



**ProCredit**  
H O L D I N G

ANNUAL REPORT AS OF 31 DECEMBER

**2024**



# OUR MISSION

*ProCredit is a German development-oriented bank for Eastern and South Eastern Europe dedicated to supporting micro, small, and medium-sized enterprises (MSMEs) and private individuals, fostering economic growth and sustainable development.*

*We are committed to delivering exceptional customer service that extends far beyond offering financial products. Our goal is to build strong, lasting partnerships with our clients by providing personalised advice and consistent support at every stage of their financial journey.*

*We believe MSMEs are vital drivers of economic and social progress. By supporting them through their economic cycle, we aim to foster sustainable development and drive the green transformation in our countries of operation. By offering accessible deposit facilities, digital banking services, and a comprehensive range of financial products, we aim to cultivate a culture of saving and financial responsibility among all our clients, including private individuals.*

*Our shareholders seek sustainable, long-term returns, aligned with our unwavering commitment to ethical banking practices and positive social impact.*

*We invest extensively in the training and development of our staff to foster an open, professional, and efficient working environment. This enables us to deliver friendly, knowledgeable, and effective service to our clients.*



## Financial year in brief

### STRONG GROWTH IN LINE WITH OUR STRATEGY



- Strongest growth in company history: loans up by EUR 784 million (+12.6%) and deposits by EUR 1.0 billion (+14.3%)
- Highly granular growth: 65% of rise in loans attributed to small-volume borrower segments; deposit increase primarily from retail clients
- Especially dynamic growth (+17.7%) in our smaller banks
- Strategic investments in staff, IT, marketing and our branch network for long-term scaling of operations

### FINANCIAL STRENGTH FOR A DYNAMIC WORLD



- Stable profitability and attractive return on equity at 10.2%
- Nearly all ProCredit banks with strong financial figures and RoE
- Profit before tax slightly below previous year – stable results despite challenges
- Rise in cost-income ratio reflects our investments in growth and scaling
- CET1 capital ratio of 13.1% and leverage ratio at 8.4%

### SUSTAINABLE GROWTH RESPONSIBLE ACTION



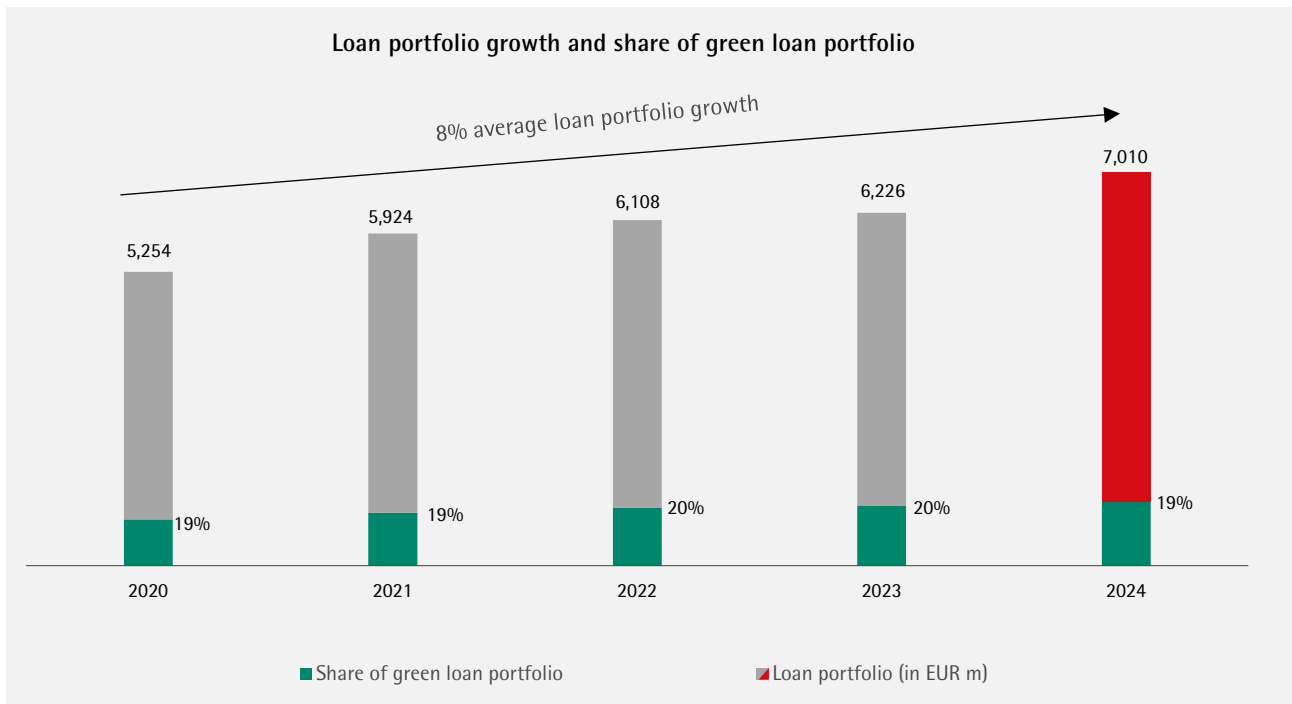
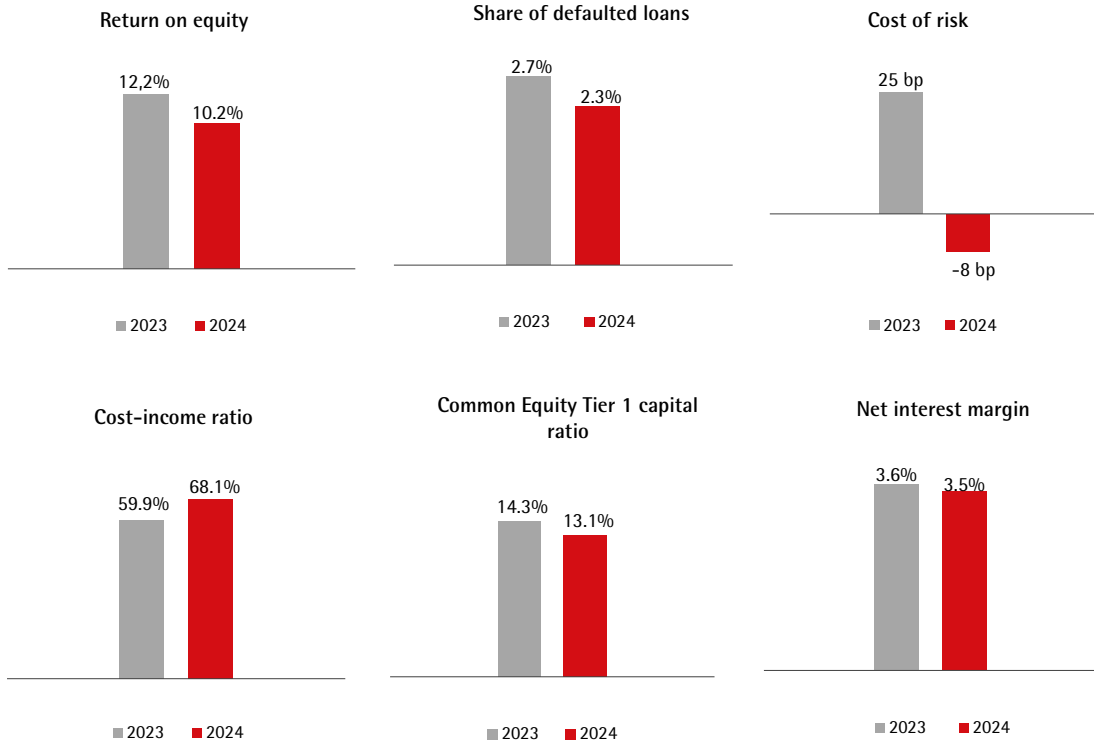
- Progress in net-zero strategy: validation of short-term decarbonisation targets by Science Based Targets Initiative (SBTi); new CO<sub>2</sub> calculator an important instrument for decarbonising our clients
- Green loan portfolio of EUR 1.4 billion, with over 10,000 loans for green projects
- Our solar park, ProEnergy, produced 4,237 megawatt hours in 2024
- Six head offices of our institutions awarded EDGE certification for green buildings
- Number of business clients grows to over 75,000

### PERFORMANCE WITH A LONG-TERM PERSPECTIVE



- Return on equity for 2025 expected around 10%, taking into account further strategic investments
- Substantial expansion of market position planned in the coming years: around 12% loan portfolio growth in 2025; portfolio to exceed EUR 10 billion in the medium term
- Medium-term guidance for return on equity: 13–14% with a cost-income ratio around 57%; Ukraine business with additional upside potential

# Key financial figures






Fitch: BBB (stable)

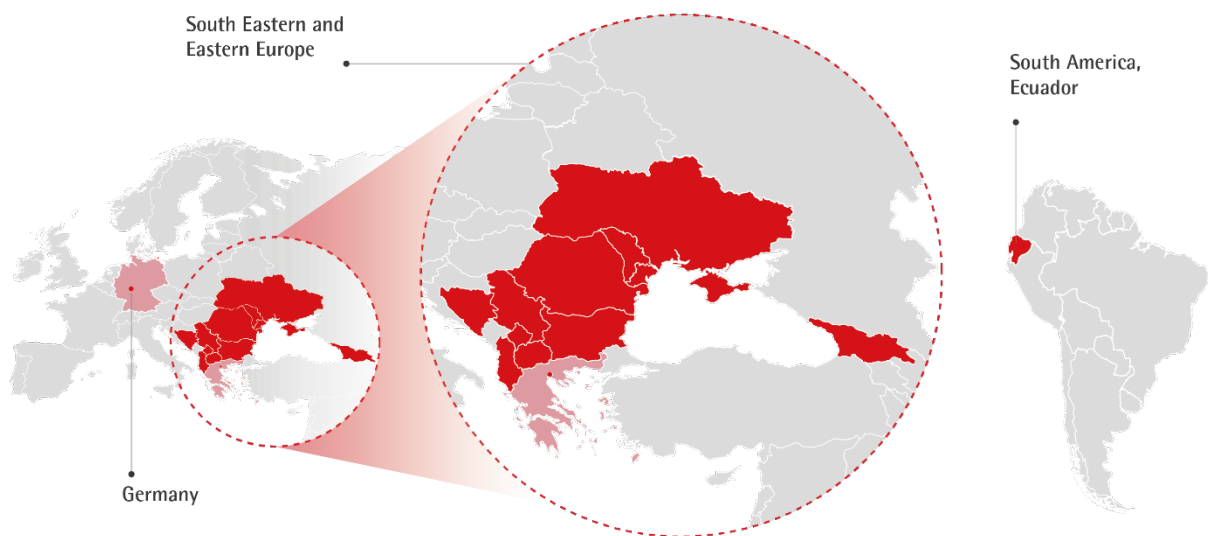
MSCI ESG: A

ISS ESG: Prime B-



## Key financial figures

		Loan portfolio (EUR m)	Change in loan portfolio	Share of defaulted loans	Number of staff
	Albania	340	28.4%	1.0%	231
	Bosnia and Herzegovina	353	18.5%	1.9%	247
	Bulgaria	1,771	16.8%	1.1%	747
	Germany	39	-10.7%	0.0%	85
	Ecuador	479	-0.5%	9.2%	351
	Georgia	459	14.1%	2.4%	369
	Kosovo	881	17.8%	1.2%	394
	Moldova	217	23.9%	2.1%	186
	North Macedonia	555	9.3%	1.5%	242
	Romania	424	10.8%	1.4%	184
	Serbia	980	7.9%	2.9%	474
	Ukraine	512	2.9%	3.7%	385



# Sustainability targets and achievements

## GREEN LOAN PORTFOLIO

- Green loan portfolio of EUR 1.4 billion, with over 10,000 loans for green projects
- More than EUR 2 billion in green loans disbursed over the past ten years
- 35% of the green portfolio for investments in renewable energies
- More than 1 gigawatt of installed capacity financed, distributed across the group in smaller projects sized between 1 and 2 megawatts



## NET ZERO BY 2050

- Our own rooftop photovoltaic systems produced 492 megawatt hours during the financial year
- ProCredit's vehicle fleet is 44% electric, 17% (plugin) hybrid and 22% hybrid
- Our solar park, ProEnergy, produced 4,237 megawatt hours in 2024
- Milestones during the financial year:
  - Successful validation of our climate targets with SBTi
  - Defined and approved a comprehensive strategy to reach our net-zero target by 2050 (as presented in our Group Climate Transition Plan)
  - Introduction of our CO<sub>2</sub> calculator for business customers at ProCredit Bank Bulgaria; roll-out to the rest of the group planned for 2025
- Near- and medium-term targets for net zero:
  - 42% reduction of our Scope 1 and 2 emissions by 2030 (compared to 2022), by investing in clean energy and electric vehicles
  - Engagement approach for Scope 3 targets aims to include the clients responsible for 28% of the emissions in our portfolio by 2027



## OUR APPROACH TO ESG REPORTING

ProCredit discloses ESG-related information in the group sustainability statement within the combined management report for the ProCredit group and in the ProCredit Impact Report Package. The ProCredit Impact Report complies with Global Reporting Initiative (GRI) requirements, and the ESG section in the Annual Report follows the approach set in the European Sustainability Reporting Standards (ESRS). A double materiality assessment in accordance with the Corporate Sustainability Reporting Directive was conducted in 2024. The following standards were assessed to be material and are presented in this report: E1 "Climate change", S1 "Own workforce", S4 "Consumers and end-users" and G1 "Business conduct".





Above: Head office of ProCredit Bank Ukraine in Kyiv  
Below: Bulgarian Tea Company (Bulgarska Chaena Kompaniya), producer of tea made from selected high-quality fruits and herbs  
Client of ProCredit Bank Bulgaria

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## LETTER OF THE MANAGEMENT BOARD

After an exceptionally successful year in 2023, marked by record results and robust business performance, we developed an ambitious new vision for our group at the beginning of the past financial year. The aim here was to position the ProCredit group in its markets to be even more visible, influential and sustainable, and to increase the positive impact of our banking business by strengthening our presence. In this context, 2024 was the starting point for our group's bold growth plan, with the objective of scaling our business in the core segments of medium-sized companies (micro, small and medium-sized enterprises or MSMEs) and private clients, and expanding our position as a leader in impact banking in Eastern Europe. In the coming years, we plan to expand our loan portfolio to over EUR 10 billion and to significantly expand our customer base. Along the way, we will pursue a responsible and sustainable approach to growth: In addition to the strong diversification of our portfolio through smaller loans to private clients and to micro and small businesses, we place a high value on maintaining and developing our established business relationships with medium-sized companies.

In order to realise these goals, we have taken decisive strategic steps over the past 12 months. As planned, in the past financial year we carried out targeted investments in our employees, technological innovations, marketing and the expansion and modernisation of our branch network. These investments create a solid foundation for scaling our business in a sustainable and effective way. By the end of 2024, we had seen a 20.9% increase in the number of employees, accompanied by branch openings and regional events in our markets that have further cemented our position among the leading banks for MSMEs in the region. In addition, our intensified public relations work – through marketing campaigns and innovative digital offers – has significantly contributed to further strengthening the visibility and profile of our banks.

Although many of these investments have only recently been implemented and therefore have not yet had a significant impact on our business, the business performance in 2024 was an overwhelming success for our group. Our credit portfolio grew by 12.6% or EUR 783.5 million – well above our already ambitious growth target of 10% – and represents the largest expansion of our credit portfolio in a single year in the history of our company. We also succeeded in growing our deposit business more robustly than ever before: by more than EUR 1 billion, which corresponds to a growth rate of 14.3%. The structure of our growth was, as intended, very granular: On the lending side, growth was most pronounced in the small-volume customer segments (micro and small enterprises and private clients), which accounted for over 65% of the growth; our smaller banks saw particularly high growth rates, and we see especially strong potential for future economies of scale there. On the deposit side, the majority of the growth came from retail customers, allowing us to reinforce the granularity of our funding structure. We were also able to significantly expand the number of our business customers during the financial year. With an increase of more than 5,000 business customers, bringing the total to almost 75,000, our position among the leading banks for MSMEs in the region has been further fortified. The number of our private customers rose by around 22,000. In the years to come, we expect our strategic investments to further strengthen this trend and lead to even more dynamic growth.

Our business performance should be seen in the context of the geopolitical and economic challenges. Russia's war of aggression against Ukraine is now entering its fourth year and continues to weigh heavily on the population and the local economy. Nevertheless, the resistance against this injustice and inhumanity remains steadfast. Despite the difficult environment, our bank in Ukraine once again achieved a strong financial result. The share of defaulted loans at ProCredit Bank Ukraine stands at 3.7%, a remarkably low level given the overall situation in the country. Ecuador also experienced another challenging year. In addition to a severely deteriorating security situation, a prolonged drought and an energy crisis weighed heavily on the economy and on households alike. Nevertheless, despite these severe conditions, we have once again achieved a solid financial result of EUR 104.3 million as a group. At 10.2%, our return on equity is within our target corridor – despite the substantial investments in our long-term scaling, another special banking tax levied in Ukraine and a negative result in Ecuador.

The short- and medium-term prospects for the ProCredit group are extremely promising. We are committed to continuing our growth trajectory and to further scaling our business model to maximise the economic and societal benefits of our unique approach to banking. After all, our mission goes far beyond economic success: We see ourselves as a driving force for positive change, whether it is by promoting MSMEs that drive growth and innovation, by playing a pioneering role as an investor in the region's green transformation, or by providing responsible financial services to retail clients. We are committed to strengthening local communities, creating jobs and supporting sustainable economic development. The ongoing integration between Eastern and Western Europe plays a crucial role in this process, as it further bolsters the strategic interest of international financial institutions in our markets. As a German impact bank with a clear mission and vision for Eastern and South Eastern Europe, we are therefore well-positioned as a central partner for international efforts towards economic integration and sustainable development. This significantly strengthens our growth prospects. In the medium term, we expect our return on equity to reach 13–14% as a result of the economies of scale that will accompany our growth. We assume a predominantly neutral result contribution from our business in Ukraine, although we see considerable potential, particularly following the end of the war. Our bank in Ukraine has the determination, the right team and the necessary expertise to play a central role in the country's reconstruction. Thanks to an investment guarantee provided by the Federal Republic of Germany, we increased the bank's Tier 1 capital ratio to over 20% in December 2024, thereby creating a solid foundation to immediately expand our activities in this market again as soon as conditions permit. We estimate the additional upside potential from a stabilisation in Ukraine at around 1.5 percentage points for our medium-term return on equity ratio at group level.

In addition to our ambitious economic goals, we are firmly committed to achieving our net-zero carbon commitment in line with the Paris Agreement. By 2027, we aim to develop tailored emissions-saving strategies with the borrowers responsible for 28% of our portfolio emissions. In our role as a bank, this provides a strong impetus to promote green financing, which also supports our sustainability strategy. In addition, our customers benefit from these strategies through long-term cost savings, access to funding programmes, improved competitiveness and reduced risk. In the previous financial year, we pioneered the use of our new CO<sub>2</sub> calculator, which will serve as the basis for our customers' future emissions targets.

Of course, we are also facing challenges. The economy in Western Europe remains subdued and there is a risk that the positive economic momentum and outlook for our markets will be affected. At the global level, rising protectionism and unilateralism are threatening the post-war international order, a system that has ensured stability and prosperity in Europe for decades. As a pan-European bank, we are of course directly affected by these developments. Nevertheless, we are convinced that Europe can meet these challenges through deeper political, economic and security cooperation. In this dynamic environment, we will continue to work consistently on implementing our strategy, and we see more opportunities than risks in doing so. We look to the future of the ProCredit group with optimism and determination. On behalf of the entire Management Board, we would like to thank you – our shareholders, partners and employees – for your trust and continued support. Our collaboration with you and your commitment motivate us to pursue our vision of impact-oriented banking with determination.

Frankfurt am Main, March 2025

A handwritten signature in black ink, appearing to read 'H. Spechtenhauser', written in a cursive style.

Hubert Spechtenhauser  
on behalf of the Management Board of ProCredit Holding





Above: 24/7 Zone in Tirana. ProCredit Bank Albania  
Below: S Sprint, producer of clothing for children and adults. Client of ProCredit Bank Kosovo

## PROCREDIT HOLDING SUPERVISORY BOARD REPORT

Dear Shareholders,

In the following, I would like to inform you about the work undertaken by the Supervisory Board ("Supervisory Board") of ProCredit Holding AG ("ProCredit Holding" or "Company") in the 2024 financial year.

In the 2024 financial year the Supervisory Board consisted of eight members. The Supervisory Board's work was supported by its Risk Committee, its Audit Committee, its Remuneration Control Committee and its Nomination Committee (each a "Committee").

The Supervisory Board continually advised and supervised the activities of the Company's management board (also "Management Board" or "Management").

The Supervisory Board and its Committees performed their respective tasks as defined by the law, the Company's Articles of Association and the Supervisory Board's and the Committees' respective Internal Rules of Procedure, in particular:

- they examined whether the annual financial statements of ProCredit Holding and the ProCredit group (also "Group"), the other financial reports as well as the non-financial reporting were in compliance with the applicable requirements;
- the Supervisory Board approved decisions for which its consent was required following careful review and consultation.

### *Composition of the Supervisory Board and working relationship between the Supervisory Board, the Committees and the Management Board*

The composition of the Supervisory Board and its Committees complies with all statutory requirements, specifically with those of the German Stock Corporation Act (*Aktiengesetz*), the German Banking Act (*Kreditwesengesetz*) and the standards of good corporate governance. The suitability of each member has been examined by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin*), and is monitored on a regular basis by the Supervisory Board with the support of the Nomination Committee. The suitability assessment comprises the necessary expertise, reliability, and time availability of each individual member. In addition, the necessary knowledge, skills, and experience of the Supervisory Board as a whole were assessed.

The chairperson of the Supervisory Board and the respective chairpersons of the Audit Committee and the Remuneration Control Committee are independent in accordance with the relevant Internal Rules of Procedure and the recommendations of the German Corporate Governance Code.

In the 2024 financial year the Supervisory Board, supported by its Committees, regularly advised the Management Board and continuously supervised its conduct of business. The Supervisory Board concluded that the management of the Company was lawful, proper and appropriate.

The meetings of the Supervisory Board and its Committees featured open and intensive exchanges of information and opinions. The Management Board fulfilled its duty to inform the Supervisory Board and the Committees and provided regular written and oral reports with prompt and comprehensive information on all issues of relevance to ProCredit Holding and the whole ProCredit group.

The Supervisory Board was regularly informed by the Management Board of decisions of major significance. The members of the Supervisory Board always had the opportunity to critically examine the resolution proposals submitted by the Management Board and contribute suggestions.

The Supervisory Board and the Committees were also kept fully informed about specific topics between its regular meetings. In addition, as the chairperson of the Supervisory Board, I was kept regularly informed by the Management Board as and when needed about important developments and discussions that have taken place. At the following Supervisory Board meeting, I then reported on important findings to the other Supervisory Board members.

The Committees' chairpersons and myself maintained regular contact with each other and with the members of the Management Board. We also coordinated with each other regarding our respective activities and the agendas of the various meetings of the Supervisory Board and the Committees. Upcoming decisions were also discussed in regular meetings both with the Management Board and between the chairpersons of the Committees. The cooperation was characterised by an open and trusting atmosphere.

Where required by the law or the Company's Articles of Association, the Supervisory Board provided its approval for individual decisions of the Management Board, based on prior critical assessment.

### **Supervisory Board meetings during 2024**

Based on the quarterly Management Board reports, group-wide risk reports, reports on anti-money laundering and compliance and the reports of the Group Internal Audit Department, the Supervisory Board received timely and detailed reports from the Management Board on the current business and financial performance of the Company and the ProCredit group, including analysis in relation to planning, as well as analysis of the group risk position and risk management, internal audit findings and significant personnel and organisational topics. In the context of the war in Ukraine, particular attention was given to the situation of ProCredit Bank Ukraine and to the effect of the war on the financial and the overall situation of the Company and the ProCredit group. The Supervisory Board members were updated in regular and irregular meetings by the Management directly on this particular topic. As in previous years, the Supervisory Board has always given due consideration to the environmental, impact and ethical aspects of the Company's operations, and not just to the financial results.

The members of the Supervisory Board essentially take care self-responsibly of their training and further education measures required for their work. In doing so, they received adequate support from the Company. In the financial year 2024, the Supervisory Board received trainings in the areas of risk management, ESG, regulatory reporting, AML, compliance, IT and cyber security risk. Moreover, the members of the Supervisory Board attended a training to update and expand their knowledge on key communication rules for members of the supervisory board under German corporate law. Some members of the Supervisory Board finally attended a seminar designed to provide supervisory board members and top executives in the financial sector with an update on relevant current topics and practice-oriented expert knowledge.

### Attendance of the Supervisory Board members at the meetings in 2024

In the financial year 2024, the Supervisory Board held nine meetings that were largely conducted as hybrid meetings – four meetings took place in presence, with the option to participate via video, and two meetings took place via video, with the possibility of physical participation. Further, two meetings took place solely via video whilst one meeting took place solely in presence. There were furthermore three written votes in the financial year 2024.

The attendance was as follows:

	Plenary Assembly		Risk Committee		Audit Committee		Nomination Committee		Remuneration Control Committee		Total	
	Quantity	in %	Quantity	in %	Quantity	in %	Quantity	in %	Quantity	in %	Quantity	in %
Rainer Ottenstein, <i>Chairperson</i>	9/9	100					6/6	100	4/4	100	19/19	100
Dr H.P.M. (Ben) Knapen, <i>Deputy Chairperson</i>	9/9	100			3/4	75	4/6	67	2/2	100	18/21	86
Helen Alexander <i>(until 18 April 2024)</i>	2/2	100	1/1	100	2/2	100					5/5	100
Karin Katerbau	9/9	100	4/4	100	6/6	100					19/19	100
Jovanka Joleska Popovska	9/9	100			6/6	100	6/6	100	2/2	100	23/23	100
Dr Jan Marcus Schroeder- Hohenwarth	9/9	100	4/4	100	2/2	100			2/2	100	17/17	100
Nicholas Tesseyman	8/9	89	4/4	100	4/4	100	6/6	100			22/23	96
Berna Ülman	9/9	100	4/4	100					4/4	100	17/17	100
Patrick Zeitinger <i>(since 19 April 2024)</i>	7/7	100			3/3	100	2/2	100			12/12	100

The composition of the Supervisory Board and its Committees was as follows:

Supervisory Board		
Member of the Supervisory Board	Place of residence	Changes
Rainer Ottenstein, <i>Chairperson</i>	Frankfurt/Main, Germany	
Dr H.P.M. (Ben) Knapen, <i>Deputy Chairperson</i>	Amsterdam, the Netherlands	
Helen Alexander	Potsdam, Germany	until 18 April 2024
Karin Katerbau	Oldenburg, Germany	
Jovanka Joleska Popovska	Skopje, Republic of North Macedonia	
Dr Jan Marcus Schroeder-Hohenwarth	Cologne, Germany	
Nicholas Tesseyman	Thaxted, United Kingdom	
Berna Ülman	Istanbul, Türkiye	
Patrick Zeitinger	Munich, Germany	since 19 April 2024

Risk Committee		
Member of the Risk Committee	Place of residence	Changes
Dr Jan Marcus Schroeder-Hohenwarth, <i>Chairperson</i>	Cologne, Germany	
Helen Alexander	Potsdam, Germany	until 18 April 2024
Karin Katerbau	Oldenburg, Germany	
Nicholas Tesseyman	Thaxted, United Kingdom	
Berna Ülman	Istanbul, Türkiye	
Patrick Zeitinger	Munich, Germany	since 10 May 2024 until 25 July 2024



Audit Committee		
Member of the Audit Committee	Place of residence	Changes
Karin Katerbau, <i>Chairperson</i>	Oldenburg, Germany	
Dr H.P.M. (Ben) Knapen	Amsterdam, the Netherlands	until 25 July 2024
Helen Alexander	Potsdam, Germany	until 18 April 2024
Jovanka Joleska Popovska	Skopje, Republic of North Macedonia	
Dr. Jan Marcus Schroeder-Hohenwarth	Cologne, Germany	since 26 July 2024
Nicholas Tesseyman	Thaxted, United Kingdom	until 25 July 2024
Patrick Zeitinger	Munich, Germany	since 10 May 2024

Nomination Committee		
Member of the Nomination Committee	Place of residence	Changes
Rainer Ottenstein, <i>Chairperson</i>	Frankfurt/Main, Germany	
Dr H.P.M. (Ben) Knapen	Amsterdam, the Netherlands	
Jovanka Joleska Popovska	Skopje, Republic of North Macedonia	
Nicholas Tesseyman	Thaxted, United Kingdom	
Patrick Zeitinger	Munich, Germany	since 26 July 2024

Remuneration Control Committee		
Member of the Remuneration Control Committee	Place of residence	Changes
Rainer Ottenstein, <i>Chairperson</i>	Frankfurt/Main, Germany	
Dr. H.P.M. (Ben) Knapen	Amsterdam, The Netherlands	since 26 July 2024
Jovanka Joleska Popovska	Skopje, Republic of North Macedonia	until 25 July 2024
Dr Jan Marcus Schroeder-Hohenwarth	Cologne, Germany	until 25 July 2024
Berna Ülman	Istanbul, Türkiye	

By means of a written vote dated **26 January 2024** the Supervisory Board approved a proposed capital increase of up to EUR 6m by the Company in ProCredit Bank North Macedonia.

In its meeting on **22 February 2024**, in addition to the routine and organisational agenda points, the Supervisory Board was presented the Management Report for the business year 2023 comprising the preliminary financial results for 2023, the Management's key topics for the business year 2024 as well as the reports on business development, and on the developments in the areas of human resources, group communications and investor relations activities.

Further, the Management presented to, and discussed with, the Supervisory Board, the key aspects of its business strategy as well as its IT Strategy, both for the year 2024, which were endorsed by the Supervisory Board. The Supervisory Board referred to the Management's presentation of the Risk Strategy for the business year 2024 to the Risk Committee on 21 February 2024, and endorsed the Risk Strategy 2024. The Supervisory Board was furthermore presented with the Group's and the Company's business plans, the Group's capital plan and the Company's funding plan; after discussing those plans with the Management the Supervisory Board endorsed them, including the issuance of T2 capital instruments in volume up to EUR 125m as part of the business plans.

The Supervisory Board was also informed on the discussions of the Risk Committee dated 21 February 2024. The Risk Committee had been provided by the Management with the Group Risk Report for the last quarter of the financial year 2023, comprising a summary of the report on the regulatory audit on the internal liquidity adequacy assessment process, the Group's risk profile and the highlights from the Group Risk Report for the fourth quarter 2023 as well as on the capital ratios as per the end of 2023 and projections for the end

of 2024 as part of the internal capital adequacy assessment process. The Risk Committee had further been updated on the development of credit risk indicators in Q4 2023 (with a particular focus on the risk profile and the credit risk indicators of ProCredit Bank Ukraine) as well as on the liquidity development and liquidity indicators in Q4 2023. Regarding liquidity risk management, the Management Board had updated the Risk Committee on funding at the level of the Company and the Group. Further, the key areas of work in Q4 2023 and Q1 2024 on the rectification of risk-related audit findings had been presented. Finally, the Management Board had presented to, and discussed with, the Risk Committee, the Group's business strategy, the Group Risk Strategy and the Group IT Strategy, each for the financial year 2024, as well as the Group's and the Company's business plans and the Group's capital plans, each for the financial years 2024 to 2028.

The Supervisory Board was also informed on the Management's presentations to, and the related discussions of, the Audit Committee dated 21 February 2024, which had comprised the results of the first part of the annual audit report (*Teilprüfungsbericht 1*) by the statutory auditor, the interim status and results of the ongoing IFRS 9-audit on expected credit losses, a summary of the results from the Group's and the Company's Internal Audit Reports for Q4 2023 and the Group's and the Company's Annual Audit Plans for 2024 as well as an update on regulatory audits, their findings and the addressal of such findings. Finally, the Management had presented to the Audit Committee information on pre-approved non-audit services obtained by the Company and its EU-based subsidiaries from statutory auditors in 2023 as well as the quarterly report on anti-money laundering and compliance for Q4 2023.

The Supervisory Board was furthermore informed about the discussions and resolutions of the Nomination Committee dated 15 January 2024 and 9 February 2024 as well as of the Remuneration Control Committee dated 22 February 2024. Based on the Nomination Committee's recommendations resolved upon in those meetings, the Supervisory resolved (1) to prolong the mandate of Dr Gian Marco Felice as member of the Management Board until 31 May 2027, (2) to appoint Mr Christoph Beek and (3) Mr Georgios Chatzis, both as members of the Management Board from 1 April 2024 for a term of three years. The Supervisory Board was also presented with the proposed organizational charts and schedules of responsibilities for the Management Board reflecting the new appointments of Mr Beek and Mr Chatzis.

The Supervisory Board finally decided to grant approval to the Company for investing an additional amount of up to EUR 20m in ProCredit Bank Ukraine.

In its meeting on **19 March 2024**, the Supervisory Board was updated by the Management Board on the business development and key figures for the first two months of the financial year 2024.

The Supervisory Board was then presented by the Management with the financial results for the year 2023 for the Company as a standalone entity as well as for the ProCredit group on a consolidated level and summarized its related reports to the Audit Committee meeting dated 18 March 2024. Further, the statutory auditors summarized their report to the Audit Committee dated 18 March 2024 on their independence, the scope and results of statutory audit of the Financial Statements for ProCredit Holding AG and the Consolidated Annual Financial Statements of the ProCredit group, and on the Combined Management Report, each for the 2023 financial year (collectively "**Financials 2023**"), and informed the Supervisory Board that it had issued unqualified audit opinions on the Financials 2023. On this basis, following the recommendation of the Audit Committee dated 18 March 2024, the members of the Supervisory Board approved the Financials 2023 (*Billigung und Feststellung des Jahresabschlusses und Billigung des Konzernabschlusses*) and decided to present the Financials 2023 to the Ordinary Shareholders' Meeting 2024.

Based on a summary of the discussions of the Audit Committee dated 18 March 2024 regarding the proposal of the Management Board concerning the appropriation of profits from the financial year 2023, the

Supervisory Board, following the recommendation of the Audit Committee, approved the proposal of the Management Board to distribute to the shareholders, out of the profits (*Bilanzgewinn*) for the financial year 2023 in the amount of EUR 116,703,110.56, a dividend of EUR 0.64 per non-par value share, amounting to total dividends of EUR 37,695,034.88, and to carry the remaining profits (*Bilanzgewinn*) of EUR 79,008,075.68 forward to new account in accordance with section 58 paragraph 3 of the German Stock Corporation Act (*Aktiengesetz*). The members of the Supervisory Board further decided to propose to the Ordinary Shareholders' Meeting 2024 the appropriation of profits from the financial year 2023 in line with that proposal made by the Management Board.

Further, based on the respective summaries of the reviews and the recommendations by the Audit Committee dated 18 March 2024, the Supervisory Board approved (1) the 2023 Corporate Governance Statement (*Erklärung zur Unternehmensführung*), (2) the Compliance Statement (*Entsprechenserklärung*) regarding the German Corporate Governance Codex pursuant to section 161 of the German Stock Corporation Act (*Aktiengesetz*), (3) the 2023 Group Impact Report, (4) the report by the Supervisory Board which is to be submitted in accordance with section 171 of the German Stock Corporation Act (*Aktiengesetz*), (5) the 2023 Group Compliance Report, and (6) the 2023 Group Anti-Money-Laundering Report. The Supervisory Board was also informed on the review of the 2023 Annual Report by the Audit Committee dated 18 March 2024.

Based on a report on the discussions of the Audit Committee dated 18 March 2024 with the members of the Management Board and with the statutory auditor regarding a possible prolongation of the mandate of the statutory auditor, the members of the Supervisory Board, in line with the Audit Committee's advice, decided to propose to the Ordinary Shareholders' Meeting 2024 to appoint BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, Frankfurt/Main office, to be the statutory auditor of the Company and the ProCredit group for the financial year 2024, as well as the auditor for any review of the interim financial statements for the first half of the financial year 2024 (*Halbjahresfinanzbericht*).

Regarding audit matters the Supervisory Board was also informed on the presentations of the Management Board to, and the respective discussions in, the Audit Committee dated 18 March 2024 regarding internal and regulatory audits and the rectification on findings identified in these contexts.

After receiving a report on the discussions and recommendations of the Nomination Committee dated 18 March 2024, the Supervisory Board decided to propose to the Ordinary Shareholders' Meeting 2024 to elect to the Supervisory Board (1) Ms Karin Katerbau, and (2) Ms Berna Ülman, each for a period of office with effect from the end of the Ordinary Shareholders' Meeting held in 2024 and ending with the conclusion of the Shareholders' Meeting which decides whether to ratify the acts of the Supervisory Board for the fourth financial year following the commencement of her term of office.

Following further reports about the discussions and resolutions of the Nomination Committee on 18 March 2024, the Supervisory Board approved (1) the ProCredit Holding Suitability Policy Supervisory Board, and the (2) the ProCredit Holding Suitability Policy Managers and Key Function Holders.

Following a report about the discussions and resolutions of the Remuneration Control Committee dated 18 March 2024, the Supervisory Board, among other Management Board matters, discussed and resolved on (1) the approval of a revised version of the remuneration system (*Vergütungssystem*) of the Management Board with an effectiveness as of 1 January 2024, and on (2) the proposal of such revised version of the remuneration system (*Vergütungssystem*) to the Ordinary Shareholders' Meeting 2024 for resolution; it further resolved on (3) the adoption of the remuneration report (*Vergütungsbericht*) for 2023, and on (4) the proposal of the remuneration report (*Vergütungsbericht*) for 2023 to the Ordinary Shareholders' Meeting 2024 for resolution.



In the context of remuneration, the Supervisory Board further discussed and resolved on (1) an amended remuneration for the Supervisory Board, and on (2) the proposal to the Ordinary Shareholders' Meeting 2024 to resolve to implement such amended remuneration for the Supervisory Board in the Company's Articles of Association.

In light of the change in legal form of the Company in 2023 the Supervisory Board further resolved to propose to the Ordinary Shareholders' Meeting 2024 to ratify (1) the acts of ProCredit General Partner AG, the former sole liable managing entity of ProCredit Holding AG & Co. KGaA, for the period from 1 January 2023 until entry of the change of legal form in the commercial register on 27 September 2023, (2) the acts of the members of the former Management Board of ProCredit General Partner AG for the period from 1 January 2023 until the entry of the merger in the commercial register of ProCredit General Partner AG on 15 December 2023; and (3) the acts of the members of the Management Board of ProCredit Holding AG in office during the 2023 financial year for the 2023 financial year.

Also in light of the change in legal form of the Company in 2023, the Supervisory Board further resolved to propose to the Ordinary Shareholders' Meeting 2024 to ratify (1) the acts of the members of the former Supervisory Board of ProCredit Holding AG & Co. KGaA for the period from 1 January 2023 until entry of the change of legal form in the commercial register on 27 September 2023, (2) the acts of the members of the Supervisory Board of ProCredit General Partner AG, for the period from 1 January 2023 until the entry of the merger in the commercial register of ProCredit General Partner AG on 15 December 2023; and (3) the acts of the members of the Supervisory Board of ProCredit Holding AG in office during the 2023 financial year for the 2023 financial year.

Finally, the Supervisory Board resolved to appoint Mr Florian Stahl, lawyer at Barckhaus Rechtsanwälte, Frankfurt/Main, as chairperson (*Versammlungsleiter*) for the Company's Ordinary Shareholders' Meeting 2024.

In its meeting on **10 May 2024**, the Supervisory Board was presented with the Management Report for the first quarter of 2024, covering the Group financial results for the first three months of the financial year as well as recent developments in the areas of strategy, capital, liquidity, governance and organisational structure. Regarding ProCredit Bank Ukraine the Management highlighted that the government guarantee by the German Federal Government for equity investments in ProCredit Bank Ukraine had been approved, as applied for. The Management further informed on the Group's business development, and the developments in the areas of human resources, group communications and investor relations, followed by an update on key projects in the field of information technology.

In the context of a report from the Risk Committee dated 8 May 2024 the Supervisory Board was, among other aspects, updated by a summary of the Group Risk Report for the first quarter 2024, which had been presented to the Risk Committee, comprising developments in the Group Risk Strategy. The Supervisory Board further received summaries of updates presented to the Risk Committee on regulatory audits, their findings and the addressal of such findings as well as on country limits and exposures.

As part of the report from the Audit Committee dated 8 May 2024, the Supervisory Board received summaries of the financial results as of March 2024, the quarterly Group and PCH Internal Audit reports and on the quarterly reports on anti-money laundering and compliance, as well as updates on regulatory audits and finally on the approval of certain non-audit services to be conducted by the statutory auditor.

Following Mr. Patrick Zeitingner having joined the Supervisory Board after the exercise of the appointment right (*Entsendungsrecht*) of Zeitingner Invest GmbH on 19 April 2024, the Supervisory Board further appointed Mr Zeitingner as a member (1) of the Risk Committee, and (2) of the Audit Committee.

Finally, in order to reflect formal changes brought about by the Company's conversion of legal form to a stock corporation (*Aktiengesellschaft*), the Supervisory Board approved an updated version of the Company's dividend policy.

In its meeting on **23 May 2024**, the Supervisory Board discussed the election proposal brought forward by a shareholder regarding item 9.2 of the agenda of the Ordinary Shareholders' Meeting 2024. It resolved not to support such proposal and to publish a corresponding statement on the Company's website.

In its meeting on **3 June 2024**, the Supervisory Board, to be in line with recommendations of voting rights consultants and common practice in Germany, decided to amend their proposal to the Shareholders' Meeting regarding the election of (1) Ms Karin Katerbau, and (2) Ms Berna Ülman as members of the Supervisory Board. To this end the proposed term was shortened by one year so as to begin from the end of the Ordinary Shareholders' Meeting 2024 and to end with the conclusion of the Shareholders' Meeting which decides whether to ratify the acts of the Supervisory Board for the *third*, instead of the fourth, financial year following the commencement of the candidates' respective term of office.

In its meeting on **2 July 2024**, the Supervisory Board was informed on the Company's and the Group's business development, comprising key financial figures as of May 2024 and the preliminary financial data for the second quarter of the financial year 2024. Inter alia, the Management informed on the continuing stable situation for ProCredit Bank Ukraine. Further topics presented were an update on key IT initiatives, information on the risk profile as of end of May 2024 as well as developments in the fields of investor relations and group communications. The Supervisory Board was also presented with an update on the design and the results of new adverse stress scenarios to assess the impacts of a potential escalation of Russian aggression towards Ukraine, Georgia and Moldova. The Supervisory Board also dedicated time for review of the effectiveness of the Supervisory Board's work.

The Supervisory Board further referred to the discussions of, and the resolutions taken in, the Audit Committee dated 2 July 2024, including the Committee's (1) approval of the review of the Company's and the Group's interim financial statements for the first half of the financial year (*Halbjahresfinanzbericht*) and certain non-audit services to be conducted by the statutory auditor; and (2) its recommendation to engage BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, Frankfurt/Main office, to review the Company's and the Group's interim financial statements for the first half of the financial year (*Halbjahresfinanzbericht*). Following the Audit Committee's recommendation, the Supervisory Board resolved to sign the engagement letter with BDO for the review of interim statements for the first half of the 2024 financial year (*Halbjahresfinanzbericht*).

The Supervisory Board finally referred to the discussions of, and the resolutions taken in, the Nomination Committee dated 2 July 2024, where the Committee had discussed the design of a succession planning process for the Management Board with a specific focus on the position of the chief executive officer and the succession planning process of the Supervisory Board.

By means of a written vote dated **16 July 2024** the Supervisory Board partially re-arranged the structure and the composition of the Supervisory Board's Committees and confirmed the appointment of the chairperson and the deputy chairperson of the Supervisory Board.

In its meeting on **13 August 2024**, the Supervisory Board was presented with the Management Report for the second quarter of 2024, covering the business and financial results of the first half of the business year highlighting the developments of the ProCredit banks in Ecuador and Ukraine, and those regarding profit, loan and deposit growth. Regarding the business development, the Management Board highlighted, among others, the good growth in deposits and the improvement of the loan portfolio. The Management further reported on the latest developments in the areas of human resources, group communications and investor relations, followed by an update on key projects in the field of information technology.

The Supervisory Board further approved the updated Schedule of Responsibilities for the Management Board,. Moreover, the Supervisory Board resolved upon a more formalized procedure to comply with the requirements of the German Stock Corporation Act (*Aktiengesetz*) regarding related party transactions.

The Supervisory Board was also informed on the discussions and resolutions of the Audit Committee dated 12 August 2024, which had been presented with (1) the financial results as of June 2024 and the interim statements for the first half of the 2024 financial year (*Halbjahresfinanzbericht*) as well as on the approach and the results of its review by the statutory auditor, which had led to an unqualified review opinion, (2) the Group and PCH Internal Audit reports for the first half of the year 2024, (3) an update on the rectification of findings identified by the statutory auditor during the audit of the Financials 2023, (4) an update on internal and regulatory audits and the rectification on findings identified in these contexts, and (5) the quarterly reports on anti-money laundering and compliance. The Audit Committee had also approved, following careful examination, certain non-audit services by the respective statutory auditors of the Company and of ProCredit Bank Romania. Further, the Supervisory Board was informed directly by the statutory auditor of the review of the Interim Report (*Halbjahresfinanzbericht*) as of June 2024.

The Supervisory Board received a report from the Risk Committee dated 12 August 2024 which had been presented by the Management; the Group Risk Report for the first half of the financial year comprising detailed updated information on the internal capital adequacy assessment process of the ProCredit group, credit risk, liquidity risk management, operational risks and risks related to information technology. Further, the Group Recovery Plan had been discussed by the Risk Committee as well as an update provided on risk related findings identified by regulatory audits.

Following a report from the Nomination Committee dated 13 August 2024 which had been presented, and which had been resolved to be recommended to the Supervisory Board for approval, a Policy on the Competence Profile and Succession Planning for the Management Board, the Supervisory Board discussed and approved that policy.

In its meeting on **24 September 2024** the Supervisory Board was informed about the Management's efforts to engage an external advisor for financial advisory services. The Supervisory Board members discussed the envisaged terms for such an assignment and concurred with the Management Board's assessment to this end. The Supervisory Board further dedicated time in this meeting to identify a fitting executive search consultancy firm regarding the succession planning for the Management Board and resolved on such firm's engagement. Finally, the Supervisory Board approved training measures for some of its members.

By means of a written vote dated **7 October 2024** the Supervisory Board approved a proposed capital increase of up to EUR 8m by the Company in ProCredit Bank North Macedonia.

In its meeting on **13 November 2024** the Supervisory Board received the Management Report for the third quarter 2023, including comprehensive information on key topics comprising the Company's liquidity reserves, the Group's capital ratios, the loan and deposit portfolios' developments, the development of active

client numbers, the Group's profit for the period and an update of the Company's guidance on the return on equity for the financial year 2024. Specific attention was given to the situation of the ProCredit Banks in Ecuador and in Ukraine. The Management further presented the Group's financial results and key financial figures for the third quarter 2024 followed by updates on the developments in the areas of business, information technology, investor relations, group communications and human resources for the period. Regarding human resources, the Management gave a specific update on the Group's new human resources strategy. Further, the preliminary group business plan and the group business strategy were presented and discussed. The Supervisory Board also acknowledged and endorsed a sale-and-lease-back transaction of the head office building of the ProCredit Bank Ecuador and approved an additional investment in that bank up to an amount of USD 6m by conversion of outstanding subordinated debt.

The Supervisory Board then referred to the discussions and decisions of its Audit Committee dated 12 November 2024 in which (1) the annual audit for the financial year 2024 and the definition of focus areas for that audit had been discussed with the external auditor, (2) the CSRD implementation status for the Sustainability Statement as part of the 2024 annual report had been presented, (3) an organizational change of the Internal Audit function for the Group had been discussed, and (4) the Internal Audit Reports of the Company and the Group had been presented. The Committee had further been presented (5) an update on internal, external, and regulatory audits and the rectification on findings identified by external auditors during the audit of the 2023 financials, (6) the quarterly reports on anti-money laundering and compliance matters, and (7) an update on the implementation status of the internal control system. The Supervisory Board further referred to the discussions and decisions of its Audit Committee of the same day regarding the engagements of the external auditor for the annual statutory audit of the 2024 financial year and the review of the CSRD Sustainability Statement as part of the 2024 Annual Report and agreed to mandate BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, Frankfurt/Main office, in these contexts.

