proportional distribution of the consolidated result for 2023 in the amount of EUR 37.7 million. The Common Equity Tier 1 capital ratio (CET1 fully loaded) is 14.1% at 30 September 2024, down 0.2 percentage points from the year-end 2023 level. The group's capitalisation continues to be very solid.

Result of operations

The financial performance of the group in the first nine months of the 2024 financial year was positive. Our consolidated result of EUR 84.8 million corresponds to a return on equity of 11.3% and is based on solid result contributions from all of the ProCredit banks with the exception of Ecuador.

Our net interest income showed an increase of EUR 25.9 million or 10.6% over the previous year's period. Interest income rose by EUR 57.0 million, while interest expenses grew by EUR 31.1 million. The increase in interest income is primarily due to the growth of our loan portfolio and a higher average interest rate on customer loans and other financial investments. The increase in interest expenses is mainly attributable to a stronger, business-driven demand for funding and higher interest rates on customer deposits and other funding instruments. At 3.6%, the net interest margin was at the year-end level.

Net fee and commission income grew slightly, rising to EUR 44.0 million, with the increase in fee and commission income by EUR 5.7 million set against the EUR 4.9 million increase in fee and commission expenses. The result from foreign exchange transactions increased by EUR 3.4 million or 17.2% to a total of EUR 23.3 million. Net other operating result grew by EUR 0.2 million. Overall, we were able to report an increase of EUR 29.5 million or 9.8% in operating income, which was mainly attributable to the growth in net interest income.

Personnel and administrative expenses grew by EUR 40.3 million or 22.8%, mainly as a result of the investments announced for the year in staff, IT, marketing and process automation, which aim to accelerate business growth and achieve economies of scale in the medium term. Personnel expenses increased by EUR 18.6 million or 21.2%, due to the rise in staff numbers and average salaries. Administrative expenses grew by EUR 21.6 million or 24.3%, primarily due to higher IT and marketing expenses and additional tax expenditures. Overall, the group's profit before tax and loss allowances decreased by EUR 10.7 million or 8.6% compared to the previous year to EUR 113.5 million. Our cost-income ratio rose, moving 6.9 percentage points to 65.7%.

Loss allowances declined by EUR 4.9 million to EUR 4.1 million overall. This corresponds to a cost of risk of 8 basis points, which is lower than the previous year's level (25 basis points).

Overall, our consolidated result stood at EUR 84.8 million and thus EUR 9.2 million below the same period in the previous year. In comparison, the higher net interest income was offset by additional personnel and administrative expenses. In addition, income tax expenses increased by EUR 3.4 million, in particular due to withholding taxes on dividends paid within the group. Overall, our consolidated result corresponds to a return on equity of 11.3%.

The share of defaulted loans improved to 2.3%, declining by 0.4 percentage points compared to year-end 2023. The Stage 3 loans coverage ratio decreased slightly to 56.1% (previous year: 57.6%).

The financial position and financial performance of the group are solid and the business development is positive. The group as a whole and each individual institution in the group remained at all times in full compliance with all financial commitments.

Segment overview

The profit of the period in our geographic segments South Eastern Europe, Eastern Europe, South America and Germany will be discussed below.

in '000 EUR	**1.1.–30.9.2024**	**1.1.–30.9.2023**
South Eastern Europe	85,915	72,358
Eastern Europe	32,072	36,334
South America	- 7,951	- 1,369
Germany*	- 25,254	- 13,369
Profit of the period	**84,781**	**93,954**

**Segment Germany includes consolidation effects*

South Eastern Europe

in EUR m

Statement of financial position	30.9.2024	31.12.2023	Change
Loan portfolio	5,149.9	4,626.3	523.6
Deposits	5,760.1	5,327.0	433.1

Statement of profit or loss	1.1.–30.9.2024	1.1.–30.9.2023	Change
Net interest income	186.5	157.9	28.5
Net fee and commission income	28.8	27.6	1.2
Operating income	224.4	192.6	31.8
Personnel and administrative expenses	124.0	102.1	21.9
Loss allowance	0.4	8.0	-7.6
Profit of the period	85.9	72.4	13.6