The Supervisory Board further referred to the reports and discussions of its Risk Committee dated 12 November 2024. The Management had presented to the Committee the Group Risk Report for the third quarter of the financial year 2024 comprising the Group's Internal Capital Adequacy Assessment Process in the normative and the economic perspective, regulatory topics, the development of credit risk indicators, liquidity indicators, an update on operational risk and IT. Special focus had been given to the risk situations of the Group's banks in Ukraine and Ecuador. The Committee had also been updated on the Company's risk teams' current and projected staff capacities as well as on the measures to remediate findings identified by regulatory audits. The Committee had finally examined whether the incentives provided by the Management Board's and staff remuneration systems take into consideration the risk, capital and liquidity structure as well as the impact orientation of the Company and the likelihood and timing of earnings and determined the incentives to be adequate.

Further, the Supervisory Board referred to the discussions and conclusion drawn by its Nomination Committee dated 12 November 2024 in the context of the annual assessment of the Supervisory Board and its Committees. It was noted that all measures defined in November 2023 to enhance the Supervisory Board's and its Committees' efficiency of activities had been implemented to the Supervisory Board's satisfaction. The Supervisory Board members agreed that they were well-informed overall and able to fulfil their supervisory functions in the Supervisory Board and its committees, based on the reports provided by the Management, the reports and discussions in the Supervisory Board and Committee meetings and other exchange with the Management Board. In order to continue improving the efficiency of the Supervisory Board and its Committees, further measures were discussed and agreed upon for the financial year 2025. The Supervisory Board members also referred to the discussions and conclusions drawn by its Nomination Committee dated

12 November 2024 in the context of the annual assessment of the Management Board. In the context of the efficiency assessment of the Management Board, the Supervisory Board determined that the Management Board had acted in the best interest of the Company and that an effective and prudent management was in place. The members of the Supervisory Board expressed their satisfaction with the Management Board's performance and achievements made during the financial year 2024. For 2025 a review of the allocation of responsibilities across the members of the Management Board, strategies for Retail Business and for Renewable Energy Project Finance were discussed. Finally, the Supervisory Board referred to the discussions and decisions of its Nomination Committee dated 12 November 2024 in the context of a Succession Planning Policy for the Supervisory Board. The Supervisory Board approved the Company's Suitability Policy for the Supervisory Board as recommended by the Nomination Committee.

The Supervisory Board further referred to the discussions in its Remuneration Control Committee meeting on the same day where the appropriateness of the structure of the remuneration systems for the members of the Management Board and the employees of the Company had been discussed, and agreed that both systems were appropriately structured. Also referring to the discussions and decisions of its Remuneration Control Committee of the same day, the Supervisory Board gave its formal permission to allow in the financial year 2025 purchases of the Company's shares for the members of the Management Board executed by the third-party service provider also during closed periods within the meaning of Art. 19 par. 11 Regulation (EU) 596/2014 (Market Abuse Regulation) based on the Executive Participation Plan.

### **Committee Work**

The Supervisory Board's work was supported by four committees, the Risk Committee, the Audit Committee, the Nomination Committee and the Remuneration Control Committee.

The Supervisory Board's **Risk Committee** convened four times in 2024 via hybrid meeting, twice taking place in presence, with the possibility to participate via video and twice via video, with the possibility of physical participation.

Based on the quarterly group-wide risk reports and other related information shared by the Management, the Committee dealt comprehensively with the Company's and the Group's risk situation and risk management, particularly against the backdrop of the Russia-Ukraine war. To this end, the Committee particularly focused on, and discussed, the risk profile and the credit risk indicators of ProCredit Bank Ukraine and additional model overlays and updated model parameters, which were undertaken to address the overall macroeconomic and geopolitical risks facing that bank.

The Risk Committee also discussed the Group's liquidity development and the liquidity indicators as well as the monitoring of financial covenants, and the country risk situation in Ecuador. It further regularly discussed the development of the group-wide credit risk indicators.

The Committee further assessed in detail the Group's Business, Risk Strategy and Group IT Strategy for 2024, the Group's and the Company's business plans as well as the Group's capital plan, each for the financial years 2024 to 2028. The Committee was further informed on, and discussed, the annual update of the ProCredit banks' country limits and acknowledged the Management's revised procedure for approving as well as the revised methodology for defining them. The Committee also continuously dealt with the subject matters and the outcome of risk-related topics identified by regulatory audits and the measures to address such findings. Furthermore, the Committee discussed an updated version of the Group Recovery Plan. The Committee finally determined that the incentives provided by the Management Board and staff remuneration systems



adequately take into consideration the risk, capital and liquidity structure as well as the impact orientation of the Company and the likelihood and due dates of revenues.

The Supervisory Board's **Audit Committee** convened six times in 2024 via hybrid meeting (four meetings taking place in presence, with the possibility to participate via video, and two meetings taking place via video, with the possibility of physical participation). In addition, there was one written vote in the financial year 2024.

It reviewed the Financials 2023, the interim financial statements for the first half of the financial year 2024 (*Halbjahresfinanzbericht*) as well as the quarterly financial reporting and discussed them with the Management Board. The Committee further had the auditor explain the results of the statutory audit of the Financials 2023 and the related audit reports; it was further informed by the statutory auditor on an ongoing basis about the current status of the audit of the Financials 2023. The same applied to the results of the review of the interim financial statements for the first half of the financial year 2024 (*Halbjahresfinanzbericht*). The Committee's discussions focused in particular on the key audit matters and findings identified by the auditor. On this basis, the Committee resolved the recommendations to the Supervisory Board regarding the approvals of the Financials 2023 (*Billigung und Feststellung des Jahresabschlusses und Billigung des Konzernabschlusses*) and the presentation of the Financials 2023 to the Ordinary Shareholders' Meeting.

To safeguard the statutory auditor's economic independence, the Committee obtained and discussed the statutory auditor's declaration of independence in accordance with Art. 6 of the EU Audit Regulation and the Internal Rules of Procedure of the Audit Committee. In this context, the Audit Committee also dealt with the statutory auditor's mandates for non-audit services and approved them after careful consideration. The quality of the audit and the review were assessed together with the Management Board. On this basis, the Audit Committee advocated a prolongation of the mandate of BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, Frankfurt/Main office, and submitted recommendations to the Supervisory Board to propose to the Ordinary Shareholders' Meeting to re-appoint BDO AG as the statutory auditor for the Company and the Group for the financial year 2024. After discussing the audit scope, the audit approach, and the audit plan for the annual audit of the financial statements as of 31 December 2024 as presented by the statutory auditor, the Committee recommended that the Supervisory Board shall sign an engagement letter for such audit with BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, Frankfurt/Main office, as well as for the review of the Sustainability Report according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) as part of the 2024 Annual Report. The Committee also recommended that the Supervisory Board resolve to sign the engagement letter with BDO for the review of interim statements for the first half of the 2024 financial year (*Halbjahresfinanzbericht*).

After presentations by the Management Board, the Committee also recommended to the Supervisory Board to approve (1) the 2023 Corporate Governance Statement (*Erklärung zur Unternehmensführung*), (2) the Compliance Statement (*Entsprechenserklärung*) regarding the German Corporate Governance Codex pursuant to section 161 of the German Stock Corporation Act (*Aktiengesetz*), (3) the 2023 Group Impact Report, (4) the report by the Supervisory Board which is to be submitted in accordance with section 171 of the German Stock Corporation Act (*Aktiengesetz*), (5) the 2023 Group Compliance Report, and (6) the 2023 Group Anti-Money-Laundering Report.

The reports of the Company's and the Group's Internal Audit department and the Group Anti-Money-Laundering and Compliance department, including the reports from the Group Anti-Money-Laundering Officer, were also reviewed and discussed in detail by the Committee. Both departments report regularly (at

least quarterly) on the results of their work as well as on the planning of their further activities. The Audit Committee received regular reports on the results of internal, external and regulatory audits on compliance as well as on the status of work to remedy any deficiencies identified. The Committee also dealt with the implementation status for the Sustainability Statement according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) as part of the 2024 Annual Report, the new organizational setup of the Group and PCH Internal Audit function, to become effective as of 1 January 2025, as well as with the implementation of the Internal Controls System.

The Supervisory Board's **Nomination Committee** convened six times in 2024 (four times via hybrid meeting of which three meetings took place in presence, with the possibility to participate via video and one meeting took place via video, with the possibility of physical participation, as well as twice via video only). The discussions of the Nomination Committee primarily focussed on the preparation of the meetings of the Supervisory Board, in particular regarding appointments to the Management Board, the contractual arrangements with the members of the Management Board as well as the composition of the Supervisory Board.

The Committee conducted the annual assessments of the Supervisory Board and its Committees, reviewed the suitability matrix for the Supervisory Board as well as the qualification overview of the members of the Committees, and discussed the efficiency of the Supervisory Board and its Committees. It further conducted the annual assessments of the Management Board and reviewed the suitability matrix for the Management Board. It further dealt with a first draft of a target setting system for the Management Board.

Following its deliberations in the 2023 financial year, when the Committee had concluded that a broadening of the Management Board should be pursued, the Committee recommended (1) Mr Georgios Chatzis to be appointed as a Management Board member in the position of the Chief Risk Officer, and (2) Mr Christoph Beeck to be appointed as a Management Board member in the areas of Human Resources, Compliance and Fraud Prevention, Internal Audit, Administration and Translation. The Committee had selected both candidates after careful consideration of their respective professional and personal suitability for such positions and the Company's diversity and succession strategy. Regarding Mr Beeck the Committee had particularly convinced itself that he could devote sufficient time for such new position and that no conflicts of interest or any lack of impartiality existed as a result of Mr Beeck's simultaneous position as a member of the management board of ProCredit Bank AG, Frankfurt/Main, for a transitional period, until a new member of the management board of ProCredit Bank AG was found. To this end, the Committee further recommended that approval pursuant to section 88 German Stock Corporation Act (*Aktiengesetz*) for Mr Christoph Beeck to simultaneously hold office as member of the Management Board and of the management board of ProCredit Bank AG should be granted. Considering their respective professional and personal suitability, the Nomination Committee further recommended that the appointment of (1) Dr Gian Marco Felice as member of the Management Board, and that of (2) Mr Hubert Spechtenhauser as member and the Chairperson of the Management Board be prolonged.

The Committee further dedicated time on the succession planning for the Management Board and the Supervisory Board. To this end, the Committee agreed that guidelines for succession planning for the Management Board and the Supervisory Board including respective policy documents, were prepared and that the succession planning process for the position of the Chairperson of the Management Board was initiated. The Competence Profile and Succession Planning Policy for the Supervisory Board members was finally combined with the existing Suitability Policy for the Supervisory Board, as there was a certain overlap



between the two policies. The Committee further dealt with the succession planning for the chairperson of the Management Board.

The Committee also recommended to the Supervisory Board to propose to the Shareholders' Meeting to elect (1) Ms Karin Katerbau and (2) Ms Berna Ülman as members of the Supervisory Board after assessing their respective professional and personal suitability.

The Supervisory Board's **Remuneration Control Committee** convened four times in 2024 via hybrid meeting, taking place in presence, with the possibility to participate via video. It assessed a revised version of the remuneration system (*Vergütungssystem*) of the Management Board and recommended to the Supervisory Board to approve the revised version of the remuneration system (*Vergütungssystem*) of the Management Board with an effectiveness as of 1 January 2024 and to propose to the Ordinary Shareholders' Meeting to approve (*billigen*) it as well. The Committee further reviewed and discussed the draft of the remuneration report (*Vergütungsbericht*) for 2023 and recommended to the Supervisory Board to adopt the remuneration report (*Vergütungsbericht*) for 2023 as well as to propose to the Ordinary Shareholder's Meeting 2024 to approve (*billigen*) it. The Committee also assessed the terms of proposed new agreements, or amendments to the terms existing of agreements, with the members of the Management Board and discussed them internally before recommending to the Supervisory Board to sign them. Further, the Committee monitored the appropriateness of the structure of the remuneration system for the employees of the Company and conferred that it was appropriate. It also assessed the impact of the Management Board and staff remuneration systems on the risk, capital and liquidity situation as well as on the impact orientation of the Company and conferred that those systems did not create any incentives that would adversely impact mentioned parameters. The Committee further conferred that the Group's remuneration systems and its remuneration strategy, as set out in the Group Human Resources Policy, were designed to achieve the objectives as laid down in the group business and risk strategies in accordance with section 4 of the German Remuneration Regulation for Institutions (*Institutsvergütungsverordnung- InstitutsVergV*) and that they were also established in accordance with section 27 *InstitutsVergV*. The Committee finally supported the Supervisory Board in preparing its resolution to give its formal permission to allow in the financial year 2025 purchases of the Company's shares for the members of the Management Board executed by the third-party service provider also during closed periods within the meaning of Art. 19 par. 11 Regulation (EU) 596/2014 (Market Abuse Regulation) based on the Executive Participation Plan.

### **Audit of ProCredit Holding AG**

The annual financial statements for ProCredit Holding, the consolidated annual financial statements and the Combined Management Report for ProCredit Holding and the ProCredit group for financial year 2024 were audited by the statutory auditor BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, Germany, Frankfurt/Main office. The external auditor granted an unqualified audit opinion in each case.

The Audit Committee also carefully examined the annual financial statements of ProCredit Holding and the consolidated annual financial statements of the ProCredit group as well as the Combined Management Report with the group sustainability statement for the financial year 2024. The statutory auditors participated in person in the respective meetings of the Audit Committee and the Supervisory Board at which the annual financial statements for ProCredit Holding and the consolidated annual financial statements of the ProCredit group as well as the Combined Management Report and the group sustainability statement for financial year 2024 were discussed. In accordance with applicable law, the group sustainability statement was not subject to the statutory audit, however, it was the subject of a voluntary limited assurance audit.

The Audit Committee discussed those financial statement documents and the reports of BDO in detail with the auditor and subjected them to its own careful review. The Committee concluded that the reports meet, in particular, the legal requirements set out in sections 317 and 321 HGB (German Commercial Code). The Committee reported to the Supervisory Board on its review and recommended that the annual financial statements and the consolidated financial statements be approved (*Billigung und Feststellung des Jahresabschlusses und Billigung des Konzernabschlusses*).

After conducting its own review and discussion of the annual financial statements, the consolidated annual financial statements, and the Combined Management Report with the group sustainability statement for financial year 2024, the Supervisory Board acknowledged the findings of the auditor's report and stated that no objections would be submitted. In accordance with the recommendation of the Audit Committee, the Supervisory Board approved the annual financial statements for ProCredit Holding and the consolidated annual financial statements of the ProCredit group for financial year 2024 (*Billigung und Feststellung des Jahresabschlusses und Billigung des Konzernabschlusses*).

The Supervisory Board also examined the proposal of the Management Board concerning the appropriation of profits from the financial year 2024. It assented to the proposal of the Management Board and recommends the proposal to distribute a dividend of EUR 0.59 per share to shareholders out of the profits (*Bilanzgewinn*) for the financial year 2024 of EUR 113,769,853.53. This corresponds to total dividend payments of EUR 34,750,110.28 on the subscribed capital of EUR 294,492,460 entitled to receive dividends (58,898,492 shares) and to carry the remaining profit (*Bilanzgewinn*) of EUR 79,019,743.25 from the financial year 2024 forward to new account in accordance with section 58 paragraph 3 of the German Stock Corporation Act (*Aktiengesetz*).

## **Changes to the members of the Supervisory Board, its Committees and the Management Board**

### *Supervisory Board*

With effect from 18 April 2024 Ms Helen Alexander resigned from her office as a member of the Supervisory Board. In her place, Mr Patrick Zeitinger joined the Supervisory Board on 19 April 2024 after the exercise of the appointment right (*Entsendungsrecht*) of Zeitinger Invest GmbH.

Ms Karin Katerbau and Ms Berna Ülman were both elected by the Ordinary Shareholders' Meeting as members of the Supervisory Board beginning from the end of the Ordinary Shareholders' Meeting 2024 and ending with the conclusion of the Shareholders' Meeting which decides whether to ratify the acts of the Supervisory Board for the third financial year following the commencement of the candidates' respective term of office.

Mr Ottenstein was confirmed as chairperson, and Dr Knapen was confirmed as deputy chairperson, of the Supervisory Board by means of a written vote dated 16 July 2024.

### *Committees of the Supervisory Board*

The Supervisory Board appointed Mr Patrick Zeitinger as a member of the Audit and the Risk Committee with effect from 10 May 2025 after he had been appointed as a member of the Supervisory Board with effect from 19 April 2024.

The Supervisory Board reduced the number of members of the Audit Committee from five to four with effect from 26 July 2024. As from the same date the memberships of Mr H.P.M. (Ben) Knapen and Mr. Nicholas Tesseyman as members of the Audit Committee were terminated, while Dr Jan Marcus Schroeder-Hohenwarth was appointed as a new member of the Audit Committee.

The Supervisory Board further reduced the number of members of the Risk Committee from five to four with effect from 26 July 2024. As from the same date the membership of Mr Patrick Zeitingner as member of the Risk Committee was terminated.

The Supervisory Board further increased the number of members of the Nomination Committee from four to five members with effect from 26 July 2024. As from the same date Mr. Patrick Zeitingner was appointed as a new member of the Nomination Committee.

The Supervisory Board reduced the number of members of the Remuneration Control Committee from four to three with effect from 26 July 2024. As from the same date the memberships of Dr Jan Marcus Schroeder-Hohenwarth and Ms Jovanka Joleska Popovska as members of the Remuneration Control Committee were terminated, while Dr H.P.M. (Ben) Knapen was appointed as a new member of the Remuneration Control Committee.

### *Management Board*

The Supervisory Board prolonged the appointment of (1) Dr Gian Marco Felice as member of the Management Board for a period of three years, i.e. until 31 May 2027, and of (2) Mr Hubert Spechtenhauser as a member and the Chairperson of the Management Board for a period of one year, i.e. until 28 February 2026. The Supervisory Board further appointed Mr Christoph Beeck and Mr Georgios Chatzis as members of the Management Board, each beginning 1 April 2024 for a period of three years.

### **Conflicts of Interests**

In the financial year 2024 there were no conflicts of interest of individual members of the Supervisory Board.

Frankfurt am Main, 26 March 2025

Rainer Peter Ottenstein

Chairperson of the Supervisory Board of

ProCredit Holding AG





Above: New Design (Giorgi 2004), retail and wholesale trade and import of home repair materials and furnishings. Client of ProCredit Bank Georgia  
Below: Gelibert, production, distribution and trade of non-alcoholic beverages. Client of ProCredit Bank Moldova

## PROCREDIT ON THE CAPITAL MARKET

### Key share data

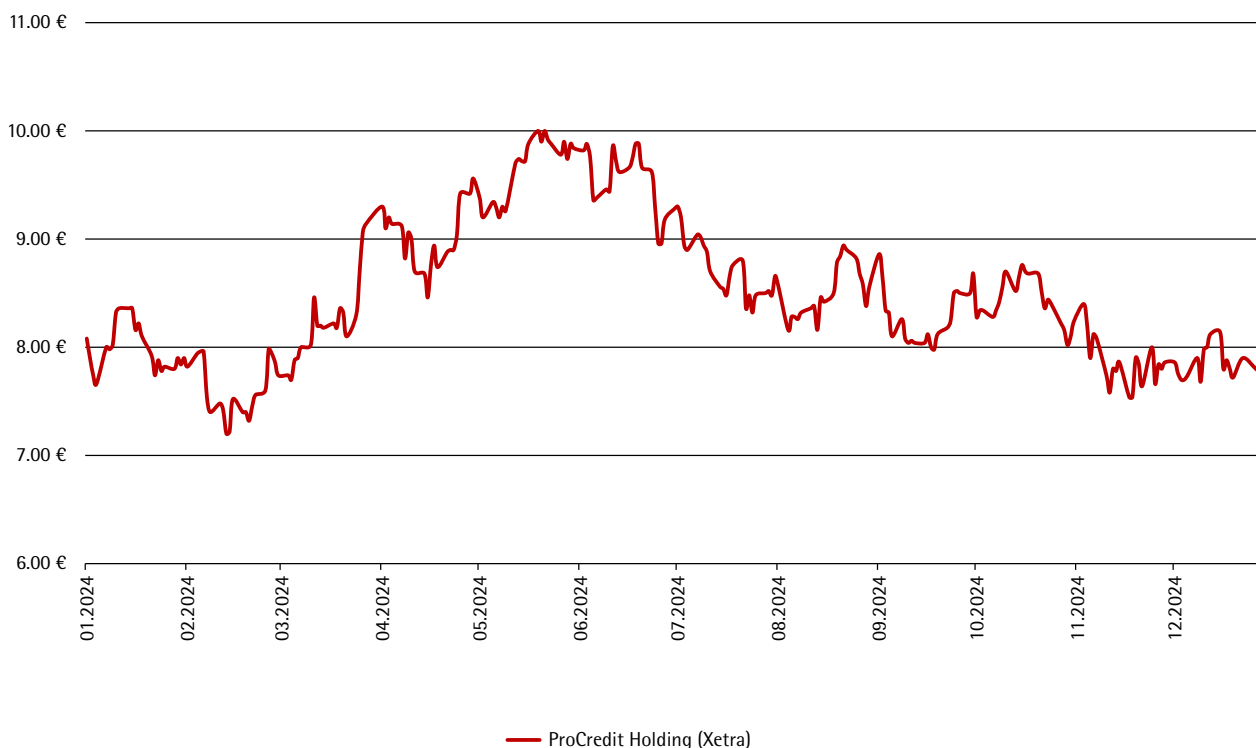
ISIN	DE0006223407
Security ID no. (WKN)	622340
Stock exchange code	PCZ
Trading segment	Regulated Market (Prime Standard)
Stock exchange	Frankfurt Stock Exchange
Xetra closing price on 30 December 2024	EUR 7.72
No. of shares	58.898.492 registered ordinary shares with no par value (Namensaktien)

The shares of ProCredit Holding AG (formerly ProCredit Holding AG & Co. KGaA) have been listed on the Prime Standard of the Frankfurt Stock Exchange since 22 December 2016. The Prime Standard is the segment of the regulated market of the Frankfurt Stock Exchange with the highest transparency requirements.

On 30 December 2024 the shares were being traded on Xetra at a year-end closing price of EUR 7.72. Based on the 58,898,492 shares outstanding as of year-end, the market capitalisation of ProCredit Holding at that time was approximately EUR 455 million.

Over the last calendar year, an average of around 15,300 ProCredit Holding shares were traded through the Xetra system per day.

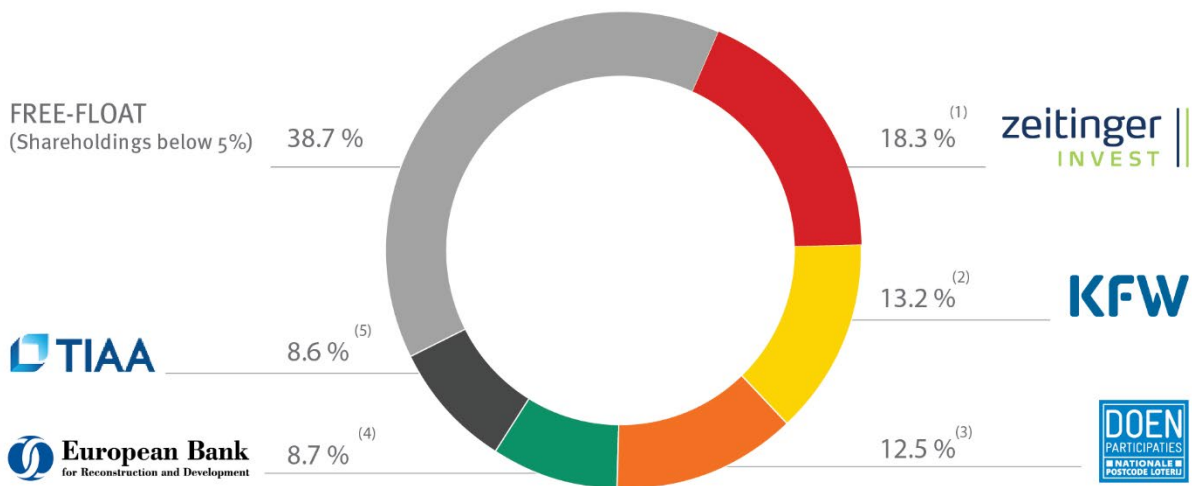
### Price trend, calendar year 2024 (closing price, Xetra trading system)



## Shareholder structure

According to available voting rights notifications or voluntary disclosures, the largest shareholders of ProCredit Holding at the end of the financial year are: Zeitingер Invest GmbH, Kreditanstalt für Wiederaufbau, DOEN Participaties BV, the European Bank for Reconstruction and Development and the Teachers Insurance and Annuity Association of America.

The free float, defined by the German Stock Exchange as holdings below the threshold of 5% of voting rights, was around 39% on 31 December 2024 according to voting rights notifications or voluntary disclosures. This includes investments of more than 3% in ProCredit Holding AG by FMO (Netherlands Development Finance Company) and BIO (Belgian Investment Company for Developing Countries). In addition, ProCredit Staff Invest GmbH & Co. KG holds a stake of below 3%.



(1) According to voluntary disclosures by Zeitingер Invest on 13 April 2023 (see "Other information" in the Investor Relations section of the ProCredit Holding website); (2) According to voluntary disclosures by KfW on 17 April 2023 (see "Other information" in the Investor Relations section of the ProCredit Holding website); (3) According to voluntary disclosures by DOEN Participaties on 14 April 2023 (see "Other information" in the Investor Relations section of the ProCredit Holding website); (4) According to the voting rights notifications as of 23 May 2023; (5) According to the voting rights notifications as of 29 December 2016

The shareholder structure presented above is based on public voting rights notifications by EBRD and TIAA and, in the case of Zeitingер Invest GmbH, KfW and DOEN Participaties B.V., on the voluntary disclosure of voting rights (see "Voting rights notifications" and "Other information" in the Investor Relations section of the ProCredit Holding website). This breakdown was calculated by comparing the number of voting rights reported by the shareholders on the above-mentioned dates against the total number of voting rights (currently 58,898,492). ProCredit Holding AG has made reasonable efforts to provide a realistic overview of the shareholder structure. However, due to limitations on the availability and verifiability of the underlying data, ProCredit Holding AG does not assume any responsibility that the information presented here is accurate, complete and up to date.



### **Analysts**

In 2024, three analysts reported regularly on ProCredit Holding. As of the end of the financial year, there were two buy recommendations. The share price targets were between EUR 14.00 and EUR 19.00. Current information on the analyst recommendations can be found on the ProCredit Holding website under Investor Relations.

### **Current Fitch Ratings of ProCredit Holding AG**

In 2024, the BBB rating of ProCredit Holding was confirmed.

### **Current ESG ratings of ProCredit Holding AG**

The company's MSCI ESG Research rating of "A" was confirmed in March 2024. The "Prime" status of ProCredit Holding was most recently confirmed by ISS ESG in August 2023.

The business strategy of the ProCredit group has always been based on sustainability and long-term thinking. The ProCredit group has thus been able to generate profits for its shareholders every year since its foundation, even during the last financial crisis and during the ongoing war in Ukraine. We believe that this stability is reflected in our business approach and that maintaining solid financial results over time can go hand in hand with equally good results in the area of sustainability. In addition to our group sustainability statement as part of the combined management report, for the 2024 financial year we are again publishing a comprehensive Impact Report, outlining our contributions and impact in environmental, social and corporate governance (ESG) in the context of the UN Sustainable Development Goals.

### **Bond issuance**

In April 2024, ProCredit Holding successfully placed a green Tier 2 bond with German and international institutional investors. The originally expected placement volume of EUR 100 million was increased to EUR 125 million due to strong demand for the bond. The bonds are rated BB- by Fitch Ratings and are listed on the Euro MTF market of the Luxembourg Stock Exchange.

### **Investor Relations**

The Management Board of ProCredit Holding aims to maintain an intensive dialogue with the capital market, and strongly believes that regular, transparent communication with our share- and stakeholders is crucial in order to keep them continually informed about the development of the ProCredit group. In this respect, it is especially important for us to ensure the regular publication of company news and to provide detailed financial reports, as well as to cultivate ongoing, personal contacts with investors, analysts and the interested public.

In 2024, the Management Board of ProCredit Holding made several presentations on the ProCredit group at roadshows and conferences in Frankfurt, Hamburg, Dublin and London. In 2025, we will remain committed to actively maintaining and further expanding contact with our investors. An overview of upcoming events is regularly updated in the financial calendar on our company website.

Up-to-date information about the company is available to investors, analysts and the interested public in the Investor Relations section our website, [www.procredit-holding.com](http://www.procredit-holding.com). As well as the usual financial reports, mandatory notices and corporate news, visitors to the website also have access to information on results and company presentations. Recordings of the conference calls held to coincide with the quarterly results are also available there.



### **Capital Markets Day 2024**

On 21 March 2024, ProCredit Holding held its second Capital Markets Day for investors and analysts.

The Management Board presented the group's updated business strategy, which aims to significantly expand ProCredit's presence in its existing markets in South Eastern and Eastern Europe in the coming years. In this way, the group aims to achieve important economies of scale, consolidate its margins on both sides of the balance sheet and further expand its positive impact in the regions. The Management Board also emphasised the importance of strengthening the company's positioning as an attractive and responsible bank for retail customers, in order to complement the group's strong positioning as a leading MSME bank in South Eastern and Eastern Europe.

Managers of the ProCredit banks in Kosovo, Ukraine and Bosnia and Herzegovina discussed the potential of the updated business strategy in their respective local contexts and described the strong positioning of ProCredit as a green and responsible bank for MSMEs and private clients in South Eastern and Eastern Europe. Detailed information on Capital Markets Day 2024 can be found on the ProCredit Holding website under Investor Relations.

### **Shareholders' meetings and dividends**

The 2024 Annual General Meeting of ProCredit Holding was held on 4 June 2024. As in the previous year, this event was held with physical attendance in Frankfurt am Main. At the meeting, 77.45% of the voting capital was represented. The Annual General Meeting approved all of the proposals that were put to the vote.

It was resolved to distribute a dividend of EUR 0.64 per share. In accordance with the group's dividend policy, according to which one third of the consolidated result is to be paid out as a dividend, a total of EUR 37.7 million from the result for the 2023 financial year were therefore distributed as a dividend.

In addition, Ms Karin Katerbau and Ms Berna Ülman were elected to the Supervisory Board after their regular term of office had expired, having previously been appointed as members of the Supervisory Board by the Frankfurt am Main District Court. Detailed information on the 2024 Annual General Meeting can be found on the ProCredit Holding website under Investor Relations.

## Financial calendar 2025

12 May 2025	Quarterly Financial Report as of 31 March 2025
04 June 2025	Annual General Meeting
14 August 2025	Interim Report as of 30 June 2025
13 November 2025	Quarterly Financial Report as of 30 September 2025

### IR Contact

Investor Relations Team

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Web: <https://procredit-holding.com/investor-relations/>



Above: ProCredit Holding Annual General Meeting  
Below: ProCredit Holding Capital Markets Day

# Combined Management Report

The Management Report for ProCredit Holding AG (ProCredit Holding) and the Group Management Report for the ProCredit group (ProCredit) are presented as a Combined Management Report. It was prepared in accordance with sections 289ff and 315ff of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Accounting Standard 20 (Deutscher Rechnungslegungsstandard 20 – DRS 20). The Risk Report also contains notes pursuant to IFRS 7.

## 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 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 MSME clients typically have financing needs ranging from EUR 50,000 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.

Our primary target group in lending comprises innovative companies showing dynamic growth and stable, formalised structures. Through our work, we want to deliver added value to our customers as well as making a contribution to creating jobs, enhancing capacity for innovation and encouraging investments in ecological projects. We place particular emphasis on issuing green loans and promoting local production, especially in



agriculture. Our approach is based on a careful and critical selection of clients, with solvency, transparency and social responsibility at the heart of the lending process. In this way, we want to ensure that our customers can adequately service their loans and also build up reserves for potentially more difficult times. We attach great importance to open and transparent business relationships and we maintain regular contact with our clients. We believe that our clients also make an important contribution to the formal sector, and thus to social and economic development in their markets, not only through their actions and but also by paying taxes and maintaining fair working conditions. At the same time, we make clear demands on our customers with regard to ethical business practices and the responsible treatment of their environment. As a member of the Net-Zero Banking Alliance, we have committed to achieving net-zero emissions for our loan and investment portfolio by 2050 or earlier. In this context, we support our business customers, particularly those with high emissions, in improving the measurement of their greenhouse gas emissions, setting emissions targets in accordance with the Science Based Targets Initiative (SBTi) and reducing these emissions through green investments. Consideration of our clients' social and environmental risks is firmly integrated into our credit decision processes. We also place great emphasis on the prevention of money laundering, terrorist financing and other illegal activities.

We maintain long-term relationships with our customers and find this to be beneficial for both sides: Our customers have us as a reliable partner who stands by their side, even when economic conditions become difficult. At the same time, we create a portfolio of loans to reliable clients that grows steadily and is of very good quality in the context of our markets.

In the coming years, we also want to position ourselves more strongly as an attractive bank for private customers in our markets. To this end, we want to offer private customers a comprehensive range of banking services and set ourselves apart from other banks in terms of quality, functionality and customer service. We take a responsible approach to retail lending and our credit decisions are based on the customer's repayment capacity over a reasonable loan period. In countries where the marketing of consumer loans is insufficiently regulated, we want, as a responsible bank, to promote a culture of saving, to set prices for financing transparently and to prevent customers from becoming over-indebted.

The quality and motivation of staff is a key factor in achieving our business objectives. We select our staff carefully and offer long-term career prospects based on a transparent, standardised group-wide salary and promotion structure. In order to provide continued staff training and promote ongoing exchange within the group, we run a group-wide training programme in our own training centres. In addition to being part of our identity, our commitment to mutual respect and responsible behaviour in daily life is also emphasised in our group-wide Code of Conduct, which all of our staff discuss and further develop in dedicated annual workshops. Across the entire group, there is a diverse range of employees from various academic backgrounds and a balanced gender distribution at all business levels. We believe that this diversity promotes innovation and makes a significant contribution to the long-term success of our business.

### **Organisation of the ProCredit group**

The ProCredit group is largely comprised of 12 banks and it employed 4,637 members of staff at the end of the 2024 financial year. ProCredit Holding is the parent company and also the superordinated entity of the group. ProCredit Holding owns 100% of the shares of all subsidiaries. It is responsible for the strategic guidance of the group, for maintaining an adequate level of equity for the group and for ensuring that all reporting, risk management, anti-money laundering and compliance obligations required under German and European banking regulations, and particularly the requirements defined in section 25a of the German

Banking Act ("KWG"), are met. At a consolidated level, group supervision is performed by the German financial supervisory authorities (BaFin and Bundesbank).

The Management Board and the members of the Supervisory Board and selected management-level staff of the ProCredit group sit on the supervisory boards of the ProCredit banks, alongside independent board members. ProCredit Holding sets policy guidelines and standards for risk management and other important areas of banking operations in order to ensure that appropriate uniform organisational structures and processes are in place in the ProCredit banks. These guidelines are complemented by the regular exchange of best practices within the ProCredit group. Furthermore, ProCredit Holding provides support in shaping human resources policies and in developing and delivering the curricula in our ProCredit academies.

Our IT and software development priorities are set in the Group IT Strategy. Optimal IT solutions are a central part of implementing our business and risk strategies. Quipu GmbH, a wholly owned subsidiary of ProCredit Holding, develops tailored software solutions for the ProCredit group. In close collaboration, the systems used in connection with banking operations for clients, various treasury functions, as well as for accounting and reporting are developed and implemented by Quipu.

The ProCredit group divides its business operations into regional segments:

- *South Eastern Europe*, consisting of seven banks in the following countries: Albania, Bosnia and Herzegovina, Bulgaria (including a branch operation in Greece), Kosovo, North Macedonia, Romania and Serbia
- *Eastern Europe*, with three banks located in the following countries: Georgia, Moldova and Ukraine
- *South America*, consisting of one bank in Ecuador
- *Germany*, consisting of the ProCredit Bank in Germany, ProCredit Holding, Quipu and the ProCredit Academy in Fürth

### Our shareholders

The largest shareholders<sup>1</sup> of ProCredit Holding at the end of the 2024 financial year are: Zeitinger Invest GmbH, Kreditanstalt für Wiederaufbau (KfW), DOEN Participaties BV, the European Bank for Reconstruction and Development (EBRD) and the Teachers Insurance and Annuity Association of America. The free float, defined by the German Stock Exchange as holdings below the threshold of 5% of voting rights, was around 39% on 31 December 2024.

The largest single shareholder is Zeitinger Invest GmbH, Frankfurt am Main. Zeitinger Invest played a key role in the founding of the ProCredit group, together with what are still the larger shareholders: KfW, DOEN<sup>2</sup> and EBRD. KfW is one of the world's leading development banks and is committed to improving economic, social and ecological living conditions all around the world on behalf of the Federal Republic of Germany and the federal states. The main objective of DOEN Participaties is to make a positive impact on society by supporting sustainable or socially inclusive entrepreneurs. The aim of the EBRD is to support market economy development in Central and Eastern Europe. In addition, ProCredit Staff Invest GmbH & Co. KG, an investment vehicle for employees, holds a stake of below 3%. It also played a substantial role in the founding of the ProCredit group and enables employees to participate in the group's development.

<sup>1</sup> Shareholders with 5% or more of ProCredit Holding's shares, based on the published voting rights notifications or voluntary disclosures of the shareholders named.

<sup>2</sup> At the time, Stichting DOEN was a direct shareholder in the company. Today, it is an indirect shareholder of ProCredit Holding via DOEN Participaties B.V.

## Internal management system

The management boards of ProCredit Holding and the ProCredit banks establish the strategic goals together in the course of the annual planning process. Discussions are held concerning the assessment of market potential, priorities, expectations and indicators, which are then recorded in the business plan. Likewise, HR, risk and sustainability considerations are included. The business plan for each ProCredit bank is approved by the respective supervisory board, the members of which are appointed by ProCredit Holding. The Group Business Strategy developed by the Management Board incorporates a group business plan which is based on the consolidated business plans of each ProCredit bank. The Group Business Strategy is discussed with the Supervisory Board of ProCredit Holding. The Management Board of ProCredit Holding regularly reviews the established goals through plan vs. actual analyses at bank, segment and group level.

An important component of our management system is the exchange between the Management Board of ProCredit Holding and the management boards at the respective ProCredit banks. Meetings with all of the banks on a regular basis promote the active exchange of information within the group.

The ProCredit group uses an integrated system of indicators to monitor and manage the implementation and further development of the group's business and risk strategy. In addition, in the 2024 financial year we applied the following key performance indicators:

- The growth of the loan portfolio<sup>3</sup> is a key indicator of the success of new business and also provides reference points for our future earning capacity.
- The cost-income ratio<sup>4</sup> is a relative indicator that provides insight into our efficient use of resources.
- Return on equity (RoE)<sup>5</sup> is the most important indicator in terms of profitability. We place a strong emphasis on maintaining a sustainable RoE in conjunction with an appropriate risk profile.
- We regard the Common Equity Tier 1 capital ratio (CET 1)<sup>6</sup> as a key indicator for compliance with regulatory and internal capital requirements. It also serves as a benchmark for our solvency and as a basis for strategy decisions.

We also consider the following key figures as additional indicators:

- The ratio of deposits to loan portfolio<sup>7</sup> reflects our ability to fund our lending business through deposits. In principle, the lending business in our countries should be financed entirely by local deposits.
- The net interest margin<sup>8</sup> is an important indicator of our profitability and measures the average interest earnings.
- Cost of risk indicates the level of expenditures for loss allowances relative to the size of the loan portfolio.<sup>9</sup>
- The share of defaulted loans<sup>10</sup> is the key indicator for us to assess portfolio quality.
- The ratio of allowances to defaulted loans in Stage 3<sup>11</sup> provides information on loss allowances for defaulted loans.

<sup>3</sup> Our loan portfolio as of the balance sheet date of the current period relative to our loan portfolio as of 31 December of the previous year. Our loan portfolio corresponds to loans and advances to customers before loss allowances.

<sup>4</sup> Personnel and administrative expenses relative to operating income.

<sup>5</sup> Profit attributable to ProCredit shareholders, divided by the average equity held by the ProCredit shareholders.

<sup>6</sup> Ratio of our CET1 capital to risk-weighted assets.

<sup>7</sup> Our loan portfolio relative to deposits as of the balance sheet date.

<sup>8</sup> Our net interest income relative to the average total assets in the reporting period.

<sup>9</sup> Loss allowance expenditures for a period relative to the average loan portfolio.

<sup>10</sup> Defaulted loans relative to the loan portfolio at the respective balance sheet date.

<sup>11</sup> Loss allowances for defaulted loans relative to defaulted loans as of the balance sheet date.

- The green loan portfolio includes financing for investments in energy efficiency, renewable energies or other environmentally friendly technologies. By expanding our green loan portfolio, we are making an important contribution to our sustainability goals, as presented in our group sustainability statement in the combined management report and in our Impact Report.

## REPORT ON THE ECONOMIC POSITION

### Course of business operations

In the past financial year, we were able to successfully achieve the majority of our short-term goals while also reaching significant milestones in our multi-year growth strategy. The loan portfolio grew by EUR 783.5 million or 12.6%, thus exceeding our ambitious target of 10%. Deposits likewise developed very positively, rising by EUR 1,037.1 million or 14.3%. Our consolidated result of EUR 104.3 million corresponds to a return on equity of 10.2%, which falls within our guidance. The financial position and financial performance of the group are solid.

in EUR m			
<b>Statement of financial position</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>
Loan portfolio	7,010.0	6,226.5	783.5
Deposits	8,291.4	7,254.2	1,037.1
<b>Statement of profit or loss</b>	<b>1.1.-31.12.2024</b>	<b>1.1.-31.12.2023</b>	<b>Change</b>
Net interest income	358.2	337.2	21.0
Net fee and commission income	59.2	57.5	1.6
Operating income	444.3	412.5	31.8
Personnel and administrative expenses	302.8	247.0	55.8
Loss allowance	-5.2	15.5	-20.7
Profit of the period	104.3	113.4	-9.1
<b>Key performance indicators</b>	<b>1.1.-31.12.2024</b>	<b>1.1.-31.12.2023</b>	<b>Change</b>
Change in loan portfolio	12.6%	1.9%	10.6 pp
Cost-income ratio	68.1%	59.9%	8.3 pp
Return on equity	10.2%	12.2%	-2.0 pp
	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>
Common Equity Tier 1 capital ratio	13.1%	14.3%	-1.2 pp
<b>Additional indicators</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>
Deposits to loan portfolio	118.3%	116.5%	1.8 pp
Net interest margin	3.5%	3.6%	-0.1 pp
Cost of risk	-8 bp	25 bp	-33 bp
Share of defaulted loans	2.3%	2.7%	-0.4 pp
Stage 3 loans coverage ratio	49.9%	57.6%	-7.8 pp
Green loan portfolio	1,354.6	1,268.3	6.8%

The loan portfolio saw particularly strong growth in the segments for micro and small enterprises and in the private client segment. At the level of the banks, the highest growth rates can be observed in our smaller institutions in Eastern Europe and South Eastern Europe, where we have identified additional medium-term economies of scale for the group. On the whole, the development of our loan portfolio is in line with our strategic objective to achieve strong overall growth at a granular level. Due to the very positive development of deposits, our deposit-to-loan ratio improved by 1.8 percentage points to 118.3%. Growth in deposits from retail customers was particularly significant. In the current interest rate environment, the majority of deposit growth in retail operations stems from term deposits, whereas for business customers the main drivers were additional sight deposits, instant access savings accounts and term deposits.

The cost-income ratio of 68.1% is at a relatively high level, which is mainly attributable to the rise in personnel and administrative expenses by EUR 55.8 million or 22.6%. During the financial year, we made



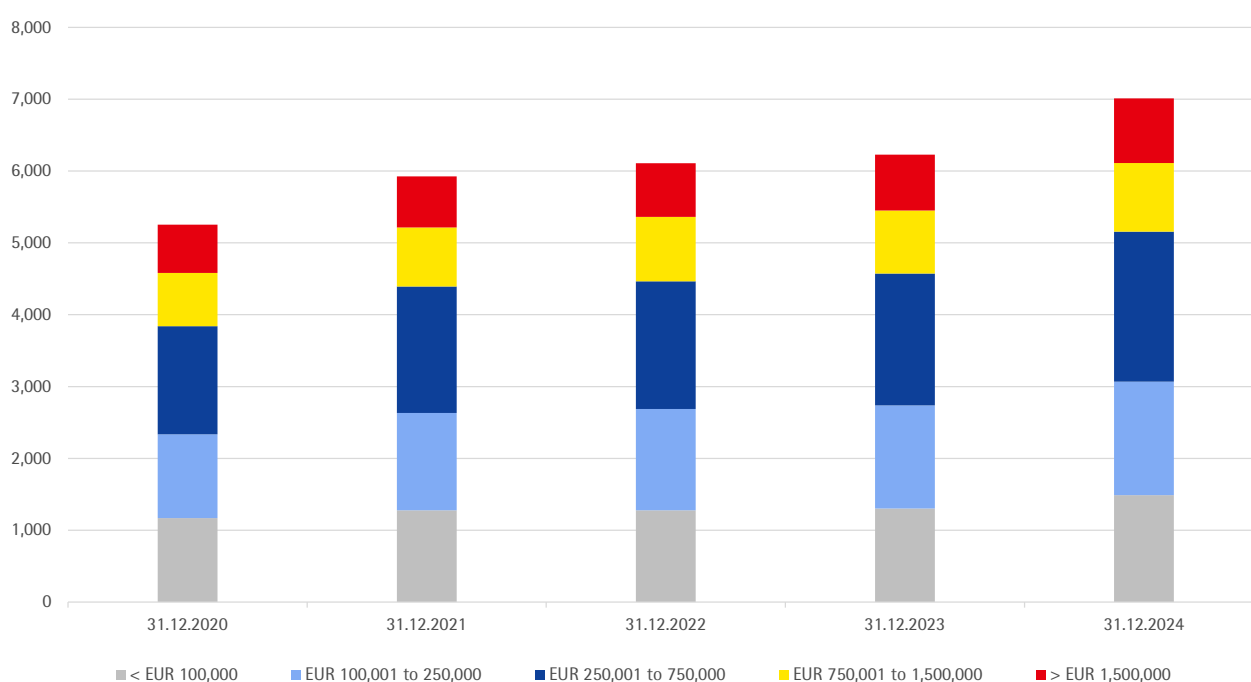
targeted investments in staff, IT, marketing and the further development of our branch network, in order to create a solid foundation for our ambitious medium-term growth targets. The consolidated result of EUR 104.3 million is below the level of the previous year, mainly due to these increased expenses. This result was further impacted by a negative contribution from ProCredit Bank Ecuador and an additional tax increase for banks in Ukraine. Cost of risk declined by 33 basis points to -8 basis points, resulting in a positive contribution from loss allowances. This development is partly due to a decline in the share of defaulted loans by 0.4 percentage points to 2.3%. The Stage 3 loans coverage ratio decreased by 7.8 percentage points to 49.9%. The tax expense for the group increased by EUR 5.7 million compared to the previous year.

The group's capital base was stable during the financial year. The fully loaded CET 1 capital ratio declined since the start of the year by 1.2 percentage points to 13.1%, and remained comfortably above the regulatory requirement. Overall, risk-weighted assets increased by EUR 950.2 million or 15.3% due to strong business performance. Common Equity Tier 1 capital increased by EUR 47.8 million. This figure does not yet include the profit from the second half of the year. The LCR ratio declined by 3.9 percentage points to 174.0%. The NSFR ratio declined by 4.5 percentage points to 153.5%. Both indicators were comfortably above the regulatory requirements.

### Assets

Total assets grew by EUR 1,002.6 million as of 31 December 2024, which is attributable to loan portfolio growth and an increase in investment securities. Our loan portfolio increased by EUR 783.5 million compared to the previous year, growing to EUR 7.0 billion. The committed, revocable credit lines to customers rose by EUR 134.1 million to EUR 884.6 million. Investment securities increased by EUR 215.1 million to EUR 965.6 million, while balances with central banks decreased by EUR 165.4 million to a total of EUR 2.0 billion.

Volume (in EUR m)



#### Loan portfolio development, by loan volume

At year-end, the loan portfolio consisted of 88.1% loans to businesses and 11.9% loans to private clients. The proportion of green loans in the overall portfolio was 19.3%. The majority of the investment loans in our portfolio have maturities of more than three years, which underlines the long-term nature of our customer relationships. Regarding the loans to private clients, most are housing loans for the purchase of real estate.

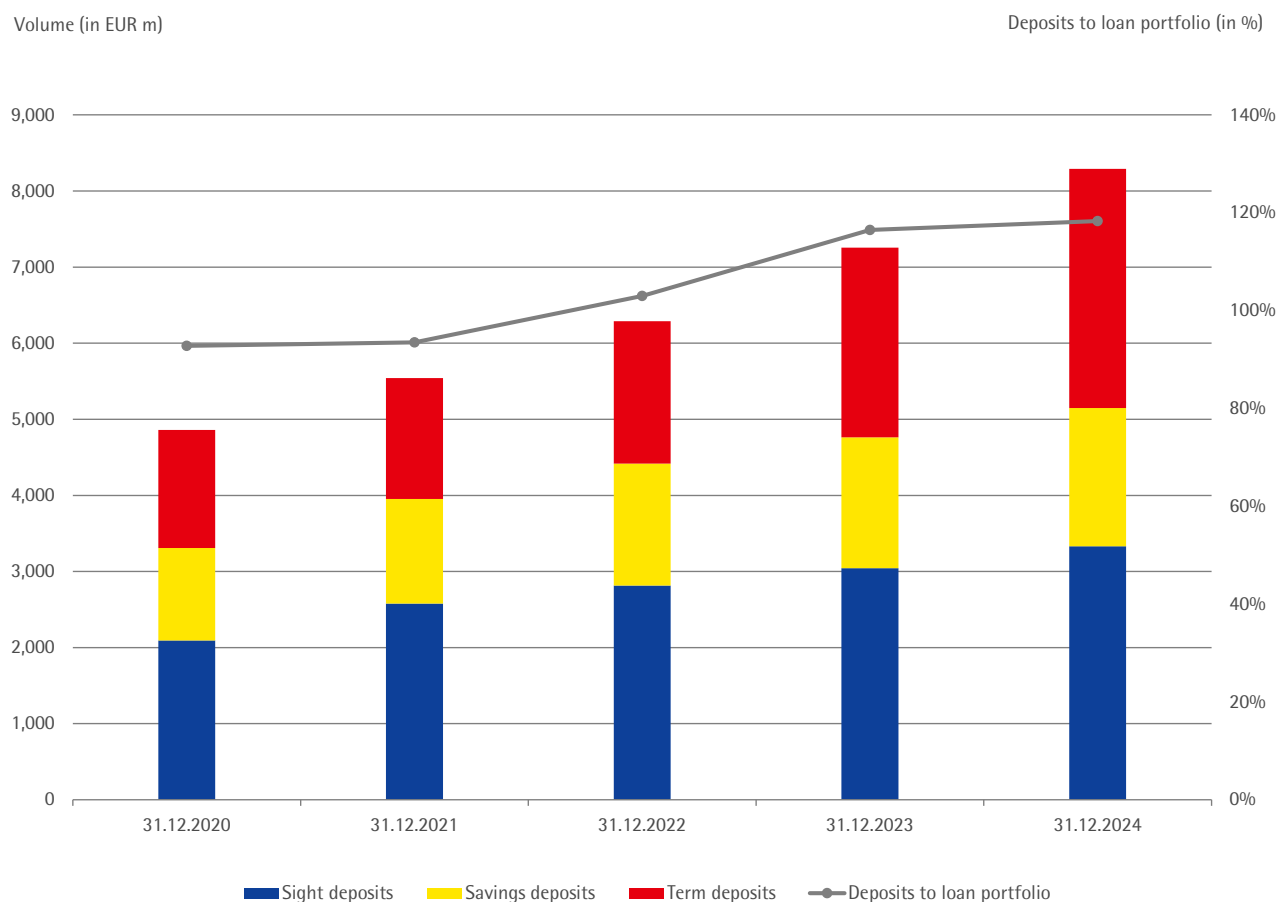
The loan portfolio of the ProCredit group continues to be highly diversified. The largest ten exposures represented not more than 2.0% of the group's total portfolio volume at the end of 2024.

In its lending business with MSMEs, the ProCredit group cooperates closely with European institutions such as the European Investment Bank (EIB) and the European Investment Fund (EIF). Of particular note are the agreement with the EIF for the InnovFin guarantee programme as well as the Deep and Comprehensive Free Trade Area guarantee programme for our Eastern Europe segment. These programmes provide proportional guarantees for lending to innovative MSMEs and small MidCaps in Eastern and South Eastern Europe. There is a synthetic securitisation of around EUR 300 million for the Bulgarian loan portfolio, primarily serving to optimise risk-weighted assets.

#### *Liabilities and equity*

Liabilities comprise mostly deposits. Further sources of funding include liabilities to banks as well as subordinated debt and debt securities.

At year-end, deposits stood at EUR 8.3 billion, up by EUR 1,037.1 million from the previous period. This growth was achieved in our retail operations, particularly through term deposits, and with our business clients particularly in the form of additional sight deposits and term deposits. The ratio of deposits to the loan portfolio showed an improvement, rising 1.8 percentage points to 118.3%.



#### Deposits

Liabilities to banks and debt securities decreased by EUR 237.8 million. At the same time, the volume of subordinated loans increased by EUR 115.9 million due to the placement of a green Tier 2 bond.

Our equity base increased by EUR 72.1 million compared to the previous period and stood at EUR 1,055.9 million at year-end. This increase is mainly due to the current consolidated result of EUR 104.3 million, less the dividend of EUR 37.7 million (EUR 0.64 per share) paid out during the financial year.

#### *Result of operations*

We consider the earnings situation in the 2024 financial year to be positive. Our consolidated result of EUR 104.3 million corresponds to a return on equity of 10.2% 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 21.0 million or 6.2% over the previous year. Interest income rose by EUR 58.6 million, while interest expenses grew by EUR 37.6 million. The increase in interest income is primarily due to the growth of our loan portfolio 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 3.5%, the net interest margin was slightly below the previous year's level.

Net fee and commission income grew slightly, rising to EUR 59.2 million, with the increase in fee and commission income by EUR 7.8 million set against the EUR 6.1 million increase in fee and commission

expenses. The result from foreign exchange transactions increased by EUR 3.9 million or 14.0% to a total of EUR 31.9 million. Net other operating result improved by EUR 4.2 million. Overall, we were able to report an increase of EUR 31.8 million or 7.7% in operating income.

Personnel and administrative expenses grew by EUR 55.8 million or 22.6%, mainly as a result of the investments announced for the year in staff, IT, marketing and our branch network, which aim to accelerate business growth and achieve economies of scale in the medium term. Personnel expenses increased by EUR 26.1 million or 21.7%, due to the rise in staff numbers from 3,834 to 4,637. Administrative expenses grew by EUR 29.7 million or 23.5%, primarily due to higher IT expenses, other personnel costs and marketing expenses, and additional tax expenditures. Overall, the group's profit before tax and loss allowances decreased compared to the previous year by EUR 24.0 million or 14.5% to EUR 141.5 million. The cost-income ratio increased by 8.3 percentage points to 68.1%.

Loss allowances declined by EUR 20.7 million to EUR -5.2 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 104.3 million and thus EUR 9.1 million below the previous year's figure. In a comparison of the two financial years, the higher net interest income was offset by additional personnel and administrative expenses. In addition, income tax expenses increased by EUR 5.7 million, in particular due to higher pre-tax results at the level of most of the ProCredit banks. Overall, the consolidated result corresponds to a return on equity of 10.2%.

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 performance of the ProCredit group is influenced by the general macroeconomic, political and financial market conditions in our countries. These have an impact on the real economies and therefore on the investment behaviour of our business clients as well as the major actors in the financial sectors. The following segment overview describes the specific conditions and developments in our regions. The descriptions and analysis therein are based on data from the IMF (World Economic Outlook database, October 2024) and EBRD (European Bank for Reconstruction and Development, September 2024), unless otherwise stated.

In addition, the following table provides an overview of the international ratings of our banks (from Fitch Ratings). The assessments made take into account the respective country ratings.

Institution	2024 Rating	2023 Rating
ProCredit Holding	BBB	BBB
ProCredit Bank, Albania	BB+	BB
ProCredit Bank, Bosnia and Herzegovina	B+	B+
ProCredit Bank, Bulgaria	BBB-	BBB-
ProCredit Bank, Germany	BBB	BBB
ProCredit Bank, Ecuador	B	B
ProCredit Bank, Georgia	BB+	BB+
ProCredit Bank, Kosovo	BB+	BB
ProCredit Bank, North Macedonia	BBB-	BBB-
ProCredit Bank, Romania	BBB-	BBB-
ProCredit Bank, Serbia	BBB-	BBB-
ProCredit Bank, Ukraine	CCC	CCC-

## South Eastern Europe

### Macroeconomic and sector-specific environment

The South Eastern Europe segment, comprising the banks in Albania, Bosnia and Herzegovina, Bulgaria (including a branch operation in Greece), Kosovo, North Macedonia, Romania and Serbia, represents the greatest share of group assets. The economies in this region tend to grow faster than their counterparts in Western Europe.

In 2024, monetary tightening by central banks resulted in falling inflation, after consumer prices had increased strongly in 2022 and 2023. The IMF forecasts that economic growth in the region will accelerate from 2.8% (2024) to 3.4% (2025), while inflation is expected to fall from 3.2% (2024) to 2.6% (2025).

Albania in particular benefited from a strong tourism season, while Serbia saw growth stimulated by high investment and an expansive fiscal and monetary policy. Bulgaria is expected to grow at an above-average rate, yet persistently high inflation remains an obstacle to the country's planned accession to the eurozone in January 2025, which has therefore been postponed. The growth forecast for Romania has been lowered due to negative net export effects, although strong private consumption and an expansive fiscal policy are providing positive impetus.

The agricultural sector, rising exports and EU-funded investments are creating a favourable economic environment. The banking sector in this region is characterised by comparatively low interest rates, with competition continuing to be dominated by European banking groups. Another particular feature of the economies in this segment is the high level of remittances, primarily from Western Europe.

### Development of financial position and financial performance

The South Eastern Europe segment was able to achieve EUR 677.7 million in loan portfolio growth. The profit of the period increased by EUR 19.1 million to EUR 113.8 million. This represents an improved return on equity of 15.5%.

in EUR m			
<b>Statement of financial position</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>
Loan portfolio	5,304.1	4,626.3	677.7
Deposits	6,001.8	5,327.0	674.9
<b>Statement of profit or loss</b>	<b>1.1.-31.12.2024</b>	<b>1.1.-31.12.2023</b>	<b>Change</b>
Net interest income	250.0	218.7	31.3
Net fee and commission income	38.5	36.8	1.7
Operating income	305.3	264.9	40.3
Personnel and administrative expenses	172.2	144.1	28.0
Loss allowance	2.1	12.4	-10.3
Profit of the period	113.8	94.7	19.1
<b>Key performance indicators</b>	<b>1.1.-31.12.2024</b>	<b>1.1.-31.12.2023</b>	<b>Change</b>
Change in loan portfolio	14.6%	5.2%	9.4 pp
Cost-income ratio	56.4%	54.4%	2.0 pp
Return on equity	15.5%	14.1%	1.5 pp



Additional indicators	31.12.2024	31.12.2023	Change
Deposits to loan portfolio	113.2%	115.1%	-2.0 pp
Net interest margin	3.5%	3.3%	0.1 pp
Cost of risk	4 bp	27 bp	-23 bp
Share of defaulted loans	1.5%	1.8%	-0.2 pp
Stage 3 loans coverage ratio	49.7%	55.8%	-6.1 pp
Green loan portfolio	1,099.1	1,021.6	7.6%

*Loan portfolio and deposits are presented without intercompany transactions.*

The segment's loan portfolio increased by EUR 677.7 million or 14.6% in 2024 and stood at EUR 5.3 billion at the end of the year. Our loan portfolios in Albania, Bosnia and Herzegovina, Kosovo and Bulgaria showed particularly strong growth. The portfolio of green loans grew by EUR 77.5 million or 7.6%.

Deposits increased by EUR 674.9 million or 12.7% during the financial year and amounted to EUR 6.0 billion at year-end. All banks in this segment achieved good, mostly even strong growth figures. The ratio of deposits to the loan portfolio declined by 2.0 percentage points to 113.2%.

Net interest income increased by EUR 31.3 million or 14.3%, due in particular to positive volume effects. In addition, the net interest margin rose from 3.3% to 3.5%.

The share of defaulted loans decreased and stood at 1.5% at the end of the year, which is well below the banking sector average. The Stage 3 loans coverage ratio decreased by 6.1 percentage points to 49.7%.

The profit of the period grew by EUR 19.1 million, representing a return on equity of 15.5%. This increase was due in particular to the higher net interest income. Personnel and administrative expenses grew by EUR 28.0 million, which was less than the increase in operating income, which rose by EUR 40.3 million or 15.2%. The cost-income ratio increased by 2.0 percentage points to 56.4%. Expenditures for loss allowances decreased by EUR 10.3 million and corresponded to a cost of risk of 4 basis points.

## **Eastern Europe**

### *Macroeconomic and sector-specific environment*

In Eastern Europe, the ProCredit group operates in Ukraine, Georgia and Moldova. In recent years, economic development in these countries has been significantly influenced by the war in Ukraine and its geopolitical impact.

For 2025, the IMF forecasts economic growth of 6.0% in Georgia and 3.7% in Moldova. In Georgia, strong industrial output is contributing to growth, with high levels of immigration from Russia providing an additional economic boost since 2022. Political uncertainty following the election victory of the ruling Georgian Dream party has raised questions about future EU integration.

Inflation in the Republic of Moldova is expected to remain high at 5.0% in 2024 and 2025. The expiration of the gas transit agreement with Ukraine at the end of 2024 could lead to rising energy costs and a slowdown in economic growth. Nevertheless, progress in EU accession talks and the country's pro-European orientation could improve the business environment.

The growth forecast for Ukraine has been revised downwards from around 3.0% (2024) to 2.5% (2025), as the ongoing destruction of energy infrastructure by Russian attacks is affecting production. Inflation is expected to rise from 5.8% in 2024 to 9.0% in 2025. While improved export opportunities via the Black Sea

corridor could provide a positive boost, economic recovery remains uncertain due to power shortages and unclear external financing commitments, particularly from the US.

#### *Development of financial position and financial performance*

The Eastern Europe segment recorded loan portfolio growth of EUR 112.7 million. The profit of the period amounted to EUR 37.9 million and includes a positive result contribution of EUR 21.8 million from our Ukrainian bank.

in EUR m			
<b>Statement of financial position</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>
Loan portfolio	1,187.9	1,075.2	112.7
Deposits	1,511.5	1,266.6	244.8
<b>Statement of profit or loss</b>	<b>1.1.-31.12.2024</b>	<b>1.1.-31.12.2023</b>	<b>Change</b>
Net interest income	94.1	95.9	-1.8
Net fee and commission income	6.4	7.0	-0.6
Operating income	112.6	111.7	0.8
Personnel and administrative expenses	61.4	49.0	12.4
Loss allowance	-9.9	1.5	-11.5
Profit of the period	37.9	40.8	-2.9
<b>Key performance indicators</b>	<b>1.1.-31.12.2024</b>	<b>1.1.-31.12.2023</b>	<b>Change</b>
Change in loan portfolio	10.5%	-7.3%	17.8 pp
Cost-income ratio	54.5%	43.9%	10.6 pp
Return on equity	15.5%	19.6%	-4.1 pp
<b>Additional indicators</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>
Deposits to loan portfolio	127.2%	117.8%	9.4 pp
Net interest margin	4.8%	5.4%	-0.5 pp
Cost of risk	-88 bp	14 bp	-101 bp
Share of defaulted loans	2.9%	5.1%	-2.2 pp
Stage 3 loans coverage ratio	75.5%	75.4%	0.1 pp
Green loan portfolio	171.1	150.6	13.6%

*Deposits are presented without intercompany transactions.*

The loan portfolio of the segment expanded by EUR 112.7 million during the period, primarily due to the performance of our portfolio in Moldova and Georgia. Due to the risk situation and reduced demand, lending business in Ukraine is limited. Deposits increased significantly by EUR 244.8 million. The ratio of deposits to the loan portfolio improved, rising to a level of 127.2%.

The share of defaulted loans improved substantially, dropping 2.2 percentage points to 2.9%, particularly due to repayments and write-offs within our Ukrainian portfolio. The Stage 3 loans coverage ratio remained nearly unchanged at 75.5%. Our green loan portfolio showed an increase of 13.6% rising to EUR 171.1 million overall.

The profit of the period for the segment declined slightly by EUR 2.9 million to EUR 37.9 million. On the one hand, the Eastern Europe segment reported an EUR 11.5 million reduction in expenses for loss allowances. The loss allowances of EUR -9.9 million corresponds to a cost of risk of -88 basis points. On the other hand, net interest income fell by EUR 1.8 million, mainly due to lower key interest rates. In addition, personnel and administrative expenses grew by EUR 12.4 million. This development is also reflected in the cost-income ratio, which increased by 10.6 percentage points to 54.5%.

## South America

### Macroeconomic and sector-specific environment

The South America segment, comprising the ProCredit Bank in Ecuador, accounts for around 7% of the group's loan portfolio. For Ecuador, the IMF expects the economy to grow by 1.2% in 2025, which is above the forecast of 0.3% for 2024. Nevertheless, growth remains low compared to its neighbouring countries, due to a decline in private consumption, lower government spending and weak investment activity. Increasing violence due to organised crime, weaker governance, energy shortages and potential social unrest in response to austerity measures pose major challenges for political stability and the economy. Inflation is expected at a moderate 2.2% in 2025, up from 1.9% in 2024.

Due to its complete dollarisation, Ecuador has no monetary policy instruments such as interest rate adjustments or currency devaluations. Although dollarisation helps to maintain stable inflation and strengthens international trust, it limits the flexibility of economic policy. Market interest rates in Ecuador are generally higher than in South Eastern Europe; however, regulatory interest rate caps for lending and rising international interest rates are putting pressure on the net interest margin.

### Development of financial position and financial performance

The loan portfolio of ProCredit Bank Ecuador contracted by EUR 2.3 million, whereas deposits grew by EUR 134.6 million.

in EUR m			
<b>Statement of financial position</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>
Loan portfolio	479.3	481.6	-2.3
Deposits	517.6	383.0	134.6
<b>Statement of profit or loss</b>	<b>1.1.-31.12.2024</b>	<b>1.1.-31.12.2023</b>	<b>Change</b>
Net interest income	16.4	19.2	-2.8
Net fee and commission income	0.6	0.2	0.4
Operating income	22.5	20.1	2.4
Personnel and administrative expenses	25.4	20.4	5.1
Loss allowance	2.8	2.0	0.8
Profit of the period	-5.5	-2.6	-2.8
<b>Key performance indicators</b>	<b>1.1.-31.12.2024</b>	<b>1.1.-31.12.2023</b>	<b>Change</b>
Change in loan portfolio	-0.5%	-3.3%	2.8 pp
Cost-income ratio	112.8%	101.3%	11.5 pp
Return on equity	-11.5%	-5.2%	-6.3 pp
<b>Additional indicators</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>
Deposits to loan portfolio	108.0%	79.5%	28.4 pp
Net interest margin	2.5%	3.1%	-0.6 pp
Cost of risk	58 bp	41 bp	16 bp
Share of defaulted loans	9.2%	6.9%	2.3 pp
Stage 3 loans coverage ratio	30.2%	33.0%	-2.8 pp
Green loan portfolio	72.0	82.3	-12.5%

Deposits are presented without intercompany transactions.

The bank's loan portfolio decreased by EUR 2.3 million or 0.5% during the year, ending the period at a total of EUR 479.3 million. Green loans also showed a decrease of 12.5% and amounted to EUR 72.0 million as of

the reporting date. Deposits increased by EUR 134.6 million, leading to a 28.4 percentage point improvement in the ratio of deposits to the loan portfolio.

The net interest margin narrowed significantly, decreasing by 0.6 percentage points to 2.5% due to the interest rate caps in lending, a sharp rise in international interest rates and higher excess liquidity. Net interest income fell accordingly by EUR 2.8 million. Expenditures for loss allowances were slightly higher than in the previous year, showing an increase of EUR 0.8 million. The share of defaulted loans rose to 9.2%. Personnel and administrative expenses grew by EUR 5.1 million.

Overall, the profit of the period amounted to EUR -5.5 million, mainly due to the decline in net interest income, higher personnel and administrative expenses and the slight rise in loss allowances. The bank's cost-income ratio stood at 112.8%.

## Germany

### Macroeconomic and sector-specific environment

Our business activity in Germany is mainly limited to providing services for the other segments. As a result, the macroeconomic and financial market trends in Germany are less consequential for the group, except that our countries of operation in Eastern and South Eastern Europe typically display relatively tight economic relations with Germany. Moreover, the ECB's interest rate policy can have an impact on both euro and local currency yield curves in the countries where we operate.

The German economy stagnated in 2024. Cyclical and structural pressures stood in the way of better economic development. These include increasing competition for the German export industry on key sales markets, high energy costs and high (albeit receding) interest rates. For 2025, only slight economic growth of 0.8% is expected.

Inflation rates have fallen since 2023. A further 0.4 percentage point decrease in the inflation rate to 2.0% is expected in 2025. In response to these developments, the European Central Bank has gradually lowered its key interest rates since the second half of 2024.

### Development of financial position and financial performance

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

in EUR m			
Statement of financial position	31.12.2024	31.12.2023	Change
Loan portfolio	38.7	43.3	-4.6
Deposits	260.5	277.6	-17.1
Statement of profit or loss	1.1.-31.12.2024	1.1.-31.12.2023	Change
Net interest income	-2.2	3.4	-5.6
Operating income	162.6	159.0	3.7
Personnel and administrative expenses	136.5	96.0	40.4
Loss allowance	-0.1	-0.4	0.3
Profit of the period	24.1	61.2	-37.0
Profit of the period and consolidation effects	-41.9	-19.5	-22.4

Loan portfolio and deposits are presented without intercompany transactions.

The loan portfolio and deposits in the segment are attributed to the ProCredit Bank in Germany. The loan portfolio contracted by EUR 4.6 million, and deposits declined by EUR 17.1 million.

Operating income was dominated by dividend payments from subsidiary banks to ProCredit Holding and IT services performed by Quipu. Further income came from commission and brokerage services by the ProCredit Bank in Germany and from consultancy services provided to the ProCredit banks by ProCredit Holding.

### **Events after the reporting period**

The German Federal Financial Supervisory Authority (BaFin) intends to increase the Company's capital requirements by 2 percentage points as a result of an audit of the lending processes. On the other hand, the Company's capital requirements are expected to be reduced by 1.25 percentage points due to methodological changes as part of the SREP process.

Overall, as from the delivery of the final order, we expect an increase in capital requirements of 0.75 percentage points, which would result in an increase in the requirements for the Common Equity Tier 1 (CET1) capital ratio from 9.4% as of December 2024 to 9.8%. This will neither affect the medium-term guidance for return on equity and loan portfolio growth, nor the Company's dividend policy.



## NOTES TO THE INDIVIDUAL HGB FINANCIAL STATEMENTS OF PROCREDIT HOLDING

The activities of ProCredit Holding AG, Frankfurt am Main, (hereinafter "ProCredit Holding") are deeply intertwined with the development of the group. Therefore, we have integrated the management report of ProCredit Holding into the group report. Pursuant to section 10a (1) KWG, ProCredit Holding is the "superordinated company" of the ProCredit group for financial supervision purposes. The annual financial statements for ProCredit Holding have been prepared according to the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Stock Corporation Act (Aktengesetz – AktG).

### Business activities of ProCredit Holding

ProCredit Holding exclusively conducts activities that are associated with the ProCredit group. Its main duties include:

- steering the strategy of the group
- providing support for the subsidiaries in implementing group-wide strategies for the various business areas and in the area of risk management
- implementation of the requirements specified under section 25a of the German Banking Act (Kreditwesengesetz – KWG) and under the German Federal Financial Supervisory Authority's policy document "Minimum Requirements for Risk Management", commonly referred to as "MaRisk", as well as ensuring the group's compliance with the German Money Laundering Act (Geldwäschegesetz – GWG)
- Monitoring and supervising the subsidiaries, especially in the areas of risk, finance, HR, marketing, internal audit and anti-money laundering activities; ProCredit Holding has developed group policies for this purpose
- providing equity for the subsidiaries and ensuring sufficient capital adequacy at group level
- providing financing to the subsidiaries
- developing training programmes for the staff of the ProCredit group
- reporting to shareholders and third parties, including supervisory reporting

As of year-end 2024, ProCredit Holding had 173 staff members (2023: 153). This includes two employees who are based abroad. The financial position and financial performance of ProCredit Holding are affected by its own operating activities as well as by the operating activities of its subsidiaries through their dividend payments. The economic situation of ProCredit Holding is thus essentially the same as that of the group as a whole. Also with regard to ProCredit Holding's risk report (including system for early detection of risks), the report on expected developments and the report on events after the reporting period, we would like to refer to the corresponding sections.





Above: Kentaur Impex, production, trade and services in the metal industry. Client of ProCredit Bank North Macedonia  
Below: Ozon, manufacturing of concrete products for the construction industry. Client of ProCredit Bank Ukraine



### Development of financial position

ProCredit Holding's close involvement in the activities of the group is reflected in the structure of the balance sheet and income statement. Shares in affiliated companies as well as short- and long-term loans make up over 90% of its assets. ProCredit Holding finances its own activities primarily by issuing bonds, through liabilities to banks and through shareholders' equity.

ProCredit Holding's total assets increased by EUR 19.3 million as of 31 December 2024 (2023: EUR +6.3 million). The shares in affiliated companies increased by EUR 38.5 million (2023: EUR +19.5 million) due to EUR 26.0 million in capital increases (2023: EUR 15.0 million) and net additions of EUR 12.5 million (2023: EUR +4.5 million). Furthermore, long-term securities rose by EUR 41.4 million (2023: EUR +38.6 million). At the same time, loans to affiliated companies decreased by EUR 68.9 million (2023: EUR -45.7 million).

ProCredit Holding's financial liabilities increased by EUR 20.3 million during the year (2023: EUR -49.7 million). Equity declined slightly by EUR 2.9 million (2023: EUR +56.5 million). This change is attributable to the current profit of the period, less the distributed dividends.

### Result of operations

The financial results of ProCredit Holding are highly influenced by transactions with its affiliated companies; the main income factors are the dividend payments received, interest payments, fees for consultancy services and, when applicable, additions to shares in affiliated companies. The expense positions primarily consist of operating expenses, interest expenses and, when applicable, write-downs on shares in affiliated companies.

ProCredit Holding's profit for the 2024 financial year was EUR 34.8 million (2023: EUR +56.5 million), due in particular to income from equity investments and write-ups to financial assets. The figure was thus in the mid-double-digit millions, as forecast. Dividend income stood at EUR 60.5 million (2023: EUR 80.4 million). Net write-ups to financial assets amounted to EUR 12.5 million (2023: EUR +4.5 million). Personnel expenses rose by EUR 5.3 million to a total of EUR 17.3 million due to increases in the number of employees and in average salaries. ProCredit Holding's other operating expenses amounted to EUR 21.1 million (2023: EUR 20.1 million).

We are expecting a profit for the 2025 year in the mid-double-digit million range. We expect predominantly stable income from equity investments. We consider the current situation regarding the conflict in Ukraine and the uncertain macroeconomic situation to be significant risk factors that may have a negative impact on the financial position and financial performance of ProCredit Holding.

## REPORT ON EXPECTED DEVELOPMENTS

### Macroeconomic environment and competitive situation

Global economic growth continues to recover and is expected to remain largely stable in the coming years. Nevertheless, growth remains subdued compared to the years before the pandemic. The global decline in inflation represents a significant improvement; however, risks to the disinflation process remain. Possible disruptions, such as renewed commodity price increases as a result of persistent or escalating geopolitical tensions in the Middle East and Ukraine, as well as changes in US trade and foreign aid policies, could slow global growth, reignite inflation and reverse the monetary easing initiated by central banks thus far. Such a development could pose significant challenges for fiscal policy and have a lasting adverse effect on global financial stability.

Furthermore, increasing protectionism, unilateral trade measures and a possible alienation of the US from NATO not only pose risks to the post-war multilateral world order, but could also intensify trade tensions, impair market efficiency, further destabilise global supply chains and increase geopolitical uncertainty. The further developments of the ongoing conflicts in Ukraine and the Middle East are also likely to be influenced by these political dynamics. In Ukraine, threats to reduce international support for the country's defence could increase the pressure for a swift, but possibly forced, peace agreement – with territorial concessions that could prove destabilising to the region's geopolitical balance in the long term. A refreshed escalation of the Middle East conflict bears the risk for significant hikes of oil prices, which could lead to higher inflation rates worldwide.

Despite these uncertainties, the economic outlook is positive, particularly in many European markets. The ongoing disruptions in supply chains have accelerated nearshoring, enabling companies to diversify their production and sourcing strategies and reduce their reliance on volatile regions. At the same time, the EU's enlargement process and the Western Balkans' convergence toward EU standards are driving economic reforms opportunities for growth in these regions. Credit demand remains robust, supported by strong economic expansion, with double-digit credit growth across the region. Improved lending conditions reflect banks' increased willingness to finance investments and business growth. Technological innovations play a central role in this process: Digitisation and automation optimise processes in lending and credit management. The information and communication technology (ICT) sector is also flourishing, accompanied by a dynamic start-up ecosystem in the region.

Strategic partnerships, particularly with institutions such as the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC), continue to strengthen the competitiveness of SMEs by providing technical support, funding and sustainability initiatives. The transition to ESG (environmental, social and governance) standards and sustainable financing models is relatively slow, but is being supported by targeted EU initiatives.

Banking sectors are under growing margin pressure, causing banks to increasingly focus on more profitable customer segments and alternative sources of income outside of traditional lending business. At the same time, falling interest rates in the coming years could stimulate demand for credit and create new growth opportunities for 2025 and 2026.

### Expected development of the ProCredit group

At the beginning of the past financial year, we fundamentally revised our business strategy and presented the new strategic initiatives in last year's outlook. Our goal is to accelerate the growth of our loan portfolio in the coming years at the granular level in a targeted manner, in order to realise economies of scale in the medium term and further expand our position among the leading impact banks in the region. This means an increase in the share of small-volume exposures in the total portfolio (exposures to micro and small enterprises and private clients), a significant expansion of our client base and particularly ambitious growth targets for our smaller banks (with loan portfolios below EUR 500 million). This growth is to be financed primarily by granular deposits, particularly from the retail business. To achieve these goals, we aim to consolidate our market position among the leading bank for MSMEs in the region while also positioning ourselves as an attractive and responsible bank for private clients. In the medium term, we want to expand our loan portfolio to over EUR 10 billion, reduce the cost-income ratio to around 57% and achieve a return on equity of 13–14%. These forecasts are based on the assumption of a structural cost of risk around 30–35 basis points, a largely stable net interest margin and, due to the ongoing war, only a moderate result contribution from ProCredit Bank Ukraine. We estimate the potential for a medium-term increase in the return on equity, for example as a result of the positive economic impact of the country's reconstruction co-financed by the Western community, at around 1.5 percentage points at group level.

In the past financial year, we were able to achieve excellent results in almost all of the strategic areas mentioned above. Our loan portfolio grew by a strong 12.6%, thereby exceeding our initial target of 10% for the financial year. Loans to micro and small enterprises and private clients accounted for around two-thirds of total loan portfolio growth, increasing their share in the total portfolio to over 44%. In addition, the loan portfolios of our smaller banks showed particularly strong growth: In Albania, Bosnia and Herzegovina, Georgia, Moldova and Romania, we recorded overall growth of 17.7%. The EUR 784 million increase in the loan portfolio was accompanied by even more dynamic growth in deposits by EUR 1.0 billion. Private customers in particular contributed to this growth.

As part of the business strategy update last year, we announced our intention to invest more in staff, IT, marketing, process automation and the further development of our branch network in order to create a sustainable foundation for our ambitious growth targets. In the past financial year, we increased our staff by 803, created six new branches and 41 new service points, launched new marketing campaigns and invested in central IT projects, including the automation of new customer onboarding processes and the development of a new mobile banking app. Overall, some of these strategic projects were advanced faster than expected and capital expenditures for these growth initiatives exceeded the original expectation for the 2024 fiscal year. As a result, the cost-income ratio rose more sharply than originally forecast in the past financial year, reaching 68.1% (original guidance: around 63% +/- 1 percentage point). Our return on equity was 10.2%, in line with our original guidance of 10–12%, albeit at the lower end. In addition to the higher cost-income ratio, two other factors had a negative impact on the consolidated result: the weak earnings position of ProCredit Bank Ecuador due to challenging economic conditions, and the increase in the income tax rate for banks in Ukraine from 25% to 50%.

At the end of 2024, the Common Equity Tier 1 capital ratio was 13.1% and thus in line with our guidance.



For the 2025 financial year, we plan to continue the dynamic growth of the past year. At the group level, we expect our loan portfolio to grow by around 12% (under the assumption of no major exchange rate fluctuations), which should continue to be achieved primarily through lending to micro and small enterprises and private clients.

The reductions in the ECB key interest rates already had a negative impact on the group's net interest margin in the second half of 2024. Even without further key interest rate adjustments, we expect additional pressure from the repricing of financial instruments, particularly central bank deposits and short-term securities, in the first half of 2025. Rising key interest rates in the banking sectors of our Eastern Europe segment and our strategic focus on small-volume financing may partially counteract these effects. On this basis, we expect the net interest margin in 2025 to be slightly below the level of the past financial year. In view of our positive growth outlook and the overall stable conditions in the banking sectors of our core region of South Eastern and Eastern Europe, we assume that our portfolio quality will continue to improve, as measured by the share of non-performing loans in the total portfolio. In addition, we regularly review the management overlays included in loss allowances as part of the further developments to our IFRS 9 model. The share of management overlays in loss allowances was approximately 33% at the end of the past financial year. Overall, we expect cost of risk to remain low in 2025.

For the coming financial year, we expect the cost-income ratio to be around the level of the calendar year just ended (68.1%) due to the extensive investments in strategic growth initiatives. In view of all these developments, we expect a return on equity of around 10% for 2025. Considering the targets and conditions noted above, we expect a Common Equity Tier 1 capital ratio of around 13% at the end of 2025. In line with our dividend policy, we plan to distribute one third of the consolidated result as a dividend to our shareholders, both in the short and medium term.

As a member of the Net-Zero Banking Alliance, we have committed to achieving net-zero emissions for our loan and investment portfolio by 2050 or earlier. In this context, we plan to reduce the group's absolute Scope 1 and Scope 2 greenhouse gas emissions by 42% by 2030 (compared to 2022 baseline). Our medium-term Scope 3 target is to engage with the clients responsible for 28% of the group's portfolio issues by 2027. This means supporting them in measuring emissions and setting emissions targets, as well as providing funding for green investments.

As part of our updated business strategy, in the future we will align our reporting on climate-related measures more closely with our net-zero strategy (see the "Strategy, business model and value chain" section of our group sustainability statement). The above-mentioned net-zero targets therefore replace our previous medium-term target of increasing the share of green loans in the total portfolio to 25%. As part of the net-zero strategy, issuing green loans remains a key part of our business and we still expect good growth in the medium term. We also remain committed to limiting our energy project financing activities to providing financial support for renewable energies.

### **Assessment of business opportunities and risks**

In addition to the ongoing war in Ukraine, a possible escalation of this conflict and the outbreak of new geopolitical tension, especially in countries where ProCredit banks operate, are among the most significant risk factors for the group.

In addition, in the current economic environment, there is a risk of significant changes in foreign trade and monetary policy, a deterioration of the net interest margin or significant currency fluctuations. Such developments could have a direct impact on the economies of the countries where we operate. Possible effects on our banks include, among other things, an increase in past due loans and a reduction in funding or drastic increase in the cost thereof, which could potentially have a negative impact on the financial position and performance of the group and ProCredit Holding. In addition, the continuous tightening of general and institution-specific regulatory requirements and expectations leads to rising administrative expenses.

If interest rates in our markets were to stabilise at a higher level for an extended period, this could significantly strengthen the group's profitability. In addition, further promising opportunities are emerging for the group, particularly in relation to the increasing digitalisation of the banking sector and in the form of sustainable financing. In addition, the group would benefit from any reconstruction of Ukraine or the further economic integration of our markets of operation into the European Union.





Above: Andric, agricultural enterprise. Client of ProCredit Bank Bosnia and Herzegovina  
Below: Nimfa, hotel owner and provider of hospitality services (HoReCa). Client of ProCredit Bank Albania



## 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 activities and risks of ProCredit Holding are deeply intertwined with the development of the group. The principles of risk management and the risk strategy of the ProCredit group have not changed significantly compared to the previous year.

The war in Ukraine and its impacts continue to represent the most significant risk event for the ProCredit group. The safety of our employees and the continuity of banking operations for our customers have had, and continue to have, top priority in this situation. ProCredit Bank Ukraine was fully operational throughout the year. Given the ongoing uncertainty surrounding the development of the war, this risk and its consequences will continue to be the focus of our risk management.

Overall, the last few years have been characterised by negative macroeconomic and geopolitical shocks. This trend is expected to continue, keeping uncertainty high in all countries where we operate. So far, these developments have had only a limited impact on the ProCredit group. Nevertheless, these factors will also have a substantial impact on our risk management activities in 2025. We will continue to carefully monitor developments in the relevant markets in order to assess their impact and take appropriate action in a timely manner as necessary.

In addition, the regulatory requirements for banks are constantly evolving. Overall, a tightening of requirements and expectations can be observed.

The group complied with internal limits as well as all applicable regulatory requirements at all times during the 2024 financial year. Even in light of the above-mentioned uncertainties, the group's overall risk profile remains appropriate. This assessment is based on a comprehensive analysis of the individual risks, which are presented in detail in this risk report.

### Risk Management System

Our risk management is based on three principles that guide our business activities. Through their consistent application, we actively contribute to mitigating the risks to which the group is exposed. The principles are:

#### *Focus on core business*

Our business model is focused: The ProCredit banks specialise in providing financial services to MSMEs and private clients. We apply strict selection criteria and perform a comprehensive analysis of our customers. This also includes an individual assessment of ESG (Environmental, Social and Governance) aspects for all business customers. Income is generated primarily in the form of interest income from lending and fee income from account operations and payments. All of the banks' other operations are performed mainly in support of the core business. The ProCredit banks assume mainly customer credit risk, interest rate risk, operational risk and liquidity risk in the course of their operations. At group level, foreign currency risk also plays a significant role due to the investments made by ProCredit Holding in the equity capital of its subsidiaries. ProCredit avoids or largely limits all additional risks involved in banking operations.

### *Diversification and transparent services*

ProCredit's strategic focus as a "Hausbank" for MSMEs and private clients entails a high degree of diversification in both lending and deposit activities. This diversification extends across different countries and regions (urban and rural areas), different customer groups (MSMEs, private customers) and a multitude of economic sectors. Furthermore, a central feature of our business model is our commitment to providing customers with clear and transparent financial services. These approaches make a significant contribution to risk mitigation in the group.

### *Careful staff selection and training*

Sustainable and responsible banking requires committed employees who identify with our values and actively implement them in their daily work. Accordingly, we attach great importance to careful staff selection and continuing professional development. Our standards in this area are based on mutual respect, a high degree of personal responsibility, long-term commitment and loyalty to the ProCredit group, as well as an open and transparent culture of communication. From a risk perspective, well-trained employees who think critically and voice their opinions openly play a key role in identifying, managing and reducing risks.

### *Organisation of risk management and risk reporting*

The Management Board of ProCredit Holding bears overall responsibility for the risk management of the ProCredit group. It defines the strategic guidelines for risk management, continuously monitors the group's risk profile and, when necessary, decides on appropriate measures to manage risk. The operational implementation of the risk management guidelines and the identification and assessment of risks are the responsibility of the Chief Risk Officer (CRO) of ProCredit Holding. In addition, the CRO is responsible for managing the risk control function in accordance with the requirements of MaRisk. The compliance function and Internal Audit report directly to the Management Board.

The following committees in particular advise and support the Management Board in the performance of the risk management function:

- The Group Risk Management Committee develops the group-wide framework for risk management and monitors the risk profile of the group. This includes the monitoring of individual risk positions, limit compliance, and capitalisation at the level of individual institutions and the group.
- The ESG Risk Management Sub-Committee deals with all issues relating to ESG risk management and thus supports the Group Risk Management Committee.
- The Group Credit Risk Sub-Committee focuses on specific issues relating to credit risk and supports the Group Risk Management Committee.
- The Group and PCH Model Committee focuses on changes to, and validation of, the models used to quantify risks.

Other committees that are outside the risk management area but are related to risk management are:

- The Group Asset and Liability Committee (Group ALCO) is responsible for monitoring the liquidity reserve and liquidity management of the group, coordinating measures aimed at securing funding for the ProCredit banks and ProCredit Holding, and reporting on material developments in financial markets.
- The Group Compliance Committee serves as the central platform for exchanging information about compliance risks, thus ensuring implementation of legal requirements. The committee is a forum for evaluating compliance risks, discussing the impact of changes in legal regulations and prioritising identified compliance risks.



- The Group Internal Audit and Ethics Committee focuses on annual internal audit plans at the level of individual banks and ProCredit Holding, and on monitoring the timely implementation of measures to resolve the findings of internal and external auditors. It also monitors compliance with the ProCredit group's Code of Conduct and advises the Management on ethics issues.

Risk management at group level is supported conceptually and implemented operationally by various risk management teams, with support from finance teams.

The ProCredit Group Risk Management Handbook defines group-wide standards for identifying, assessing, treating, monitoring and communicating risks. It sets out binding requirements for the management of all material risks to which the banks and the group as a whole are exposed. The policies and standards aim to appropriately reflect the diversity of the group, in addition to complying with legal requirements. The group policies are approved by the Management Board of ProCredit Holding and are updated at least annually or ad hoc, as necessary. At the level of the ProCredit banks, the Supervisory Boards usually approve the bank policies derived from the group guidelines.

The Management at each ProCredit bank bears responsibility for risk management within their institution. All ProCredit banks have a risk management department, a risk management committee, an ALCO, a compliance committee, an Internal Audit Committee and specialised committees that address individual risks. In addition, banks are free to establish further committees. The risk profile of the individual institutions is monitored and managed with support from these committees.

Strong risk awareness on the part of all employees is a core element of our risk management. This awareness supports the ability of organisational units and committees to provide timely information to the Management Board on relevant risk events and on the risk profile of the banks or the group. Training programmes are conducted to strengthen capacity in all areas of risk management. Moreover, regular group-wide meetings and training events are held to support the exchange of best practices and the development and enhancement of risk management.

### *Risk reporting*

Each month ProCredit Holding prepares an aggregate risk report, with the Supervisory Board also receiving reports on a quarterly basis. A quarterly report on stress testing is also prepared. Liquidity (risk) management reports are prepared on a weekly basis. Monitoring of both the individual banks' risk situation and the group's overall risk profile, including potential risk concentrations, is carried out through a review of these reports and of additional information generated by individual banks and at group level. The Management Board of ProCredit Holding has also defined risk events that require ad hoc reporting. If necessary, additional topic-specific reporting occurs. The aim is to achieve transparency on all material risks and awareness of potential problems at an early stage.

At the individual bank level, risk exposures are analysed regularly, discussed and likewise documented in reports. The risk departments of each bank report regularly to ProCredit Holding, and the respective supervisory board is informed on at least a quarterly basis about all risk-relevant developments.

The ProCredit group has prepared a group recovery plan in accordance with the regulatory requirements. Among other things, it outlines the options for action and the potential for restructuring that the group has at its disposal in the event of a crisis, thus enabling the group to overcome such crisis through its own efforts.

### *Internal control system, compliance and auditing*

At a fundamental level, the group compliance management system is rooted in our development mission and our unique approach to staff recruitment and training. Our responsible approach to all operations is underpinned by our Code of Conduct. Compliance with the Code of Conduct is compulsory for all staff members, and regular training is provided. The Group Compliance Officer bears responsibility for the implementation of a group-wide system to ensure fulfilment of all regulatory requirements. Both the Group Compliance Committee and the corresponding committees at bank level enable coordination of all compliance-relevant issues. Each ProCredit bank has a compliance function which bears responsibility for adhering to national banking regulations and reports regularly and on an ad-hoc basis to the Management of the bank and to the Group Compliance Officer. The Supervisory Board receives an Annual Group Compliance Risk Management Report. Any conduct which is inconsistent with the established rules, whether at ProCredit Holding or in a subsidiary, should be reported to an e-mail address established for the group in the framework of a defined whistleblowing procedure. This can also be performed anonymously.

Processes and procedures have been implemented at all ProCredit institutions to ensure adequate internal control. This system is based on the principles of segregation of duties, dual control and the separation of front and back office for all risk-relevant operations up to the management level; this ensures that risk management and risk control are performed independently of front-office functions.

As part of the internal control system, group-wide risk assessments are performed annually in order to identify and evaluate material risks and to assess the adequacy of the control processes. Risk mitigation measures are defined for the areas identified as high risk. The results of the risk assessments are compared with the operational risk events recorded in the Risk Event Database, which may indicate possible further control deficiencies. In addition, early warning indicators have been defined centrally for all ProCredit banks, in order to identify areas of banking business with increased fraud risk. To complete the internal control system, all new products and/or activities, as well as outsourcing activities, need to be analysed to identify and manage potential risks before implementation.

The concept of three lines of defence is of central importance for our risk management and our risk culture, as it establishes that appropriate risk management and protection against undesirable risks is not limited to the risk functions.

- Each ProCredit bank has revenue-generating business units that form the first line of defence for the group-wide internal control system. Control and risk management responsibility therefore lies with each individual ProCredit bank to set procedures for client onboarding, client risk classification and client due diligence. The control duties in the first line of defence also underscore the dual responsibility of these departments, which both generate business for the ProCredit group and at the same time keep watch on the associated risks and controls as well as the group-wide minimum standards.
- The second line of defence comprises the various risk management and compliance functions in the individual ProCredit banks and ProCredit Holding, such as the various risk and control teams, financial risk management, and compliance and AML. Their core tasks include reporting risk-relevant information and incidents, and monitoring all types of financial and non-financial risks. By defining group-wide minimum standards and control requirements for prevention and detection, ProCredit Holding strengthens the second line of defence in all ProCredit institutions in accordance with German and EU regulatory standards. ProCredit Holding thus ensures that the requirements are embedded in the group's policies and procedures.

- The third line of defence is composed of the internal audit departments of the ProCredit banks and of ProCredit Holding AG, which are supported by Group Audit at ProCredit Holding. Group Audit is responsible for providing technical guidance, quality assurance, monitoring and specialised support for the third line of defence in the ProCredit banks, among other duties. Each internal audit function carries out risk assessments of the respective institution at least once per year in order to arrive at a risk-based annual audit plan. On this basis, it independently audits and assesses the appropriateness and effectiveness of the internal control system and the risk management system. Each audit department reports to an audit committee, which generally meets on a quarterly basis.<sup>12</sup>

Furthermore, there are additional external control levels that complement the ProCredit group's three existing internal lines of defence. These include external auditors and banking supervisory authorities.

### *Key elements of risk management*

The risk appetite provides the framework for risk management in the ProCredit group. This is a conscious decision about the extent to which we are prepared to take risks in order to achieve the strategic objectives of the group. The risk appetite is defined for all material risks and is anchored in the risk strategy. Our strong awareness of sustainability aspects (ESG risks) also informs this process.