Key performance indicators	1.1.–30.9.2024	1.1.–30.9.2023	Change
Change in loan portfolio	11.3 %	3.5 %	7.8 pp
Cost-income ratio	55.3%	53.0%	2.2 pp
Return on equity (annualised)	15.9%	14.2%	1.7 pp

Additional indicators	30.9.2024	31.12.2023	Change
Deposits to loan portfolio	111.8 %	115.1 %	-3.3 pp
Net interest margin (annualised)	3.5 %	3.3 %	0.2 pp
Cost of risk (annualised)	1 Bp	27 Bp	-26 bp
Share of defaulted loans	1.6 %	1.8 %	-0.2 pp
Stage 3 loans coverage ratio	55.7 %	55.8 %	-0.1 pp
Green loan portfolio	1,083.8	1,021.6	6.1 %

Loan portfolio and deposits are presented without intercompany transactions.

South Eastern Europe is the group's largest segment. The segment's loan portfolio increased by EUR 523.6 million or 11.3% to a total of EUR 5.1 billion. All of our banks contributed to this growth, and particularly the institutions in Albania, Kosovo, Bosnia and Herzegovina and Bulgaria. The green loan portfolio grew by 6.1%, with above-average growth at our banks in Romania, Albania and Bosnia and Herzegovina. The share of defaulted loans declined by 0.2 percentage points to 1.6%, and the Stage 3 loans coverage ratio declined slightly by 0.1 percentage points from year-end to a total of 55.7%.

Deposits increased by EUR 433.1 million or 8.1%, with particularly strong growth rates at our banks in Albania, Romania and Kosovo.

The profit of the period stood at EUR 85.9 million, an increase of EUR 13.6 million compared to the same period in the previous year, primarily due to a rise of EUR 28.5 million in net interest income. Operating income in the segment increased by EUR 31.8 million overall, while personnel and administrative expenses grew by EUR 21.9 million compared to the previous year. Cost of risk stood at a low level of 1 basis point. The cost-income ratio for the segment increased by 2.2 percentage points to 55.3%. The return on equity improved by 1.7 percentage points to 15.9%.

Eastern Europe

in EUR m

Statement of financial position	30.9.2024	31.12.2023	Change
Loan portfolio	1,133.0	1,075.2	57.7
Deposits	1,348.6	1,266.6	82.0

Statement of profit or loss	1.1.–30.9.2024	1.1.–30.9.2023	Change
Net interest income	71.9	69.6	2.3
Net fee and commission income	4.7	5.2	-0.5
Operating income	85.3	80.9	4.4
Personnel and administrative expenses	43.5	34.9	8.6
Loss allowance	0.9	1.2	-0.3
Profit of the period	32.1	36.3	-4.3

Key performance indicators	1.1.–30.9.2024	1.1.–30.9.2023	Change
Change in loan portfolio	5.4 %	-3.6 %	9.0 pp
Cost-income ratio	51.0%	43.2%	7.9 pp
Return on equity (annualised)	18.7%	23.0%	-4.3 pp

Additional indicators	30.9.2024	31.12.2023	Change
Deposits to loan portfolio	119.0 %	117.8 %	1.2 pp
Net interest margin (annualised)	5.2 %	5.4 %	-0.2 pp
Cost of risk (annualised)	11 Bp	14 Bp	-2 bp
Share of defaulted loans	3.4 %	5.1 %	-1.7 pp
Stage 3 loans coverage ratio	75.4 %	75.4 %	0.0 pp
Green loan portfolio	150.1	150.6	-0.3%

Deposits are presented without intercompany transactions.