In managing risks, the ProCredit group takes account of the regulatory requirements, the "Minimum Requirements for Risk Management" (MaRisk), relevant publications by national and international regulatory authorities and of our knowledge of the respective markets acquired over many years. The mechanisms designed to hedge and mitigate risks are monitored regularly to ensure their appropriateness and effectiveness, and the procedures and methods used to manage risks are subject to ongoing further development. In doing so, we place particular emphasis on data quality as the basis for risk measurement. The key elements of risk management in the ProCredit group are presented below:

- The risk strategy addresses all of the material risks in the group arising from the implementation of the business strategy and defines the objectives and measures of risk management. The strategies are approved annually by the Management Board and discussed with the Supervisory Board.
- The annually conducted risk inventory ensures that all material and non-material risks are identified and, if necessary, taken into account in the strategies and risk management processes.
- All risks assumed are managed to ensure an adequate level of capital for the group and all ProCredit institutions, in both the normative and economic perspective, as well as appropriate liquidity levels.
- All ProCredit companies apply a single common risk management framework, which defines group-wide minimum standards. The risk management policies and standards are approved by the Management Board of ProCredit Holding and are updated at least annually. These specify the responsibilities at bank and group level, and establish minimum requirements for managing, monitoring and reporting.
- Monitoring and control of material risks and possible risk concentrations is carried out using comprehensive analysis tools. For all material risks, early warning indicators (reporting triggers) and limits are set and the corresponding utilisation is monitored. The effectiveness of the chosen measures, limits and methods is continuously checked.
- Regular stress tests are performed for material risks; stress tests are carried out for each individual risk category as well as across all risk categories.
- Regular and ad hoc reporting is carried out on the risk profile, including detailed descriptions and commentaries.

<sup>12</sup> The internal audit function of ProCredit Bank Germany has been outsourced to ProCredit Holding.

- Suitable processes and procedures for an effective internal control system have been established. This is built around the principles of segregation of duties, dual control and, for all risk-relevant operations, the separation of front and back office up to the management level; this ensures that risk management and risk control are performed independently of front-office functions.
- All new or significantly changed products/services, business processes, instruments, IT systems or organisational structures undergo a thorough analysis (New Risk Approval process) before being implemented or used for the first time. This also applies to activities in new markets and via new distribution channels. This ensures that new risks are assessed and all necessary preparations and tests are completed prior to the introduction of a new or significantly changed product for the first time.

### Management of Individual Risks

The material risk types for the ProCredit group are:

- Credit risk: This includes customer credit risk, counterparty and issuer risk, and country risk
- Market risks: comprising foreign currency risk and interest rate risk
- Liquidity and funding risk
- Operational risk
- Risks related to money laundering, terrorist financing and other acts punishable by law
- Business risk
- Model risk

We also take account for ESG risks, i.e. environmental, social or corporate governance events or conditions whose occurrence may have an actual or potential negative impact on financial position and financial performance as well as on reputation. We deliberately do not consider ESG risks as a separate risk type, as it is difficult to draw a clear line in practice. ESG risks can have a material impact on all identified risk types and thus have a substantial influence on their materiality. ESG risks for the ProCredit group have the greatest impact on credit risk arising from business with clients, i.e. the impact that ESG risks have on our clients and the corresponding business models and thus on their ability to survive and on operational risk. Further information can be found in the section on the group sustainability statement.

These risks are continuously identified, assessed, monitored and managed by means of a comprehensive and systematic risk management framework in order to ensure the long-term stability of the group. The management of material risks in the ProCredit group is described in greater detail in the following section.





Above: ProCredit Bank Georgia Contact Centre  
Below: 24/7 Zone in Tešanj. ProCredit Bank Bosnia and Herzegovina



### 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 three categories: customer credit risk, counterparty risk (including issuer risk) and country risk. Credit risk the most significant risk within our risk management framework, with customer credit risk accounting for the largest share thereof.

in '000 EUR	31.12.2024	31.12.2023
Central bank balances	1,966,330	2,133,061
<i>Loss allowances for central bank balances</i>	-3,952	-5,324
Loans and advances to banks	514,035	372,710
<i>Loss allowances for loans to banks</i>	-449	-570
Derivative financial assets	6,660	8,083
Investment securities	967,300	751,705
<i>Loss allowance for investment securities</i>	-1,755	-1,236
Loans and advances to customers	7,010,013	6,226,475
<i>Loss allowance for loans to customers</i>	-181,757	-196,760
Other financial assets (excluding shares)	55,121	48,143
<i>Loss allowance for other financial assets</i>	-2,392	-1,940
Financial off-balance sheet transactions	1,079,028	925,494
<i>Provisions for financial off-balance sheet transactions</i>	-4,719	-6,217
<b>Total</b>	<b>11,403,462</b>	<b>10,253,626</b>

### Customer credit risk

The main objective of credit risk management is to ensure a high level of credit quality and to avoid excessive concentrations of risk within the credit portfolio. In addition, we ensure that potential default risks are adequately covered by means of forward-looking loss allowances in our lending business. The diversification of our business activities through 12 banks in 13 countries, combined with our experience in these markets, form the basis for the management of customer credit risk.

The ProCredit banks focus on a clearly defined target group: Micro-enterprises with increasingly formalised structures, small and medium-sized enterprises (SMEs) and private clients from the middle class. For our lending operations with clients, we apply the following principles, among others:

- analysis of the debt capacity and repayment capacity of borrowers, taking account for expected future cash flows as well as assessing ESG aspects
- documenting the risk assessments and the processes conducted during lending operations, such that the analyses performed can also be understood by expert third parties
- avoiding overindebtedness among credit clients
- building a long-term relationship, maintaining regular contact, and documenting the development of the exposure in regular monitoring reports
- monitoring the repayment of credit exposures
- customer-oriented loan management in the event of arrears
- collateral realisation in the event of insolvency

The group's framework for managing customer credit risk is presented in the relevant policies and standards. The policies specify, among other things, the responsibilities for managing credit risk in the group and at the level of each individual bank, the principles for the organisation of the lending business, the principles involved in loan disbursement and monitoring, and the framework for the valuation of collateral for credit exposures. The standards contain detailed explanations of the group's lending operations with business clients and private clients, as well as project financing for renewable energies, and of the range of credit

offered. They also set forth the rules governing restructuring, loss allowances and write-offs. Thus, the policies and standards define risk-mitigating measures for the pre-disbursement phase (credit risk assessment) and the post-disbursement phase (e.g. regular monitoring of the financial situation, review of early warning indicators, and both intensified and problem loan management). We divide our credit exposures mainly into very small, small and medium-sized exposures to businesses (micro-entrepreneurs and SMEs) and credit exposures to private clients. Depending on the client category to which the respective credit exposure is assigned, different credit risk assessment processes are applied. These processes differ from one another in terms of the following attributes: involvement of back-office functions, type of information that provides the basis for the credit analysis, criteria for credit decisions, and collateral requirements. A strict separation of front and back-office functions up to the management level is applied for risk-relevant operations.

A careful creditworthiness assessment is a necessary form of credit risk management for us. Our credit decisions are therefore based predominantly on an analysis of the client's financial situation and on an assessment of creditworthiness. We maintain regular contact with our business clients, including regular on-site visits to ensure that we give adequate consideration to their specific risk profile and needs. For private customers, the assessment is mainly based on the amount and source of income and their overall debt.

#### *Assessment of ESG risks as part of credit risk*

Our materiality assessment of ESG risks as drivers of traditional risk types showed that ESG risks can contribute to the materiality of customer credit risk.

Our credit risk assessment takes ESG risks into account at all levels of the lending and monitoring process. At the start of the lending process, potential borrowers are checked against our Exclusion List and the Screening List for Category A projects. Category A projects are those with potentially significant adverse environmental or social risks and/or impacts that are multifaceted, irreversible or without precedent. This screening ensures that we do not, as defined in our Exclusion List, enter into business relationships with, nor provide funding to, companies involved in activities with significant ESG risks. This includes:

- Companies involved in unethical practices, exploitative working conditions and discrimination (e.g. production of and trade in weapons and munitions);
- Activities that pose a significant risk to or have adverse impacts on the environment, biodiversity, society, and workers' health and safety (e.g. mining for metals, coal, oil shale and other minerals);
- Activities with negative impacts on society, e.g. involuntary resettlement, risk of negative impacts on indigenous peoples and on sites of cultural or archaeological significance;
- Activities with an impact on health and the environment, such as the production of or trade in tobacco, and activities in or near certain types of protected areas.

Furthermore, all business customers are categorised according to the potential environmental impacts and risks of their activities. Depending on the environmental risk category (for further information, please refer to the "Pillar II – Management of environmental and social risks and impacts in lending" section of the group sustainability statement) and the volume of the credit exposure, clients are subject to a more comprehensive environmental and social assessment that also includes risks and impacts related to governance and climate change aspects of their business model. In the case of project financing for renewable energies, the scope of the environmental and social assessment depends on the type of technology and the installed capacity. Regardless of the size of the loan exposure and the environmental risk category, a 'social check' is carried out for all business customers, examining the social, health and safety aspects in connection with occupational

safety and the impact on the local community. When analysing the financial situation and assessing the creditworthiness of borrowers, the possible impact of risks inherent in their industry and other factors identified in the environmental and social assessment are taken into account.

KRIs have been defined to measure and monitor the impact of ESG risks on customer credit risk in the loan portfolio. These are monitored in the quarterly risk report in order to identify and review portfolio concentrations with increased ESG risk at an early stage.

#### *Approval process for credit exposures*

All credit decisions are taken by a credit committee. Its members have approval limits that reflect their expertise and experience. Granting of medium credit exposures is carried out exclusively by credit committees at the banks' head offices.

The most important factor for credit committee decisions is a funding and collateral structure that is based on the client's needs and conditional on the respective risk profile. In general, clearly defined collateral requirements apply to our exposures; specifically: the lower the loan amount, the more detailed the documentation, the shorter the loan period, the longer the client's history with the bank, and the higher the account turnover with the bank, then the lower our collateral requirements will be.

The group credit risk management policies limit the possibility for unsecured credit operations. Depending on the risk profile and the term of the exposure, loans can also be issued without being fully collateralised. Credit exposures are primarily covered with collateral security, mostly through mortgages.

As a rule, the valuation of collateral security is based on assessments conducted by external, independent experts. In order to ensure that impairment is identified at an early stage and that appropriate measures are initiated, a plausibility check of the collateral value is performed when there are indicators of impairment and at least annually. External assessments are updated at regular intervals, with plausibility checks being carried out by specialised ProCredit bank staff.

Based on our collateralisation requirements, securing loans with mortgages is among the most important instruments for limiting credit risk. Although the largest share is concentrated in real estate, its distribution by individual purpose, location and associated market is diversified across regions, countries and economic sectors, similar to the distribution of the loan portfolio of our group.

The following table provides an overview portfolio coverage with loss allowances and collateral:

in '000 EUR	31.12.2024		31.12.2023	
	Defaulted loan portfolio	Total loan portfolio	Defaulted loan portfolio	Total loan portfolio
Loan portfolio	159,952	7,010,013	169,244	6,226,475
Loss allowance	- 79,756	- 181,757	- 97,559	- 196,760
Coverage ratio excluding collateral	49.9%	2.6%	57.6%	3.2%
Loan collateral	103,340	4,619,055	105,188	4,156,964
Coverage ratio including collateral	114.5%	68.5%	119.8%	69.9%

In addition to the collateral described above, there are other types of credit enhancement, such as synthetic securitisation. These are, in the sense of the CRR, transactions in which we transfer credit risk through financial guarantees. The corresponding fee expense is recognised over the term of the guarantee as part of the fee and commission expense in the income statement.

### *Early risk detection and monitoring*

The early identification of rising credit risks is an integral part of all credit-related processes. This enables the prompt identification and assessment of potential financial difficulties for our customers. This risk analysis is carried out at the individual client level as well as at the portfolio and sub-portfolio level, e.g. for specific industries or geographic regions. This is always based on up-to-date and relevant information, including customer financial data and market-specific developments.

As part of our process for the early identification of risks, we have a comprehensive list of early warning indicators that take into account both quantitative and qualitative risk characteristics. These are recorded in the banks and monitored at portfolio level.

Some of these indicators are customer-specific, including declining account turnover and balances, high utilisation of credit lines and overdraft facilities over a longer period of time, and payment arrears or structural changes in business operations. In addition, we analyse potential risks based on macroeconomic factors, such as those arising from specific economic sectors or geographic regions. These risk factors can lead to a targeted limitation of exposures to certain client groups. If an increase in credit risk cannot be ruled out, the respective clients are added to a watch list; this entails closer monitoring and thus acts as a preliminary stage of intensified management. The regular recording and evaluation of these early warning indicators is essential for the management of the loan portfolio, the early identification of potential loan defaults and the introduction of suitable countermeasures to mitigate risk. Reports on affected portfolios are given on an ongoing basis to the corresponding branch management, the bank's head office and, in aggregated form, to ProCredit Holding. Special risk-relevant events with potential effects on larger parts of the credit portfolio, such as a significant increase in interest rates, require further analyses and corresponding measures at the group and bank level.

### *Relevant credit risk events*

We monitor our loan portfolio continuously for possible risk-relevant developments. During the 2024 financial year, several macroeconomic developments were identified as negative factors influencing credit risk and the repayment capacity of our customers. Unlike the previous years, we have observed a tendency towards falling inflation and relief from high interest levels due to cuts in key interest rates by several central banks, including the ECB. However, the uncertainty caused by existing global conflicts and political tensions remains high and manifested itself in 2024 in particular through unrest in the context of national elections, such as in Georgia. The outcome of the elections in the USA also has a direct impact on the development of the business situation in our countries of operation. Furthermore, additional market disruptions are possible, such as in energy supply and pricing developments or the imposition of tariffs, leading to a potential trade war. Many of these developments were also exacerbated in part by a deterioration in the global security situation, including the war against Ukraine and the conflict in the Middle East.

The ongoing conflict in Ukraine has, as in previous years, a significant and long-term impact on our Ukrainian loan portfolio. Lending business with both existing and new clients in Ukraine continues to be subject to specific constraints in order to effectively limit credit risk and ensure the stability of the outstanding portfolio. As of the reporting date, the Ukrainian loan portfolio represented 7.3% of the total portfolio of the group (12.2023: 8.0%). Loan exposures to customers whose business activities are exclusively in occupied territories or in close proximity to military activities are classified as defaulted. These exposures account for about 2% of ProCredit Bank Ukraine's total loan portfolio. The share saw a further significant reduction compared to the end of the previous year due to repayments and write-offs. In 2024, utilisations by ProCredit Bank Ukraine totalled EUR 10.7 million, which is more than a third of the group's write-offs. Nevertheless, this amount was below the previous year's level of EUR 28.4 million. The risk classification of

exposures in Ukraine is continuously reviewed in order to identify potential increases in default risk at an early stage and to reflect them appropriately. Restructuring is carried out as needed, although no exceptionally high level of restructuring was utilised in 2024; in total, loan exposures amounting to EUR 7.5 million were restructured.

We are also continuing to monitor the potential impact of the war in Ukraine on the operations of our other banks. Here, the analysis and assessment includes the second-round effects on customers from sectors that could be exposed to potential impacts from supply chain disruptions, economic slowdowns, inflation, and energy availability issues. One critical point, for example, was the interruption of gas deliveries through Ukrainian territory, which led to fears of supply bottlenecks in neighbouring countries, particularly the Republic of Moldova, although no such bottlenecks have occurred to date. The persistently challenging macroeconomic conditions in 2024 continue to be analysed regularly in the context of our clients. A systematic deterioration in the quality of our loan portfolio due to the economic conditions was not observed.

The economic situation in Ecuador remains challenging. The deterioration of the security situation, persistent drought periods with growing energy shortages, and a weak economy are impacting credit quality in the banking sector. ProCredit Bank Ecuador is consistently pursuing its strategy to reduce non-performing loans. In addition, legally regulated payment deferral measures have been introduced for customers affected by energy shortages. This largely limited a further deterioration in loan portfolio quality in 2024. At the end of the year, 397 of the bank's customers, representing a credit volume of EUR 34.3 million, had been identified as being in need of debt deferral and were classified in Stage 2 as a precautionary measure – if not already previously.

Climate-related risk events, such as the flooding in parts of Bosnia and Herzegovina or the prolonged drought in the Republic of Moldova, had only a minor impact on our loan portfolio. At group level, we were unable to identify any significant change in riskiness in our banks based on the quality indicators for our loan portfolio at the end of the year. Nevertheless, we continue to take the above-mentioned effects and the high degree of uncertainty into account as part of a general negative outlook.

#### *Risk- and quality-dependent treatment*

On the basis of asset quality indicators, the loan portfolio is divided into categories: performing, underperforming and defaulted. This categorisation is based on a risk classification system that takes account for repayment arrears as well as other risk characteristics, including the initiation of bankruptcy or legal proceedings, restructurings or collateral liquidations by other banks. In addition, other factors which indicate a significant deterioration of the economic situation of the client can also play a role. The portfolio indicators allow for a clear overview of the quality of the group's portfolio and that of an individual bank, and represent one of the most important tools for the credit risk management process. The indicators and the associated internal processes are defined in accordance with the requirements of the European Banking Authority.

- The *performing* loan portfolio shows no signs of a potential risk increase. Although some exposures show early warning signals, these may not necessarily result in a risk increase being specifically determined.
- The *underperforming* loan portfolio comprises exposures with elevated credit risk. This can be caused by temporary payment difficulties (30-90 days) or restructuring, or by a deterioration in the financial circumstances of clients, as expressed through an adjustment of the risk classification. Nevertheless, the bank still assesses full repayment of the exposure to be probable, e.g. after restructuring.



- The *defaulted* loan portfolio comprises all exposures in default, pursuant to the regulatory definition of default (Regulation (EU) No. 575/2013 under (EU) 2019/876 (CRR II), Art. 178), that have shown lasting payment difficulties (over 90 days) or other indications. These include, among other factors, when the borrower is highly unlikely to meet their loan obligations to the banking group in full or when insolvency proceedings have been initiated. Further details are provided below.

Once we identify a higher risk of default for a credit exposure, it is placed on the watch list or put directly under intensified management and assigned to the *underperforming* category. Particularly for our business clients, this centres around close communication, identification of the source of higher credit default risk and close monitoring of business activities. For private customers, any changes in the income or debt situation are investigated in more detail by initiating contact. Decisions on measures to reduce the default risk for individual credit exposures are taken by the authorised decision-making bodies for the credit exposures in question. In addition, specialised recovery officers may be called in to support the intensified management of the credit exposure. One of the first steps in managing the exposure is to determine the current economic and financial situation of the client, as this is the most important basis for decisions on whether or not the exposure can be restructured. The aim is to take such decisions at an early stage, while the chances of stabilisation are high and before the exposure enters an advanced phase of payment delay. When a credit exposure is classified as *defaulted*, specialised officers take over dealings with these loans. Based on the prospects for the customer, a strategy is developed with the goal of either restructuring or winding down the exposure. These officers are supported by the legal department of the respective bank. In the event of collateral realisation, items are sold through liquidation to a third party at the highest possible price, typically via public auction. The majority of collateral acquired consists of tangible assets such as land or buildings.

in '000 EUR	31.12.2024	31.12.2023
Real estate	5,880	4,360
Other	181	1,515
<b>Repossessed property</b>	<b>6,061</b>	<b>5,875</b>

### Loss allowances

The 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 is continually optimised. 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. A detailed description of the model specifications is provided below.

### Three-stage approach

As with all of our debt instruments, loans and advances to customers are also broken down into the three stages described below, based on the development of credit risk since initial recognition. A specific methodology is applied for each stage in order to determine impairment. During the term of an exposure, movement is possible between the stages.

- Stage 1 comprises exposures for which credit risk as of the reporting date has not significantly increased since initial recognition, and for which there is thus no indication of a trigger for allocation to Stage 2 or Stage 3; this also includes exposures which have been re-assigned to Stage 1 from other stages. Generally, all exposures are allocated to Stage 1 upon initial recognition, with the exception of those categorised as POCI (Purchased or Originated Credit Impaired). For Stage 1 exposures, the expected credit losses arising from possible default events within a period of up to 12 months following the reporting date are

recognised in expenses. For receivables with a remaining term of less than 12 months, the shorter contractual maturity is applied.

- Stage 2 comprises exposures for which credit risk as of the reporting date has significantly increased since initial recognition (see also "Significant increase in credit risk (SICR)" section), but for which there are no objective indications of impairment; this also includes exposures which have been assigned to Stage 2 from Stage 3. Loss allowances are established in an amount equivalent to the expected credit losses over the entire remaining maturity.
- Stage 3 includes all defaulted exposures (except POCl); i.e. as of the reporting date, there are objective indications of impairment. The respective calculation of loss allowances is performed based on the expected credit losses over the entire remaining maturity considering 100% probability of default.
- POCl exposures refer to defaulted exposures; however, they are recorded separately and are differentiated from other exposures in Stage 3 in the recognition of loss allowances.

#### *Calculation of expected credit loss (ECL)*

The following parameters are used in the calculation of expected credit loss:

- Exposure at Default (EAD)

EAD is the expected exposure amount at the time of a loan default; it is derived from the currently outstanding receivable from the customer and possible future changes under the applicable contractual conditions. Thus, the EAD consists of the expected exposures (including credit risk from off-balance sheet business) at the time of default. For exposures with regular repayment plans, the modelled EAD is adjusted for the expected possibility of early repayment based on historical observations and on scenarios for the development of the economic environment and associated future forecasts. For potential exposures that may arise in the future from the utilisation of existing credit commitments, such as credit lines or overdraft facilities, conversion factors are estimated based on empirical analysis of historical data; for payment guarantees and letters of credit, a conversion factor of 100% or 50%, respectively, is set on the basis of professional judgment.

- Probability of Default (PD)

The probability of a loan default within a certain period of time is derived from historical default events, taking account for the current macroeconomic expectations. These data include the time, type and amount of default as well as information about the characteristics of the customer from our internal risk classification system. The parameters are country-specific and differentiate the risk levels of exposures according to the customer segments defined at bank level. We use statistical models to analyse the collected data and make forecasts for the expected PD, taking account of scenarios for the development of the economic environment (PiT estimate). In addition, we estimate the PDs over the remaining lifetime of an exposure.

- Loss Given Default (LGD)

The LGD reflects the expected extent of the loss from a defaulted credit exposure. The figure comprises the probability of recovery from the default and the estimated recovery rates for both scenarios (recovery/non-recovery). The recovery rates are calculated from the discounted cash flows based on historical data on funds received from defaulted customers and on the realisation of collateral and guarantees. The estimated probabilities and recovery rates are modelled as forward-looking forecasts that account for the assumed scenarios about the development of the economic environment.



Downside scenario	Country	Bosnia and Herzegovina											
		Albania	Bosnia and Herzegovina	Bulgaria	Germany	Ecuador	Georgia	Kosovo	Moldova	North Macedonia	Romania	Serbia	Ukraine
GDP growth in %	2024	1.8	-0.1	1.0	-	-	6.1	1.8	-1.9	1.2	-0.3	1.6	-18.7
	2025	2.0	0.4	1.2	-0.8	-1.5	4.6	2.0	-0.8	2.6	1.1	1.8	-0.5
	2026	2.1	0.4	-	-	-	-	2.0	-	-	1.5	1.7	-0.2
Inflation rate in %	2024	3.3	-	-	-	-	4.2	-	-	-	6.8	7.5	13.8
	2025	3.9	3.3	6.8	3.0	3.8	5.9	5.3	11.6	4.7	6.0	7.0	10.3
	2026	4.1	3.3	-	-	3.6	5.9	5.5	11.6	-	-	6.6	10.5
Unemployment rate in %	2024	-	-	-	-	-	15.7	-	4.5	-	-	-	-
	2025	-	-	-	3.8	-	15.7	-	4.5	-	-	-	14.1
Change in credit interest rate in %	2024	-	-	-	-	-	-	-	0.5	1.2	1.7	1.6	-
	2025	0.5	0.3	0.5	-	-	-0.4	-0.2	1.9	-	1.2	1.6	3.9
	2026	-	0.6	-	-	-	-0.4	-	-	-	-	1.4	-
Change in purchasing power parity in %	2024	-	-	8.0	-	-	-	-	-	-	-	-	35.4
	2025	1.8	-	4.9	-	-	-	-	-	-	-	-	-
	2026	1.9	-	-	-	-	-	-	-	-	-	-	-
Change in gas price in %	2024	-	-	-	-	30.2	-	-	-	-	-	-	30.2
	2025	-	-	-	-	50.8	50.8	50.8	-	-	-	-	-
Change in oil price in %	2024	-	19.4	-	-	-	-	-	-	-	-	-	-
	2025	17.5	17.5	-	-	-	-	-	-	17.5	-	-	-
Weight		40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%

Upside scenario	Country	Bosnia and Herzegovina											
		Albania	Bosnia and Herzegovina	Bulgaria	Germany	Ecuador	Georgia	Kosovo	Moldova	North Macedonia	Romania	Serbia	Ukraine
GDP growth in %	2024	4.2	4.0	4.4	-	-	9.9	6.8	7.4	4.2	5.6	6.8	-10.2
	2025	4.4	4.5	4.6	1.4	3.8	8.3	7.0	8.5	5.6	7.0	7.0	8.1
	2026	4.5	4.5	-	-	-	-	7.0	-	-	7.4	6.9	8.4
Inflation rate in %	2024	0.6	-	-	-	-	-2.8	-	-	-	-3.2	1.5	2.1
	2025	1.2	-0.2	-1.1	1.4	-0.7	-1.1	-0.4	-2.1	-0.1	-4.0	1.0	-1.4
	2026	1.4	-0.2	-	-	-0.9	-1.1	-0.3	-2.1	-	-	0.6	-1.2
Unemployment rate in %	2024	-	-	-	-	-	13.4	-	2.4	-	-	-	-
	2025	-	-	-	2.6	-	13.4	-	2.4	-	-	-	13.2
Change in credit interest rate in %	2024	-	-	-	-	-	-	-	-4.3	0.1	-1.7	-3.1	-
	2025	-2.6	-0.6	-0.9	-	-	-2.4	-1.4	-2.9	-	-2.1	-3.1	-5.2
	2026	-	-0.3	-	-	-1.7	-	-	-	-	-	-3.3	-
Change in purchasing power parity in %	2024	-	-	2.9	-	-	-	-	-	-	-	-	16.3
	2025	-1.6	-	-0.2	-	-	-	-	-	-	-	-	-
	2026	-1.4	-	-	-	-	-	-	-	-	-	-	-
Change in gas price in %	2024	-	-	-	-	-34.0	-	-	-	-	-	-	-34.0
	2025	-	-	-	-	-13.4	-13.4	-13.4	-	-	-	-	-
Change in oil price in %	2024	-	-19.3	-	-	-	-	-	-	-	-	-	-
	2025	-21.2	-21.2	-	-	-	-	-	-	-21.2	-	-	-
Weight		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

The sensitivity of our loss allowances is analysed in terms of the influence of relevant macroeconomic factors. Sensitivity is calculated by simultaneously increasing or decreasing all the applied macroeconomic model factors by 10%, depending on the expected direction of the factor's impact, in order to simulate positive or negative macroeconomic conditions. The following table presents the loss allowances for the group with the respective macroeconomic changes.

in '000 EUR	31.12.2024		
	Loss allowance Positive macroeconomic change	Loss allowance	Loss allowance Negative macroeconomic change
South Eastern Europe	93,151	95,417	97,694
Eastern Europe	66,526	67,358	68,283
<i>of which contribution of PCB Ukraine</i>	<i>51,243</i>	<i>51,887</i>	<i>52,533</i>
South America	18,369	18,683	18,999
Germany	296	300	310
<b>Total</b>	<b>178,342</b>	<b>181,757</b>	<b>185,286</b>

Changes in the above assumptions can lead to adjustments to the calculated loss allowances over time. In this context, discretionary decisions and estimation uncertainties have a significant impact on the establishment of loss allowances for collectively and individually assessed exposures. Our discretionary decisions reflect, among other aspects, the approach to determining a significant increase in credit risk (SICR) and the selection of relevant macroeconomic factors and scenarios.

### Overlays

Overlays are made to account for persisting uncertainty in connection with current global economic and political developments and the effects of the war in Ukraine on the macroeconomic forecasts, as the existing models do not fully reflect these factors.

in EUR m

Overlay description	Impact on	31.12.2023	Change	31.12.2024
Macroeconomic effects of a negative development due to the ongoing Russian invasion in Ukraine	Loan portfolio in all banks except PCB Ukraine in Stage 1, 2 and 3	4.6	1.9	6.5
Effects of multifactorial crisis on the credit risk parameters	Loan portfolio in all banks except PCB Ukraine in Stage 1, 2 and 3	34.1	-5.2	28.9
<b>Total</b>		<b>38.7</b>	<b>-3.3</b>	<b>35.4</b>

in EUR m

Overlay description	Impact on	31.12.2023	Change	31.12.2024
Increased uncertainty of negative macroeconomic development due to the ongoing Russian invasion in Ukraine	Loan portfolio in PCB Ukraine in Stage 1, 2 and 3	3.6	-1.0	2.6
Increased uncertainty of credit risk parameters due to the ongoing Russian invasion in Ukraine	Loan portfolio in PCB Ukraine in Stage 1, 2 and 3	19.7	1.8	21.5
<b>Total</b>		<b>23.3</b>	<b>0.8</b>	<b>24.1</b>

The adjustments for all ProCredit institutions except ProCredit Bank Ukraine are described below, followed by a separate presentation for that bank.

Due to the ongoing tense situation in the Russo-Ukrainian War and the potential spill-over effects impacting the economic development of the countries where the ProCredit group operates, the adjusted weighting of scenarios (baseline/downside/upside) for the calculation of loss allowance parameters remained unchanged from the previous year. The base scenario has a weighting of 50%, the weighting of the downside scenario is 40% and the upside scenario is 10%. This adjustment resulted in an overlay in the loss allowances at the level of group banks, excluding ProCredit Bank Ukraine, amounting to EUR 6.5 million as of the balance sheet date.

Price development and interest rates have continued to stabilise in many countries. The overlays were retained for some ProCredit banks, albeit in a reduced form. Nevertheless, the current global environment is



characterised by geopolitical conflicts, political instability and a focus on national interests, with uncertain consequences for the economic situation in countries where ProCredit operates.

The extent of increased national and global uncertainty, with potential consequences for price levels, interest rates or energy supply, cannot be reflected in all model parameters due to the lack of statistical correlations in the macroeconomic factors and historical default/loss rates. Therefore, parameter adjustments were made to the PD and LGD for all banks (separate adjustments for ProCredit Bank Ukraine).

The adjustments were based on observations of maximum default and loss rates from historical default events in the crises that serve as stress levels. The key parameters, PD and LGD, have been increased using the defined probability of occurrence of the stress level (10%-20%, based on expert assessment). As part of the calculation of LGD, it is assumed that the probability of a defaulted credit exposure migrating back to Stage 1 or 2 is zero. A further measure was the increase in the credit conversion factors for potential receivables from off-balance sheet items by 10%-20%. This resulted in an overlay in the loss allowances at the level of the banks, excluding ProCredit Bank Ukraine, amounting to EUR 28.9 million as of the balance sheet date.

During the financial year, the overlays for loss allowances at the level of the banks, excluding ProCredit Bank Ukraine, declined compared to the previous year by EUR 3.3 million to EUR 35.4 million.

The war in Ukraine still leads to a high level of uncertainty. Whereas economic output stabilised for 2024 and the forecasts for the coming years are cautiously optimistic, the further development of the conflict and its economic impact remain unknown. Furthermore, the newly elected US administration's future course of action in Ukraine is not yet foreseeable.

As the loan portfolio in the occupied areas and surrounding regions is largely allocated to Stage 3 and assessed through individual estimation of losses, the ECL parameters are only applied to the loan portfolio outside that zone. For parameter estimation, the slightly positive GDP values in 2024 are replaced with the most negative historical value of the macroeconomic factors prior to 2022 in order to obtain consistent conservative parameters that reflect the current situation. Estimated model parameters in Ukraine were further adjusted using historically observed stress levels from previous crises.

The LGD adjustment for ProCredit Bank Ukraine is based on our experience from observing relevant LGDs from the Ukraine conflict in 2014/15. The loss ratios were increased by an additional 20%. The LGDs of the portfolio with business activities in the current conflict area are assessed individually under conservative assumptions.

We have also increased the PD on the basis of historical observations. Taking into account the adjustment of the economic forecast in the model, the model parameters were further increased by a stress factor of 50%. The lifetime PDs for exposures with increased default risk since initial recognition (Stage 2) have also been raised to reflect possible negative consequences of the war in the future.

Furthermore, in establishing loss allowances on all exposures, we have not assumed any early repayments. The credit conversion factor is increased by 50% for all empirically determined parameters. This adjustment of model parameters resulted in an overlay in the loss allowances at ProCredit Bank Ukraine amounting to EUR 21.5 million as of the balance sheet date.

Due to increased uncertainty of negative macroeconomic developments resulting from the war, the weighting of the scenarios for calculating loss allowance parameters was retained from the previous year. The weighting is set as follows: 50% (50% in the baseline model) for the baseline scenario, 40% (25% in the baseline model) for the downside scenario and 10% (25% in the baseline model) for the upside scenario. This

adjustment resulted in an overlay in the loss allowances at ProCredit Bank Ukraine amounting to EUR 2.6 million as of the balance sheet date.

The overlays in loss allowances for the loan portfolio of ProCredit Bank Ukraine amount to a total of EUR 24.1 million as of the balance sheet date. This corresponds to an increase of EUR 0.8 million compared to the previous year. The overlays ensure that the risk assessment remains appropriate and conservative, with a slightly positive macroeconomic outlook for Ukraine.

Individually assessed exposures are not taken into account when calculating the overlays, as individual assessment of defaulted exposures is not parameter-based. The volume of the individually assessed portfolio in Ukraine was further reduced by half compared to the previous year to around EUR 15 million in December 2024 due to repayments and write-offs. Around 81% of the defaulted portfolio in Ukraine has been individually assessed by credit analysts using conservative assumptions, resulting in a coverage ratio of 81%.

in '000 EUR	12-months PD range	31.12.2024		31.12.2023	
Risk classes 1-5: Performing	0% - 1,5%	2,898,728	41.4%	2,505,795	40.2%
	1,5% - 4,0%	1,600,779	22.8%	1,180,579	19.0%
	4,0% - 7,0%	686,585	9.8%	704,941	11.3%
Risk classes 6-7: Underperforming	7,0% - 10,0%	236,786	3.4%	155,553	2.5%
	10,0% < 100%	326,862	4.7%	515,898	8.3%
Risk class 8: Defaulted	100%	142,847	2.0%	153,935	2.5%
Without risk class*		1,117,427	15.9%	1,009,775	16.2%
<b>Gross outstanding amount</b>		<b>7,010,013</b>	<b>100.0%</b>	<b>6,226,475</b>	<b>100.0%</b>

\* Loans to private customers and business customers with a credit volume of EUR 50,000 and less are not assessed with an internal risk classification.

The country-specific PDs are assigned to the scale for internal risk classification. This results in a breakdown of the loan portfolio into the presented PD intervals. In this context, the risk classes may overlap due to the different risk environments of the individual banks in terms of their assigned PDs. Exposures assigned to risk classes 6 and 7 correspond to the underperforming category and are considered to have higher risk. They therefore show PDs of generally more than 7%. The risk classifications are assigned according to an internal evaluation process for the current repayment capacity of the credit exposure, based on quantitative as well as qualitative factors.

#### *Significant increase in credit risk (SICR)*

Quantitative and qualitative information is used to determine whether there is a significant increase in credit risk.

The quantitative test for SICR consists of a comparison between the expected PD over the remaining lifetime as of the reporting date and the expected PD over the remaining time period at initial recognition. A significant increase in credit risk is deemed to exist if the difference between these two PDs exceeds a factor of 2.5. This limit is set by the Management Board, based on a regular analysis of historical data on the risk characteristics of the loan portfolio. In this case, the respective financial instrument is transferred from Stage 1 to Stage 2. Conversely, a transfer from Stage 2 to Stage 1 is possible once the associated credit risk is no longer significantly elevated.

In addition, qualitative criteria are used for SICR decisions. A transfer from Stage 1 to Stage 2 is made when one of the following criteria is met:

- Contractual payments are past due by more than 30 days but not more than 90 days

- Classification of the loan as "restructured" (*forbearance*) pursuant to internal policies (adjustment of contractually agreed conditions)
- Classification of the loan in risk classes 6 or 7, which are associated with an increase in credit risk
- Recognition of a possible increase in credit risk based on information from the early warning system

A return from Stage 2 to Stage 1 occurs when no overdue payments are outstanding for more than 30 days and no other Stage 2 criteria are met. Forborne exposures are subject to an additional two-year probationary period during which no payments due may be outstanding for more than 30 days. The period begins with the restructuring of the contract.

#### *Impaired credit exposures*

If a credit exposure is deemed to be impaired, it is transferred to Stage 3 accordingly. The definition of impairment according to IFRS 9 corresponds to the definition used for the Defaulted portfolio in internal risk management, and also to the regulatory definition of default (Regulation (EU) No. 575/2013 under (EU) 2019/876 (CRR II), Art. 178). This default definition is applied to all exposures which are part of the loan portfolio of the group. The group considers an exposure to be impaired if at least one of the default definition criteria is met and the expected cash flows have been negatively impacted to such an extent that full repayment of the receivable can no longer be assumed.

When establishing Stage 3 loss allowances, a distinction is drawn between individually significant and individually insignificant credit exposures; the threshold is EUR 250,000 (for all exposures to a client). For indications of impairment of significant exposures, an individual assessment is performed to determine loss allowances, taking account for probability-weighted expected inflows in various scenarios, including collateral liquidation. For individually insignificant exposures, loss allowances are determined using parameters for the collective assessment of credit risk with the ECL model.

Returning an exposure from Stage 3 to a lower stage is possible if the customer can settle outstanding debts in full without recourse to collateral realisation. Unrestructured loans can be repaid no sooner than three months after they are assigned to Stage 3 and a determination is made that repayment ability has improved. Restructured loans can be repaid no sooner than 12 months after they are assigned to Stage 3 and a determination is made that repayment ability has improved. No migration between stages is possible for POCI exposures.

#### *Purchased or Originated Credit Impaired (POCI) exposures*

In line with IFRS, the group performs separate recognition of POCI exposures. Within our business model, the acquisition of impaired exposures is not permitted. Accordingly, POCI exposures can only arise in the course of a new negotiation through substantial modification of the contractually agreed cash flows. For POCI exposures, no allowances for impairment are made at the time of initial recognition. In subsequent periods, all changes with regard to the expected losses over the remaining maturity period (lifetime ECL) are recognised as an expense in the income statement and reported accordingly as loss allowances for these exposures.

#### *Changes to contractual terms (modifications) and forbearance*

Changes to the originally agreed contractual conditions of an exposure are possible, in particular with the aim of improving the prospects of repayment and, if possible, avoiding default, foreclosure or the realisation of collateral. If financial difficulties are identified for the customer at the time of the modifications, they are classified as a forbearance measure. This has an impact on the risk classification, the stage and thus on the calculated loss allowance. We use qualitative and quantitative factors to determine the existence of financial

difficulties and the existence of a substantial modification of contractual conditions. As a quantitative factor, the net present value of cash flows is determined in order to assess the changed conditions of an exposure (net present value test). In the event of a substantial change, the original contract is derecognised and a new exposure is recognised at the fair value at the time of modification. In the case of a non-substantial change, the gain or loss is recognised through profit or loss under "Loss allowances" in the Consolidated Statement of Profit or Loss.

#### *Write-offs*

When a loan is uncollectible, it is written off against the corresponding loss allowance which has been set aside, provided there is no justified expectation of repayment. The direct and indirect costs of actively managing credit exposures that have not been written off must be in proportion to the size of the outstanding exposure.

For exposures of any size, the banks carry out an individual assessment of the justified feasibility of repayments. Based on the assessment, the banks may decide to write off the exposure or continue to actively manage the exposure in order to allow for further repayment of the loan. A portion of written-off exposures are still subject to enforcement activities.

in '000 EUR	31.12.2024		
	Stage 3	POCI	Total
Written-off exposures subject to enforcement activity	22,447	130	22,578

in '000 EUR	31.12.2023		
	Stage 3	POCI	Total
Written-off exposures subject to enforcement activity	36,786	163	36,948

The following table provides an overview of the loan portfolio and loss allowances by stage and segment.

in '000 EUR	31.12.2024					Total
	Stage 1	Stage 2	Stage 3	POCI		
<b>South Eastern Europe</b>						
Gross outstanding amount	4,949,756	272,713	81,093	507		<b>5,304,068</b>
Loss allowances	-33,093	-21,747	-40,508	-69		<b>-95,417</b>
Net outstanding amount	4,916,662	250,966	40,586	437		<b>5,208,651</b>
<b>Eastern Europe</b>						
Gross outstanding amount	933,755	219,932	33,982	242		<b>1,187,912</b>
Loss allowances	-16,486	-25,030	-25,718	-124		<b>-67,358</b>
Net outstanding amount	917,269	194,902	8,265	118		<b>1,120,554</b>
<b>South America</b>						
Gross outstanding amount	360,022	75,195	43,757	370		<b>479,344</b>
Loss allowances	-2,980	-2,366	-13,243	-94		<b>-18,683</b>
Net outstanding amount	357,043	72,829	30,514	276		<b>460,662</b>
<b>Germany</b>						
Gross outstanding amount	38,281	407	-	-		<b>38,688</b>
Loss allowances	-296	-4	-	-		<b>-300</b>
Net outstanding amount	37,985	403	-	-		<b>38,389</b>
<b>Total</b>						
Gross outstanding amount	6,281,814	568,247	158,833	1,119		<b>7,010,013</b>
Loss allowances	-52,854	-49,147	-79,469	-287		<b>-181,757</b>
Net outstanding amount	6,228,960	519,100	79,364	832		<b>6,828,256</b>
<b>Financial off-balance sheet transactions</b>						
Nominal amount	1,010,992	66,422	1,614	-		<b>1,079,028</b>
Provisions	-3,115	-1,221	-382	-		<b>-4,719</b>



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

The following tables show the changes in loss allowances for the respective loan portfolio, broken down by geographical region.

*Development of loss allowances in the South Eastern Europe segment*

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2024</b>	<b>-36,930</b>	<b>-16,319</b>	<b>-44,934</b>	<b>-494</b>	<b>-98,677</b>
New financial assets originated	-20,373	-	-	-	-20,373
Release due to derecognition	2,844	3,859	6,215	-	12,918
Transfer to Stage 1	-2,473	2,456	18	-	-
Transfer to Stage 2	4,083	-4,179	95	-	-
Transfer to Stage 3	94	3,394	-3,488	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	19,617	-11,024	-13,477	425	-4,459
Usage of allowance	-	-	14,380	-	14,380
Exchange rate movements and others	45	65	685	0	794
<b>Loss allowances as of 31.12.2024</b>	<b>-33,093</b>	<b>-21,747</b>	<b>-40,508</b>	<b>-69</b>	<b>-95,417</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2023</b>	<b>-35,957</b>	<b>-10,748</b>	<b>-43,428</b>	<b>-418</b>	<b>-90,550</b>
New financial assets originated	-16,165	-	-	-	-16,165
Release due to derecognition	2,790	1,322	5,220	-	9,332
Transfer to Stage 1	-2,707	2,669	38	-	-
Transfer to Stage 2	7,159	-7,992	833	-	-
Transfer to Stage 3	40	2,811	-2,851	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	8,050	-4,322	-16,588	-85	-12,945
Usage of allowance	-	-	11,889	9	11,898
Exchange rate movements and others	-141	-59	-47	-1	-247
<b>Loss allowances as of 31.12.2023</b>	<b>-36,930</b>	<b>-16,319</b>	<b>-44,934</b>	<b>-494</b>	<b>-98,677</b>

The decrease in loss allowances in the South Eastern Europe segment in the 2024 financial year was mainly due to releases and usage, which exceeded additions. Furthermore, loss allowances increased compared with the previous year based on a change in credit risk for Stage 2 and Stage 3. In particular, loss allowances for Stage 2 increased through transfers, mainly exposures from Stage 1, as well as through the regular update of the model parameters. Usage of loss allowances due to write-offs was somewhat higher than in the previous year.

*Development of loss allowances in the Eastern Europe segment*

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2024</b>	<b>-10,693</b>	<b>-29,927</b>	<b>-40,641</b>	<b>-496</b>	<b>-81,757</b>
New financial assets originated	-15,307	-	-	-	-15,307
Release due to derecognition	710	5,543	4,065	2	10,319
Transfer to Stage 1	-3,087	3,086	0	-	-
Transfer to Stage 2	7,773	-8,600	826	-	-
Transfer to Stage 3	4	3,678	-3,682	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	4,057	1,433	206	238	5,934
Usage of allowance	-	-	13,105	130	13,235
Exchange rate movements and others	57	-242	403	2	219
<b>Loss allowances as of 31.12.2024</b>	<b>-16,486</b>	<b>-25,030</b>	<b>-25,718</b>	<b>-124</b>	<b>-67,358</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2023</b>	<b>-13,755</b>	<b>-26,231</b>	<b>-67,697</b>	<b>-627</b>	<b>-108,310</b>
New financial assets originated	-9,233	-	-	-	-9,233
Release due to derecognition	1,545	4,635	5,204	6	11,389
Transfer to Stage 1	-3,303	3,292	11	-	-
Transfer to Stage 2	10,398	-10,602	204	-	-
Transfer to Stage 3	141	3,742	-3,882	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	2,828	-5,500	-8,290	-52	-11,015
Usage of allowance	-	127	30,186	177	30,489
Exchange rate movements and others	687	611	3,624	0	4,923
<b>Loss allowances as of 31.12.2023</b>	<b>-10,693</b>	<b>-29,927</b>	<b>-40,641</b>	<b>-496</b>	<b>-81,757</b>

During the financial year, the Eastern Europe segment recorded a decline in loss allowances, mainly due to usage in connection with write-offs at ProCredit Bank Ukraine and through releases, which exceeded additions. Furthermore, the change in credit risk and the update of model parameters and overlays in 2024 resulted in a further reduction in loss allowances.

*Development of loss allowances in the South America segment*

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2024</b>	<b>-2,873</b>	<b>-2,019</b>	<b>-10,874</b>	<b>-120</b>	<b>-15,886</b>
New financial assets originated	-1,268	-	-	-	-1,268
Release due to derecognition	713	585	1,663	64	3,024
Transfer to Stage 1	-769	736	33	-	-
Transfer to Stage 2	303	-1,682	1,379	-	-
Transfer to Stage 3	41	109	-150	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	1,036	8	-5,426	-32	-4,413
Usage of allowance	-	-	981	-	981
Exchange rate movements and others	-163	-104	-848	-6	-1,121
<b>Loss allowances as of 31.12.2024</b>	<b>-2,980</b>	<b>-2,366</b>	<b>-13,243</b>	<b>-94</b>	<b>-18,683</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2023</b>	<b>-2,815</b>	<b>-1,288</b>	<b>-11,008</b>	<b>-197</b>	<b>-15,308</b>
New financial assets originated	-1,189	-	-	-	-1,189
Release due to derecognition	526	337	2,118	0	2,981
Transfer to Stage 1	-510	342	168	-	-
Transfer to Stage 2	118	-1,162	1,044	-	-
Transfer to Stage 3	18	58	-76	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	886	-351	-4,699	72	-4,092
Usage of allowance	-	-	1,141	-	1,141
Exchange rate movements and others	93	45	437	5	581
<b>Loss allowances as of 31.12.2023</b>	<b>-2,873</b>	<b>-2,019</b>	<b>-10,874</b>	<b>-120</b>	<b>-15,886</b>

In South America, an increase in loss allowances in Stage 3 was responsible for the largest change, in particular due to a rise in loan defaults. Overall, loss allowances in Stage 3 is the largest item presented; it increased primarily due to a change in credit risk. Additions to loss allowances due to newly issued loans were at a similar level to 2023.

*Development of loss allowances in the Germany segment*

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2024</b>	<b>-416</b>	<b>-23</b>	<b>-</b>	<b>-</b>	<b>-440</b>
New financial assets originated	-32	-	-	-	-32
Release due to derecognition	0	0	-	-	0
Transfer to Stage 1	-5	5	-	-	-
Transfer to Stage 2	3	-3	-	-	-
Transfer to Stage 3	-	-	-	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	156	18	-	-	173
Usage of allowance	-	-	-	-	-
Exchange rate movements and others	-2	-	-	-	-2
<b>Loss allowances as of 31.12.2024</b>	<b>-296</b>	<b>-4</b>	<b>-</b>	<b>-</b>	<b>-300</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2023</b>	<b>-425</b>	<b>-316</b>	<b>-21</b>	<b>-</b>	<b>-762</b>
New financial assets originated	-3	-	-	-	-3
Release due to derecognition	-17	-	2	-	-15
Transfer to Stage 1	-37	37	-	-	-
Transfer to Stage 2	23	-23	-	-	-
Transfer to Stage 3	-	-	-	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	43	279	19	-	341
Usage of allowance	-	-	-	-	-
Exchange rate movements and others	-	-	-	-	-
<b>Loss allowances as of 31.12.2023</b>	<b>-416</b>	<b>-23</b>	<b>-</b>	<b>-</b>	<b>-440</b>

In the Germany segment, there was a reduction in loss allowances, with the most significant changes resulting from changes in credit risk in the individual stages. Loss allowances in Stage 2 were reduced without being utilised; as of the reporting date, no loss allowances in Stage 3 had to be established.



The tables below show our loan portfolio broken down by internal risk classification and by economic sector and stage.

in '000 EUR		31.12.2024				
Loan portfolio	Risk class	Stage 1	Stage 2	Stage 3	POCI	Total
Performing	1	62,729	-	-	-	62,729
	2	887,339	9,220	-	-	896,559
	3	1,757,295	57,900	-	-	1,815,195
	4	1,668,406	92,722	-	-	1,761,128
	5	827,363	98,989	-	-	926,351
Underperforming	6	-	224,062	-	-	224,062
	7	-	63,714	-	-	63,714
Defaulted	8	-	-	141,793	1,055	142,847
Without risk class*		1,078,682	21,640	17,041	64	1,117,427
<b>Gross outstanding amount</b>		<b>6,281,814</b>	<b>568,247</b>	<b>158,833</b>	<b>1,119</b>	<b>7,010,013</b>

in '000 EUR		31.12.2023				
Loan portfolio	Risk class	Stage 1	Stage 2	Stage 3	POCI	Total
Performing	1	39,623	-	-	-	39,623
	2	876,684	1,843	-	-	878,527
	3	1,597,529	49,254	-	-	1,646,783
	4	1,311,654	95,187	-	-	1,406,841
	5	713,148	117,459	-	-	830,606
Underperforming	6	-	190,439	-	-	190,439
	7	-	69,946	-	-	69,946
Defaulted	8	-	-	151,729	2,206	153,935
Without risk class*		948,051	46,415	15,256	53	1,009,775
<b>Gross outstanding amount</b>		<b>5,486,688</b>	<b>570,543</b>	<b>166,985</b>	<b>2,258</b>	<b>6,226,475</b>

\* Loans to private customers and business customers with a credit volume of EUR 50,000 and less are not assessed with an internal risk classification.

31.12.2024												
in '000 EUR	Business loans							Private loans				Total
	Wholesale and retail trade	Agriculture, forestry and fishing	Production	Transportation and storage	Electricity, gas, steam and air conditioning supply	Construction and real estate	Hotel, restaurant and catering	Other economic activities	Housing	Investment loans	Consumer loans	
<b>Stage 1</b>												
Gross outstanding amount	1,564,428	904,221	1,134,731	292,394	277,589	606,607	191,963	502,342	570,474	71,718	165,348	<b>6,281,814</b>
Loss allowance	-9,325	-11,035	-9,665	-2,247	-2,247	-3,815	-1,100	-3,144	-5,638	-1,170	-3,467	<b>-52,854</b>
Net outstanding amount	1,555,102	893,186	1,125,065	290,146	275,341	602,792	190,862	499,198	564,837	70,548	161,881	<b>6,228,960</b>
<b>Stage 2</b>												
Gross outstanding amount	112,489	137,891	124,007	20,551	85,136	34,177	15,059	27,564	7,962	1,052	2,361	<b>568,247</b>
Loss allowance	-6,744	-10,677	-8,861	-1,685	-13,179	-1,889	-1,006	-4,399	-493	-46	-169	<b>-49,147</b>
Net outstanding amount	105,745	127,214	115,146	18,865	71,957	32,288	14,052	23,165	7,469	1,006	2,193	<b>519,100</b>
<b>Stage 3</b>												
Gross outstanding amount	34,756	28,382	48,760	6,972	4,112	8,471	6,237	12,448	5,440	687	2,567	<b>158,833</b>
Loss allowance	-14,725	-16,419	-26,544	-3,354	-1,545	-4,419	-2,476	-5,216	-2,603	-432	-1,734	<b>-79,469</b>
Net outstanding amount	20,031	11,962	22,216	3,618	2,567	4,052	3,761	7,232	2,837	255	833	<b>79,364</b>
<b>POCI</b>												
Gross outstanding amount	164	114	21	60	-	10	115	599	9	23	4	<b>1,119</b>
Loss allowance	-38	-1	-3	-38	-	-	-115	-87	-2	0	-2	<b>-287</b>
Net outstanding amount	125	112	18	23	-	10	-	513	6	23	2	<b>832</b>
<b>Total</b>												
Gross outstanding amount	1,711,836	1,070,607	1,307,519	319,976	366,837	649,265	213,374	542,954	583,885	73,480	170,280	<b>7,010,013</b>
Loss allowance	-30,832	-38,133	-45,073	-7,325	-16,972	-10,123	-4,698	-12,846	-8,736	-1,648	-5,371	<b>-181,757</b>
Net outstanding amount	1,681,004	1,032,474	1,262,446	312,652	349,865	639,142	208,675	530,108	575,149	71,832	164,909	<b>6,828,256</b>

31.12.2023												
in '000 EUR	Business loans							Private loans			Total	
	Wholesale and retail trade	Agriculture, forestry and fishing	Production	Transportation and storage	Electricity, gas, steam and air conditioning supply	Construction and real estate	Hotel, restaurant and catering	Other economic activities	Housing	Investment loans		Consumer loans
<b>Stage 1</b>												
Gross outstanding amount	1,361,498	831,254	1,041,595	249,481	321,173	509,618	169,165	396,464	456,795	58,994	90,653	<b>5,486,688</b>
Loss allowance	-9,381	-8,410	-8,877	-1,850	-3,551	-4,101	-1,280	-2,805	-6,847	-1,579	-2,231	<b>-50,912</b>
Net outstanding amount	1,352,117	822,844	1,032,718	247,631	317,622	505,516	167,884	393,658	449,948	57,415	88,422	<b>5,435,776</b>
<b>Stage 2</b>												
Gross outstanding amount	106,910	172,386	129,976	22,770	43,331	33,967	14,321	31,233	8,708	2,114	4,828	<b>570,543</b>
Loss allowance	-6,244	-13,576	-9,396	-2,418	-7,440	-2,788	-1,054	-4,634	-543	-62	-133	<b>-48,289</b>
Net outstanding amount	100,666	158,810	120,580	20,351	35,891	31,178	13,267	26,598	8,165	2,052	4,695	<b>522,254</b>
<b>Stage 3</b>												
Gross outstanding amount	30,191	44,747	47,121	8,618	3,225	6,106	7,581	12,332	4,437	903	1,724	<b>166,985</b>
Loss allowance	-16,364	-30,427	-25,530	-4,934	-1,550	-3,089	-3,815	-6,711	-2,240	-615	-1,174	<b>-96,449</b>
Net outstanding amount	13,827	14,320	21,591	3,684	1,675	3,017	3,766	5,621	2,197	288	550	<b>70,536</b>
<b>POCI</b>												
Gross outstanding amount	125	286	5	131	-	13	1,014	646	10	29	-	<b>2,258</b>
Loss allowance	-79	-237	-5	-116	-	-13	-412	-226	-3	-20	-	<b>-1,109</b>
Net outstanding amount	46	49	-	15	-	-	602	420	7	9	-	<b>1,149</b>
<b>Total</b>												
Gross outstanding amount	1,498,723	1,048,672	1,218,697	281,000	367,729	549,703	192,081	440,675	469,950	62,040	97,205	<b>6,226,475</b>
Loss allowance	-32,068	-52,650	-43,808	-9,318	-12,541	-9,991	-6,561	-14,376	-9,633	-2,276	-3,538	<b>-196,760</b>
Net outstanding amount	1,466,655	996,022	1,174,889	271,682	355,188	539,712	185,519	426,299	460,316	59,764	93,667	<b>6,029,715</b>

Credit risk is assessed at portfolio level on a monthly basis and at shorter intervals if necessary. The analysis covers the structure and quality of the portfolio, restructured loans, write-offs, the coverage ratio and concentration risk. Key credit risk indicators, as well as more detailed reports and analyses, are used for this purpose.

A high degree of diversification is ensured, in order to limit concentration risk in the loan portfolio. This diversification is particularly a consequence of lending to MSMEs in various economic sectors and to private clients. In addition, the geographical distribution of the loan portfolio across 13 countries contributes significantly to risk diversification.

31.12.2024						
in '000 EUR	< EUR 100,000	EUR 100,000 – 250,000	EUR 250,000 – 750,000	EUR 750,000 – 1,500,000	> EUR 1,500,000	Total
<b>Business loans</b>	<b>1,016,324</b>	<b>1,340,659</b>	<b>1,981,454</b>	<b>946,030</b>	<b>897,901</b>	<b>6,182,368</b>
Wholesale and retail trade	296,656	392,124	575,644	272,098	175,314	1,711,836
Agriculture, forestry and fishing	254,032	280,403	320,696	131,503	83,972	1,070,607
Production	181,487	293,435	479,185	212,812	140,600	1,307,519
Transportation and storage	84,881	76,792	90,490	46,444	21,370	319,976
Electricity, gas, steam and air conditioning supply	7,319	20,218	88,512	48,428	202,360	366,837
Construction and real estate	59,954	113,431	208,142	126,835	140,903	649,265
Hotel, restaurant and catering	33,100	42,592	62,245	29,411	46,027	213,374
Other economic activities	98,896	121,664	156,539	78,499	87,357	542,954
<b>Private loans</b>	<b>471,577</b>	<b>240,020</b>	<b>105,056</b>	<b>10,992</b>	<b>-</b>	<b>827,645</b>
Housing	252,146	224,477	96,269	10,992	-	583,885
Investment loans	61,897	7,793	3,791	-	-	73,480
Consumer loans	157,534	7,750	4,996	-	-	170,280
<b>Gross outstanding amount</b>	<b>1,487,901</b>	<b>1,580,679</b>	<b>2,086,509</b>	<b>957,022</b>	<b>897,901</b>	<b>7,010,013</b>

31.12.2023						
in '000 EUR	< EUR 100,000	EUR 100,000 – 250,000	EUR 250,000 – 750,000	EUR 750,000 – 1,500,000	> EUR 1,500,000	Total
<b>Business loans</b>	<b>930,916</b>	<b>1,256,652</b>	<b>1,760,153</b>	<b>872,449</b>	<b>777,111</b>	<b>5,597,281</b>
Wholesale and retail trade	271,938	377,534	494,025	231,580	123,647	1,498,723
Agriculture, forestry and fishing	247,631	283,565	309,549	129,430	78,498	1,048,672
Production	167,318	271,464	433,822	215,278	130,816	1,218,697
Transportation and storage	74,008	69,586	77,025	38,906	21,475	281,000
Electricity, gas, steam and air conditioning supply	8,147	17,890	83,594	56,695	201,404	367,729
Construction and real estate	52,127	99,150	180,690	102,933	114,803	549,703
Hotel, restaurant and catering	28,331	41,673	60,654	25,107	36,315	192,081
Other economic activities	81,418	95,790	120,795	72,519	70,153	440,675
<b>Private loans</b>	<b>370,088</b>	<b>180,829</b>	<b>73,937</b>	<b>4,340</b>	<b>-</b>	<b>629,194</b>
Housing	228,269	169,438	67,902	4,340	-	469,950
Investment loans	55,416	5,699	925	-	-	62,040
Consumer loans	86,403	5,692	5,110	-	-	97,205
<b>Gross outstanding amount</b>	<b>1,301,004</b>	<b>1,437,481</b>	<b>1,834,090</b>	<b>876,790</b>	<b>777,111</b>	<b>6,226,475</b>

In addition, the ProCredit banks limit the concentration risk of their portfolios by means of requirements that are standardised across the group. Large credit exposures (those exceeding 10% of regulatory capital of the respective ProCredit bank) are approved by the bank's Supervisory Board and the Group Risk Management Committee. Furthermore, individual large credit exposures may not exceed 25% of regulatory capital of a bank, and the sum of all large credit exposures may not exceed 150% of its regulatory capital.

The quality of the loan portfolio in all client categories is monitored by credit control units at the individual bank level. They assess the quality of the credit analysis as well as compliance with internal procedures and identify signs of fraudulent activity.

### *Counterparty risk, including issuer risk*

The counterparty risk of the ProCredit group includes issuer risk. We define counterparty risk as the risk that a counterparty/issuer cannot fulfil its contractual obligations at all, not in full or not on time. Counterparty risk in the ProCredit group mainly arises from keeping highly liquid assets for the purpose of managing liquidity. There are also structural exposures towards national central banks in the form of mandatory minimum reserves. We limit counterparty risk within the ProCredit group through our investment strategy.

Typically, our counterparties are central banks, central governments and commercial banks. The main exposures are account balances, short-term TDAs, highly liquid securities, and, on a limited scale, simple derivative instruments for liquidity management and hedging purposes (mostly interest rate swaps and foreign currency forwards and swaps).

Counterparty risk is managed according to the principle that our liquidity must be placed securely and in the most diversified manner. While the group tries to generate some income from these assets, the overriding objective is to ensure secure placement and timely availability, i.e. risk considerations predominate. For this reason, we only work with carefully selected, reliable banks which normally have high credit ratings, we typically place our money for short terms and we use only a very limited number of simple financial instruments.

Issuer risk is likewise managed according to these principles. Within the ProCredit group, it is prohibited to engage in speculative trading. Liquidity in domestic currency is predominantly invested in central bank papers or sovereign bonds in the respective country. EUR or USD, on the other hand, are generally invested in OECD sovereigns or securities issued by multilaterals with a high international rating. The impact of market price changes on the group is limited.

A key aspect in determining the risk is therefore the rating of the counterparty/issuer. In doing so, we are closely monitoring developments in Ukraine and Ecuador in particular.

Over the course of the year, the long-term issuer default rating (IDR) of Ukraine was downgraded several times by the rating agency Fitch, and in August 2024 it was downgraded to 'Restrictive Default, RD'. This assessment is based on the ongoing restructuring process of foreign debt with private investors and was confirmed in December. Fitch raised the long-term IDR for the local currency from 'CCC-' to 'CCC+' in September 2024. According to Fitch, this takes into account the continued servicing of debt in local currency, which indicates preferential treatment of local currency debt. The group's counterparty and issuer risk in Ukraine consists mainly of exposures towards the National Bank of Ukraine in local currency. In addition, ProCredit Bank Ukraine holds benchmark government bonds in local currency to fulfil the minimum reserve requirements.

Ecuador's issuer default rating of 'CCC+' was confirmed by Fitch in August 2024, so the risks to counterparties/issuers in Ecuador were not affected by a downgrade.

At year-end 2024, the group still had EUR 0.4 million in balances with banks domiciled in Russia. Due to the sanctions currently in place, the ProCredit banks still do not have access to these funds. They have been assigned to rating category "D" and loss allowances have been established for the total amount of these balances.

The group's exposure to counterparty and issuer risk has increased overall compared to the previous year, due to a larger investment portfolio of the banks and an increase in loans and advances to banks. Balances with central banks fell compared to the previous year, in particular because group entities increasingly tended towards investment securities.



in '000 EUR	31.12.2024	in %	31.12.2023	in %
Central bank balances	1,600,811		1,815,617	
Mandatory reserve	960,644		821,748	
of which covered by insurance	-361,567	51.9	-312,120	61.6
Other balances with central banks	1,005,687		1,311,312	
Loss allowances for central bank balances	-3,952		-5,324	
Loans and advances to banks	514,035	16.6	372,710	12.6
Loss allowances for loans and advances to banks	-449		-570	
Derivative financial assets	6,660	0.2	8,083	0.3
Investment securities	967,300		751,705	
Loss allowance for investment securities	-1,755	31.3	-1,236	25.5
<b>Total</b>	<b>3,086,602</b>	<b>100.0</b>	<b>2,946,310</b>	<b>100.0</b>

The exposure to banking groups contains repurchase agreements in the amount of EUR 145.2 million. For these, collateral items were obtained with a fair value in approximately the same amount. None of them were pledged or sold.

Creditworthiness of a counterparty is impaired if one or more events with an adverse effect on the expected future cash flows have occurred. Examples of such events are a breach of contract (such as default or overdue payment), significant financial difficulties of a party to a contract, or a significant deterioration of the external rating. None of our investment securities was past due nor showed any signs of impairment. They are thus assigned to Stage 1 (performing).

The tables below provide a breakdown of the balances with central banks, loans and advances to banks, and of the investment portfolio by rating category and corresponding loss allowances. Counterparties are assigned to rating categories based on the "long-term issuer default rating" from Fitch; if unavailable, then from S&P or Moody's, or according to our own methodology.

in '000 EUR	31.12.2024		31.12.2023	
	Gross outstanding amount	Loss allowance	Gross outstanding amount	Loss allowance
<b>Ratings</b>				
AAA	822,854	-10	688,966	0
BBB	226,198	-115	222,745	-106
BBB-	265,132	-28	291,734	-25
BB+	244,840	-85	432,010	-162
BB	13,688	0	83,102	-42
BB-	57,464	-2	57,933	-36
B+	133,759	-284	171,208	-169
B-	-	-	68,032	-407
CCC	202,396	-3,429	34,669	-894
CC	-	-	82,662	-3,482
<b>Central bank balances</b>	<b>1,966,330</b>	<b>-3,952</b>	<b>2,133,061</b>	<b>-5,324</b>

in '000 EUR	31.12.2024		31.12.2023	
	Gross outstanding amount	Loss allowance	Gross outstanding amount	Loss allowance
Ratings				
AA	34,890	0	21,728	0
AA-	143,718	0	102,247	0
A+	53,366	-2	1,785	0
A	27,757	0	429	0
A-	31,083	-1	46,990	-2
BBB+	19,016	0	9,831	0
BBB	355	0	7,473	0
BBB-	509	0	97	0
BB+	145,297	-2	128,163	-1
BB	23,581	0	17,335	0
BB-	6,515	0	3	0
B+	-	-	11,057	-1
B	-	-	77	0
B-	2,860	0	2,670	0
CCC	24,646	-2	21,717	-2
CC	-	-	544	0
D	441	-441	563	-563
<b>Loans and advances to banks</b>	<b>514,035</b>	<b>-449</b>	<b>372,710</b>	<b>-570</b>

in '000 EUR	31.12.2024		31.12.2023	
	Gross outstanding amount	Loss allowance	Gross outstanding amount	Loss allowance
Ratings				
AAA	270,760	-6	141,563	-2
AA+	145,584	-4	75,461	-2
AA-	17,920	0	27,907	-1
BBB	9,558	-5	16,374	-6
BBB-	55,927	-27	47,293	-23
BB+	125,549	-52	121,192	-51
BB	30,967	-11	38,424	-13
BB-	39,815	-12	16,426	-5
B+	54,879	-10	1,525	-2
B	-	-	18,301	-22
B-	-	-	56,775	-56
CCC	216,342	-1,628	53,795	-109
CC	-	-	136,670	-944
<b>Investment securities</b>	<b>967,300</b>	<b>-1,755</b>	<b>751,705</b>	<b>-1,236</b>

The exposure towards counterparties and issuers is managed on the basis of a limit system. ProCredit banks conclude transactions only with counterparties that have previously been analysed and for which a limit has been approved. The total limit for banks or banking groups is also set, with a distinction being made between banks and banking groups based in an OECD country and those outside of the OECD. Exposures to shadow banks are limited to 20% of total group capital. Essentially, these comprise transactions in the framework of ordinary business activities with locally regulated commercial banks in those countries where we operate whose banking regulations (supervisory and regulatory requirements) are not considered to be equivalent to CRR.

In order to avoid risk concentrations on group level, additional maximum limits towards each banking group and each state group (total exposure towards central bank, government and state-owned entities) are defined. Due to mandatory minimum reserves, a concentration exists at group level with regard to exposures towards central banks. The group has therefore insured a significant share totalling EUR 361.6 million (2023: EUR 312.1 million) of the amount via guarantees from the Multilateral Investment Guarantee Agency (MIGA). The requirements for large exposures were met at all times.

### *Country risk*

We define country risk as the risk that the group is not able to enforce rights over certain assets in a country or that a counterparty in that country is unable to perform an obligation due to convertibility or transfer restrictions on its cross-border obligations. Country risk thus arises solely from cross-border transactions.

Country risk is a material risk only for ProCredit Holding and the ProCredit bank in Germany, because only these companies conduct cross-border transactions with other group banks or clients abroad. The other ProCredit companies are only exposed to country risk to a very limited extent, particularly through their nostro accounts with ProCredit Bank Germany or selected third-party banks. Furthermore, they only carry out cross-border transactions in exceptional cases and only with prior approval from the Group Risk Management Committee.

We set country limits in order to diversify cross-border transactions as much as possible. These country limits are defined taking into account both the risk perspective and the strategic business perspective. All cross-border transactions and developments in the ProCredit countries of operation are monitored regularly. Among other things, internal indicators, external ratings and country-specific information are used for this purpose. Additionally, we closely follow the developments in all countries where we operate, including through regular communication and exchange of information with our colleagues in the ProCredit banks and through publications by economic research institutes.

The ongoing war in Ukraine as well as the results of elections in 2024 in the United States and some of the countries where we do business have increased both global and regional political and macroeconomic uncertainty. These events have thus strongly influenced the country risk of the group.

Ukraine's long-term issuer default rating (IDR) was downgraded several times during the year by the rating agencies Fitch and S&P (Moody's has not made any rating changes since February 2023) and was lowered to 'RD' in August 2024. This was last confirmed by Fitch in December 2024. The Fitch 'country ceiling', which corresponds to the risk of conversion or transfer restrictions, remains unchanged at 'B-', because the ongoing capital and foreign exchange restrictions have not prevented companies from servicing their external debt.

The group's cross-border exposures to Ukraine mainly comprise transactions between ProCredit Holding and ProCredit Bank Ukraine. Under the martial law in effect since February 2022, the National Bank of Ukraine has imposed restrictions which also apply to international payment transactions. However, the timely settlement of ProCredit Bank Ukraine cross-border liabilities has not been affected.

S&P upgraded the long-term IDR for Albania from B+ to BB- in the course of the year. Ratings agencies maintained the sovereign ratings for our other countries of operation during the year. At the end of 2024, two of our countries of operation (Bulgaria and North Macedonia) had a 'positive' outlook from Fitch, whereas Romania and Georgia had a 'negative' outlook, mainly to reflect the increasing political uncertainty. The outlook for our other countries of operation remained 'stable'.

The cross-border transactions generally take place between group companies, with country risk consisting of potential conversion or transfer restrictions. As a result, we do not consider provisions to be necessary for cross-border transactions within the group.

### *Market risks*

Market risks comprise the risk of potential losses from shifts in market prices, such as exchange rates or other parameters which influence prices. Relevant market risks for us are foreign currency risk and interest rate risk in the banking book. All ProCredit banks are non-trading book institutions. We manage market risks in such a

way that their impact is as limited as possible from an overall risk perspective. In accordance with our risk strategy, foreign currency risk and interest rate risk may not be incurred for speculative purposes. Foreign currency and interest rate derivatives are used exclusively for hedging or liquidity purposes.

#### *Foreign currency risk*

We define foreign currency risk as the risk that a group company or the group as a whole incurs losses due to exchange rate fluctuations or that the group's equity is reduced through currency translation effects.

At the level of individual banks, foreign currency risk can have adverse effects on income and can thus lead to a decline in regulatory capital ratios. This is the case when the volume of its assets and liabilities denominated in the corresponding foreign currency does not match and the exchange rates move unfavourably. The key risk indicator that captures the balance sheet discrepancy for each currency is the open currency position (OCP). Limits for OCP are set at bank level.

Domestic currency depreciation can reduce regulatory capital ratios at bank level in cases where the capital of a bank is held in a different currency than many of the assets it supports: foreign currency assets appreciate (from a local perspective) and the bank therefore has higher risk-weighted assets but the capital remains unchanged. To mitigate this risk, the group aims to keep a high share of assets in the domestic currency of the respective banks.

Foreign currency risk at group level arises as a result of the equity investments that ProCredit Holding maintains in its subordinated companies in countries which do not have the euro as the domestic currency. The ProCredit banks keep their equity in the respective domestic currency. Thus, from a consolidated group perspective, OCPs in the respective domestic currencies exist and are roughly equal to the amount of the respective equity base. The group's regulatory capital and risk-taking potential are exposed to fluctuations due to changes in the exchange rates of domestic currencies against the euro. These are included in the translation reserve in the consolidated equity. These fluctuations are usually accompanied by simultaneous changes in the loan portfolio expressed in EUR terms.

The translation reserve changed from EUR -85.5 million at the end of 2023 to EUR -80.1 million at the end of December 2024. This was mainly influenced by a strong US dollar, which appreciated by around 6.4% against the euro. The appreciation of the Georgian lari (+1.8%) compared to the previous year also contributed. The hryvnia, which depreciated by 3.1% in 2024, had a partially offsetting effect on the translation reserve. The hryvnia is not pegged to the US dollar, just as at year-end 2023, but the Ukrainian central bank reserves the right to make further exchange rate interventions.

Within the scope of the group's capital adequacy calculation in the economic approach, with a confidence level of 99.9% and a holding period of one year, a value-at-risk procedure is defined for fluctuations in the translation reserve. This amount rose by EUR 1.9 million during the year and stood at EUR 82.7 million as of December 2024.

#### *Interest rate risk in the banking book*

Interest rate risk is the risk that changes in market interest rates will have a negative impact on the economic value, interest income and, ultimately, the capital of the group. It includes the gap risk, the basis risk and the option risk. The aim of interest rate risk management in the ProCredit group is to keep the differences between repricing maturities for assets and liabilities as small as possible in all currencies. This is particularly relevant against the background of the limited opportunities to manage this risk using interest rate derivatives, especially in the local currencies of our banks. In addition, interest rate swaps can be used to hedge the interest rate risk arising primarily from long-term, fixed-interest investment loans in euros and US

dollars (micro fair value hedge). These are designated as hedging instruments in hedging relationships (hedge accounting) in accordance with IFRS 9. In addition, interest rate floors have been agreed for some of our customer loans (automatic options).

The measurement, monitoring, limiting and management of interest rate risk in the group is based on both the economic value impact (EVI) and P&L-oriented perspectives. The risk is measured on a regular basis, at least quarterly. The assets and liabilities are distributed across time buckets according to the contractual terms, thereby aggregating individual contracts into homogeneous groups. Customer deposits with unspecified contractual fixed interest are included in the gap analysis according to country- and currency-specific analyses of historical data. Modelled country-specific, risk-free yield curves are used in a multi-curve approach to discount the cash flows. In addition, regularly updated assumptions on planned business developments are used to calculate the P&L indicator.

At the bank level, we assume a +/- parallel shift of the yield curves. The magnitude of the interest rate shock is essentially determined on the basis of a historical analysis of the corresponding yield curves. For each currency, only the parallel shift which results in a loss is considered in the calculation. Limits are set in relation to regulatory capital for the economic value impact and in relation to the forecast net interest income for the P&L effect. In addition, further scenarios are considered in which a non-parallel shift in the yield curves is assumed.

At group level, account is taken for EVI effects within the scope of the capital adequacy calculation in the economic approach. In this calculation, a complete loss of the value of the automatic options (floors) as of the calculation date is assumed. This value is determined using the Bachelier model, which also takes into account the possible impact of a negative interest rate environment. In addition, a potential 12-month P&L effect is determined. The indicators are calculated using Value-at-Risk models with a holding period of one year and confidence level of 99.9% (EVI) or 99% (P&L effect). The maturity-specific interest rate shocks per curve are based on the historical daily development of the reference curves over the last ten years.

in '000 EUR

31.12.2024		31.12.2023	
Economic Value Impact	12 month P&L-Effect	Economic Value Impact	12 month P&L-Effect
105,564	12,617	64,248	8,960

As of year-end 2024, the negative economic value impact had increased by EUR 41.3 million compared to the previous period and stood at EUR 105.6 million. This is due to changes made during the year to the modelling of deposits with indefinite capital commitment. In addition, the downward shift of the euro reference curve has led to a higher value of automatic options (interest rate floors) and, accordingly, increased the risk amount (a complete loss of value is currently being modelled). The 12-month P&L effect increased by EUR 3.7 million to EUR 12.6 million. Both indicators remained within their limits.

In addition, the calculation of the present value of the interest book, of the economic value impact and of the changes in net interest income are implemented and limited according to the regulatory interest shock scenarios from BaFin.

### *Liquidity and funding risk*

Liquidity and funding risk addresses the ProCredit group's short- and long-term ability to meet its financial obligations in a complete and timely manner, even in stress situations.



### *Liquidity risk*

We assess short-term liquidity risk in the ProCredit banks on the basis of a liquidity gap analysis, among other instruments, and we monitor this risk using numerous indicators. These include a 30-day liquidity indicator (Sufficient Liquidity Indicator, SLI), a survival period, and the liquidity coverage ratio stipulated by CRR (Liquidity Coverage Ratio, LCR). The SLI measures whether institutions have sufficient liquidity in relation to the expected inflows and outflows of funds in the next 30 days. The survival period is the timeframe during which the banks are able to fulfil all payment obligations, despite reduced liquidity inflows and elevated outflows. The calculation applies outflows derived from historical analyses of deposit movements from the ProCredit banks. LCR indicates whether the ProCredit banks and the group have sufficient liquidity to cover the net outflows expected in the next 30 days, even in the event of a specified severe economic shock scenario.

Market-wide, institution-specific (idiosyncratic) and combined stress tests are conducted monthly and ad hoc. Each ProCredit bank should keep sufficient liquid funds to meet its obligations, even in difficult times. Moreover, each bank has a contingency plan. If unexpected circumstances arise and an individual bank proves not to have sufficient liquid funds, ProCredit Holding would step in as a "lender of last resort". ProCredit Holding keeps an adequate liquidity reserve available for this purpose. The amount of the liquidity reserve is determined on the basis of group stress tests and monitored on a regular basis. In addition, ProCredit Holding has developed a liquidity contingency plan.

Liquidity is managed on a daily basis by the respective treasury departments, based on the ALCO-approved cash flow projections, and is monitored by risk management and ALCO as well as monthly by Group ALCO. Liquidity movements within the group are coordinated by Group ALCO in order to utilise liquidity as efficiently as possible.

Despite the comfortable liquidity position overall, developments at group and bank level will be closely monitored in order to identify and be able to address potential issues in a timely manner. The liquidity situation of the group remained adequate over the course of the year. Highly liquid assets have increased further, mainly due to deposit growth. The banks and the group had sufficient liquidity available at all times in 2024 to meet all financial obligations in a timely manner. This also applies to ProCredit Bank Ukraine in light of the ongoing war.

The following tables show the undiscounted cash flows of the financial assets and financial liabilities of the group according to their remaining contractual maturities. The remaining contractual maturity is defined as the period between the balance sheet date and the contractually agreed due date of the asset or liability, or the due date of a partial payment under the contract for an asset or liability.

31.12.2024

in '000 EUR	Carrying amount	Gross nominal inflow/outflow	Up to 1 month	1 - 3 months	4 - 12 months	1 - 5 years	over 5 years	Maturity not applicable
<b>Assets</b>								
Cash	201,316	201,316	201,316	-	-	-	-	-
Central bank balances	1,962,378	1,962,473	1,962,473	-	-	-	-	-
Loans and advances to banks	513,586	514,004	473,124	35,725	4,200	850	105	-
Derivative financial assets	6,660	6,660	475	-	54	639	5,491	-
Investment securities	965,644	994,079	247,974	145,496	346,861	252,806	942	-
Loans and advances to customers	6,828,256	8,136,995	261,403	495,277	2,251,958	3,592,232	1,556,387	-20,262
Other assets	67,048	67,069	21,501	3,729	2,889	1,378	5,335	32,237
<b>Total assets</b>	<b>10,544,886</b>	<b>11,882,596</b>	<b>3,168,267</b>	<b>680,226</b>	<b>2,605,962</b>	<b>3,847,905</b>	<b>1,568,260</b>	<b>11,975</b>
<b>Liabilities</b>								
Liabilities to banks	946,425	1,018,443	30,499	50,180	292,677	580,959	67,590	-3,463
Derivative financial liabilities	1,246	1,246	13	-	-	-	1,234	-
Liabilities to customers	8,291,358	8,380,019	5,477,335	509,947	1,632,797	612,326	147,615	-
Debt securities	90,545	103,743	237	736	28,234	31,659	43,776	-901
Other liabilities	62,708	62,708	25,647	1,291	7,558	18,234	5,785	4,194
Subordinated debt	255,204	440,714	1,830	3,962	26,627	106,793	303,450	-1,948
<b>Total liabilities</b>	<b>9,647,487</b>	<b>10,006,874</b>	<b>5,535,561</b>	<b>566,116</b>	<b>1,987,892</b>	<b>1,349,972</b>	<b>569,449</b>	<b>-2,117</b>
<b>Off-balance sheet transactions</b>								
Performance guarantees, payment guarantees and letters of credit		402,709	402,709	-	-	-	-	-
Loan commitments (revocable)		884,568	884,568	-	-	-	-	-
Loan commitments (irrevocable)		22,045	22,045	-	-	-	-	-
<b>Total off-balance sheet transactions</b>		<b>1,309,323</b>	<b>1,309,323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contractual liquidity surplus (+)/gap (-)</b>			<b>-3,676,617</b>	<b>114,110</b>	<b>618,070</b>	<b>2,497,933</b>	<b>998,810</b>	<b>14,092</b>

31.12.2023								
in '000 EUR	Carrying amount	Gross nominal inflow/outflow	Up to 1 month	1 - 3 months	4 - 12 months	1 - 5 years	over 5 years	Maturity not applicable
<b>Assets</b>								
Cash	219,879	219,879	219,879	-	-	-	-	-
Central bank balances	2,127,737	2,127,826	2,127,826	-	-	-	-	-
Loans and advances to banks	372,141	372,475	344,614	23,516	3,765	580	-	-
Derivative financial assets	8,083	8,083	78	-	-	1,037	6,967	-
Investment securities	750,542	770,367	235,458	149,026	228,507	157,376	-	-
Loans and advances to customers	6,029,715	7,121,322	243,058	478,968	2,047,250	3,189,574	1,181,833	-19,361
Other assets	64,382	64,423	21,550	2,910	2,288	1,184	8,039	28,454
<b>Total assets*</b>	<b>9,572,479</b>	<b>10,684,376</b>	<b>3,192,464</b>	<b>654,420</b>	<b>2,281,810</b>	<b>3,349,751</b>	<b>1,196,839</b>	<b>9,092</b>
<b>Liabilities</b>								
Liabilities to banks	1,127,680	1,218,959	102,419	38,818	251,105	725,426	105,148	-3,957
Derivative financial liabilities	1,334	1,334	379	-	-	2	953	-
Liabilities to customers	7,254,236	7,306,719	4,978,567	384,387	1,479,919	441,969	21,878	-
Debt securities	147,088	163,468	302	868	60,570	58,319	44,915	-1,506
Other liabilities	48,613	48,613	16,188	920	6,309	15,939	5,422	3,835
Subordinated debt	139,269	231,403	8,941	2,304	31,525	65,387	123,934	-688
<b>Total liabilities*</b>	<b>8,718,219</b>	<b>8,970,496</b>	<b>5,106,796</b>	<b>427,297</b>	<b>1,829,427</b>	<b>1,307,042</b>	<b>302,248</b>	<b>-2,315</b>
<b>Off-balance sheet transactions</b>								
Performance guarantees, payment guarantees and letters of credit		358,092	358,092	-	-	-	-	-
Loan commitments (revocable)		750,437	750,437	-	-	-	-	-
Loan commitments (irrevocable)		10,923	10,923	-	-	-	-	-
<b>Total off-balance sheet transactions</b>		<b>1,119,452</b>	<b>1,119,452</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contractual liquidity surplus (+)/gap (-)*</b>			<b>-3,033,784</b>	<b>227,123</b>	<b>452,382</b>	<b>2,042,709</b>	<b>894,591</b>	<b>11,407</b>

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

When presented by contractual maturity, there is a contractual liquidity shortfall in the first maturity band, in particular due to sight deposits, overnight deposits and contingent liabilities. However, contractual liquidity shortfalls presented here do not represent the group's liquidity risk. In order to take appropriate account of liquidity risk, assumptions are made about inflows and outflows based on statistical models or regulatory benchmarks. Guarantee commitments usually expire without being called upon.

At group level, short-term liquidity risk is measured particularly by means of LCR. As of 31 December 2024, the LCR was 174.0% (2023: 177.9%) at group level, and thus above the regulatory requirement of 100% and our internally defined early warning threshold. This indicates an appropriate liquidity situation for the group. It should be emphasised that, for the majority of ProCredit banks, the LCR at individual institution level is significantly higher than the consolidated LCR at group level. Due to liquidity transfer restrictions, which are mainly based on national regulatory requirements in the countries where we operate, a portion of the banks' liquidity buffer is not included in LCR consolidation.

#### *Pledged assets*

Assets are deemed to be pledged when they are committed to collateral agreements or agreements to improve the credit assessment of on- or off-balance sheet transactions and it is not possible to withdraw these assets from the terms of such agreements.

Our banks have a limited amount of pledged assets, as they largely fund their activities through deposits. These comprise primarily assets which are pledged on a portfolio basis for special-purpose funding. These pledges would be exercised in case of default of interest or principal payment on the respective loans; the maturities of these pledges are the same as the maturities of the respective liabilities. The maturities of these pledges are in line with the related liabilities. As of 31 December 2024, the pledged assets of the ProCredit group amounted to EUR 40.2 million (see also note 25 to the consolidated financial statements). This corresponds to 0.4% of total assets.

### *Funding risk*

Funding risk is the danger that additional funding cannot be obtained, or can only be obtained at higher costs. This risk exists at ProCredit group level and for ProCredit Holding. It therefore covers parts of the non-systemic effect of interest rate changes. This risk is mitigated by the fact that we finance our lending operations primarily through deposits; our deposit-taking operations focus on our target group of business clients and private clients/savers. These are supplemented by loans from international financial institutions (IFIs). The funding of our group has proven to be resilient. As of end-December 2024, the largest funding source was deposits with EUR 8,291.4 million. Liabilities to banks are the second-largest source of funding, accounting for EUR 946.4 million.

We manage, measure and limit funding risk through business planning, maturity gap analysis and several indicators. This includes the structural liquidity ratio (net stable funding ratio, NSFR). As of 31 December 2024 the NSFR was 153.5% (12.2023: 158.1%).

The funding needs of the banks, identified in the business planning process, are monitored and regularly reviewed at group level. Group ALCO monitors the progress of all individually significant transactions with external funding providers, especially international financial institutions. ProCredit Holding and the ProCredit Bank in Germany also offer bridge financing. A key indicator for limiting funding risk is the deposit concentration indicator. In addition, funding via the interbank market is limited by two indicators (share of interbank liabilities and overnight liabilities in total liabilities).

### *Operational risk*

In line with the *Capital Requirements Regulation* (CRR), we define operational risk as the risk of loss resulting from inadequate or failed internal processes, people or systems (e.g. failure of data-processing systems, embezzlement, human error, faulty processes, structural weaknesses, insufficient monitoring) or from external events (e.g. criminal activities, natural disasters). This definition also takes into account fraud risk, IT risk, legal risk, reputational risk and outsourcing risk. Operational risk management aims to identify, analyse and assess all material risks at an early stage and to avoid their recurrence.

One of the key components of operational risk management is the detailed recording of risk events arising from operational risks. In this context, a Risk Event Database was developed to ensure that all risk events identified in the group with realised or potential losses from operational risks are recorded, analysed and communicated effectively. Through this uniform, pre-defined structure for the documentation of risk events, it is ensured that adequate attention is paid to the implementation of necessary corrective and/or preventive measures for reducing or avoiding operational and fraud risk. The number of loss events during the financial year was 280 (12.2023: 203). The table below provides an overview of the gross and net losses due to operational loss events.

in EUR m	31.12.2024	31.12.2023
Gross loss	2.7	3.8
Current net loss	2.5	0.6

Figures as of 31 December 2024 are based on our Risk Event Database (RED) as of 21 January 2025; figures as of 31 December 2023 are based on the RED as of 22 January 2024.

In addition, risk assessments are carried out annually throughout the group. In contrast to the ex-post analysis of risk events as recorded in the Risk Event Database, these risk assessments are systematically performed in order to identify and evaluate key risks and to assess the adequacy of the control processes. Risk mitigation measures are defined for the areas identified as high risk. These two control components complement each other and provide an overall picture of the operational risk profile for each ProCredit bank, ProCredit Holding and the group as a whole.

In addition, early warning indicators have been defined centrally for all ProCredit banks, in order to identify areas of banking business with increased fraud risk. These can be expanded upon by the subsidiary banks. The early warning indicators are analysed regularly and, where needed, preventive measures are agreed upon.

To complete the management of operational risk, all new products and/or activities, as well as outsourcing activities, need to be analysed to identify and manage potential risks before implementation.

Operational risk is accounted for and monitored within the scope of the group's capital adequacy calculation in the economic approach. In this context, scenario analyses are used to supplement the historical risk events from the risk event database.

The group has defined detailed guidelines and standards to ensure the confidentiality, availability and integrity of all information and information-processing IT systems requiring protection. Regular controls of information security and business continuity are part of existing processes and procedures. The ProCredit banks carry out a classification of their information assets and conduct a risk assessment on their critical information assets each year. The business continuity framework implemented in the group ensures that these risks are understood by all members of staff, that critical processes are identified and that resources are allocated to restore operations, in line with the prioritisation of processes. The IT service provider, Quipu, is part of the ProCredit group and supports all group companies with respect to software and hardware.

The war in Ukraine represents an additional risk from an operational risk perspective. Thanks to the measures taken to protect our employees and ensure business continuity, we were able to maintain our business activities and ensure the availability of IT systems without any loss of performance.

### *Risks arising from money laundering, terrorist financing, fraud and other acts punishable by law*

Responsible behaviour is an integral part of our values-oriented business model. This is reflected in the Code of Conduct for the group's employees as well as in the contents of the introductory courses for new staff and in the curricula of the ProCredit academies. The prevention of money laundering, terrorist financing, fraud and other acts punishable by law is a key component of our self-perception. This is illustrated by the criteria used to select customers and by the few cases of internal fraud within the group.

ProCredit banks are in full compliance with all regulatory requirements concerning the prevention of money laundering and terrorist financing. Moreover, our banks have implemented the group-wide guidelines on the prevention of money laundering and terrorist financing, which can be stricter than the legal requirements prevailing in the individual countries of operation. The implementation is regularly reviewed by the anti-money laundering officers of the individual ProCredit banks and the group's anti-money laundering officer.



As the ProCredit group is supervised by the German financial supervisory authorities, we implement the requirements stipulated by the German Money Laundering Act, as well as the requirements applicable at the European level, across the group as minimum requirements in all of our banks. As the superordinated company for the ProCredit group, ProCredit Holding is responsible for ensuring group-wide compliance with these requirements. All ProCredit banks also have their own independent money laundering officers, who in turn implement both group-wide requirements and national regulations for the prevention of money laundering and terrorist financing in the respective banks.

Our ethical responsibility is documented in the form of our Code of Conduct and Exclusion List, which contain the core rules and regulations that all employees of ProCredit banks are obliged to observe. The group-wide guidelines on the prevention of money laundering, terrorist financing and fraudulent activities, together with their subordinate directives, specify how these basic rules are to be implemented in practice.

Besides identifying all contracting parties and clarifying the purpose of the business relationship, at our banks the collection of client data always also entails identifying the beneficial owner of all funds that are managed in customer accounts. Beneficial owners are natural persons who substantially profit from a business structure, even if they are not personally in evidence during our business relationship with a client.

All ProCredit banks use specialised software to identify payments that give cause for suspicion of money laundering, terrorist financing, fraud or other acts punishable by law. Anti-money laundering officers in all of our banks work closely with the responsible law enforcement authorities and report regularly to the Group Anti-Money Laundering (AML) Officer at ProCredit Holding, who in turn is the main contact for supervisory and law enforcement authorities in Germany and other countries.

### *Other material risk*

Other risks that are assessed as material include business risk and model risk.

Business risk is the risk of reduced profitability due to external and internal factors. These include deteriorating economic conditions, unanticipated regulatory interventions and disadvantageous business decisions. In order to mitigate this risk, the ProCredit group has a structured process for the planning, implementation, assessment and adjustment of the business strategy and risk strategy. In addition, there is regular and close interaction between the Management Board of ProCredit Holding and the management team in the banks. Another risk-mitigating factor is the group's own IT service provider, QUIPU, which provides standardised software solutions for the group. In addition, our internal training programmes help to ensure and continuously develop the high level of expertise of our managers and employees.

Model risk refers to the risk that inaccurate foundations for decision-making will be used due to modelling errors or inadequately used models, which may result in higher risks being taken unintentionally. The basic principles of model risk management are the identification and avoidance of model risks (e.g. through the use of proven standard market models) and the appropriate consideration of known model risks (e.g. through conservative calibration). Model risks that are not known and therefore cannot be mitigated are accepted as an inherent risk of the business model. As part of the governance of model risk management, clear requirements are defined for model use, model validation and model changes, among other things.

### **Capital management**

Capital management in the group is guided by the principle that neither a ProCredit bank nor the group as a whole may incur greater risks than they are able to bear. In this context, the group has the following objectives:

- Compliance with regulatory capital requirements (normative perspective)
- Ensuring adequate capitalisation in the economic perspective
- Compliance with the internally defined capital requirements and creation of a sufficient capital buffer to ensure that the group and the banks are able to act
- Support for the banks and for the group in implementing their plans for sustainable growth

The principle of capital adequacy is monitored using different indicators for which early warning indicators and limits have been established.

Whereas the capital requirements for the ProCredit group are imposed and monitored by BaFin and by the Supervisory College pursuant to Section 8a KWG, the individual ProCredit banks are subject to the requirements imposed by the respective national supervisory authorities.

### *Capitalisation in the economic perspective*

Ensuring sufficient capitalisation in the economic perspective is a key element of ProCredit's risk management and capital management processes. In the context of the economic perspective, the capital needs arising from our specific risk profile are compared with the available capital resources to assure that the ProCredit group's capitalisation is sufficient. The required capitalisation in the economic perspective was adequate at all times during the course of 2024.

The included material risks and the limits set for each risk reflect the specific risk profile of the group and are based on the annually conducted risk inventory. The group's economic capital requirements are determined for the following risks:

Material Risk	Quantification/treatment
Credit risk, comprising: <ul style="list-style-type: none"> <li>• customer credit risk</li> <li>• counterparty risk</li> <li>• country risk</li> </ul>	Portfolio model based on a Monte Carlo simulation (VaR)
Foreign currency risk	Monte Carlo simulation (VaR)
Interest rate risk	Historical simulation (VaR)
Operational risk	Quantitative model based on a Monte Carlo simulation
Model risk	Qualified expert assessment

When calculating the economic capital required to cover risk exposures we apply a one-year risk assessment horizon. The methods we use to calculate the amount of economic capital required to cover the different risks the group is exposed to are based on statistical models, provided that appropriate models are available. The countries in which we do business have a relatively volatile history. Therefore, our datasets include various periods of stress.

The risk taking potential amounted to EUR 974.8 million at the end of December 2024 (2023: EUR 911.1 million). From this amount, the management buffers for business risk, funding risk<sup>13</sup>, ESG risk and the sum total of non-material risks are subtracted in order to define the resources available to cover risk (RA<sub>t</sub>CR). The RA<sub>t</sub>CR was set by the Management Board at EUR 875.0 million (2023: EUR 820.0 million). This reflects the maximum acceptable risk amount for the ProCredit group. The economic capital required to cover the risks is compared with the internal capital available for each risk and for covering all risks.

<sup>13</sup> Funding risk encompasses the potential negative effects arising from (1) higher costs for outstanding funding from institutional investors, or (2) higher costs in the event that such outstanding funding has to be replaced prematurely (due to idiosyncratic reasons on the part of the borrower).