In the Eastern Europe segment, the loan portfolio increased by EUR 57.7 million or 5.4%, despite the further reduction of the loan portfolio in Ukraine. The loan portfolios of the banks in Moldova and Georgia showed comparatively strong growth rates of 22.0% and 12.1%, respectively. The share of defaulted loans in the segment declined by 1.7 percentage points to 3.4%. The Stage 3 loans coverage ratio in the segment remained stable, yet remains at a relatively high level of 75.4% due to the elevated risk provisioning for the Ukrainian portfolio. Deposits grew by EUR 82.0 million or 6.5% compared to the end of the year, with particularly strong growth at our banks in Georgia and Moldova. As a result, our deposit-to-loan ratio increased by 1.2 percentage points to 119.0%.

The profit of the period decreased by EUR 4.3 million compared to the previous year's period, dropping to EUR 32.1 million overall. Operating income increased by EUR 4.4 million or 5.5%, while personnel and administrative expenses stood at EUR 43.5 million, which is EUR 8.6 million above the previous year's level. The cost-income ratio increased by 7.9 percentage points to 51.0%. Expenditures for loss allowances declined by EUR 0.3 million to EUR 0.9 million, which corresponds to an annualised cost of risk of 11 basis points. The profit of the period corresponds to annualised return on equity of 18.7%.

South America

in EUR m **Statement of financial position**	**30.9.2024**	**31.12.2023**	**Change**
Loan portfolio	461.3	481.6	-20.3
Deposits	440.9	383.0	57.9

Statement of profit or loss	**1.1.-30.9.2024**	**1.1.-30.9.2023**	**Change**
Net interest income	13.0	14.8	-1.8
Net fee and commission income	0.3	0.1	0.1
Operating income	13.6	14.2	-0.6
Personnel and administrative expenses	19.0	14.8	4.2
Loss allowance	2.8	0.2	2.6
Profit of the period	-8.0	-1.4	-6.6

Key performance indicators	**1.1.-30.9.2024**	**1.1.-30.9.2023**	**Change**
Change in loan portfolio	-4.2 %	2.4 %	-6.6 pp
Cost-income ratio	139.7%	103.7%	36.0 pp
Return on equity (annualised)	-23.7%	-3.5%	-20.3 pp

Additional indicators	**30.9.2024**	**31.12.2023**	**Change**
Deposits to loan portfolio	95.6 %	79.5 %	16.1 pp
Net interest margin (annualised)	2.8 %	3.1 %	-0.3 pp
Cost of risk (annualised)	79 Bp	41 Bp	37 bp
Share of defaulted loans	7.9 %	6.9 %	1.0 pp
Stage 3 loans coverage ratio	36.6 %	33.0 %	3.6 pp
Green loan portfolio	72.1	82.3	-12.4%

Deposits are presented without intercompany transactions.

The loan portfolio of ProCredit Bank Ecuador contracted by EUR 20.3 million or 4.2% to EUR 461.3 million. Deposits increased by EUR 57.9 million or 15.1% to a total of EUR 440.9 million. The deposits to loan portfolio indicator increased by 16.1 percentage points to 95.6%.

The profit of the period decreased by EUR 6.6 million to EUR -8.0 million. This was mainly due to lower net interest income caused by a tighter net interest margin, rising personnel and administrative expenses and higher expenditures for loss allowances. The net interest margin declined due to regulatory lending rate caps in Ecuador, which prevented existing financial instruments from being repriced in the current environment of rising interest rates. The deteriorating security situation in the country and the poor economic climate, which was further exacerbated during the financial year by a prolonged drought and increasing energy shortages, are having a negative impact on growth, liquidity and portfolio quality within the banking sector, and thus also on ProCredit Bank Ecuador.

Due to covenant breaches by ProCredit Bank Ecuador regarding the return on average assets, the loan loss reserve ratio, the solvency ratio, open assets exposure and the Tier 1 capital ratio, liabilities to banks (EUR 18.0 million) have been classified as short term. Early repayment is not expected. The corresponding waiver agreements had not been concluded by the time the consolidated financial statements had been prepared.