The table below shows the distribution of RA<sub>t</sub>CR among the different risks and the limit utilisation. In the standard scenario, which is calculated with a 99.9% confidence level, the ProCredit group needs 72.7% of its RA<sub>t</sub>CR (2023: 72.6%) to cover its risk profile.

in EUR m	31.12.2024	31.12.2023
	Limit Used	Limit Used
Credit Risk	376.7	385.0
Interest Rate Risk	105.6	64.3
Foreign Currency Risk	82.7	80.7
Operational Risk	23.2	21.4
Model Risk	48.0	44.0
<b>Total</b>	<b>636.2</b>	<b>595.4</b>
<b>Total limit used in %</b>	<b>72.7%</b>	<b>72.6%</b>

### Stress tests

Stress tests are performed regularly, at least once per quarter and ad hoc, to test the group's capacity to withstand shock conditions. Various types of analysis are applied, from simple sensitivity analysis for individual risk types to scenario analyses in which multiple or all risk factors are stressed simultaneously. The stress tests are supplemented by reverse stress tests and, if applicable, by ad hoc stress tests.

A range of stress scenarios are adopted and tested in order to analyse the impact of extraordinary but plausible events. The scenarios apply to both historical and hypothetical stress situations. They are based on, among other things, assumptions depicting significant deterioration of worldwide macroeconomic conditions and include an analysis of a severe economic downturn. The selection of the scenarios takes account for the group's strategic orientation and the economic environment. Against the backdrop of the current war in Ukraine, we have analysed further stress scenarios. In addition, our concept includes scenarios with ESG risk. The results of stress testing show that the capitalisation of the group in the economic perspective would be adequate under the defined stress conditions.

### Capitalisation in the normative perspective

The normative perspective analyses whether regulatory and supervisory capital requirements have been met on a continuous basis. This was the case at all times during the reporting period. The group's regulatory capital ratios are presented below:

	31.12.2024	31.12.2023
Common equity Tier 1 capital ratio	13.1%	14.3%
Tier 1 capital ratio	13.1%	14.3%
<b>Total capital ratio</b>	<b>16.1%</b>	<b>15.8%</b>

The ProCredit group does not have any AT1 instruments. Therefore, as of 31 December 2024 our entire Tier 1 capital consisted of Common Equity Tier 1 capital.

Our (CET1) Tier 1 capital ratio declined from 14.3% to 13.1% during the reporting period. The total capital ratio increased from 15.8% to 16.1%.

Tier 1 capital increased by EUR 47.8 million, primarily due to the recognition of the previous year's result and two thirds of the interim profits reported as of 30 June 2024. Total capital increased by EUR 169.7 million due to newly issued subordinated debt.

Risk-weighted assets (RWA) increased by EUR 950.2 million compared to December 2023, in particular due to higher RWA for credit risks based on our strategic reorientation and the growth of the loan portfolio. In addition, the risk-weighted assets for market risks and operational risk grew during the year.

During the reporting period, the level of capitalisation in the ProCredit group constantly exceeded the regulatory requirements, which include an SREP requirement of 3.5 percentage points as of 31 December 2024. As of year-end 2024 the ProCredit group reported a comfortable leverage ratio of 8.4%.

in '000 EUR	31.12.2024	31.12.2023
Equity	932,693	884,847
Assets	11,093,809	10,052,908
<b>Leverage ratio</b>	<b>8.4%</b>	<b>8.8%</b>

### *Internal control system and risk management system in the financial reporting process*

The internal control system and risk management system in the ProCredit Holding and ProCredit group's financial reporting process comprises the principles, procedures and measures for the effective, cost-efficient and rule-compliant application of financial reporting requirements. The main risks in due and proper financial reporting are the improper representation of financial position and financial performance or delayed publication. The internal control system in the financial reporting process is subject to the general principles of our risk management approach and is thus an integral component of the risk management system.

Primary responsibility for the internal control system and risk management system in the financial reporting process, and thus for its effectiveness and monitoring, lies with the Management Board. The Management Board establishes the general principles and defines areas of responsibility. The finance area implements the requirements of the Management Board and defines the specific parameters within the framework provided. Group Operational Risk Management identifies and assesses risks on a regular basis. Risk assessment comprises an evaluation of operational and fraud risks as well as a review of the effectiveness of the respective controls. If necessary, appropriate measures are defined and implemented in order to limit the risks identified.

The financial reporting process aims to standardise, to the greatest extent possible, the application of the main international financial reporting standards and related processes. The Group Accounting & Taxes department establishes the accounting manual, which applies throughout the group, and defines the material processes in the respective policies, taking account for the principle of dual control. The processes for report preparation are largely automated and the functionalities of the key IT applications have been defined on a centralised basis. IT permissions are defined and regularly monitored in accordance with the respective policies.

The financial reporting process is supported by a multi-step control system. This ensures compliance with legal requirements and the implementation of internal policies. The units in the group prepare information relevant for financial reporting with the support of IT applications which are uniform throughout the group. The information packages from units in the group for the preparation of the consolidated financial statements are reviewed locally, taking account for the dual control principle, and then subject to standardised quality checks. Consolidation is carried out using standard software support.

In addition, Internal Audit supports the Management Board and the Supervisory Board in their control functions through independent and objective risk-oriented audits. Regular audits are performed on the

financial reporting processes in the ProCredit Holding and ProCredit group to determine whether they are effective, orderly and cost efficient.





Above: Bashka, family-owned chocolate production company. Client of ProCredit Bank Bosnia and Herzegovina  
Below: East European University, institute of higher learning. Client of ProCredit Bank Georgia



## **DISCLOSURES REQUIRED BY TAKEOVER LAW PURSUANT TO SEC. 289a, SEC. 315a SENTENCE 1 GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH)**

### *Capitalisation*

The share capital of ProCredit Holding AG (the Company) is divided into 58,898,492 registered shares with no par-value. Each share entitles its holder to one vote.

### *Restrictions affecting voting rights or the transfer of shares*

In principle, the shares of the Company can be freely traded. Shares acquired under the investment programme for managers, "Management ReInvests", are subject to a holding period which concludes three years after the acquisition date.

In addition, certain restrictions applied until 31 December 2024 to the shares held by Zeitinger Invest GmbH, DOEN Participaties B.V., the European Bank for Reconstruction and Development, KfW and ProCredit Staff Invest GmbH & Co. KG (the Core Shareholders), as follows:

In accordance with an agreement between the Core Shareholders dated 7 July 2011, which was last amended on 18 April 2023 and which expired on 31 December 2024 (the CS Agreement), the Core Shareholders had each undertaken in principle to hold certain minimum shareholdings in the Company; accordingly, the Core Shareholders were to hold a total of at least 20% of the Company's share capital until 31 December 2024.

### *Shareholdings exceeding 10% of the voting rights*

As of 31 December 2024, the following shareholders held (directly or indirectly) 10% or more of the voting rights according to their last voluntary notification:

- Zeitinger Invest GmbH: 10,764,973 voting rights and thus 18.28% of the total voting rights (voluntary notification dated 13 April 2023)
- Federal Republic of Germany (indirectly via KfW): 7,774,248 voting rights and thus 13.20% of the total voting rights (voluntary notification dated 17 April 2023)
- DOEN Foundation (indirectly via DOEN Participaties B.V.): 7,367,362 voting rights and thus 12.51% of the total voting rights (voluntary notification dated 14 April 2023)

For holdings that exceed 3% of the voting rights, we have listed voting rights notifications in the Notes to the Company's annual financial statements, which are available on the Company's website at <https://www.procredit-holding.com/investor-relations/reports-and-publications/financial-reports/>.

### *Parties holding shares with special rights conferring power of control*

There are no shareholders holding shares with special rights conferring power of control. However, in accordance with Article 8 (2) of the Articles of Association of the Company, ProCredit Staff Invest GmbH & Co. KG is entitled to appoint one member of the Supervisory Board as long as ProCredit Staff Invest GmbH & Co. KG is a shareholder of the Company and there is no employee representation on the Supervisory Board of the Company pursuant to statutory provisions. Furthermore, pursuant to Article 8 (3) of the Articles of Association of the Company, Zeitinger Invest GmbH is entitled, insofar as it holds in excess of 15% of the total number of shares issued by the Company, to appoint one member of the Supervisory Board, provided that such appointee meets the respective personal requirements set forth in the Articles of Association of the Company.

### *Type of voting rights control when employees hold capital shares and do not directly exercise their control rights*

As of 31 December 2024, employees of the Company and consolidated entities held 1.47% of the voting rights, with the shares being administered in a collective custody account by the service provider Global Shares and by ProCredit Razvitie Bulgaria AD, Sofia, Bulgaria. ProCredit Staff Invest GmbH & Co. KG, Frankfurt am Main, exercises, on the basis of corresponding voting trust agreements, the voting rights for the shares held by Global Shares and ProCredit Razvitie on behalf of employees. As far as employees are direct shareholders in the Company, they themselves exercise the voting rights control.

### *Statutory regulations and provisions of the Articles of Association regarding the appointment and removal of members of the Management Board and amendments to the Articles of Association*

The members of the Management Board are appointed and removed by the Supervisory Board of the Company in accordance with sec. 84 and 85 AktG and Art. 6 (3) of the Articles of Association of the Company. Pursuant to sec. 179 (2) sentence 2 AktG in conjunction with Art. 20 of the Articles of Association of the Company, the Articles of Association of the Company can be amended upon resolution of the Company's General Meeting with simple majority of the share capital represented at the time of the resolution.

### *Authorities of the Management Board, in particular regarding the possibility of issuing or buying back shares*

In accordance with Art. 4 (3) of the Articles of Association, the Company's Management Board is authorised, with the approval of its Supervisory Board, to increase the Company's share capital by up to a total of EUR 29,449,245.00 by issuing up to 5,889,849 new non-par value registered non-par value shares against contributions in cash and/or in kind once or in several smaller amounts until the end of 4 June 2028 (Authorised Capital 2023).

### *Significant agreements with the Company that are subject to a change of control of the Company following a takeover bid*

The Company has concluded agreements for promissory note loans (PNL) and bearer bonds (BB) and for a registered bond (RB), each of which contains a change-of-control clause that allows creditors to demand early repayment of these funds in the event of a change in control. The change of control is linked to the terms of control defined in more detail in the agreements and to a rating downgrade occurring within a change-of-control period. This applies to the following agreements:

- PNL for EUR 6.5 million, final maturity 28 July 2025
- PNL for EUR 5 million, final maturity 3 August 2026
- PNL for EUR 5 million, final maturity 21 December 2026
- PNL for EUR 5 million, final maturity 10 February 2027
- PNL for EUR 5 million, final maturity 18 September 2029
- PNL for EUR 2 million, final maturity 29 April 2030
- PNL for EUR 15 million, final maturity 18 December 2030
- BB for EUR 10 million, final maturity 6 October 2025
- BB for EUR 15 million, final maturity 24 November 2025
- BB for EUR 25 million, final maturity 11 June 2027
- BB for EUR 20 million, final maturity 14 August 2030
- BB for EUR 5 million, final maturity 21 February 2034
- BB for EUR 5 million, final maturity 19 September 2034

- RB for EUR 10 million, final maturity 18 March 2041

Furthermore, the Company has concluded two loan agreements, each of which entitles the creditor to demand early repayment in the event of a direct or indirect change of control at the Company. These agreements have a total volume of EUR 55 million and mature on 30 September 2025.

In addition, the Company has concluded a loan agreement with an outstanding volume of EUR 40 million, maturing on 8 November 2027. The creditor can demand early repayment of the outstanding loan amount under this contract in the event of a change of control. A change of control is deemed to occur if one or more persons directly or indirectly hold more than 50% of the shares or economic interest in the Company or otherwise acquire control of the Company.

*Compensation agreements with the Company and the members of the Management Board or with any employees in the event of a takeover bid*

There are no compensation agreements with the Company in place with the members of the Management Board or with any employees of the Company in the event of a takeover bid.

## CORPORATE GOVERNANCE STATEMENT<sup>14</sup>

The corporate governance statement, which also includes the statement on the German Corporate Governance Codex required by sec. 161 of the German Stock Corporation Act (AktG), is published on our website (<https://www.procredit-holding.com/investor-relations/corporate-governance/corporate-governance-statement/>).

<sup>14</sup> The corporate governance statement is not part of the audit of the financial statements.





Above: Employee in front of the head office of ProCredit Bank Georgia  
Below: Pirin-Tex, manufacturing of men's and women's clothing. Client of ProCredit Bank Bulgaria



## GROUP SUSTAINABILITY STATEMENT<sup>15</sup>

### *General basis for preparation of the group sustainability statement*

As the Corporate Sustainability Reporting Directive (CSRD) has not been transposed into German law in 2024, ProCredit continues to report in accordance with the requirements of the Non-Financial Reporting Directive (NFRD). This group sustainability statement was prepared in accordance with the European Sustainability Reporting Standards (ESRS) and thus in line with the NFRD and section 289c/section 315c HGB. The reporting period is 1 January to 31 December 2024, unless otherwise stated. The group sustainability statement is prepared on a consolidated basis.

The CSRD scope of consolidation covers the scope of consolidation of the group's annual financial statements and also Pro Energy L.L.C., Kosovo. Pro Energy L.L.C, Kosovo, is included in the scope of consolidation for CSRD due to its environmental and social materiality, but is not included in the scope of consolidation for the consolidated financial statements due to its immaterial influence on the financial position and financial performance of the group. ProCredit Reporting DOOEL, North Macedonia, is not included in the CSRD scope nor in the scope of consolidation for the consolidated financial statements due to its immateriality in terms of environmental, social and financial materiality.

ProCredit Bank Romania, ProCredit Bank Bulgaria and ProCredit Bank Germany are, pursuant to Articles 19a(9) or 29a(8) of Directive 2013/34/EU and Article 8 of the EU Taxonomy Regulation (2020/852), included in the scope of consolidation and therefore do not report individually under the CSRD and the EU Taxonomy.

This statement covers ProCredit's own operations as well as the upstream and downstream value chain. No piece of information corresponding to intellectual property, know-how or the results of innovations has been omitted.

### *Disclosures in relation to specific circumstances*

#### *Time horizons*

ProCredit's group sustainability statement follows the time horizons defined in ESRS: short term (up to 12 months), medium term (1-5 years) and long term (above 5 years). However, one exception is made to this definition. For Science-based Targets initiative (SBTi) metrics, near-term is up to 2030 and long-term is until 2050.

#### *Value chain estimation*

ProCredit's group sustainability statement includes an emissions estimate for the loan portfolio using the Partnership for Carbon Accounting Financials (PCAF) methodology. For that calculation, sector-average emissions factors from an external database were used. We operate in countries where data availability is limited in some cases. Therefore, we have defined proxies for these regions based on comparable market characteristics. Where there are methodological limitations or limited data availability, PCAF relies on transparency, which means that, despite the use of proxies, the accuracy level is deemed to be high due to adherence to the methodology.

#### *Sources for estimation and outcome uncertainty*

In its group sustainability statement, ProCredit did not identify any quantitative parameters or monetary amounts that are subject to a high degree of measurement uncertainty.

<sup>15</sup> The group sustainability statement is subject to a limited assurance audit which only covers the figures for 2024; however, for the EU Taxonomy, both 2023 and 2024 data are included.

*Use of phase-in provisions in accordance with Appendix C of ESRS 1*

Based on the number of employees, the ProCredit group is not subject to phase-in provisions in accordance with Appendix C of ESRS 1. The E4, S1, S2, S3 and S4 standards have been included in the double materiality assessment. The assessment indicated that E4, S2 and S3 are not material, whereas S1 and S4 are material. For details on these sustainability topics, we refer to the "Material impacts, risks and opportunities and their interaction with strategy and business model" section and the corresponding disclosure sections. The phase-in option on disclosure requirements for the above standards was not utilised.





Above: Tri Sunca, electric power generation, transmission and distribution. Client of ProCredit Bank Bosnia and Herzegovina  
Below: Head office of ProCredit Bank Georgia in Tbilisi



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## General Disclosures

### Governance

#### *The role of the administrative, management and supervisory bodies*

ProCredit Holding AG ("ProCredit Holding") is the parent company of the ProCredit group and holds controlling stakes in its subsidiaries. ProCredit Holding is responsible for the strategic guidance of the group, for maintaining an adequate level of equity and for ensuring that the reporting, risk management, anti-money laundering and compliance obligations required under German and European banking regulations are met. Risk management and compliance systems are in place across the group.

ProCredit Holding has a two-tiered board structure, consisting of the Management Board and Supervisory Board. The Management Board ensures that ProCredit Holding fulfils its role within the group, as described above. Several committees are in place to support the Management Board in its duties. ProCredit Holding's Management Board members are represented in the Supervisory Boards of all its subsidiaries, further strengthening operational and strategic alignment throughout the group.

Share of Board Members per Board Types and Gender	31.12.2024		31.12.2023	
	Management Board	Supervisory Board	Management Board	Supervisory Board
Female	1	3	2	4
Male	5	5	3	4
Other	0	0	0	0
Total	6	8	5	8
Diversity Ratio	16.7%	37.5%	40.0%	50.0%

Share of Board Members per Board Types and Age Range	31.12.2024		31.12.2023	
	Management Board	Supervisory Board	Management Board	Supervisory Board
30-50 years old	4	1	2	0
over 50 years old	2	7	3	8

The Supervisory Board and its committees do not include representatives of employees or other workers. The work of the Supervisory Board is supported by its Risk Committee, Audit Committee and Nomination Committee.

	31.12.2024	31.12.2023
Share Independent Board Member of Non-executive Board	87.5%	87.5%
Proportion of variable remuneration dependent on sustainability-related targets and/or impacts	n/a	n/a

We attach great importance to transparent corporate governance and open communication, in accordance with the principles of our Code of Conduct (we refer to the section "Business conduct policies and corporate culture"). By incorporating these principles into the internal rules of procedure of our management and supervisory bodies, the Code of Conduct is reinforced throughout the organisation. Further information on our governance structure is provided in our Corporate Governance Statement.

The Supervisory Board assesses on an annual basis the knowledge, skills and experience, including sustainability-related topics, of the individual Management Board and Supervisory Board members and of those boards.



Details about the experience, qualification and background of the members of the Supervisory Board and the Management Board are publicly available on our webpage. The Management Board and Supervisory Board are responsible for ensuring that they participate in training and further education measures that are necessary for the performance of their duties. This includes topics related to corporate governance and other sustainability-related topics, among others (please see ProCredit Holding Supervisory Board Report in the Annual Report).

*Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies*

The ProCredit group is managed by ProCredit Holding in Germany, while our operational business is conducted in the countries of South Eastern and Eastern Europe, as well as in Ecuador and Germany. The Management Board of ProCredit Holding steers the group primarily via two governance mechanisms: organisational structure and management structure. In the organisational structure, responsibilities are defined for all teams within ProCredit Holding. These teams are responsible for establishing group-wide frameworks for specific functions within the group's organisation. Furthermore, within the governance structure of ProCredit Holding, there are committees in place to support the Management Board in its task of managing the impact, opportunities and risks in the group. This includes fulfilling due diligence requirements and evaluating the results and effectiveness of the adopted strategies, measures, metrics and targets.

*Approach of the administrative, management and supervisory bodies*

The key to ProCredit's success is our people. In order to attract individuals who can identify with the organisation's purpose, which goes beyond mere profit-generation, ProCredit Holding's Group Human Resources (HR) team has developed a structured approach to the recruitment, training and remuneration of staff. This approach is applicable to all group subsidiaries. Group-wide standards for these areas are in place to ensure a consistent, transparent and long-term approach towards our staff. A cornerstone of the group's remuneration approach is the transparent salary structure, which is based primarily on fixed salaries, with variable compensation awarded only in exceptional cases and to a limited extent. We believe that short-term, performance-related bonuses can negatively impact client advice and/or relationships amongst colleagues. For further details on our remuneration system, please refer to the section "Integration of sustainability-related performance in incentive schemes".

The Group HR team organises periodic workshops with all of the HR departments in the group, in order to discuss and further develop the group standards. These workshops enable the regular exchange of ideas and observations between the HR decision-makers from the various subsidiaries. On the level of ProCredit Holding, topics related to human resources are discussed and decided in the Management Board. Furthermore, the Management Board reports to the Supervisory Board on a quarterly basis about the advancements made in mobilising new talent, both on the level of the group and at ProCredit Holding, as well as any strategic changes with regard to recruitment, training or remuneration.

ProCredit was founded with the clear objective of ensuring, as a "Hausbank", a balanced relationship between sustainable commercial growth and positive impact. This approach has contributed to the long-term financial stability of the group. In over 20 years in operation, the ProCredit group has never closed a year with negative financial results.

The business focus is on Micro-, Small- and Medium-sized enterprises (MSMEs) as well as private clients. The desired client profiles, the tailored approach to serving our clients and the respective credit risk frameworks are defined by ProCredit Holding in the form of strategies and policies, in collaboration with the local

ProCredit bank managers. Thanks to their in-depth knowledge of the markets in their respective countries, they make a significant contribution to strategy development.

The ProCredit group also maintains partnerships with strategic, non-profit organisations from the community of European international financial institutions, who view their collaboration with ProCredit primarily from an impact perspective.

Balancing impact and business opportunity aspects implies trade-offs. In order to mitigate negative social and environmental impact, the group's lending process includes several policies. These are set out in the Group Standards for Managing the Environmental and Social Risk and Impact of Lending.

The basis for all lending decisions within the group is the customer's repayment capacity over a reasonable period of time. We do not grant subprime loans, where high default probabilities are offset by high margins. Instead, we aim to avoid over-indebtedness among our customers. These fundamental principles in ProCredit's business approach set clear boundaries for the banks' lending function and thus limit business opportunities. At the same time, however, they ensure that the group's actions are in line with the expectations of its key stakeholders (see the "Interests and views of stakeholders" section). The Management Board views these impact policies as an instrumental part of effectively managing risks. They allow the group to deliver long-term, sustainable returns to its shareholders, even in a volatile business environment.

At ProCredit Holding, the Group MSME and Group Retail teams are responsible for structuring the group-wide approach towards ProCredit's clients. The Group Credit Risk Management Team defines the credit risk framework under which lending business can be conducted; the Group Sustainability Team develops the group-wide environmental management policy, which also includes green finance standards. These teams regularly organise group workshops with decision-makers from the banks on topics covering the impact, risks and opportunities of the group's business. We consider these workshops to be the most effective means to further develop the existing frameworks. They ensure that all innovations are both relevant to and supported by the ProCredit subsidiaries. They also keep the new developments in line with the group's impact orientation. The banks report to ProCredit Holding on their impact, risk and opportunity performance using group-wide, standardised templates. They also present their results to the respective supervisory boards using a predefined reporting format. These synergies and structures ensure that ProCredit consistently adheres to its clearly defined impact orientation.

#### *Committees related to impact, risks and opportunities*

Members of the Management Board of ProCredit Holding are involved in all activities that fall under their responsibility. The Management Board as a whole has also established specialised committees to structure its approach to seizing business opportunities, amplifying positive impact and managing risks.

In the Group Risk Management Committee (GRMC), the group's Risk Strategy is discussed and recommended for Management Board approval. This committee supports the Management in implementing the Risk Strategy and monitoring strategy implementation. Compliance with the Risk Strategy is reported via a scorecard of pre-defined Key Performance Indicators (KPIs). Management Board members are informed of material risks through a monthly risk report. Furthermore, risk events are reported to the Management Board as needed through the group's ad-hoc reporting framework.

The Group ESG Risk Management Sub-Committee (ESGRC), as a sub-committee to the GRMC, advises and supports the Management Board on all issues related to ESG risks. The Committee's main purpose is to provide a platform for discussion and decision-making on ESG risk assessment as part of the group's risk management approach (see the section "Risk Report") and in line with Pillar 2 and Pillar 3 of the group



Environment Management System (EMS) (see the "Environmental Management System" paragraph of the "Material impacts, risks and opportunities and their interaction with strategy and business model" section).

The Group Sustainability Steering Committee (GSSC) reports to the Management Board on the impact and the sustainability-related business opportunities of the group's operations on a quarterly basis. The Committee advises and supports the Management Board in establishing priorities for the ProCredit group in the areas of energy and resource efficiency, renewable energy, green finance and managing environmental and social risks. In this committee as well, specific KPIs for impact are enshrined in the group's Business Strategy in the form of a scorecard with a short- and medium-term view.

The GSSC, together with the ESGRC, is also the platform where the process and results of the double materiality analysis according to ESRS are discussed and subsequently reported to the Management Board for their approval. The outcome of the analysis is also presented to the Audit Committee and the Supervisory Board for their acknowledgement. The group sustainability statement is prepared by the Management Board.

The Supervisory Board endorses the Business Strategy put forth by the Management Board, including the short- to medium-term impact, risk and opportunity targets defined therein. The Supervisory Board meets at least every quarter. On these occasions, the Management Board presents the progress made with respect to the Business Strategy and the respective targets. The Risk Committee of the Supervisory Board advises the Supervisory Board on the group's current and future overall risk appetite and Risk Strategy and supports the Supervisory Board in monitoring the implementation of the Risk Strategy.

#### *Integration of sustainability-related performance in incentive schemes*

We believe that short-term, performance-related bonuses can negatively impact the quality of client advice and/or relationships amongst colleagues. Therefore, variable remuneration components, such as bonuses, are only granted on an exceptional and limited scale, and are not linked to general or sustainability-related targets or metrics. This applies to all our employees, including members of the Management Board.

Remuneration for our employees includes, depending on the local regulations, various social benefits such as health, life and accident insurance coverage, pensions, family support and measures to foster a sustainable and ecological way of life.

Our remuneration system is updated by our Group HR team and approved by the Management Board.

#### *Statement on due diligence*

As a provider of responsible banking services in transforming economies, we see it as an opportunity to integrate sustainability into our corporate governance, strategy and business model. Historically, our sustainability due diligence has adhered exclusively to the Global Reporting Initiative (GRI). In 2024, the ProCredit group additionally conducted a comprehensive sustainability due diligence in line with CSRD. The various stages of this due diligence are detailed in the group sustainability statement and outlined in the table below.

Phases of the due-diligence	Sections of the group sustainability statement
Embedding due diligence in governance, strategy and business model	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
	Integration of sustainability-related performance in incentive
	Material impacts, risks and opportunities and their interaction with strategy and business model
	Material impacts, risks and opportunities and their interaction with strategy and business model
	Description of the process to identify and assess material impacts, risks and opportunities
Engaging with affected stakeholders in all key steps of the due diligence	Policies related to own workforce
	Processes for engaging with own workers and workers' representatives about impact
	Policies related to consumers and end-users
	Processes for engaging with consumers and end-users about impacts
	Business conduct policies and corporate culture
	Description of the process to identify and assess material impacts, risks and opportunities
	Material impacts, risks and opportunities and their interaction with strategy and business model
Identifying and assessing adverse impacts	Processes to remediate negative impacts and channels for own workers to raise concerns
	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
	Actions and resources in regard to climate change
	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
Taking actions to address those adverse impacts	Managing Material Impacts on Consumers and End-Users: Risks, Opportunities, and Effectiveness of measures
	Management of relationships
	Processes to remediate negative impacts and channels for own workers to raise concerns
Tracking the effectiveness of these efforts and communicating	Processes for engaging with consumers and end-users about impacts
	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

*Risk management and internal controls over sustainability reporting*

Risks and the internal control system for sustainability reporting are part of the group-wide risk management approach. This encompasses all regulatory requirements for the group and the associated reporting, including the group sustainability statement. Risks may arise, for example, from misrepresentation of information, late reporting or compliance violations.

Group-wide risk assessments are carried out annually as part of the internal control system, in order to identify material risks and to assess the appropriateness of the control processes. This includes risks from incorrect or delayed reporting, as well as compliance risks, including those related to the group sustainability statement. In a further step, the effectiveness of the defined countermeasures for these risks is assessed. Possible control measures include regular follow-up with the responsible teams, the dual control principle, the creation of process descriptions, system support in the creation of reports, the clear assignment of responsibilities and the reconciliation of data with other sources. Additional risk mitigation measures are defined for areas identified as high risk. The control mechanisms described were also adhered to in the context of the group sustainability statement. The evaluation of the annual risk assessment is reported to the Group Risk Management Committee.

In addition to the risk assessment, a compliance risk analysis is carried out twice per year. The criteria include regulatory audits, results of internal and external audits, organisational structures, business processes, IT environments and resources. These compliance risk assessments are reported to the Group Compliance Risk Committee.

**Strategy**

*Strategy, business model and value chain*

The activities of the ProCredit group comprise the financing of MSMEs and direct banking for private clients, as well as the provision of other banking services to these client groups. We operate in South Eastern Europe, Eastern Europe, South America and Germany. The total number of employees in the ProCredit group is 4,689

as of 31 December 2024 (see the "Own workforce" section). As a group of financial institutions, ProCredit's value chain includes its core business activities as: a) the downstream value chain of our clients, b) our own operations, which encompasses but are not limited to various operational activities, and c) the upstream value chain, primarily consisting of International Financial Institutions (IFIs), suppliers and third-party IT providers.

Together with our internal and external stakeholders, we aim to support our clients in an individualised and value-adding way. Our MSME activities, which account for around 90% of the group's loan portfolio, are a central contributor to our business success and highly aligned with the objectives of the group's significant debt and equity investors. These investors aim, among other things, to support MSMEs, help drive the sustainable transformation of the economies and societies where we operate and empower women in employment and entrepreneurship. The close relationship with these institutions is reflected in ProCredit Holding's shareholder structure and in the long-term funding agreements at the level of most group entities. This collaboration is likewise visible in guarantees for MSME lending and other programmes made available to the ProCredit banks by these strategic partners to incentivise MSME investments. The idea that MSMEs are the backbone of the economies in the countries where we operate was among the most important factors in the group's foundation more than 20 years ago. In markets that continue to suffer from a high degree of economic informality, MSMEs offer formal employment which steadily improves the standard of jobs in these countries. They import expertise and help to further develop the local labour market. In order to remain competitive in an ever-globalized world, MSMEs are increasingly investing in innovative sustainable technologies, demonstrating due regard for their social responsibility and refraining from activities that the group deems unethical or harmful for its clients, the economy or society. Many of these MSMEs are among the most formalised businesses in their markets. Overall, we have seen how lending to MSMEs can have a broad and multilayered positive impact on the economies, societies and environment in our countries of operation.

At the same time, ProCredit makes significant efforts to mitigate the risks of potential negative impacts from its operations. This includes having client repayment capacity as the basic requirement in lending decisions, in order to avoid overindebtedness. Our approach also features strict constraints on a broad variety of economic activities that ProCredit does not support due to their negative impact on environment and/or society, as well as a stringent approach to identifying the environmental and social risks of all business clients, a factor which directly influences our lending decisions.

ProCredit banks finance themselves primarily through deposits from businesses and private clients from their local markets. As such, depositors participate in the re-allocation of funds within the economy that is needed to drive investments and employment and generate economic growth and prosperity. In addition, the group receives capital and loans from its strategic partners in the community of international financial institutions. Their support enables ProCredit banks to grow their MSME business and also ensures that the benefits arising from such collaboration can be passed on to clients. These include lower requirements for collateral, due to guarantees, or cash-back programmes for transformative investments.

We offer digital banking services and thus maintain a very limited branch network. Typically, our branches are located in the economic centres of countries of our operation and are thus accessible to the largest share of MSMEs. We offer our MSME clients personalised support from our Business Client Advisers, who are familiar with those companies, their plans and their priorities. Our Business Client Advisers regularly visit the premises of their clients, in particular to discuss aspects of the business where we can provide support as a financial partner.

For our retail business, we rely on a small number of service points, typically located in crowded residential parts of larger metropolitan areas, as well as the online channels and contact centres. The contact centres are an important element of ProCredit's digital banking approach, as they enable clients to interact with qualified and well-trained ProCredit staff and discuss their matters from anywhere.

The key to ProCredit's success is our people. Our client advisers are able to implement the group's positioning and philosophy as a "Hausbank" for companies by building long-term relationships with customers, discussing with business owners and managers on equal footing, analysing credit risk reliably and providing good service in a competent, responsible and efficient manner.

Given the strict requirements placed on the quality of management staff and the specialists who serve business clients, ProCredit places great emphasis on appropriate training, as provided, in particular, through our two-part academy programme in Fürth, Germany. The first level of the ProCredit Academy consists of a one-year, part-time course, the ProCredit Banker programme. This course is open to all interested employees and aims to bring together competent specialists and potential managers to learn and actively exchange their views on the company vision and Business Strategy. Completion of this programme is also the prerequisite for entry into the ProCredit Management programme. Participants with the highest potential for further development are selected for this three-year programme, so that future management roles can also be filled. The ProCredit Academy is open to all interested employees of the group entities, regardless of their work area. Staff members are selected for participation based on their responsible manager's assessment of their performance and personal development. As staff from all ProCredit institutions participate in the courses, the Academy not only offers professional development but is also a place for intercultural exchange. In addition, employees get to know the current and future decision-makers of the individual group companies, enabling them to create a unique network of contacts.

ProCredit's success in positioning itself as an innovative and attractive bank for private clients, as well as a reliable business bank that offers a broad range of financial services, also relies heavily on the quality of its technology infrastructure. QUIPU is the dedicated IT company of the ProCredit group and provides comprehensive end-to-end solutions for all ProCredit entities. This includes everything from electronic payment services to software systems, hybrid cloud hosting, and an array of other operations. A 100% subsidiary of ProCredit Holding, QUIPU was established in March 2004 and is headquartered in Frankfurt am Main, Germany. QUIPU plays a central role within the ProCredit group, providing the support services that enable the ProCredit banks to remain competitive and efficient. The ProCredit banks are thus well equipped to respond to the evolving demands of the banking industry and economic market in their respective countries of operation, in addition to meeting regulatory demands. QUIPU's mission is to empower all ProCredit entities in their efforts to achieve their strategic objectives.

#### *Sustainability-related goals*

ProCredit frames its sustainability goals in the context of the United Nations (UN) Sustainable Development Goals (SDGs). In line with its defined business purpose, ProCredit is committed to making a positive contribution to sustainable transformation in its countries of operation. From among the 17 SDGs, ProCredit has decided to focus its energy and resources on advancing five in particular:

- *Affordable and Clean Energy, SDG 7:* Generating clean and renewable energy is central to the fight against climate change. ProCredit is an important provider of financing for renewable energy projects,

particularly for solar energy. Moreover, given the typical size of projects financed (1 to 2 MWp<sup>16</sup>), ProCredit banks cater to a segment often neglected by larger scale investors. In 2024, we passed the milestone of 1 GWp installed capacity. For many years, the share of green loans in the loan portfolio was the group's most important non-financial performance indicator. In 2023, the longstanding medium-term target of having a share over 20% was achieved. Our strategic efforts will continue to focus on these loans, in order to further promote the green transformation in our markets. At the same time, our Business Strategy, which was updated in 2024, envisages greater diversification of our loan portfolio in the upcoming years through lending to small and very small businesses and private clients. This might lead to a decline in the share of medium-sized companies in the overall portfolio. This client segment accounts for the largest share of green loans, and our experience shows that larger companies are better able to make more substantial investments in advanced technologies. A relative contraction of this client segment in the portfolio thus means that the share of green loans in the total portfolio might also fall. As part of our updated Business Strategy, we will align our reporting on climate action more closely with our net-zero strategy in the future. The net-zero targets presented in the following section therefore replace our previous medium-term target of increasing the share of green loans in the total portfolio to 25%. As part of the net-zero strategy, issuing green loans remains a key part of our business and we continue to expect good growth in green loans in the medium term. In addition, we remain committed to limiting our energy project financing activities to providing financial support for renewable energies.

- *Climate Action, SDG 13*: Moving forward, producing clean energy will not be enough to limit global temperature increases to 1.5°C (max. 2°C) from pre-industrial levels by 2050, despite the commitments made by governments and companies alike in the 2015 Paris Agreement. Therefore, the need for climate action is real and urgent. ProCredit has committed to a net-zero path for its Scope 1, Scope 2 and, of particular relevance, its Scope 3 emissions<sup>17</sup> in line with the Paris Agreement. Meeting these ambitious targets requires us, as banks, to measure emissions related to our financing activities, and over time to improve the accuracy of reporting by moving from a portfolio-based approach based on the PCAF<sup>18</sup> methodology to a more granular, client-level assessment. It also means engaging with each client in order to support them in reducing their emissions in line with the Paris Agreement.

In order to support our customers in their decarbonisation efforts, we will help them set their own carbon reduction targets. The targets are to be validated by the Science Based Target initiative (SBTi). This will be followed up by tracking the percentage of financed emissions for which clients have set validated targets. This approach is aligned with the SBTi guidelines for financial institutions, ensuring that our clients' decarbonisation efforts are scientifically grounded and systematically monitored.

ProCredit has already identified the clients who contribute most to its Scope 3 emissions. The ProCredit banks will support these clients in their efforts to accurately measure their greenhouse gas (GHG) emissions, set specific emissions-reduction targets in accordance with SBTi standards, and navigate the transition with their tailored banking services and expertise in sustainable investments. ProCredit Holding's Scope 3 target is to engage with the clients responsible for 28% of the group's portfolio emissions, ensuring that they set their own science-based targets by 2027. Additionally, the group will

<sup>16</sup> The maximum electrical output of a solar system with optimum solar irradiation is referred to as peak capacity or peak output. This is measured in kilowatt peak (kWp) or, for larger systems, in megawatt peak (MWp) or gigawatt peak (GWp). It enables a comparison of the electrical performance of modules and systems.

<sup>17</sup> The GHG Protocol Corporate Standard classifies a company's GHG emissions into three "scopes". Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions

<sup>18</sup> PCAF is an industry-led initiative that enables financial institutions to assess and disclose greenhouse gas emissions associated with their activities.



continue to work on reducing its Scope 1 and 2 emissions and invest in comprehensive ESG training for all staff.

- *Decent work and economic growth, SDG 8 & Industry, innovation and infrastructure, SDG 9:* Although environmental action has dominated the agenda worldwide in the last few years, problems ranging from poverty and lack of opportunities to discrimination continue to be very relevant, particularly in the emerging markets where ProCredit operates. The group has its roots in finance, providing funding to entrepreneurs with limited access to the formal banking sector. ProCredit regards the private sector as being of crucial importance for the creation of prosperity and opportunity. Particularly in the middle-income markets which now make up the majority of South Eastern and Eastern Europe, MSMEs provide job opportunities and, via their investments, drive innovation. Moreover, compared to other banking groups in the region, ProCredit has a higher share of long-term lending to fund capital formation, which ultimately drives productivity and innovation. The group has set as its target that long-term investment loans should account for the majority of the loan portfolio (2024: 55.0%).
- *Gender equality, SDG 5:* It is not only job creation that should be targeted, but also fair jobs in particular. This starts with having a market that is open and welcoming to all, regardless of for example gender, religious affiliation or sexual orientation. As a starting point, ProCredit decided to make 2024 the year of Gender Equity. The focus was to measure and promote women's participation in the economy, both in terms of employment and in terms of ownership in the private sector. ProCredit has endorsed and subscribed to global initiatives such as "2X Global"<sup>19</sup> and training was provided to all our staff in 2024 on the topic. We can only achieve external impact if we invest in internal commitment, knowledge and motivation. ProCredit will continue to assess market opportunities, make a performance commitment, set targets and engage with the public and customers on this very important topic. Gender representation in management positions at group level is an internal non-financial performance indicator. A noticeable imbalance serves as a warning sign for group-wide human resource management. As of 31. December 2024, the non-financial performance indicator was within the range deemed acceptable by the Management Board.

### *Outlook*

In the coming years, ProCredit wants to position its banks more strongly as attractive partners for private clients. This will serve to complement ProCredit's strong market position in the MSME segment. We want to meet all the banking needs of our private clients, including transaction-based banking, savings and loans, and to differentiate ourselves through innovative, secure and efficient electronic channels as well as transparent pricing. Local retail deposits help finance the group's MSME business. In this way, we aim to promote sustainable economic development by providing appropriate banking services. ProCredit recognises that MSMEs play a crucial role in creating stable jobs and contributing to taxes in our countries of operation. We want to drive the transition towards a decarbonised future by engaging with our clients on their net-zero pathways and by supporting investments in renewable energy and energy efficiency. Lastly, as we believe that sustainable development must be just and accessible to everyone, we will maintain a focus on gender equity, for instance by supporting women-owned businesses.

### *Interests and views of stakeholders*

The ProCredit group's main stakeholders include affected stakeholders and users of the group sustainability statement and comprise:

<sup>19</sup> 2X Global is a global membership and field-building organisation for investors, capital providers, and intermediaries working in public and private markets, across both developed and emerging economies.

- Customers
- Employees
- Shareholders, investors & analysts
- Funding providers
- Suppliers
- Public

While regulators are, in a certain sense, also crucial stakeholders due to their role in ensuring compliance with laws and regulations, they were not included in the stakeholder engagement process. This exclusion is due to the distinct nature of their oversight functions, which differ from the collaborative and feedback-oriented engagement with other stakeholders.

Our stakeholders are interested in our commitment to environmental, social, and governance practices. They seek transparency in sustainable operations, ethical investments, and contributions to societal well-being, ensuring long-term value and positive impact on the community and environment.

We have engaged with the stakeholders listed above as part of our double materiality assessment. Our internal representatives, who are in regular contact with the counterparties, surveyed them on sustainability-related topics using a detailed questionnaire. The feedback provided important insights and strengthened these relationships. This is an integral part of our sustainability efforts and strategic decision-making. Each aspect was carefully reviewed before the double materiality assessment was completed, thus identifying material topics.

The outcome of the stakeholder engagement, as part of the group sustainability statement, is discussed during the Audit Committee with the Management Board and Supervisory Board of ProCredit Holding.

*Material impacts, risks and opportunities and their interaction with strategy and business model*

During the due diligence in accordance with CSRD, four standards and 11 subtopics have been identified as material for ProCredit. The assessment was performed based on an evaluation of our business model, strategy and value chain, leading to the identification of different environmental, social and financial impacts. All identified impacts, risks and opportunities are covered by ESRS Disclosure Requirements. Based on our current assessment, we do not expect any significant risks in the next year that would require material adjustments to the amounts of assets and liabilities in connection with identified risks and opportunities.

Matter	Topic	Subtopic	Own operations	Upstream value chain	Downstream value chain
Environment	Climate change	Climate change adaption	Financial Materiality	Double Materiality	Impact Materiality
		Climate change mitigation	Double Materiality	Double Materiality	Double Materiality
		Energy	Impact Materiality	Impact Materiality	Double Materiality
Social	Own workforce	Working conditions	Double Materiality	Not applicable	Not applicable
		Equal treatment and opportunities for all	Double Materiality	Not applicable	Not applicable
		Other work - related rights	Impact Materiality	Not applicable	Not applicable
	Consumers and end-users	Information-related impacts for consumers and/or end - users	Double Materiality	Double Materiality	Impact Materiality
		Social inclusion of consumers and or end-users	Impact Materiality	No Materiality	No Materiality
Governance	Business conduct	Corporate culture	Impact Materiality	No Materiality	No Materiality
		Protection of whistle-blowers	Impact Materiality	Impact Materiality	Impact Materiality
		Political engagement	Financial Materiality	No Materiality	Impact Materiality

According to our analysis, the ESRS topical standards listed below are not material, following the reasoning provided in the respective section:

- E2 Pollution
- E3 Water & marine resources
- E4 Biodiversity & ecosystems
- E5 Resource use and circular economy
- S2 Workers in the value chain
- S3 Affected communities

#### *Environmental Information*

As a financial institution, our own operations and upstream value chain are limited to office operations. As a result, we recognise that material impacts, risks and opportunities may only arise within our portfolio and in relation to specific sectors.

However, due to the diversification and composition of our portfolio, which consists of MSMEs, the topics of pollution, water and marine resources, biodiversity, and resource use and circular economy, were not found to be material for the ProCredit group. Due to their size, MSMEs generally have a relatively small impact on the environment compared to the aggregate of all companies in a country or economic sector. In addition, the screening processes applied to our portfolio (Pillars I, II and III) ensure that: particularly environmentally harmful activities are excluded from financing, our customers' environmental impact is assessed and, where necessary, reduction measures are defined in coordination with the customer. Thus, our customers' activities have very limited contribution to impact materiality.

#### *Environmental Management System*

We pursue a comprehensive environmental management approach. We use an internal Environmental Management System (iEMS) and a screening process for credit decisions to ensure that environmental aspects are fully taken into account in our internal processes and in credit decisions. Our environmental management approach stands on three pillars: Pillar I concerns ProCredit's own operations and Pillars II and III relate to the loan portfolio. For further information, please refer to our website.

The approach described above applies to all five environmental standards.

#### *Pillar I – internal Environmental Management System (iEMS)*

The iEMS makes it possible to monitor the group's environmental impact and identify areas that require closer attention. The system is focused on the environmental impact of our organisation collectively and incorporates all group entities. It is underpinned by relevant guidelines and strategies, for example the Group Environmental Management Policy and the Plastic Strategy.

#### *Pillar II - Management of the environmental and social risk and impact in lending*

The screening and assessment process in terms of lending decisions is implemented through the Group Standards for Managing the Environmental and Social Risk and Impact of Lending. These are applicable at group level and include all of the ProCredit banks. The following components are part of this process:

- Exclusion List

We screen potential loan clients for activities with possible adverse environmental or social impacts that are part of our Exclusion List. The list covers various economic activities and includes all of the relevant environmental topics. If a client activity triggers a hit on our Exclusion List during the loan application review, we will refuse to work with that customer. The Exclusion List can be found in our Code of Conduct, which is published on our website.

- Category A screening list for environmental and social impact

Economic activities that pass the Exclusion List screening are reviewed for potential Category A projects with significant environmental impact using the criteria defined in the Category A screening list. If a Category A project is identified, the respective activities are subject to further assessment, either through an Environmental and Social Impact Assessment (ESIA) or Environmental and Social Due Diligence (ESDD).

- Borrower-level Environmental and Social Assessment criteria

Our clients' economic activities are classified according to their potential environmental risk. This categorisation is based on the inherent environmental risks of the economic sector in which the customer is active. Therefore, before granting a business loan, the environmental risk of the economic activity is defined according to the following categories:

- Low risk: The economic activity has minimal or no adverse environmental risks and impacts associated with it.
- Medium risk: The economic activity has limited adverse environmental risks and impacts, and these can be readily prevented or mitigated through technically and financially feasible measures.
- High risk: The economic activity may give rise to significant or long-term adverse environmental risks and impacts, and the client may not have the technical or financial means to manage them.

The customer's environmental risk category determines the scope of the environmental impact assessment to be carried out. The information to be collected to assess the environmental risk posed by one or more economic activities is set out in the relevant sector-specific guidance notes and is assessed within the sector-specific Environmental and Social Assessment Form (ESAF). The social assessment is mandatory, regardless of the category or size of the company, and must be performed for all business clients.

- Consultation with local communities

We focus primarily on lending to MSMEs, which, due to their size, have a relatively small social and environmental impact. Public consultations are therefore not carried out on a regular basis.

### *Pillar III – Green finance/green credit services*

The goal of this pillar is to improve the ProCredit group's indirect environmental impact and seize environmental opportunities by providing specialised credit services for investments in energy efficiency, renewable energies, and other environmentally friendly measures. The design of these services takes account of the circumstances within the banks' local markets, and the approval process incorporates the technical aspects of the investment. Loans meeting the defined requirements can be classified as green loans in the bank's core system. Here, the Group Guidelines for Green Finance are decisive.

The categories for green investments in the ProCredit group are defined as follows:

- Energy efficiency (EE) investments: measures to use less energy to provide the same or an increased level of output.
- Renewable energy (RE) investments: investments in harnessing natural resources that are inexhaustible within human time scales (e.g. wind energy, solar energy) or that are replenished much more quickly than they are depleted (e.g. biomass).
- Environmentally friendly investments (GR): other investments which have a direct positive effect on environmental protection, even though, for example, the reduction in energy demand or soil protection is not always measurable; this also includes consulting and planning services to reduce environmental pollution.

Investments are eligible to be classified as green when they fulfil a specific set of criteria which are applicable across a broad range of economic sectors and business activities.

### *Climate change*

As a financial services provider, we can influence the decarbonisation of our clients' business activities through our lending. At the same time, we will have to address the risks arising from climate change. In addition to the physical risks resulting from more frequent extreme and chronic weather events, transition risks are also of great importance. These become apparent in legislative shifts, technological innovations or changes in consumer behaviour. We are experiencing greater regulatory and political focus on climate change, as well as an increase in the frequency and severity of extreme weather events worldwide. At the same time, we have many years of experience in developing services that help our customers transition to a more efficient way of doing business, and one that is less harmful to the environment. In our lending activities, we are actively committed to climate action by financing energy efficiency measures and renewable energies. Such green loans account for over 19% of our overall portfolio.

The group's risk materiality assessment indicates a material but limited impact of climate risk drivers on credit risk and operational risk. The impact of climate risks, as part of ESG risks, is considered when identifying and assessing operational risks: physical risks, e.g. in the form of extreme weather events leading to asset damage, or transition risks, which might have an impact on reputational risk. Nevertheless, of the two risk types, credit risk is the one which interacts more closely with ProCredit's strategy and business model; therefore, credit risk will be the focus in the following paragraphs.

One way in which our strategy and business model can interact with climate risk as a driver of credit risk is to steer the loan portfolio towards investments with lower emissions. In view of the comparatively high proportion of green loans and the exclusion of many emissions-intensive activities from our loan portfolio, we do not expect climate change to have a more extensive impact on the portfolio until the long term. We therefore consider the impact of climate risks on the materiality of credit risk to be negligible in the short term and are focusing on risk reduction. To this end, we monitor all relevant ESG regulations in the countries in which the group operates, in order to actively counteract and manage transition risks by seeking dialogue with customers and providing knowledge and information on climate risks.

For the reasons explained above, climate risk in the short term, defined as a period of one year, is mainly derived from physical climate risks. We are adapting our business model and our strategy to these circumstances by incorporating climate change risks into our collateral valuation and advising customers to insure their business activities and assets against climate-related natural hazards. Furthermore, we promote the adoption of climate risk mitigating measures, such as drip irrigation systems, by our agricultural clients and provide financing for such projects.

### *Pollution*

The topic of pollution was not found to be material for our own operations because our primary activities are centred around financial transactions and services, which do not directly produce significant environmental pollutants. To ensure this, we monitor our impact using our iEMS tool (we refer to the section "Pillar I – Internal Environmental Management System"), which focuses on waste generation in our offices and specifically paper waste, electronic waste and plastic waste.

Our impact materiality analysis has led to the following key findings regarding the environmental pollution impact of our loan portfolio:



- Agriculture, forestry and fishing (16%<sup>20</sup> share of loan portfolio): Agricultural activities have a tendency towards environmental pollution due to the use of fertilisers, pesticides and nutrients. We address these topics with our customers in the early stages of financing to avoid serious consequences.
- Construction (6% share of loan portfolio): Construction activities produce high volumes of waste in construction sites, requiring a switch to innovative technologies and environmentally friendly alternative materials.
- Manufacturing (19% share of loan portfolio): This sector has high pollution potential due to releases of heavy metals, ammonia, phosphorus, etc. from the cement, plastic and other industrial manufacturing processes.
- Transport and storage (5% share of loan portfolio): This sector is responsible for a large proportion of air pollution due to the financing of conventional and less modernised vehicles in countries where new alternatives and cleaner technologies are not yet widespread.

However, these activities, along with all other economic activities in our portfolio, are screened and regulated through the processes that we have defined in our Group Standards for Managing the Environmental and Social Risk and Impact of Lending. Firstly, activities which are classified as having high pollution potential are excluded from financing. Such activities may involve the production or trade in products containing polychlorinated biphenyls (PCB), the trade in and use of asbestos, pharmaceuticals and pesticides under international phase-out or bans, shipment of oil or other hazardous substances in tankers which do not comply with the International Maritime Organization (IMO) requirements, the transboundary movement of waste, and producers of single-use plastic items or plastic granulates used for the manufacture of products that are prohibited from placement in the market. Then, Category A projects are identified based on the Category A screening list which, in terms of pollution, addresses waste-processing and disposal installations for hazardous, toxic or dangerous wastes and installations for the extraction, processing and transformation of asbestos and products containing asbestos, among others. As a last step, the activities are classified according to their risk and an assessment is performed through the environmental and social assessment form, which includes pollution-related topics and is tailored to the specific activity. Such topics include the use of agrochemicals and fertilisers, organic particulate matter, wastewater and soil contamination.

We promote green lending services by investing in projects that offer opportunities to reduce pollution. Such investments concern, for example, air purification and wastewater treatment measures or specific technologies such as ventilation systems that optimise resource use by simultaneously minimising waste.

Therefore, based on the aforementioned screening processes that inform the materiality assessment, we assess the pollution potential of our downstream value chain to be limited. As explained above, our clients have, due to their size, emissions and waste levels that are low in relation to the economy as a whole. Our environmental and social risk and impact management processes for lending also ensure that financing for all economic activities, including agriculture, construction, manufacturing, transport and storage, help to minimise negative impacts and risks both in the immediate vicinity and for the environment. On this basis, we conclude that the topic of pollution is not material for our institution.

#### *Water and marine resources*

The topic of water and marine resources is not material for our own operations since our core functions involve financial services and transactions that do not result in significant water use and do not directly impact marine ecosystems. As part of our Environmental Management System, we monitor the associated

<sup>20</sup>The shares for individual economic sectors in the total portfolio given here refer to the respective volume of financing at the time of the materiality analysis (March 2024).

impact, focusing on indicators that concern indoor water consumption, outdoor water use (irrigation), water retrieved from public/private water utilities and rainwater collected.

Nevertheless, our materiality assessment shows that impact on water and marine resources could potentially arise within our portfolio. The sectors that have been assessed as material include:

- Agriculture, forestry and fishing (16%<sup>21</sup> share of portfolio): This sector is generally highly dependent on water and marine resources due to a global trend towards increased resource consumption.
- Construction (6% share of portfolio): Due to increased housing demand, water resources are overexploited, in both the construction and use stages of a building, and water control systems are increasingly required.
- Real estate (11% share of portfolio): This sector is also water intensive due to water usage in buildings, which is expected to increase due to the rise in housing demand, along with the need to implement control systems.
- Manufacturing (19% share of portfolio): The manufacturing sector can exert considerable pressure on the groundwater supply due to the water-dependent production processes.
- Trade (24% share of portfolio): This sector, characterised by the release of packaging waste in marine environments, is also water dependent, thus posing environmental pressure.

Our established environmental management processes ensure that our financing activities have a low impact on natural resources. Specifically, in accordance with our Group Standards for Managing the Environmental and Social Risk and Impact of Lending, the activities we finance are assessed and monitored for any potential impact and risk. This starts with the group's exclusion list, which prohibits the financing activities that have a significant environmental impact. For further information on the Exclusion List, please refer to the section "Pillar II - Management of the environmental and social risk and impact in lending".

In a subsequent step for potential loans, the Category A screening list criteria apply and include large-scale land reclamation and sea-dredging operations, large-scale seaports and inland waterways, large dams, and groundwater abstraction activities or artificial groundwater recharge schemes that concern high water volumes. Lastly, these activities are then assessed in terms of risk using the ESAF form, which also collects information on water and marine resources. Specifically, this includes changes of the water level that affect the riverbed, endangerment of marine biodiversity and water consumption.

The activities we finance are also assessed based on their positive contribution to water and marine resources, which can in turn render them eligible for green loan categorisation. The eligibility criteria concern, among other measures, investments in technologies that reduce water demand for crop cultivation, rainwater harvesting tanks and soil drip irrigation systems that increase water savings, as well as wastewater treatment plants.

In view of the relatively low level of our customers' water withdrawals due to the size of their operations, and due to our audit procedures to ensure regulated water withdrawals, as well as a low level of water resource scarcity and the promotion of water savings, we consider the impact of our portfolio to be limited. On this basis, the topic of water and marine resources is assessed as immaterial.

<sup>21</sup>The shares for individual economic sectors in the total portfolio given here refer to the respective volume of financing at the time of the materiality analysis (March 2024).

### *Biodiversity*

Our operations have no direct impact on biodiversity, as our activities are exclusively office-based. Most of impacts stem from our business loan portfolio and exposures towards activities that can have an elevated impact on biodiversity. These include:

- Agriculture, forestry and fishing (16%<sup>22</sup> share of loan portfolio): This sector can pose a threat to biodiversity and ecosystems due to changes in land use, which can lead to deforestation and habitat destruction, organic matter loss due to soil degradation and loss of soil fertility, among other factors.
- Construction (6% share of loan portfolio): This sector tends to be resource-intensive, leading to over exploitation of resources, land use changes and land cleaning for construction, threatening the ecological equilibrium.

However, these topics are addressed in the environmental management processes of our Group Standards for Managing the Environmental and Social Risk and Impact of Lending. Firstly, our Exclusion List defines activities with a significant impact on biodiversity and thus prohibits them from financing. For further information on the Exclusion List, please refer to the section "Pillar II - Management of the environmental and social risk and impact in lending".

Moreover, the group assesses client impact and risk on biodiversity through the Environmental and Social Assessment Form. Specifically, depending on the client's economic activity, the assessment collects information on Genetically Modified Organisms (GMOs), biodiversity loss, terrestrial habitat alteration and endangerment of biodiversity for activities around crop growing, fishing and electric power transmission, as well as animal welfare.

Our green loan portfolio offers opportunities in connection with biodiversity through eligible investments. These include, among other things, loans for forest site preparations for (re-)plantation, fire prevention and fire-fighting measures, green infrastructure to protect against soil erosion and/or to prevent and contain flash floods, and no-till farming equipment to support reforestation. They all serve to restore damaged forest areas and biodiversity.

Through these processes we ensure that funding is directed to activities that enhance biodiversity, and/or activities that have minimal impact on biodiversity. This includes activities within urban areas or areas of pre-existing agricultural activity, and areas with low biodiversity. In view of the above factors, as well as the limited-scale operations of our business customers and the correspondingly low environmental impact, we do not currently consider the topic of biodiversity to be material for our institution.

### *Systemic risks related to biodiversity*

Through our negative screening process, we ensure that systemic risks in relation to biodiversity are minimised or eliminated in the initial stages of an investment decision. Specifically, the group recognises risks that include disruption of the food chain and availability of resources, and subsequent destabilisation of economic regimes due to disruption of ecosystems and biodiversity loss. These risks are largely avoided through our exclusion of activities considered to have high negative impact (Exclusion List) and through our risk assessment and mitigation in the lending decision process, as described above.

<sup>22</sup>The shares for individual economic sectors in the total portfolio given here refer to the respective volume of financing at the time of the materiality analysis (March 2024).

### *Sites and activities located in or near biodiversity-sensitive areas*

Our negative screening process ensures that our financing activities do not cause significant damage to natural habitats or species. As a result, no rehabilitation measures are required at any stage of the lending process. In particular, by identifying and managing the potential impact resulting from our lending decisions, we actively avoid activities that are harmful to biodiversity.

We do not finance economic activities, nor accept collateral, when either are located within or adjacent to International Union for Conservation of Nature (IUCN) Category I to IV protected areas. Screening against our Exclusion List is the first step in this process. If not rejected in the initial screening phase, activities or collateral are then evaluated based on the institution's Category A screening list criteria for Category A projects and are thus subject to further E&S assessments via ESIA or ESDD. They are then categorised as high, medium or low risk activities using the ESAF form (see section "Pillar II - Management of the environmental and social risks and impact in lending").

The process described above takes the following frameworks into account:

- CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora)
- Convention on Biological Diversity (CBD)
- Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention)
- Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention)
- Convention on Wetlands of International Importance (Ramsar Convention)
- EBRD, Performance Requirement (PR) 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- EBRD Guidelines (e.g. Sub-sectoral Environmental and Social Guidelines: Agricultural Production – Crops)
- EU Habitat and Bird Directives
- IFC, Performance Standard (PS) 6, Biodiversity Conservation and Sustainable Management of Living Natural Resources
- IFC Guidelines (e.g. Guidelines on Agribusiness and Food Production)
- IUCN Guidelines on Protected Areas
- World Heritage Convention

### *Resource use and circular economy*

Waste generation and resource utilisation are limited in our own operations, as these exclusively comprise office activities with low resource intensity. To ensure that resources are still used in a controlled manner in line with the principles of circular economy, we measure and monitor relevant indicators. These include, among other things, the consumption of printing paper, recycled paper waste, recycled electronic waste and reusable electronic devices.

As previously mentioned, our main impacts stem from our loan portfolio, with three sectors having potential for higher resource use and transformation through circular economy practices. Specifically, the materiality analysis highlighted the following sectors:

- Agriculture, forestry and fishing (16%<sup>23</sup> share of loan portfolio): This sector plays a vital role in sustainable food production and land use, making circular practices essential for reducing waste, conserving resources and enhancing resilience.
- Construction (6% share of loan portfolio): Given its resource intensity and waste generation, implementation of circular economy principles is of high importance within this sector, in order to reduce material use and depletion via repurposing, recirculation and refurbishment at first and afterwards via recycling. Incorporation of circularity principles will ensure in general the availability of resources and improve overall environmental performance.
- Manufacturing (19% share of loan portfolio): This sector is also crucial in managing resource use across supply chains and during manufacturing processes. Application of circularity principles will ensure resource savings and efficiency and improve product lifecycles.

However, our business loan portfolio focuses on MSMEs, which, due to their size, are less intensive in their resource consumption. By implementing our Group Standards for Managing the Environmental and Social Risk and Impact of Lending, activities with high negative impact are prohibited from financing by our Exclusion List. This applies, for instance, to production of single-use plastic items or plastic granulate used in the manufacture of products that are prohibited from placement in the market under Directive (EU) 2019/904.

Furthermore, in terms of resource use and circularity, our Category A screening list flags additional activities for further assessment: large-scale municipal wastewater treatment plants and solid waste processing, as well as production of pulp from timber or similar fibrous materials, and of paper and board with high production capacity.

The ESAF template also gathers data on topics such as: wastewater when assessing aquaculture and agriculture or construction; solid waste - redundant plastic waste from production or from waste collection when considering plastic product production; as well as input material for pulp and paper production.

We have identified opportunities in connection with resource management and circular economy through our green lending activities, where specific eligibility criteria are used to identify and assess resources and materials savings. Specifically, eligible green investments that reflect circularity principles can include: recycling and waste management, including waste collection and transportation, recycling and composting, rainwater harvesting tanks, wastewater treatment plants and resource efficiency measures. In general, all eligible investments in resource efficiency must demonstrate more than 20% energy savings or reduction in CO<sub>2</sub> emissions, and lead to other resource savings including water, materials and fuel consumption. In order to be classified as green loans, investments in technology, machinery or production lines or models must lead to resource savings.

Although we consider that the impact of our clients in this area is limited due to the size of their operations, we also ensure through our screening processes that client activities are not resource or waste intensive, and thus have no significant impact on the environment. On this basis, the topic of circular economy was assessed as not material for our institution.

<sup>23</sup>The shares for individual economic sectors in the total portfolio given here refer to the respective volume of financing at the time of the materiality analysis (March 2024).



## Social Information

### Own workforce

The ProCredit group places a high value on the ethical principles of fairness and transparency in relation to our employees. All workers in the ProCredit group (both employees and non-employees) are subject to the material impact, risks and opportunities, and are reported in our indicators. The term "employee" refers to all persons working for the ProCredit group, regardless of whether they are part-time or full-time employees (including members of the Management Board and Managing Directors, who are considered senior (top) management in the ProCredit group)<sup>24</sup>. "Non-employees" are either self-employed persons who have an employment contract with the group or persons who are supplied by external companies who primarily carry out work activities and are recorded by each group institution separately based on their internal processes.

As part of our materiality analysis, we would like to highlight three topics: working conditions, equal treatment and opportunities for all, and other work-related rights. We view these points as positive but also as potentially negative if they are not addressed appropriately. Furthermore, we recognise that maintaining our company culture is important to us. In contrast to the previous topics, however, this topic only has positive aspects, as the core values and identity of ProCredit are preserved. In terms of time horizons, short-, medium- and long-term impacts were identified for all of the above topics. As for the financial impact, we do not expect any significant changes in the future and we also do not see any significant risk of material adjustments within the next annual reporting period, as these topics are already part of our culture and we handle them carefully through training, staff planning, etc.

As an ethical bank with a strong focus on fairness and transparency, we ensure that salary levels at ProCredit are fair and adequately reflect the institution's position in the respective local markets. Gender equality and inclusion are an integral part of our DEI and HR strategies, as we seek to maintain the principle of meritocracy, with due regard for appropriate gender representation and a zero-tolerance policy for discrimination. We recognise the right of our employees to join trade unions and participate in collective bargaining, but we want to ensure that all our employees have the best possible working conditions above market standards.

We believe that our influence on our employees and their impact comes primarily through training and development. That is why we, as a group, invest heavily in staff training (ProCredit group training expenditures amounted to EUR 9.7 million in 2024, up from EUR 9.4 million in 2023). In the coming years, we plan to increase investments in training courses while taking a prudent approach to ensure that all potential risks are considered, e.g. turnover rate, employee certification programmes. Despite these potential risks, which we acknowledge, we will continue to invest in employees who want to stay with ProCredit and develop further, and we see this as our strength and our opportunity to have highly qualified employees.

In addition to these measures, the Management Board conducts structured dialogues with all employees. In this way, employees are included on a regular basis. HR teams follow up on the results of these discussions and assess the effectiveness of the engagement measures, making sure that feedback from our colleagues is duly taken into account.

We recognise that all employees are exposed to certain risks and opportunities, although certain groups of employees may be more affected by these than others. We are committed to not taking any aspects for granted. This applies in particular to ensuring appropriate working conditions, fair wages, gender equality and

<sup>24</sup> Throughout the text, the term "Management Board" refers to the members of the Management Board and Managing Directors.

inclusion, freedom of association, and the right to collective bargaining. Employee dissatisfaction stemming from working conditions could lead to increased staff turnover, adversely affecting business operations. Effective management of these risks and opportunities enables ProCredit to maintain a motivated and well-trained workforce. This is essential to achieving long-term strategic goals and sustainable growth.

Although our workforce is not directly affected by child labour, forced labour or climate change since we are a service company and part of banking industry, there are certain indirect impacts that should be mentioned. We want to make sure even the indirect impacts are not taken for granted and that they are closely monitored, so they are still considered to have potentially negative impact due to the sensitivity and widespread importance of these topics. We do not tolerate forced, bonded or compulsory labour, human trafficking, child labour, and other kinds of slavery and servitude within our own operations, those of our clients, or within our supply chain.

A specific example of the impact, risks and opportunities for the workforce is climate change. In order to combat and adapt to climate change, we have developed a transition plan that guides our pathway to decarbonisation. Our employees will play the crucial role in, and be affected by, this process. In order to implement the transition plan, we will need to develop certain skills, create new roles, modify existing ones, and boost employee engagement. However, introducing the plan also poses risks, such as the resistance to change, additional training and development costs, and possible operational disruptions. Mitigation strategies for these risks include comprehensive training programmes, clear communication, support systems, and engagement initiatives to ensure a smooth transition and a resilient workforce.

For more information on impact, risks and opportunities, please refer to the "Own workforce" section.

#### *Consumers and end-users*

All our clients can be materially impacted by our business activities in a negative or positive way, and thus they have been taken into consideration when conducting materiality analysis.

We group our target customers as follows:

- Business clients, including MSMEs
- Retail clients, including private clients
- Institutional clients, strictly as deposit clients

We do not offer products that are inherently harmful to humans and/or increase the risk of chronic disease.

All of our customers who use any of the services we offer could potentially be negatively impacted in terms of their rights to privacy, data protection and non-discrimination. They all depend on accurate and accessible service-related information, such as the terms and conditions of all services offered by our banks.

Certain groups such as elderly people, financially vulnerable customers, and other financially underrepresented groups could be at greater risk of discrimination if such diversity is not considered in the development of products and services.

Financially vulnerable customers can be more negatively impacted by banks' marketing and sales strategies. These strategies could sometimes exploit their financial insecurities, leading to decisions that are not in their best interest. Furthermore, other financially underrepresented groups such as women or young people may struggle to secure adequate financing, despite their needs, due to the non-inclusive marketing and sales strategies employed. Additionally, privacy practices that do not adequately protect sensitive information can further expose these groups to risks.

ProCredit provides services that include financing, deposits, transactions and banking channels. There are certain conditions and situations that might lead to a negative impact on its consumers, and these can be divided into two groups: (i) widespread or systematic or (ii) relating to individual incidents. These can be further broken down as follows:

- **Large-scale data breaches (DDoS attacks in the country):** Banks collect personal data from their clients for purposes such as loan applications and account openings. In the event of a large-scale data breach, customers' personal and financial information could be exposed. This could lead to financial loss due to unauthorised transactions, identity theft, loss of privacy, and reputational damage. Such breaches could be triggered by external attacks targeting multiple banks in the country or specifically ProCredit banks.
- **Product flaws when introducing new products:** ProCredit offers various products and continuously develops new ones to better serve its clients, e.g. the ProGreen account, available at the ProCredit banks in Bosnia and Herzegovina, Bulgaria, Ecuador, Georgia, Romania, which is similar to the current account but aimed at clients interested in environmental impact. These developments often require system changes, such as parameter adjustments, which can sometimes result in incorrect fee settings, leading to clients being wrongly charged. An example in this case, which relates to a systematic incident, would be uncharged fee of 0.5 RON per SMS from business customers due to an error in a script used to automate exceptions in the info-SMS service charge in ProCredit Bank Romania.
- **Customer privacy:** Security flaws in existing banking channels like e-Banking and m-Banking, where unauthorised access to accounts can occur, impacting customer privacy. The consequences for consumers are like those mentioned under large-scale data breaches.
- **Client over-indebtedness:** Another type of incident is related to financing activities, namely inadequate credit risk assessment and approval processes during loan applications, which could lead to client over-indebtedness.
- **Regulatory compliance:** ProCredit operates under various regulations concerning consumer protection, anti-money laundering (AML), and financial conduct. Failure to comply with these regulations can result in substantial fines, legal actions, and restrictions on business operations. Inadequate communication regarding product terms, fees, and conditions can further exacerbate this issue, leading to consumer misunderstandings and unexpected charges. These compliance risks not only harm consumers by limiting their access to financial services but also create significant legal and reputational challenges for ProCredit. One example in this case, which relates to an individual incident, concerns a customer who cannot access the child benefit payments made into a frozen account. The bank was obliged to implement a solution to ensure that customers have unrestricted access to child benefit payments, as these payments are protected by law from seizure.
- **Application of internal regulations:** If ProCredit's internal regulations are applied inconsistently, it can lead to significant negative impacts on clients. Such inconsistency may result in unfair treatment, where similar cases are handled differently, creating confusion and dissatisfaction among customers.
- **Consumer trust and ethical practices:** ProCredit recognises that effective communication of product terms, fees, and conditions is essential for maintaining consumer trust. Miscommunication in these areas can lead to confusion and dissatisfaction among clients. The principles of transparency and integrity in communication with customers are a key aspect of ethical banking practice, which aims to ensure that lending activities do not contribute to unsustainable debt levels or financial hardship for consumers. When clients raise concerns or feedback, it is crucial for ProCredit to address these issues promptly and effectively. A failure to adequately respond to consumer feedback not only undermines trust but also perpetuates unresolved issues, potentially leading to discontent and reputational damage.

### *Material impact on consumers and end-users*

ProCredit has a significant positive impact on economic development in the countries where we operate, primarily through our dedicated support for MSMEs and their formalisation as well as our commitment to green finance. By providing tailored financial services and products to MSMEs, we help these businesses to grow, innovate, and contribute to local economies. Additionally, our green finance initiatives promote sustainable practices and environmental responsibility among our clients, which helps make them more resilient to the potential negative impacts of environmental problems such as climate change. The types of consumers positively affected by our activities include all our MSME clients, who benefit from increased access to capital and resources, as well as the clients benefiting from green loans. In 2024, we provided our clients with EUR 1,354.6 million for green investments. These positive impacts are evident across our countries of operation, fostering economic resilience and sustainable development.

### *Risks and opportunities arising from consumer and end-user dependencies*

ProCredit identifies several material risks and opportunities arising from our impacts and dependencies on consumers and end-users. One significant risk is the potential for economic downturn, unstable political situations or inflation affecting MSMEs, which could lead to increased credit risk and impact our financial stability. Other external factors, like pandemics (e.g. COVID-19), have an influence on client behaviour in our business, leading to an increased demand for digital solutions, including for onboarding clients through online channels and not only in physical presence. Additionally, changes in regulatory environments could pose compliance challenges and affect our operations. One of the most important regulations is the General Data Protection Regulation (GDPR), which aims to ensure the protection of clients' personal data. This regulation mandates stringent data privacy and security measures, which help build trust and confidence among our customers.

On the opportunity side, our strong focus on MSMEs, green finance, and supporting underrepresented groups, particularly women-led businesses, presents significant growth potential. By supporting MSMEs and women-led businesses, we can foster innovation and economic development, which in turn strengthens our market position.

Specifically, investing in women-led businesses uncovers substantial investment potential within underfinanced groups. Women entrepreneurs often face greater barriers to accessing capital, yet they represent a significant and growing segment of the business community. By providing tailored financial products and services to women in business, we can help bridge this financing gap, enabling these businesses to thrive. This not only promotes gender equality but also taps into a vast, underutilised market, driving economic growth and diversification.

Our commitment to green finance not only aligns with global sustainability trends but also opens up new markets and customer segments, particularly among environmentally conscious consumers and businesses. These opportunities enable us to enhance our visibility and drive long-term profitability while contributing positively to the communities we serve.

### *Understanding and assessing consumers and end users at higher risk of harm*

As highlighted above, there are certain groups of clients with particular characteristics that can be at greater risk of harm. The main types include:

- Individuals with low stable income and those with poor credit scores: These people are at a higher risk of over-indebtedness. ProCredit banks follow the principles of transparency and social responsibility in

lending. This entails considering the specific situation of a borrower and avoiding over-indebting clients. The "Group Credit Risk standards for Private Clients" define the creditworthiness assessment process and criteria to be applied by ProCredit banks in lending to private customers.

- Elderly consumers: ProCredit aims to provide user-friendly and efficient direct banking channels to its clients, and a wide range of transactions are offered via e-Banking and m-Banking. This could in turn mean more difficulties for elderly customers in adapting to digital banking platforms. To mitigate this risk, ProCredit banks continue to have physical presence in the form of two main types of outlets: branches and 24/7 zones. In addition, contact centres provide access to advisory services.
- Consumers relying heavily on digital banking services: Security flaws like the ones mentioned when describing material negative impacts towards consumers could put these clients at greater risk of harm. To mitigate this risk, the banks provide information security advice to customers to raise awareness about threats (e.g. Trojan horses, phishing, fraudulent calls, etc.).
- Other financially underrepresented groups (women, young people, etc.): These groups often face significant challenges in securing financing due to different obstacles. With its Diversity, Equity and Inclusion Strategy, ProCredit aims to address these challenges and provide financial services to the underserved in an equitable manner to close the financing gaps.

Our material risks and opportunities arising from impacts and dependencies on consumers do not relate to a specific group. Such risks relate to all our target customers.

### *Governance information*

#### Company policy

Our governance policies on whistleblowing, political activities and lobbying, and on anti-corruption and bribery are an integral part of our commitment to ethical business practices. We continuously review and improve these policies to ensure that they meet the highest standards for integrity and transparency. In this way, we protect the interests of our stakeholders and foster a sustainable and responsible banking environment.

As the ProCredit group is mainly active in South Eastern and Eastern Europe and in South America, the impact of our governance policies is particularly significant. These regions exhibit varying regulatory environments and different degrees of corruption and political interference. By implementing robust governance frameworks, we strive to set a high standard for ethical conduct and transparency in these markets.

Our commitment to ethical governance helps build trust with local communities, regulators and stakeholders. It also contributes to the overall stability and integrity of the financial systems in these regions. Through strong governance practices, we not only protect our organisation but also play a crucial role in promoting sustainable and responsible banking practices in our countries of operation.

Conducting business there entails several risks that can affect our work and our strategic planning. These regions often have complex regulatory environments characterised by frequent changes to laws and regulations, which can create uncertainty and pose compliance challenges. High levels of bureaucracy and sector-specific taxation can also result in significant operational hurdles, increasing the cost and complexity of doing business. The risk of arbitrary legislation, with sudden and unexpected legal changes, can also disrupt business and require rapid adjustment.



Political instability is another critical risk, as these regions may experience varying degrees of political unrest and changes in government, which can affect business continuity and the investment climate. The ongoing war in Ukraine has further exacerbated these challenges and significantly affected the financial sector. The conflict has led to heightened geopolitical tensions and greater uncertainty and disruption in financial markets, affecting investor confidence and economic stability. Furthermore, corruption remains a widespread problem in some areas, posing risks to ethical business practices and requiring robust counter-measures.

By managing these risks through our comprehensive governance policies, ProCredit aims to mitigate any potential negative impacts and ensure sustainable business operations. Our proactive approach to risk management and our commitment to ethical standards help us to overcome these challenges and maintain the trust of our stakeholders.

### *Whistleblowing*

The ProCredit group strives to promote a culture of transparency and accountability. Our Whistleblowing Policy is a cornerstone of our governance framework and provides a secure and confidential mechanism for employees, customers and other stakeholders to report any unethical, illegal or suspicious activity. An effective whistleblowing mechanism is an important part of our operations. It enables us to identify potential problems at an early stage and to resolve them before they become major risks. By promoting a culture of open communication based on trust, we can ensure that all concerns are taken seriously and dealt with appropriately. This not only contributes to the integrity and stability of our business activities, but also strengthens stakeholder trust in our organisation. Whistleblowing is essential to our operations as it is a key tool for detecting and preventing misconduct, fraud and other unethical behaviour. This is especially important in the countries where we operate, where regulatory environments can be complex and corruption levels can be relatively high. By encouraging the reporting of such activities, we can address problems promptly and maintain the integrity of our operations. This helps to build trust with stakeholders and ensure compliance with local and international regulations.

### *Prevention and detection of corruption and bribery*

Measures to counter corruption and bribery are of the utmost importance for ProCredit, as they are crucial to maintaining the integrity and trustworthiness of our operations. Corruption and bribery can lead to significant legal, financial and reputational risks, particularly in many of our countries of operation, where corruption remains a widespread problem. By implementing robust anti-corruption measures, we protect our organisation and also contribute to a fair and transparent business environment. This is essential to build trust with local communities, regulators and stakeholders.

At ProCredit, we have a zero-tolerance stance regarding corruption and bribery. Our policy for combating corruption and bribery is designed to prevent, detect and respond to corrupt practices within our operations and among our business partners. Our internal control system includes regular audits and risk assessments to identify and mitigate potential corruption risks. We have established clear procedures for reporting and investigating suspected cases of corruption or bribery and will take swift and decisive action against any person or entity found to be violating our policy. In addition to our internal measures, we require all third parties, including suppliers and contractors, to comply with our ethical standards. We conduct due diligence checks on these third parties to ensure that they comply with our policy against corruption and bribery.

### *Political influence and lobbying activities*

Political activities and lobbying are an important topic, as they can significantly influence our reputation and the way we are perceived by our stakeholders. In our countries of operation, where the political landscapes

can be volatile and regulatory conditions are still developing, political activity or lobbying can create conflicts of interest and undermine our commitment to ethical behaviour and neutrality. By taking a clear stance on political neutrality, we ensure that our actions are aligned with our values and that we act transparently and ethically.

We adhere to a strict policy of political neutrality. We do not engage in political activities or lobbying that could be perceived as an attempt to influence public policy in our favour. Our governance framework includes clear guidelines that prohibit the use of company resources, including financial contributions, for political purposes.

### *Impact, risks and opportunity management*

#### *Disclosures on the materiality assessment process*

##### *Description of the process to identify and assess material impacts, risks and opportunities*

The sustainability due diligence adopts a dual materiality perspective, encompassing both the inside-out and outside-in approach. This integrated method ensures a comprehensive understanding of material topics that are crucial for both our business and our stakeholders.

From the inside-out perspective, the ProCredit group maps sustainability topics identified in previous sustainability reporting against sustainability matters covered in ESRS. Historically, these topics were identified through the GRI materiality assessment and through interviewing our shareholders. On that basis, we then defined our main Sustainable Development Goals. The ESRS approach now assesses both perspectives, inside-out and outside-in. Thus, we focus our due diligence not only on our impact, but also on risks and opportunities in our business activities. This holistic approach aims to ensure that our sustainability initiatives are robust, transparent and effectively aligned with regulatory ESRS standards.

In the next step, the long list of sustainability topics covered by ESRS is assessed across the ProCredit group's value chain. The downstream value chain is analysed on the basis of the major economic sectors and loan purposes in our loan portfolio. This shows the possible financial impact. By mapping the output to the Exploring Natural Capital Opportunities, Risks and Exposures (ENCORE) and United Nations Environmental Programme – Financial Initiative (UNEP-FI) database, preliminary materiality levels are identified.

Based on preliminary results, experts from various departments have defined drivers for impact, risks and opportunities for each sustainability topic from different angles of the value chain. The negative impacts have been evaluated based on their relative severity and likelihood, the positive impacts based on their relative magnitude, scope and likelihood, and the risks and opportunities based on their likelihood and potential magnitude. Here, our involved experts consider the ProCredit business model, along with the economic markets where we operate, our products and client types. In particular, our environmental management framework, including the Exclusion List, and our Code of Conduct were taken into consideration, setting clear expectations for ethical business practices for both internal parties and third-party behaviour. Other contextual characteristics such as geographical areas of operation, availability of technology, regulatory context and technological and market trends are likewise taken into consideration.

A central part of evaluating the sustainability aspects in the outside-in perspective is the consistency with our business and risk strategies. This is achieved by aligning the double materiality analysis with the risk inventory as the basis of our risk management and the associated ESG risk driver assessment. The results are reviewed and validated by an additional expert.

Based on a defined materiality threshold, we identify material sustainability topics subject to environmental, social and/or financial materiality.

Those results are discussed and validated with our stakeholders (see the section "Interests and views of stakeholders").

*Disclosure requirements in ESRS covered by the undertaking's group sustainability statement*

The list of disclosure requirements that were observed when preparing the group sustainability statement based on the results of the materiality assessment can be found in the section "General basis for preparation of the group sustainability statement". Material information is defined using the dual materiality analysis and the ESRS disclosure requirements. Topics are considered material if they have a strong or severe impact, risk or opportunity based on a defined threshold.

Please refer to the "Group Sustainability Statement Appendix" for a table of all the data points in the listed EU legislation.





Above: Stoianov Ivan, cultivation of cereals. Client of ProCredit Bank Romania  
Below: Head office of ProCredit Bank North Macedonia in Skopje



## Environmental Information

### EU Taxonomy<sup>25</sup>

In general, the EU taxonomy eligibility criteria refer to economic activities that could potentially contribute to one of the six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and reduction of environmental pollution, and protection and restoration of biodiversity and ecosystems). In the 2024 financial year, total assets amounted to EUR 10.9 billion (2023: EUR 9.9 billion). Around 73% of our total assets in 2024 will be included in the calculation of the green asset ratio (GAR) in accordance with the EU taxonomy. For the classification of economic activities, the NACE sector codes were used.

We prioritise climate change adaptation and mitigation as important elements of our sustainability strategy and actively work with our clients to support them in their decarbonisation journeys. Green loans are an important tool we use to support our clients' decarbonisation efforts and we are currently reviewing the alignment of our criteria with the EU Taxonomy. For further information, please refer to section "Climate change".

The majority of our assets consists of loans and advances to customers, whereby the bulk of the loan portfolio is located outside the European Union. The scope of the report has expanded in comparison to previous years. In 2024, disclosure requirements expanded to include banks outside the European Union with NFRD (Non-Financial Reporting Directive) clients. Non-EU banks are required to disclose financing activities with NFRD clients which are taxonomy-eligible and align with any of the six environmental objectives. The NFRD client portfolio of our banks outside the EU is, however, not involved in economic activities that are eligible for the taxonomy. Therefore, the scope of our disclosure is limited to EU banks, i.e. Bulgaria, Romania and Germany. In 2024, almost 1.2% of our total assets are taxonomy-eligible (0.5% in 2023). The share of taxonomy-aligned assets is 0%, as in the previous year. In terms of off-balance-sheet items, assets in the form of financial guarantees totalling EUR 1.4 million are taxonomy-eligible. The group does not have a trading portfolio in the conventional sense. The following table shows the consolidated figures for the group.

Tables relating to the publication of the EU Taxonomy according to annexes 6 and 12 of Regulation (EU) 2021/2178 can be found in the appendix to the group sustainability statement.

in EUR m	31.12.2024	31.12.2023
Total assets*	10,936.2	9,947.8
of which		
Total covered assets in GAR	8,015.1	7,039.2
Assets covered in numerator of GAR	1,328.9	1,106.0
Assets covered in denominator of GAR	6,686.3	5,933.2
Assets excluded from GAR calculation	2,921.1	2,908.6

\*Calculation done based on data from Finrep & manual data collection from bank (before provisions).

<sup>25</sup> The data for the year 2023 has been calculated using an adjusted methodology and therefore differs from the figures published in the 2023 annual report.



Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

Year 2024		Total environ- mentally sustain- able asset (in EUR)	KPI Turnover (%) <sup>4</sup>	KPI Capex (%) <sup>5</sup>	% coverage (over total assets) <sup>3</sup>	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green Asset Ratio (GAR) stock	0.0	0.00	0.00	0.00	61.1	26.7
Year 2024		Total environ- mentally sustain- able asset (in EUR)	KPI Turnover (%)	KPI Capex (%)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPI	GAR flow	0.0	0.00	0.00	0.00	62.5	13.3
	Trading Book <sup>1</sup>	N/A	N/A	N/A	x	x	x
	Financial gua- rantees	0.0	0.00	0.00	x	x	x
	Assets under management	0.0	0.00	0.00	x	x	x
	Fees and com- missions inco- me <sup>2</sup>	N/A	N/A	N/A	x	x	x
Year 2023		Total environ- mentally sustain- able asset (in EUR)	KPI Turnover (%) <sup>4</sup>	KPI Capex (%) <sup>5</sup>	% coverage (over total assets) <sup>3</sup>	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green Asset Ratio (GAR) stock	0.0	0.0	0.0	0.0	59.6	29.2

1 For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.

2 Fees and commissions income from services other than lending and AuM.

3 Institutions shall disclose forward-looking information for these KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

4 Based on the Turnover KPI of the counterparty.

5 Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.

A Fees and Commissions and Trading Book KPIs shall only apply starting 2026. SMEs' inclusion in these KPI will only apply subject to a positive result of an impact assessment.

B Total environmental sustainable assets represents the taxonomy aligned activities based on the Turnover KPI.

C Turnover KPI % - calculated as the percentage of taxonomy aligned exposures over total GAR assets.

D CapEx KPI % - calculated as the percentage of taxonomy aligned exposures over total GAR assets.

E Percentage Coverage - % of assets covered by the taxonomy aligned exposures based on Turnover KPI over Bank's total assets.

F Percentage of assets excluded from numerator - % of exposures that are excluded from numerator (i.e. exposures that only form part of the denominator for the Green Asset Ratio calculation) over the Group's total assets.

G Percentage of assets excluded from denominator - % of assets not covered for GAR calculation over the Group's total assets.

## Climate change

### Strategy

#### *Transition plan for climate change*

As a member of the Net-Zero Banking Alliance (NZBA), our long-term emissions reduction target for 2050 follows the NZBA's guidelines for reaching net zero. Our emissions reduction targets have been set based on the measured impact and risks and are a central component of the ProCredit Climate Action Strategy. In addition, we have developed our near-term targets using the SBTi methodology and had them validated by the initiative. All emissions reduction targets for the ProCredit group are in line with the 1.5°C scenario of the Paris Climate Agreement.

We are committed to maintaining transparency and adhering to the highest standards of environmental responsibility. As part of our ongoing efforts to align with global sustainability goals, we are part of the Paris Climate Agreement-aligned EU Benchmarks.

In our Business Strategy, we analyse the impact of internal and external factors on the group's business model. The particular focus here is on how these factors contribute to the economic sustainability of our business model. In addition, the resilience of the strategy and business model to climate change is assessed as part of the ESG materiality assessment in the risk inventory process. This assessment is carried out with the help of a climate scenario analysis, which considers the influence of climate risk factors on the business model in the time horizons defined in the section "General basis for preparation of the group sustainability statement". The adaptability of the strategy and business model has been demonstrated in the past, particularly in the context of Russia's war of aggression in Ukraine. Based on the historical development of the strategy and business model, as well as the diversification in the ProCredit group, we consider the ability to adapt to climate change in the short, medium and long term to be established. This includes securing continued access to financial resources at affordable capital costs, the ability to restructure, modernise or decommission existing facilities, to relocate the product and service portfolio or to retrain the workforce.

We have evaluated the resilience of our strategy and business model. The analysis indicated that climate change has a negligible impact on our business model. To address this influence, climate risks have been included in the risk management framework at group level. The approach is continuously refined to prevent any potential negative impact on the group.

We use our internal policies to analyse and manage the interaction between our loan portfolio and the environment from a risk, impact and opportunity perspective. We have also developed our own product category for green loans (including for investments in renewable energy) and a screening process for ESG risks and opportunities. Both help to improve the environmental performance of our customers. This approach also allows us to avoid exposures linked to fossil fuels. The strategies we have developed to mitigate climate change continue to focus on improving our climate footprint and promoting the efficient use of resources. The main purpose of the strategies is to reduce our own environmental impact and that of our customers.

In 2024, we developed a group-wide transition plan for climate action that was approved by the Management Board. The plan sets out how we intend to achieve our decarbonisation targets based on scientifically sound scenarios and how we intend to manage the physical and transition risks arising from climate change. The goals are a resilient business loan portfolio and net-zero emissions. The transition plan emphasises the group's long-standing commitment to environmental and social responsibility, as well as our

contribution to the 1.5°C target of the Paris Climate Agreement. Key components of the plan include engaging with clients to promote sustainability and climate resilience, setting science-based targets for reducing greenhouse gas emissions, and integrating climate risks into the group's risk management framework. The plan also highlights the importance of transparent corporate governance, regular training sessions on climate risk topics, and comprehensive reporting on sustainability initiatives.

We are committed to reducing the carbon footprint of the ProCredit group by implementing decarbonisation measures. One of the primary measures is to increase the share of renewables in our energy supply by utilising guarantees of origin. This ensures that the energy consumed is sourced from renewable options such as solar, wind and hydro power. In addition, we are dedicated to the electrification of the ProCredit vehicle fleet, and by switching to electric vehicles we significantly reduce emissions from company-owned automobiles. We also actively support our customers with advice and financing to help them convert to climate-friendly practices and achieve their decarbonisation targets. For further information, please see the section "Strategy, business model and value chain".

To ensure that our targets are realistic and that their achievement is not jeopardised by bound emissions, we have conducted a qualitative assessment of the status of our decarbonisation levers in relation to our targets. We have made significant progress by implementing energy efficiency measures, such as upgrading equipment, improving building insulation, installing heat pumps and using LED lighting. In addition, we have installed photovoltaic rooftop systems on our head office buildings wherever possible. In the future, we will continue to focus on the role of guarantees of origin in further reducing emissions. Currently, only one in four of our locations uses guarantees of origin, so this measure has significant potential in terms of achieving our reduction targets.

Our transition plan is a cornerstone of our long-term Business Strategy, reflecting our commitment to sustainability and environmental responsibility. This plan is designed to align with our overarching goals of reducing our carbon footprint and achieving net-zero emissions by 2050. By integrating the Transition Plan into our strategic framework, we aim to enhance our market positioning and meet the increasing demand for sustainable products and services. This alignment not only addresses regulatory requirements but also strengthens our competitive advantage.

To ensure the effectiveness of our strategy, we monitor financial forecasts at bank level using KPIs that are derived from our Business Strategy. These KPIs also cover environmental goals such as our green loan portfolio performance. In this way, we create a coherent link between our financial planning and our Business Strategy, thereby ensuring that our financial goals are aligned with our sustainability goals. This approach allows us to maintain a solid financial outlook while also advancing our environmental commitments.

As this is the first time we have prepared a transition plan, it is not possible for us to indicate progress made towards the objectives. Such information will be reflected in subsequent years' disclosures.

#### *Impact, risks and opportunity management*

##### *Description of the process to identify and assess material climate-related impact, risks and opportunities*

The process to calculate emissions within the ProCredit group makes a differentiation between scope 1, 2, and 3 emissions, in accordance with the Greenhouse Gas (GHG) protocol. An exception is made for category 15 – financed emissions, which are calculated outside of the iEMS. Here, the PCAF standard is used as a best industry practice for sourcing emissions data and estimating client emissions.

Additionally, the iEMS tool which we use to track our own environmental impact continuously collects environmentally relevant data, including energy consumption, transport, waste management, and water usage. The data is recorded monthly or yearly, depending on its type, and is validated in accordance with the dual-control principle. Emission factors are applied to the collected data to calculate greenhouse gas emissions, using standards from the GHG Protocol and guidelines from the Intergovernmental Panel on Climate Change (IPCC). The final calculations are reviewed and compiled into reports that provide a comprehensive overview of the environmental performance of the group. For details on the iEMS tool, see the paragraph on "Pillar I – Internal Environmental Management System (iEMS)" in the section "Material impacts, risks and opportunities and their interaction with strategy and business model".

#### *Physical risks and transition risks in our own operations*

The risk inventory is the basis for identifying significant climate change-related physical and transition risks for all risk categories. This process is initiated annually or on an ad hoc basis by the risk control function at group level. The following risk categories have been defined: credit risk, market risks, operational risk, liquidity risk and other risks. In accordance with BaFin's 8th Minimum Requirements for Risk Management (MaRisk) amendment, we do not establish a separate risk category for physical or transition risks, nor for any other ESG risk. These risks are taken into account in our materiality assessment, as potential drivers of existing risk types, since they can have a significant impact on the individual risk categories, mentioned above, and can contribute to their materiality.

In order to identify the potential impact of climate events on our operations and to be able to respond to them in a timely manner, we determine the severity of various weather phenomena and other natural disasters in our threat analysis (TA). The goal of the analysis is to identify the most relevant threats based on the assessment of the probability of their occurrence and their impact. In addition to the threat analysis, a list of critical processes is prepared in order to better understand which of them are important for maintaining the group's key products and services. This is referred to as Business Impact Analysis. Results from both analyses support the business continuity strategy in each institution.

Besides the business continuity plan, in the context of risk assessment and scenario analysis conducted as part of operational risk activities, we consider various scenarios each year to determine the impact of potential business disruptions or damage to our assets in the event of a natural disaster. Climate risks are among the risk drivers that can influence the assessed risk amounts.

For already materialised events in our own operations with underlying loss reasons relating to physical risks, these events (including the respective gross risk amount) are to be properly recorded in the internal Risk Event Database (RED). The information is then used to refine the process for identifying risks and developing suitable approaches to manage them. The database is administered by the operational risk function.

#### *Physical risks and transition risks upstream and downstream in the value chain*

In 2023, we further integrated ESG and climate-risk aspects into our risk management and processes. Because we exclude many environmentally harmful business activities from our lending activities and have established processes for assessing environmental and social risks, we consider our exposure to climate change-related transition risks in the downstream value chain to be limited.

Climate change scenario analysis for both physical and transition risks was carried out at group level in 2022. An initial climate risk screening of the group's loan portfolio was also performed in 2022 on the basis of IPCC Representative Concentration Pathway (RCP) 8.5, with a focus on physical climate risks. This served to identify potential risk concentrations and further analyse the most affected portfolio segments. Furthermore,

a portfolio analysis focusing on transition risks arising from changes in policies and regulation was carried out in 2022. The first step of the analysis was conducted by modelling a stress event on borrowers' payment capacity by simulating the introduction or increase of a carbon tax. The shocks resulting from a transition to a low-carbon economy are derived from the Network for Greening the Financial System (NGFS) scenarios. In a second scenario, macroeconomic data from the European Central Bank's (ECB) 2022 climate risk stress test was used to model stress on the business loan portfolio under the assumption of a sharp increase in carbon prices.

In 2023, a climate risk stress test was performed on ProCredit's business loan portfolio, simulating the impact of a drought risk event and the introduction of Carbon Border Adjustment Mechanism (CBAM)-type legislation on loss allowances. Future analyses will further evaluate the potential impact of such an economic transition on the loan portfolio, in order to derive implications for risk materiality.

Exposures in the ProCredit group's business loan portfolio are subject to an environmental and social risk assessment, which also includes climate risks. Customers whose business activities entail medium or high environmental risks and whose credit volume exceeds a certain threshold are subject to a more detailed review of environmental and social risk aspects, as will be explained in the next section.