Germany

in EUR m **Statement of financial position**	**30.9.2024**	**31.12.2023**	**Change**
Loan portfolio	39.7	43.3	-3.6
Deposits	270.9	277.6	-6.8

Statement of profit or loss	**1.1.–30.9.2024**	**1.1.–30.9.2023**	**Change**
Net interest income	-0.8	2.3	-3.1
Operating income	113.0	96.6	16.4
Personnel and administrative expenses	80.6	64.4	16.2
Loss allowance	-0.1	-0.4	0.3
Profit of the period	30.4	30.5	-0.1
Profit of the period and consolidation effects	-25.3	-13.4	-11.9

Loan portfolio and deposits are presented without intercompany transactions.

The development of the Germany segment is essentially based on the operations of ProCredit Holding, ProCredit Bank Germany and QUIPU.

The loan portfolio and deposits in the segment are attributed to the ProCredit Bank in Germany. The loan portfolio and deposits decreased slightly compared to 31 December 2023. Operating income was dominated by dividend payments from subsidiary banks to ProCredit Holding, IT services performed by QUIPU and the operating activities of ProCredit Bank Germany. Compared to the previous year's period, the result for ProCredit Bank Germany declined by EUR 0.3 million to EUR 7.7 million, which is largely attributable to the EUR 1.6 million increase in personnel and administrative expenses outpacing the EUR 1.3 million rise in net interest income.

The profit of the period for the Germany segment remained unchanged from the same period in the previous year. Operating income grew by 16.4 Mio. EUR, primarily due to higher income from dividends, which derive from fully consolidated subsidiaries and do not affect the consolidated result of the group. This was offset by an increase in personnel and administrative expenses by 16.2 Mio. EUR. This rise was due, among other things, to additional personnel expenses arising in connection with the larger number of staff and higher salaries, as well as to additional expenditures for software. The segment's contribution to the consolidated result declined by EUR 11.9 million.

Events after the reporting period

On 5 November, we updated our guidance for the current financial year (see the "Outlook" section). Beyond that, no significant events occured after the reporting date.

RISK REPORT

An informed and transparent approach to risk management is a central component of our socially responsible business model. This is also reflected in our risk culture and our risk appetite, resulting in decision-making processes that are well-balanced from a risk point of view. By following a consistent group-wide approach to managing risks, we aim to ensure that the liquidity and capital adequacy of the group and each individual bank continues to be sustainable and appropriate at all times, as well as to achieve steady results. The principles of risk management and the risk strategy of the ProCredit group have not changed compared to year-end. The information provided in the 2023 combined management report are still generally valid. If any fundamental changes in the methodology and processes involved in risk management have occurred during the current financial year, these are highlighted in this section. The group's overall risk profile remains suitable despite the war in Ukraine and uncertainties resulting from the current macroeconomic and geopolitical environment.

Credit risk

We define credit risk as the risk that the party to a transaction cannot fulfil its contractual obligations, not in full or not on time. Within overall credit risk we distinguish between customer credit risk, counterparty risk (including issuer risk) and country risk. Credit risk is our most significant risk, and customer credit exposures account for the largest share of that risk. The key objectives of credit risk management are to achieve high quality and low risk concentrations within the loan portfolio, as well as appropriate coverage of credit risks with loss allowances.

We monitor our loan portfolio continuously for possible risk-relevant developments. The riskiness of our clients is determined using a range of indicators, including the risk classification, restructuring status and client compliance with contractual payment requirements. The forward-looking expected credit loss (ECL) model pursuant to IFRS 9 is the central element of the approach to quantifying loss allowances for both on- and off-balance sheet financial instruments, and it is updated on an ongoing basis. Our credit exposures are allocated among three stages, with a distinct provisioning methodology applied to each group. The calculated loss allowances are determined based on the expected credit losses for several future default scenarios. This represents the combined sum of the probability-weighted results from the scenarios. ECL estimates are based on reliable information about past events, current conditions and projections of future economic conditions.

As in the previous year, our focus in risk assessment is on the ongoing uncertain macroeconomic conditions. The conflict in Ukraine has a significant impact on our loan portfolio there, yet it continues to have only a limited impact on clients in our countries of operation outside of Ukraine. Furthermore, we are seeing falling inflation and relief from high interest levels due to cuts in key interest rates by several central banks, including the ECB. Uncertainties arising from existing global conflicts and political tensions as well as the possibility of additional market disruptions, such as those related to energy supply and pricing developments, could have an impact on credit risk and the repayment capacity of our customers.

Lending business with both existing and new clients in Ukraine continues to be subject to special conditions in order to effectively limit our credit risk. The risk classifications for our exposures in Ukraine are reassessed on an ongoing basis in order to ensure early identification and adequate reflection of potential increases in default risk. Overall, at the end of the third quarter 4.8% of the bank's loan portfolio was classified as defaulted; this generally includes all exposures to clients in currently occupied territories. The bank has already written off a large portion of these exposures, which has led to this significant reduction in the defaulted loan portfolio.

The situation in Ecuador remains challenging as well. The deterioration of the security situation, persistent drought, growing energy shortages and a weak economy are having a negative impact on credit quality in the banking sector. Our strategy is still being implemented to reduce non-performing loans; for the time being, this has largely prevented a further decline in loan portfolio quality for ProCredit Bank Ecuador in 2024 (see also South America segment).

We continue to take these effects into account as part of a general negative outlook for credit risk at group level. Overall, with the exception of the points noted above, we were unable to identify any significant change in riskiness in our banks at the end of the third quarter.

During the reporting period, on-balance-sheet loss allowances decreased overall by EUR 8.3 million (previous year's period: -EUR 4.6 million), with the declines primarily attributable to Stage 3 due to a reduction in receivables in this stage as a result of repayments, write-offs and transfers to Stage 2. Loss allowances for Stage 1 und Stage 2 showed a slight increase during the period.

	30.9.2024				
in '000 EUR	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
South Eastern Europe					
Gross outstanding amount	4,794,274	274,845	80,237	539	**5,149,895**
Loss allowances	-33,751	-21,297	-44,946	-87	**-100,080**
Net outstanding amount	4,760,523	253,548	35,291	452	**5,049,815**
Eastern Europe					
Gross outstanding amount	853,384	241,159	38,083	344	**1,132,970**
Loss allowances	-15,091	-26,251	-28,845	-143	**-70,330**
Net outstanding amount	838,293	214,909	9,238	201	**1,062,640**
South America					
Gross outstanding amount	386,137	38,631	36,155	339	**461,261**
Loss allowances	-2,956	-1,425	-13,256	-91	**-17,728**
Net outstanding amount	383,180	37,206	22,900	247	**443,534**
Germany					
Gross outstanding amount	39,031	669	-	-	**39,699**
Loss allowances	-287	-10	-	-	**-296**
Net outstanding amount	38,744	659	-	-	**39,403**
Total					
Gross outstanding amount	6,072,825	555,304	154,475	1,221	**6,783,826**
Loss allowances	-52,085	-48,982	-87,047	-321	**-188,434**
Net outstanding amount	6,020,741	506,322	67,429	901	**6,595,392**
Financial off-balance sheet transactions					
Nominal amount	916,794	66,566	1,459	-	**984,819**
Provisions	-3,683	-3,158	-421	-	**-7,263**

	31.12.2023				
in '000 EUR	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
South Eastern Europe					
Gross outstanding amount	4,307,663	237,262	80,342	1,059	**4,626,325**
Loss allowances	-36,930	-16,319	-44,934	-494	**-98,677**
Net outstanding amount	4,270,733	220,942	35,408	565	**4,527,648**
Eastern Europe					
Gross outstanding amount	734,497	286,190	53,989	552	**1,075,227**
Loss allowances	-10,693	-29,927	-40,641	-496	**-81,757**
Net outstanding amount	723,804	256,262	13,348	56	**993,470**
South America					
Gross outstanding amount	402,868	45,437	32,654	648	**481,607**
Loss allowances	-2,873	-2,019	-10,874	-120	**-15,886**
Net outstanding amount	399,995	43,417	21,780	528	**465,721**
Germany					
Gross outstanding amount	41,660	1,656	-	-	**43,316**
Loss allowances	-416	-23	-	-	**-440**
Net outstanding amount	41,244	1,632	-	-	**42,876**
Total					
Gross outstanding amount	5,486,688	570,543	166,985	2,258	**6,226,475**
Loss allowances	-50,912	-48,289	-96,449	-1,109	**-196,760**
Net outstanding amount	5,435,776	522,254	70,536	1,149	**6,029,715**
Financial off-balance sheet transactions					
Nominal amount	840,729	84,039	726	-	**925,494**
Provisions	-3,661	-2,126	-429	-	**-6,217**

Credit risk at the portfolio level is assessed on a monthly basis and, if necessary, more frequently. The retrospectively long-term development of portfolio quality is attributable to careful credit analysis and customer service, particularly with MSMEs. 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 declined compared to year-end 2023, decreasing from 2.7% to 2.3%, mainly due to derecognitions, write-offs and repayments in Stage 3. The Stage 3 loans coverage ratio decreased in the same period from 57.6% to 56.1%.

Capital management

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

As of 30 September 2024, the Common Equity Tier 1 and Tier 1 capital ratios of the ProCredit group stood at 14.1%. The total capital ratio was 17.3%. Our capitalisation is thus comfortably above the regulatory requirements, which are currently set at 9.3% for the Common Equity Tier 1 capital ratio, 11.5% for the Tier 1 capital ratio and 14.4% for the total capital ratio.

in EUR m	**30.9.2024**	**31.12.2023**
Common equity (net of deductions)	926.3	884.8
Additional Tier 1 (net of deductions)	-	-
Tier 2 capital	214.4	94.6
Total capital	1,140.6	979.5
RWA total	6,579.1	6,192.8
Credit risk	5,274.3	5,006.6
Market risk	695.1	666.4
Operational risk	599.8	508.4
Credit Valuation Adjustment risk	9.9	11.4
Common Equity Tier 1 capital ratio	14.1%	14.3%
Total capital ratio	17.3%	15.8%
Leverage ratio (CRR)	8.7%	8.8%

The ProCredit group's capital base in the economic and normative perspectives was always ensured, as was its stress resistance level.

OUTLOOK

On the basis of developments in the first nine months of the financial year and a reassessment of the applicable income tax rate in Ukraine, we have adjusted our guidance compared to the combined management report 2023 for the key indicators for loan portfolio growth, cost-income ratio and return on equity.

For the 2024 financial year, we now expect loan portfolio growth of more than 10% (previously: around 10% adjusted for currency effects). The cost-income ratio is expected to be around 66% (previously: 63% +/- 1 percentage point), as key strategic investments and projects related to the group's business strategy, as presented at the Capital Markets Day in March 2024, were driven forward faster than expected. These measures are aimed at achieving the medium-term goal of growing the loan portfolio to more than EUR 10 billion, allowing the group to realise economies of scale and reach a medium-term return on equity of around 13-14%. The return on equity for the current financial year is expected to be around 10% (previously: 10-12%). This reflects the impact of a higher cost-income ratio, a more challenging macroeconomic environment for ProCredit Bank Ecuador, and an expected temporary increase in the tax rate for banks in Ukraine in the 2024 financial year to 50%.

We expect the Common Equity Tier 1 capital ratio to remain over 13% and the leverage ratio at around 9% at year-end.

In the medium term, we aim to grow our loan portfolio to over EUR 10 billion. The proportion of green loans should be at least 25%. In the medium term, we see the potential for a return on equity of around 13-14% and a cost-income ratio of around 57% (without one-off effects). Here, we assume cost of risk of around 30-35 basis points. In these medium-term prospects, the overall contribution of ProCredit Bank Ukraine is considered to be largely neutral. In our above forecasts we do not take into account any upside potential, e.g. through reconstruction of the country co-financed by the Western community.

Additional risk factors include negative economic impacts related to major disruptions in our countries of operation, intensified supply-chain and energy-sector disruptions, adverse changes in our funding markets, significant changes in foreign trade or monetary policy, a deterioration in interest rate margins particularly in countries with rate ceilings (Bosnia and Herzegovina, Ecuador and Kosovo) to the extent that higher funding costs cannot be fully passed on to customers due to the rate ceilings, an increase in inflation rates and pronounced exchange rate fluctuations.

SELECTED FINANCIAL INFORMATION

Consolidated statement of profit or loss

in '000 EUR	**1.1.–30.9.2024**	**1.1.–30.9.2023**
Interest income (effective interest method)*	436,584	380,537
Other interest income*	4,704	3,740
Interest expenses	170,716	139,610
Net interest income	**270,572**	**244,667**
Fee and commission income	70,279	64,618
Fee and commission expenses	26,276	21,372
Net fee and commission income	**44,003**	**43,246**
Result from foreign exchange transactions	23,309	19,884
Result from derivative financial instruments and hedging relationships	-1,274	-143
Result on derecognition of financial assets measured at amortised cost	-5	-334
Net other operating result	-5,924	-6,169
Operating income	**330,682**	**301,152**
Personnel expenses	106,395	87,781
Administrative expenses	110,756	89,114
Loss allowance	4,106	9,039
Profit before tax	**109,425**	**115,218**
Income tax expenses	24,644	21,264
Profit of the period	**84,781**	**93,954**
Profit attributable to ProCredit shareholders	*84,781*	*93,954*
Earnings per share** in EUR	1.44	1.60

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

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

Consolidated statement of other comprehensive income

in '000 EUR	1.1.–30.9.2024	1.1.–30.9.2023
Profit of the period	**84,781**	**93,954**
Items that are or may be reclassified to profit or loss		
Change in revaluation reserve from investment securities	1,958	2,856
Change in value not recognised in profit or loss	*1,947*	*2,873*
Change in loss allowance (recognised in profit or loss)	*11*	*-17*
Change in deferred tax on revaluation reserve from investment securities	-21	-98
Change in translation reserve	-8,342	7,794
Change in value not recognised in profit or loss	*-8,342*	*7,794*
Items that will not be reclassified to profit or loss		
Change in revaluation reserve from shares	307	484
Change in deferred tax on revaluation reserve from shares	-6	0
Other comprehensive income of the period, net of tax	**-6,103**	**11,035**
Total comprehensive income of the period	**78,678**	**104,989**
Total comprehensive income attributable to ProCredit shareholders	*78,678*	*104,989*

Consolidated statement of financial position

in '000 EUR	30.9.2024	31.12.2023
Assets		
Cash	170,882	219,879
Central bank balances	1,966,743	2,127,737
Loans and advances to banks	501,033	372,141
Derivative financial assets	6,517	8,083
Investment securities	821,535	750,542
Loans and advances to customers	6,595,392	6,029,715
Property, plant and equipment	140,919	137,423
Intangible assets	29,913	22,732
Current tax assets	8,574	4,132
Deferred tax assets	6,751	12,201
Other assets	60,292	64,382
Total assets	**10,308,552**	**9,748,966**
Liabilities and equity		
Liabilities to banks	1,027,129	1,127,680
Derivative financial liabilities	1,639	1,334
Liabilities to customers	7,820,513	7,254,236
Debt securities	100,012	147,088
Other liabilities	51,220	48,613
Provisions	25,157	21,997
Current tax liabilities	9,689	23,513
Deferred tax liabilities	1,610	1,449
Subordinated debt	246,813	139,269
Liabilities	**9,283,782**	**8,765,177**
Subscribed capital and capital reserve	441,277	441,277
Retained earnings	672,990	625,906
Translation reserve	-93,827	-85,485
Revaluation reserve	4,330	2,091
Equity attributable to ProCredit shareholders	**1,024,770**	**983,789**
Total liabilities and equity	**10,308,552**	**9,748,966**

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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.