#### *E&S assessment process:*

For the assessment of E&S aspects, we have developed Group Standards for Managing the Environmental and Social Risk and Impact of Lending, requiring all ProCredit banks to:

- commit to financing environmentally and socially sustainable projects
- ensure that clients comply with applicable local laws and regulations regarding environmental protection, health and safety
- refrain from lending to clients who engage in activities that, if financed, would pose a reputational or ethical dilemma for the bank and/or its shareholders, and from engaging in such activities themselves
- monitor and report on performance regarding these objectives on an annual basis

Client economic activities are screened against ProCredit's Exclusion List and the Category A screening list. In the next step, clients are assigned, based on their economic activity, to an environmental risk category; depending on the risk category and financing volume, an environmental assessment of varying intensity is then carried out. Physical risks, transition risks and opportunities emerging from climate change are analysed for larger clients with medium or high environmental risk. For further information on the E&S assessment process, please refer to the section "Material impacts, risks and opportunities and their interaction with the strategy and business model".

#### *Policies related to climate change mitigation and adaptation*

We have developed various policy documents where we formulate strategies to achieve our targets for climate action. These provide an overview of the steps, measures and methodology we are taking to promote sustainability. As described in the section "Interests and views of stakeholders", there is constant communication and feedback with relevant stakeholders to ensure that different interests are incorporated into the assessment and the design of strategies. The strategies are available to internal stakeholders, who in certain cases inform external stakeholders about our practices. These documents are applied throughout the group and, depending on the topic, are intended to address risk and opportunities, or reduce impact:

- Environmental Management Policy
- Standards for the Management of Environmental and Social Risks and Impact in Lending



- Code of Conduct
- Standards for project financing in the renewable energy sector
- Guidelines on Sustainable Procurement
- Guidelines for Green Finance - definitions, processes, reporting
- Plastic Strategy
- Guidelines for Financing Clients engaged in Plastic-related Activities
- Group Climate Action Strategy
- Group Climate Transition Plan

The Environmental Management Policy outlines our commitment to promoting environmental awareness and mitigating climate change through a comprehensive Environmental Management System (EMS). The policy is structured around three key pillars: internal environmental management, management of environmental and social risk in lending, and green finance/green credit services. The policy also describes the organisational structure and responsibilities at both group and bank levels, as these represent the pathways for effective implementation and monitoring of the EMS. Additionally, the policy highlights the importance of compliance with environmental legislation, efficient resource use, and fostering environmentally sound practices among clients and suppliers.

Moreover, the policy documents previously listed emphasise the importance of reducing greenhouse gas emissions through investments in energy efficiency and renewable energy sources, which are crucial for mitigating climate change. By financing projects that focus on reducing energy consumption and harnessing renewable energy, we aim to lower our carbon footprint and contribute to global efforts to combat climate change.

We recognise the need to adapt to the impacts of climate change. Our standards for managing environmental and social risks ensure that financed projects comply with local environmental regulations, do not pose significant risks to the environment or society, and are resilient to climate change-related physical and transition risks. By promoting environmentally and socially sustainable projects, and by requiring assessment of borrower-level climate change risk we help build resilience against climate change impacts. To support ProCredit banks with this type of assessment, we procure third-party climate physical risk data on asset level, based on scientific climate models, covering short-, medium-, and long-term timeframes. Additionally, our strategies include measures to improve internal environmental performance and manage risks related to environmental and social factors.

Energy efficiency is also a key component of our green loan portfolio. We define energy efficiency investments as measures that reduce energy consumption while maintaining or increasing output. By supporting projects that focus on energy efficiency, we aim to reduce overall energy demand and promote sustainable energy use. Our green finance guidelines provide detailed principles for lending operations, eligibility criteria for green loans, and reporting requirements to monitor the development of the green loan portfolio.

The deployment of renewable energy is a central focus of our financing activities. We provide a comprehensive framework for financing renewable energy projects, including technical and financial requirements. Our standards emphasise the importance of renewable energy use by offering detailed guidelines on the assessment, financing structure, and risk management of renewable energy projects. We also pay strong attention to technical due diligence, environmental and social assessments, and monitoring of credit exposures to ensure the successful implementation and operation of renewable energy projects.

We have set up committees, chaired or attended by members of the management board team, to monitor the implementation of and compliance with our environmental policies and standards. These committees play a crucial role in ensuring that our environmental objectives are met and that we continuously improve our practices. For further information on the committees, see the section "Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies".

We also conduct various trainings to enhance the awareness and capabilities of our staff and clients in relation to our environmental policies and standards. These trainings include:

- Training to promote environmental awareness among staff
- Training on our Group Standards for Managing the Environmental and Social Risk and Impact of Lending.
- Net-Zero was the topic for the annual environmental training for all staff in 2024.

In addition, an ESG risk seminar was held for the heads of credit risk and general risk management at the ProCredit banks during the reporting year. Two sustainable finance seminars were held for sustainability departments in all banks, and one renewable energy seminar was delivered to all colleagues from business-, credit risk-, and sustainability units from our banks involved in renewable energy project finance.

In summary, the ProCredit group's policies collectively address climate change mitigation, climate change adaptation, energy efficiency, and renewable energy use through a combination of green finance, environmental and social risk management, and sustainable business practices in our own operations. We emphasise the importance of reducing energy consumption, promoting renewable energies and minimising environmental and social risks in lending.

#### *Actions and resources in regard to climate change policies*

Our strategy is built on a foundation of measurable actions and targets, reflecting our dedication to reducing our environmental impact and supporting our clients in their sustainability journeys.

#### Implemented Actions

- **Raising Stakeholder Awareness:** An internal ESG training for staff has been implemented to ensure all employees are knowledgeable about environmental, social, and governance standards.
- **Emissions Measurement and Target Setting:** We have implemented robust systems to measure our emissions and set targets in our operations to reduce our environmental impact. From 2015 to 2024, we cut almost 11,000 tCO<sub>2</sub>eq in our own operations, which corresponds to a reduction of 68%.
- **Sustainability Assessment of Suppliers:** We have maintained a system to assess our suppliers in terms of sustainability, ensuring that our supply chain aligns with our environmental values.
- **Physical Climate Risk Assessment:** We have conducted assessments of physical climate risks, particularly in the agricultural sector, to better understand and mitigate potential impacts.
- **Plastic Strategy:** We have published a plastic strategy aimed at reducing plastic use in our own operations and our lending activities.
- **Portfolio Emissions Reporting:** We report our portfolio emissions using the PCAF standard, ensuring transparency and accountability regarding our environmental impact.
- **Green Loan Portfolio:** In 2022, we successfully achieved a 20% share of green loans (EUR 1,231 billion) in our total portfolio, demonstrating our commitment to sustainable investments.
- **Renewable Energy Projects:** In 2023, we inaugurated a 3 MWp PV park in Kosovo: it produced 4,237 MWh in 2024, thus avoiding 3,610 tCO<sub>2</sub>eq of emissions. Additionally, as of 2024, through our lending portfolio we have financed projects with installed capacity of 1 GWp.

## Planned Actions

- **Reduction of Own Emissions:** Validated by the SBTi, we aim to reduce emissions emerging from our own operations. A detailed approach can be found below.
- **Client Support for Emissions Reduction:** We are committed to supporting our clients in setting and achieving their own emissions reduction targets, with a particular focus on the agriculture and manufacturing sectors.
- **Steering Business Loan Portfolio:** We will steer the growth of our business loan portfolio towards less carbon-intensive activities, promoting sustainable business practices.
- **Continued financing of renewable energy projects:** We will continue to finance renewable energy projects, contributing to the global transition to clean energy.
- **Green Loan Portfolio:** We are dedicated to continuously managing our green loan portfolio to provide clients with financial products that support their environmental goals.

These measures reflect our commitment to achieving net-zero emissions by 2050 and building a climate-resilient loan portfolio. We believe that through these efforts we can make a significant positive impact on the environment and support our clients in their sustainability goals. Our net-zero pathway also includes interim targets, which are included in our planned measures and are to be achieved by 2023. Measures to reduce our own emissions are being implemented at group level and in all our subsidiaries. The remainder of the measures described are being implemented in the ProCredit banks in all regions. More information regarding the implementation timelines can be found in the "Metrics and targets" section.

We have not set fixed amounts for capital expenditures or operating expenditures related to our climate strategies at the group level. We believe it is important to be flexible and adaptable in our financial decisions, given the dynamic and uncertain market conditions associated with climate change. In addition, consideration was given to how target achievement was dependent on the allocation of resources, using existing financial planning processes such as the operating budget for utility bills and investments in facility renovations, including the transition to a more environmentally friendly vehicle fleet. Moreover, ESG and climate change are embedded as institutionalised topics throughout the processes and policies of the group. We can therefore confirm that there were no significant capital or operating expenses in connection with the measures to achieve our climate strategies during the reporting period.

### *Metrics and targets*

#### *Targets related to climate change mitigation and adaptation*

In connection with our net-zero targets, we use our internal environmental management system to calculate emissions and define measures to further reduce our resource consumption. We use our Exclusion List, as described above, to reduce environmental and social risks as well as energy-intensive activities such as mining and fossil fuel extraction in our loan portfolio. We screen all our suppliers and customers using this list. In terms of lending, we focus in particular on providing green loans for investments in energy efficiency, renewable energy and other environmental measures. Based on these factors, our general transition risk is low. In order to further reduce risks related to transition, we identify loan portfolio assets that are not compatible with, or need significant effort to transition to, a low carbon economy. We measure and manage this risk using our risk indicator for the share of the business loan portfolio with high transition risk, as determined by the borrower's business activity.

When developing our targets, we involved all relevant stakeholders through seminars and regular updates to our Management Board. This inclusive approach allowed us to gather valuable insights and foster a

collaborative environment. In addition, our Business Client Advisers informed our customers about our decarbonisation targets.

In line with our Business Strategy, and particularly our Climate Action Strategy, we have set ourselves the target of cutting our Scope 1 and 2 emissions by 42.0% by 2030, compared to the 2022 baseline (see table below). To achieve this target, we want to electrify our vehicle fleet by switching to electric vehicles and increase the share of renewable energy sources through guarantees of origin. This target percentage figure was calculated using the target-setting tools provided by SBTi and is to be applied to all subsidiaries using the absolute contraction approach. We have chosen 2022 as the reference year for our decarbonisation targets because it allows a comparison with the years before the COVID-19 pandemic, in particular 2018 and 2019. Those years represent a period of stable operations and typical emissions levels, allowing for a more meaningful assessment of progress towards our environmental goals.

Although we measure impact for business travel and financed activities, for the group's Scope 3 target we exclusively considered the emissions related to our loan portfolio, as these comprise the majority of our Scope 3 emissions. By 2027, we will work even more closely with the clients who are responsible for 28.0% of our financed emissions, supporting them in the definition of their own emissions reduction targets. This includes, in particular, customers in agriculture and manufacturing. In addition to the emissions reduction targets, the focus here is on transforming their operations, greenhouse gas emissions accounting and investments in decarbonisation.

Our Scope 3 target follows a linear modelling approach. In order to achieve our target, the whole long-term loan portfolio must have validated targets by 2040. For the ProCredit group, 2022 is the baseline year, so by 2027 the business clients responsible for 28.0% of financed emissions must have SBTi-validated targets. This approach to client engagement is a step-by-step process where clients first commit to setting science-based targets, then calculate their GHG emissions and lastly have their targets validated by SBTi. In addition, we will support our clients to implement strategies to meet their decarbonisation targets, including through our green loan services<sup>26</sup>. This means that the target will only be applied to the long-term business loan portfolio of our subsidiary banks.

The client engagement approach was selected for our Scope 3 (financed emissions) targets, as it best aligns with our Business Strategy and the structuring of our loan portfolio by client categories and activities. Our focus on MSMEs makes it essential for the group to adopt a customer-centric approach that supports borrowers on their path to net-zero. We want to steer the business loan portfolio towards less carbon-intensive sectors, strengthen green investments and, in particular, provide financing options for renewable energy projects.

<b>Cross-sector reductions pathway (2022 as baseline)</b>	<b>2030</b>	<b>2050</b>
Scope 1 Et 2	-42.0%	-90.0%
<b>Client engagement pathway (2022 as baseline)</b>	<b>2027</b>	<b>2040</b>
Scope 3 (Financed Activities)	28.0%	100.0%

The target for Scope 1 emissions in absolute terms corresponds to a reduction of 155 tCO<sub>2</sub>eq by 2030, compared to 515 tCO<sub>2</sub>eq in reference year 2022. For Scope 2 emissions, the guarantees of origin will contribute to a reduction of 1,620 tCO<sub>2</sub>eq by 2030, compared to 2,950 tCO<sub>2</sub>eq in 2022. Therefore, the

<sup>26</sup> For further information on our client engagement approach for decarbonisation, see section "Strategy, business model and value chain".

absolute contraction approach recommended by SBTi was used to set these targets. The most important assumptions here include the continuous availability of renewable energy sources and the aforementioned increase of electric vehicles in our fleet.

We are currently unable to provide an estimate of our Scope 3 emissions target or commit to a specific reduction path for our clients. Our current quantification of our clients' emissions is based on average emissions factors (see the section "Gross Scope 1, 2,3 and total GHG emissions"). We expect a reduction in emissions from the loan portfolio as more precise data on our customers' emissions becomes available. We support our customers by calculating their emissions with a CO<sub>2</sub> calculator that we developed. Using this application, customers will be able to set their own goals and implement decarbonisation measures, with our expertise and financing to support them.

Any changes to the targets and the corresponding indicators, underlying measurement methods, key assumptions, limitations, sources and data collection methods applied will be disclosed transparently. Progress towards the targets is monitored and reported annually. Adjustments are made as needed to ensure that our long-term objectives are achieved.

To monitor the implementation and impact of our science-based targets, we are planning to establish a comprehensive process that involves regular data collection, verification, reporting, and review. This process is described in our transition plan for climate action. The reduction of emissions from our own operations is measured on the basis of GHG emissions (tCO<sub>2</sub>eq), and the progress of our strategy for engaging with clients with a significant carbon footprint is measured based on the percentage of customers who have been included in our client engagement approach.

For more information on our strategic measures for climate action, please refer to the section "Strategy, business model and value chain"; paragraph "Sustainability-related goal"; section "Climate action measures, SDG 13".

#### *Energy consumption and mix*

Based on our Business Strategy and special focus on diversifying our loan and deposits portfolios, we expanded our branch network in 2024 by 6 branches and 41 service points, which is reflected in our overall figure for resource consumption. Simultaneously, the number of employees increased by 18.7%, likewise contributing to an increase in total energy consumption.

The total energy consumption of the ProCredit group in 2024 was 19,745.4 MWh. Consumption of fossil fuels amounted to 10,007.2 MWh; for nuclear energy, 549.9 MWh; and for renewable energy sources (RE), 9,188.4 MWh.

In addition to other energy efficiency projects, such as use of energy-efficient equipment or expanding our EV fleet and e-charging stations, wherever possible we have also installed solar modules for our own consumption on our subsidiary banks' buildings in order to further decarbonise our operations. This has enabled us to reduce our annual energy consumption by an average of 4.5% over the last five years.

Our total energy consumption in 2024 rose by 7.9% compared to the previous year. The inclusion of more renewable energy suppliers led to an increase in renewable energy consumption by 11.0%. Fossil fuel consumption increased by 6.2% for the period due to the combined effect of a higher number of employees and the composition of electricity grids in our countries of operation. By contrast, nuclear energy consumption fell by 7.2%.



Looking at the various fossil fuels we consume, electricity from non-renewable energy sources and fuel for our vehicles represent the largest share. Our efforts are therefore focused on purchasing electricity from renewable sources, including a guarantee of origin (GoO) wherever possible in our countries of operation, and on further electrifying our vehicle fleet.

In terms of renewable energies, our focus is on clean electricity. Over the last few years, we have steadily increased the proportion of clean electricity we produce ourselves. The table below shows the consumption of the individual energy types.

in MWh			
Consumption of	1.1-31.12.2024	1.1-31.12.2023	Change
Coal and coal products	-	-	
Crude oil and petroleum products	2,463.0	2,181.6	
Natural gas	1,584.5	1,498.4	
Other non-renewable sources	551.6	680.7	
Purchased energy from non-RE sources	5,408.1	5,062.7	
<b>Fossil fuel consumption</b>	<b>10,007</b>	<b>9,423</b>	<b>6.2%</b>
<b>Consumption from nuclear products</b>	<b>549.9</b>	<b>592.3</b>	<b>-7.2%</b>
RE fuel incl. Biogenics	69.7	66.7	
Purchased energy from RE sources	8,683.0	7,785.0	
Self-Generated non-fuel RE	435.7	429.8	
<b>Renewable energy consumption</b>	<b>9,188</b>	<b>8,282</b>	<b>11.0%</b>
<b>Total energy consumption</b>	<b>19,745</b>	<b>18,297</b>	<b>7.9%</b>
<b>Share per source in total energy consumption</b>			
Fossil sources	50.7%	51.5%	
Nuclear sources	2.8%	3.2%	
Renewable sources	46.5%	45.3%	
<b>Generation of</b>			
Non-Renewable energy	4,599.1	4,360.6	
Renewable energy	4,728.4	2,299.4	
<b>Total energy generation</b>	<b>9,328</b>	<b>6,660</b>	<b>40.1%</b>

The ProCredit group installed a 3 MWp photovoltaic power plant in Kosovo, producing 4,237 MWh and consuming 54,7 MWh in 2024. This is the only direct investment that the group has in a high-climate-impact sector. Although the entity is not included in the scope of financial consolidation and is in its first years of operation, the gross operating income shown in the table below was used for intensity figures. Energy intensity changed by 27% compared to the previous year, from 247 MWh/EUR to 181 MWh/EUR.

in EUR m	
Operating income	31.12.2024
from activities in high climate impact sectors	0.3
used to calculate GHG intensity	444.3
other from previously stated	-
<b>Total operating income (Financial statements)</b>	<b>444.3</b>

We estimate our overall energy intensity based on our operating income and total energy consumption. For further information on operating income, please refer to the "Consolidated statement of profit or loss" in the

consolidated financial statements. With regard to total operations, our energy intensity changed by 0.2%, from 44.4 MWh/EUR million to 44.5 MWh/EUR million.

#### *Gross Scopes 1, 2, 3 and total GHG emissions*

We determine our impact on climate change by identifying group-wide GHG emissions in Scopes 1, 2 and 3 every year. Although our performance has been subject to dual control checks, the data have not been confirmed by a third party other than the auditor of the financial statement. The information on emissions in Scope 1 and 2 is determined using an internal measurement system that calculates emissions according to the GHG Protocol and IPCC guidelines. Our approach includes detailed estimation of emissions from various sources, such as electricity, heating, vehicles and flights, incorporating both direct and indirect emissions. Emissions generated through the loan portfolio (Scope 3) are calculated using the PCAF methodology. The emissions factors are taken directly from the PCAF database, which is based on average factors per sector and covers all seven greenhouse gases from the Kyoto protocol, in accordance with the PCAF standards. For countries where no information is available, the emissions factors of the nearest country for which factors are available are used and adjusted. The calculation method and manuals for the internal measurement system, as well as the PCAF process, are documented internally and reviewed annually. We do not value certain asset classes, such as listed shares, corporate bonds, commercial property or government bonds, on the basis of limited data availability or their low relative relevance in relation to total assets. Nevertheless, 54.5% of total assets were valued using this methodology, which allows for accurate and meaningful emissions calculations.

For us, as a financial institution, the main impact arises from Scope 3 emissions, in particular the emissions financed through our loan portfolio. Therefore, all subsidiary banks are included in the disclosure of impact. When evaluating other subsidiaries for consolidation, we apply qualitative criteria, such as the significance of their contribution to the group's environmental impact and to the group's sustainability strategy and objectives. For example, ProEnergy is included due to its contribution to electricity generation from renewable energy.

Our direct Scope 1 emissions increased by 4% compared to the previous year, due to the increased business activity, and account for 0.03% of our total emissions. As a financial institution, we do not participate in the regulated emissions trading system.

Our Scope 2 emissions shown in the table below are for both market-based and location-based approaches. Nevertheless, we believe that the market-based approach provides a more realistic picture of our group's impact, as it takes into account the energy sources purchased. In 2024, we obtained energy from bundled and unbundled certificates, which accounted for 29% and 10% of electricity consumption, respectively. From 2024, 22% of our sites have received guarantees of origin. Of these, 9% are unbundled certificates (1,327 MWh) and 13% are bundled certificates (3,740 MWh).

Our market-based emissions in 2024 amounted to 987.4 tCO<sub>2</sub>eq; by comparison, our location-based emissions amounted to 236.1 tCO<sub>2</sub>eq. Despite the increase in Scope 1 and Scope 2 emissions in 2024, the average annual reduction in emissions over the last five years was 10%.

In our efforts to ensure transparent and accurate reporting on greenhouse gases, we have decided to estimate business flights and financed emissions for our Scope 3 inventory. As mentioned, the financed emissions (Category 15) are particularly important for financial institutions and represent a significant component of the total emissions data. Furthermore, the complex and resource-intensive calculation of these emissions carries the risk of inaccuracies and double counting, since data from third-party sources (in

particular from suppliers) is required for many of the activities within Scope 3, and this data is not available in many of our markets.

Our Scope 1 and 2 emissions are very low compared to our Scope 3 emissions. The 15.9% increase in Scope 3 emissions is attributable to growth and changes in portfolio composition. A detailed inventory of our GHG emissions can be found in the table below.

in tCO <sub>2</sub> eq			
Impact from	1.1.-31.12.2024	1.1.-31.12.2023	1.1.-31.12.2022
<b>Biogenic Scope 1 emissions</b>	<b>236</b>	<b>288</b>	<b>218</b>
<b>Gross Scope 1 GHG emissions</b>	<b>1,027</b>	<b>987</b>	<b>918</b>
<b>Biogenic Scope 2 emissions</b>	<b>0.73</b>	<b>0.72</b>	<b>0.67</b>
<b>Location-based Scope 2 emissions</b>	<b>6,581</b>	<b>5,833</b>	<b>5,599</b>
<b>Market-based Scope 2 emissions</b>	<b>4,032</b>	<b>3,660</b>	<b>3,250</b>
Business travels	4,591	3,911	3,012
Financial investments	3,805,279	3,284,361	4,061,910
Business loans	3,665,967	3,280,073	4,058,379
Motor vehicle loans	120	112	90
Mortgages	6,647	4,176	3,441
Project finance	132,546	-	-
<b>Gross Scope 3 GHG emissions</b>	<b>3,809,870</b>	<b>3,288,273</b>	<b>4,064,922</b>
<b>Total location-based GHG emissions</b>	<b>3,817,478</b>	<b>3,295,093</b>	<b>4,071,438</b>
<b>Total market-based GHG emissions</b>	<b>3,814,929</b>	<b>3,292,920</b>	<b>4,069,089</b>

In accordance with the PCAF standards, we have assessed our customers' Scope 3 emissions, which, across the assessed asset class, total 5,465,025 tCO<sub>2</sub>eq. This information is not included in the table above. The results of scope 3 emissions of our business loan portfolio, disaggregated by economic sector can be found in the group sustainability statement appendix in section "Distribution of financed emissions from business loans per sector".

We estimate our total emission intensity using operating income and the total GHG emissions resulting from the market-based approach. The total operating income is used to estimate greenhouse gas intensity, as this is not recorded at the customer level. For more information on operating income, please refer to the section "Consolidated statement of profit or loss" in the consolidated financial statements. Accordingly, our emissions intensity has increased by 7.6%, from 7,982.7 tCO<sub>2</sub>eq/EUR million to 8,586.4 tCO<sub>2</sub>eq/EUR million.

#### *GHG removals and GHG mitigation projects financed through carbon credits*

We have decided not to provide any information on carbon removals relating to the (active) capture and storage of greenhouse gases, as there is great uncertainty about measuring the impact of our implemented projects. We are therefore focusing primarily on reducing greenhouse gas emissions.

#### *Internal carbon pricing*

The ProCredit group does not apply an internal carbon pricing scheme. At the time of this disclosure, no plans to introduce an internal carbon price have been formulated.

*Anticipated financial effects from material physical and transition risks and potential climate-related opportunities*

In the current reporting year, we are making use of the phase-in option for this reporting requirement.





Above: Staff member of the Novi Sad branch of ProCredit Bank Serbia  
Below: Employees of ProCredit Bank Bulgaria at a sporting event (Business Run Plovdiv)



## Social Information

### *Own workforce*

#### *Policies related to own workforce*

Our employees are the key to our long-term success. Our strategy in relation to our staff is aligned with the long-term focus of the group as a whole, emphasising common values and synergies at ProCredit, promoting a uniform approach and strengthening our culture, values and ethics. This is how we shape the conduct and attitudes of employees and stakeholders.

Our strategy and our business model have a direct influence on our employees and thus an actual and potential impact on our own workforce. Strategic decisions can either enhance or impair the well-being, productivity and commitment of employees.

While we treat all employees equally, we recognise that certain material risks and opportunities tend to apply to particular groups of employees rather than to the workforce as a whole. Effective management of these risks and opportunities ensures that ProCredit can maintain a motivated and well-trained workforce, which is essential for achieving long-term strategic goals and sustainable growth.

The following strategies and guidelines are used to manage material impact, risks and opportunities:

- Group Human Resources Strategy
- Code of Conduct
- Diversity, Equity and Inclusion (DEI) Strategy
- Statement on Human Rights

As part of our DEI strategy, we plan to support initiatives that promote both diversity and collaboration among our employees across institutions; for example, annual DEI training for all employees, the inclusion of courses on DEI topics in our Academy and Onboarding Programme, the provision of even greater support for staff with family members in need of care, and the creation of a more sensitive environment for employees who are caregivers.

In addition to various teams from their respective departments, the Management Board of ProCredit Holding is also involved in implementing these documents at the highest level.

In our General Declaration of Human Rights, we commit to the following international laws, principles and standards on human rights:

- Universal Declaration of Human Rights
- European Convention on Human Rights
- International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work
- Principles of the UN Global Compact
- UN Principles for Responsible Banking (PRB)
- UN Guiding Principles on Business and Human Rights
- IFC Performance Standards
- IFC/MIGA Joint Policy Statement on Forced Labour and Harmful Child Labour
- EBRD performance requirements

As declared in our Statement on Human Rights, our employees are at the heart of our actions and our commitment to human rights thus begins with them.

- **Forced labour and child labour:** We do not tolerate forced, bonded or compulsory labour, human trafficking, child labour, and other kinds of slavery and servitude within our own operations, those of our clients, or within our supply chain. ProCredit is committed to taking appropriate steps to ensure that everyone who works with us benefits from a working environment in which their fundamental rights and freedoms are respected.
- **Discrimination:** All employees are required to respect the fundamental principle of human dignity and therefore avoid any form of discrimination based on ethnicity, gender, religion, origin, sexual orientation, etc. This is a categorical imperative of ProCredit values and is not negotiable. This is explicitly stated in our Code of Conduct, which is part of our employment contracts and applied uniformly throughout the entire group. Further information on the processes related to discrimination can be found in the sections "Processes for engaging with own workers and workers' representatives about impact" and "Processes to remediate negative impacts and channels for own workers to raise concerns".

Our strategies and policies apply to all our employees throughout the group, without exception. They are communicated to our employees either via the internal employee portals or through the training sessions and discussions that we conduct on a regular basis. If various stakeholder groups require support in implementing certain sections (e.g. in developing new training for risk teams), this will be supported by the relevant HR departments.

Each subsidiary also has guidelines for the prevention of occupational accidents, which are described in the section "Health and safety metrics".

#### *Processes for engaging with own workers and workers' representatives about impact*

Given the importance of having a transparent and effective communication channel between employees and Management, we encourage a culture of open communication. To this end, we have an open-door policy and simple organisational structures with small teams and flat hierarchies. This is to encourage employees to seek dialogue when needed, to meet and ask questions, make suggestions and discuss problems or concerns with the Management Board.

The effectiveness of this approach is evaluated based on employee satisfaction and the successful implementation of changes based on feedback. Several initiatives, such as the annual group-wide sports event (ProGames, which were held in May 2024 in Serbia) or the group-wide employee surveys (planned for Q2 2025), were developed specifically in response to feedback from our employees.

Working conditions do not differ between employees, even if they are covered by collective agreements.

In addition, we provide all employees with the opportunity to speak freely with their direct line managers and members of management about their performance, to agree on and monitor targets and share opinions on the working atmosphere. These one-on-one meetings take place regularly and are anchored in our established standards. The discussions are highly valued by our employees, as they represent a platform for mutual exchange where they are encouraged to share their thoughts, ideas, impressions and concerns. They also help our institution in defining overall expectations from individual to team and overall institutional level.

#### *Processes to remediate negative impacts and channels for own workers to raise concerns*

Our employees are essential to the long-term success of the company, and their well-being is of the utmost importance. In line with our commitment to upholding human rights, we have implemented strict procedures to avoid negatively impacting our employees, to protect their well-being and ensure fair working conditions. When deciding between mitigating negative impacts on the workforce and other business constraints such as

short-term profits, the well-being of employees takes precedence, with the group aligning its business decisions to its core values of respect, fairness and transparency. The following measures serve to remediate negative impact:

- Preventive measures

We have a comprehensive Code of Conduct that sets out our ethical expectations and safeguards against exploitative practices or harmful conditions. All employees are made aware of these expectations when they join the company, and we run annual refresher courses.

In addition, we maintain health and safety protocols to prevent physical harm or psychological stress to our employees.

- Procedure for remediation of deficiencies

If a significant negative impact is identified (e.g. injury in the workplace, harassment or discrimination), we initiate a clear, structured remediation process.

In addition, our employees are informed about their rights and possible next steps for confidentially reporting incidents, either through a direct line to the human resources department or through a third-party complaint mechanism.

- Evaluating the effectiveness of remedial action

To ensure that the proposed remedial measures are effective, we conduct follow-up investigations in the form of feedback sessions and interviews with the persons concerned. In this way, we ensure that employees receive satisfactory support.

Further information for employees and stakeholders on how to address labour-related grievances is provided in the sections "Incidents, complaints and serious impacts related to human rights" and "Interests and views of stakeholders".

- Commitment to transparency and accountability

We make disclosures on cases of negative impacts that are reported within our workforce, using clear internal procedures all the way up to the management level. These transparent measures help us to maintain trust and remain accountable to our employees and stakeholders.

*Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions*

At ProCredit, we are committed to taking active measures to address material impacts on our workforce. This includes identifying, mitigating, and managing material risks and opportunities related to our employees. Our approach is guided by the principles of fairness, inclusion and continuous improvement.

- Identifying Material Impacts

We conduct regular assessments to identify material impacts on our workforce. These assessments consider various factors, including employee feedback, industry trends, and regulatory requirements. We engage with our employees to understand their concerns and priorities, ensuring that our actions are aligned with their needs.

The Group Human Resources team regularly monitors the most important indicators, such as staff recruitment, turnover, salary development, etc., and reports on them to the Management Board of ProCredit Holding. In the event that the Group Human Resources team identifies a potential need for

action in a particular institution within the group or across the entire group, it will conduct the necessary discussions and implement potential measures.

These measures also ensure that our business practices do not have any negative impact on our employees.

- **Mitigating Material Risks**

To mitigate material risks, we have implemented several initiatives aimed at improving working conditions, enhancing employee well-being, and promoting a positive work environment. These include:

- **Health and Safety:** We focus on the health and safety of our employees by implementing comprehensive health and safety programmes, ensuring full compliance with the respective local regulations.
- **Diversity and Inclusion Initiatives:** We are committed to fostering a diverse and inclusive workplace. Our diversity and inclusion initiatives aim to eliminate discrimination, promote equal opportunities, and create a supportive environment for all employees.

- **Pursuing Material Opportunities**

We actively pursue opportunities to enhance the overall employee experience and drive positive impacts. This involves:

- **Professional Development Programmes:** We invest in the professional development of our employees by offering internal and external training programmes and career advancement initiatives. These programmes are designed to help employees acquire new skills, advance their careers, and achieve their professional goals. For example, all employees seeking further development are invited to attend our ProCredit Banker programme in Germany. These types of general training courses apply to all categories of ProCredit employees. On the other hand, we offer position-specific training that is available to all employees in certain categories, i.e. positions. In addition, in 2024 we offered courses for Client Advisers and Business Client Advisers from all of our banks in order to help them improve their skills and provide our customers with the highest level of support.
- **Employee Engagement Initiatives:** We strive to create an engaging and motivating work environment. Our employee engagement initiatives include regular feedback mechanisms and team-building activities. These initiatives apply to all employees in the group. They help foster a sense of belonging and encourage employees to contribute their best efforts.

- **Monitoring and Evaluating Effectiveness**

We continuously monitor and evaluate the effectiveness of our actions to ensure that they are achieving the desired outcomes. This involves:

- **Performance Metrics:** We want to keep track of key performance metrics related to employee satisfaction, retention rates, and overall well-being. These metrics provide valuable insights into the impact of our initiatives and help us identify areas for improvement.
- **Regular Reviews:** We conduct regular reviews of our policies and practices to ensure that they remain relevant and effective. These reviews involve input from employees, the Management Board and external stakeholders, ensuring a comprehensive evaluation of our actions.

By taking these actions, we demonstrate our commitment to addressing material impacts on our workforce and creating a positive and supportive work environment for all employees. HR departments, managers and management board members are involved in these measures at company and group level. We also ensure

that these measures are part of our existing risk management processes, such as the reporting by our operational risk and compliance teams.

*Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*

The ProCredit objectives are set out in our Group Human Resources Strategy, with 2023 as the baseline year. They concern various staff areas, such as turnover rate, proportion of employees with disabilities, training hours per employee, and annual remuneration ratio (remuneration and benefits). The baseline values for these objectives (calendar year 2023) are included in the relevant sections of this report. These targets are linked to KPIs that are set by the Group Human Resources department in cooperation with the local HR teams and are regularly reported to and approved by the Management Board of ProCredit Holding. This process ensures that employees from all parts of the organisation are involved and informed about our goals, particularly as we present these as collective efforts for all units and thus the entire group. Transparent and easy-to-follow targets and associated quantitative measures help to identify progress. Further information on individual targets is available in the "Metrics and targets" section.

*Characteristics of the undertaking's employees*

The number of employees in this section includes full-time or part-time employees and employees with non-guaranteed working hours as of the reporting date. It corresponds to the number of employees listed in note 11 in the notes to the consolidated financial statements, plus the members of the Management Board.

The total number of employees in the ProCredit group was 4,689 as of 31 December 2024<sup>27</sup>.

<b>Number of employees by country</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
Albania	233	173
Bosnia and Herzegovina	250	200
Bulgaria*	755	510
Germany*	665	793
Ecuador	353	336
Georgia	373	286
Kosovo*	535	344
Moldova	189	153
North Macedonia	249	224
Romania	188	175
Serbia	478	421
Ukraine*	421	336

\* Due to a change in allocation, the figures are only comparable with the previous year to a limited extent.

Reflecting our approach to diversity and inclusion, 63.6% of our employees are female.

<b>Number of employees by gender</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
Female	2,980	2,452
Male	1,709	1,499
Other	0	0
<b>Total employees</b>	<b>4,689</b>	<b>3,951</b>

<sup>27</sup> The indicators used in this report have not been validated by external auditors, with the exception of the auditors of the financial statements.



	31.12.2024					31.12.2023				
	South Eastern Europe	Eastern Europe	South America	Germany	Total	South Eastern Europe	Eastern Europe	South America	Germany	Total
Number of permanent employees	2,257	934	353	549	4,093	1,753	712	336	589	3,390
Number of temporary employees	431	49	0	116	596	294	63	0	155	512
Number of non-guaranteed hours employees	0	0	0	0	0	0	0	0	49	49
Number of full-time employees	2,604	977	349	600	4,530	2,045	775	335	674	3,829
Number of part-time employees	84	6	4	65	159	2	0	1	70	73
Number of employees	<b>2,688</b>	<b>983</b>	<b>353</b>	<b>665</b>	<b>4,689</b>	<b>2,047</b>	<b>775</b>	<b>336</b>	<b>793</b>	<b>3,951</b>

	31.12.2024				31.12.2023			
	Female	Male	Other	Total	Female	Male	Other	Total
Number of permanent employees	2,625	1,468	0	4,093	2,128	1,262	0	3,390
Number of temporary employees	355	241	0	596	318	194	0	512
Number of non-guaranteed hours employees	0	0	0	0	6	43	0	49
Number of full-time employees	2,866	1,664	0	4,530	2,393	1,436	0	3,829
Number of part-time employees	114	45	0	159	53	20	0	73
Number of employees	<b>2,980</b>	<b>1,709</b>	<b>0</b>	<b>4,689</b>	<b>2,452</b>	<b>1,499</b>	<b>0</b>	<b>3,951</b>

With regard to general turnover within the group, our long-term goal is to achieve a turnover rate of between 7% and 10%. This percentage represents the number of staff who left the ProCredit group during the course of the respective year, compared to the total number of staff at the beginning and end of that year.

	1.1.-31.12.2024	1.1.-31.12.2023
Employee turnover		
Total number of employees who have left the undertaking	620	317
Rate of employee turnover	14.3%	8.5%

### Characteristics of non-employees in the undertaking's own workforce

Non-employees, as noted in the section "Material impacts, risks and opportunities and their interaction with strategy and business model", are either self-employed individuals with an employment contract with the ProCredit group or individuals provided by external companies who primarily carry out work activities with the group. Non-employees are recorded separately by each institution in the group according to internal processes.

	31.12.2024
Self-employed people	322
People provided by undertakings primarily engaged in employment activities	70
Other types	11
<b>Total number of non-employees</b>	<b>403</b>

### Collective bargaining coverage and social dialogue

We recognise the right of our employees to join trade unions and to participate in collective bargaining within the framework of the applicable legal provisions. In addition, we work closely with our employees, as described in the section "Processes for engaging with own workers and workers' representatives about impact", in order to assess and manage the material impacts on our workforce.

Coverage rate	31.12.2024		
	Collective bargaining coverage		Social dialogue
	Employees EEA countries	Employees Non-EEA countries	Workplace representation (EEA only)
0-19%	Bulgaria, Germany	South Eastern Europe	Bulgaria, Germany
20-39%		Eastern Europe	
40-59%			
60-79%			
80-100%	Romania		Romania
<b>Global percentage of employees covered</b>	<b>12.2%</b>		<b>11.4%</b>

### Diversity metrics

Decisions on employee recruitment and promotion are based on values, commitment and professionalism. Women hold 54.1% of our middle manager positions; at Management Board level the figure was 38.5%. Although this indicator remains stable, there is room for further progress. This breakdown is not the result of a planned strategy to achieve quantitative targets; instead, it is based on individual professional development and decisions on employee promotion.

	31.12.2024		31.12.2023	
	Count	Percentage	Count	Percentage
Female	20	38.5%	15	34.9%
Male	32	61.5%	28	65.1%
Other	0	0.0%	0	0.0%
<b>Number of employees in Management Board</b>	<b>52</b>	<b>100.0%</b>	<b>43</b>	<b>100.0%</b>

	31.12.2024		31.12.2023	
	Count	Percentage	Count	Percentage
Under 30 years old	1,371	29.2%	1,043	26.4%
30-50 years old	3,029	64.6%	2,661	67.4%
Over 50 years old	289	6.2%	247	6.3%
<b>Total employees</b>	<b>4,689</b>	<b>100.0%</b>	<b>3,951</b>	<b>100.0%</b>

### Adequate wages

At ProCredit, we are committed to ensuring that all our employees receive appropriate remuneration in line with applicable benchmarks. In 2024, all employees of the group received appropriate remuneration in line with the applicable benchmarks. Our salary framework is designed to be transparent and fair, providing a clear structure for salary development based on experience and engagement. We bring individual perspectives into alignment with the common good of the group.

### Social protection

All ProCredit employees are covered by social protection through public programmes or benefits offered by the company, ensuring they are protected, starting from when the worker is employed by ProCredit, against loss of income due to sickness, unemployment, work injury and acquired disability, parental leave, and retirement. This comprehensive coverage reflects ProCredit's commitment to the well-being and security of its employees.

### Persons with disabilities

As stated in our Code of Conduct, we strive for fair and equitable treatment of our employees, regardless of their ethnicity, skin colour, gender, language, political or religious beliefs, national origin or culture, marital status, sexual orientation or disability. People with disabilities (defined according to local legal requirements

and legal restrictions on data collection) account for 1.3% (previous year: 1.4%) of total staff and are still underrepresented in our group. We are aware that this group of people is at greater risk of discrimination. Therefore, we are striving to create the necessary opportunities for greater inclusion of people with disabilities and consider this as one of our most important priorities. Our goal is to triple the current proportion of employees with disabilities, in order to strengthen our commitment and awareness as a socially responsible company.

#### *Training and skills development metrics*

At ProCredit, we offer a comprehensive training curriculum that includes specialised courses, group-wide training, and advanced programmes like the ProCredit Banker Programme and ProCredit Management Programme at the ProCredit Academy in Germany. These programmes cover topics such as corporate governance, employee development, credit risk, climate change, ethics and political philosophy.

Since the academies were founded, 711 of our current employees have completed at least one of the academy programmes. We emphasise ethics and personal responsibility in our sustainable banking approach. We also provide job-specific, local, and online training, along with a certification programme to support career advancement. Despite the established nature of these programmes, we continuously seek improvements to ensure state-of-the-art training. For example, additional practical training was arranged for colleagues working in positions involving customer contact. Similarly, the training and development opportunities offered as part of the Onboarding Programme, with a particular focus on the practical phase, tend to be favoured by the less experienced colleagues and those who have had less contact with banking in the past.

<b>Percentage of employees that participated in regular performance and career development reviews</b>	<b>1.1.-31.12.2024</b>	<b>1.1.-31.12.2023</b>
by gender		
Female	57.4%	80.0%
Male	50.1%	65.4%
Other	0.0%	0.0%
by employee category		
Middle Management	60.6%	51.2%
Specialist	54.0%	77.9%

In 2024, the average training volume was 124 hours per employee, with women averaging 128 training hours. Our long-term goal is for each employee in the ProCredit group to complete more than 120 training hours per year on average. These various training initiatives for the wellbeing of our employees are financially supported by all ProCredit institutions and operationally supervised by various teams at ProCredit Holding. These coordinated efforts ensure that the material impacts on the ProCredit group's workforce are effectively managed, with the success and impact of these measures being continuously evaluated.

<b>Average number of training hours per employee</b>	<b>1.1.-31.12.2024</b>	<b>1.1.-31.12.2023</b>
by gender		
Female	128	113
Male	118	116
Other	0	0
by employee category		
Management Board	88	52
Middle Management	130	147
Specialist	124	111

At our organisation, we hold transparency and open communication as fundamental pillars of our corporate culture. These values are included in our policies, ensuring that all employees actively participate in regular performance and career development reviews. This commitment fosters an environment of trust and continuous improvement, where every team member is empowered to grow and succeed.

Number of reviews in proportion to the agreed number of reviews	1.1.-31.12.2024
by gender	
Female	102.8%
Male	91.9%
Other	0.0%
by employee category	
Middle Management	75.7%
Specialist	102.0%

### Health and safety metrics

Every ProCredit entity has a separate accident prevention policy which is compliant with the respective local regulations and applies to the health and wellbeing of our employees. In the 2024 financial year, there were no reportable work-related accidents, work-related illnesses or deaths. Such incidents must be reported if an employee's health is damaged or their life directly affected by the way the work is carried out, the working conditions, the activities directly related to the performance of the work (commuting, workshops) or the failure to comply with local occupational safety regulations or agreements. Furthermore, there is a minimum reporting threshold of EUR 100. No such incidents were recorded. The number of days lost corresponds to other health problems where a failure to comply with occupational safety was not necessarily established.

	1.1.-31.12.2024	
	Employees	Non-employees
Percentage of people who are covered by the health and safety management system	99.1%	58.6%
Number of fatalities as a result of work-related injuries and work-related ill health	0	0
Number of recordable work-related accidents	0	0
Rate of recordable work-related accidents	0	0
Number of cases of recordable workrelated ill health	0	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	612	0

### Work-life balance metrics

We are committed to fostering an equitable workplace where all employees, regardless of gender, are valued and compensated fairly for their contributions. Additionally, we are dedicated to providing family-friendly policies that support work-life balance, ensuring that our employees can thrive both professionally and personally. We maintain open and transparent communication in order to create a constructive environment that encourages employees to discuss the needs in their professional and personal lives and find appropriate solutions.

In order to improve the work-life balance, we regularly inform our colleagues about opportunities for family-related leave. We strive to provide additional possibilities for them, above the local market standards. One example of our initiatives is mobile working, the extent of which varies from country to country.

1.1.-31.12.2024

Percentage of employees entitled to take family-related leaves	93.2%
Percentage of entitled employees that took family-related leave	10.1%
Female	13.6%
Male	4.2%
Other	0.0%

### Remuneration metrics

At ProCredit, we attach great importance to our transparent salary structure with fixed salaries. We focus on fair and, above all, appropriate salary levels that reflect both the quality of our employees and the impact orientation of our banks. At the same time, we value a fair approach to remuneration, which is reflected in the fact that our staff is paid above applicable local benchmarks. Our annual total remuneration ratio, which represents the relationship between the highest salary level and the median salary also demonstrates this fact. At group level, this increases to 24.0 due to varying salary levels between the regions. We have set the target for this indicator at 10.0 or below within each institution (in 2023, the baseline year for the group's HR strategy, the value was 11.1). Our salary structure is defined transparently in our established standards.

	31.12.2024	31.12.2023
Annual total compensation ratio	24.0	25.0

Our institution considers the gender pay gap to be a relevant matter, not merely from an ethical standpoint but as a strategic imperative. By working diligently to close this gap, we aim to create a more inclusive, productive, and innovative environment. This commitment underscores our dedication to equity and sets a standard for others to follow.

Male-Female pay gap	31.12.2024		
	Management Board	Middle Management	Specialist
<b>Total</b>	15.5%	21.3%	18.3%
Albania	n.a.	17.6%	7.3%
Bosnia and Herzegovina	-9.7%	24.6%	6.2%
Bulgaria	4.8%	3.0%	6.5%
Germany	20.4%	8.5%	9.4%
Ecuador	18.9%	6.2%	-2.0%
Georgia	22.2%	5.8%	12.8%
Kosovo	n.a.	13.8%	15.7%
Moldova	-23.1%	7.3%	8.1%
North Macedonia	-5.8%	4.8%	-0.4%
Romania	4.0%	10.9%	1.2%
Serbia	7.6%	9.1%	12.7%
Ukraine	23.8%	31.3%	27.0%

n.a. (Non-applicable) due to no female Management Board members

### Incidents, complaints and severe human rights impacts

The Code of Conduct describes the open working environment in which all staff members can raise their concerns through internally defined channels of communication, dedicated email addresses and reporting boxes on the Intranet/Internet. These channels of communication are constantly checked by internally assigned representatives, making sure they are addressed in a timely and professional manner. Through these channels, as well as through our Risk Event database, the group can collect the necessary information for reporting purposes, such as the number of work-related incidents and/or complaints and severe human rights



impacts within its own workforce, and any related fines, sanctions or compensation for the reporting period. In this manner, we evaluate our overall approach and procedures for providing or contributing to remedies in instances where it has caused or contributed to a significant negative impact on the workforce, as well as assessing the effectiveness of the remedies provided.

Incidents, complaints and severe human rights impacts	1.1.-31.12.2024	1.1.-31.12.2023
<b>Discrimination, including harassment</b>		
Incidents of discrimination, including harassment	0	0
Number of complaints	0	0
Total amount of fines, penalties, and compensations as a result of incidents and complaints	0	0
<b>Cases of severe human rights incidents</b>		
Number of severe human rights incidents	0	0
Total amount of fines, penalties, and compensations as a result of incidents of complaints	0	0

## Consumers and end-users

### *Impact, risks and opportunity management*

#### *Policies related to consumers and end-users*

ProCredit has adopted several policies to manage its material impacts, as well as associated material risks and opportunities. All policies mentioned below cover all consumers. For financing-related activities, besides the Group Credit Risk Policy, there are various supporting standards targeting certain groups of clients, e.g. Group Credit Risk Standards for Business Clients-Small and Medium.

- **Group Credit Risk Policy:** This document sets out the minimum requirements for the organisational and operational structure of the lending business of the ProCredit group. It defines the approach to be taken by each ProCredit bank to appropriately manage credit risk, and the role played by ProCredit Holding in managing and controlling the credit risks of the group in accordance with section 25a of the German Banking Act [Kreditwesengesetz – KWG] and MaRisk. The focus of this policy is on credit risk management, but where appropriate, reference is made to operational aspects of the lending business. This policy takes into account our identity as a development-oriented commercial banking group with self-imposed ethical and value-based foundations. It also combines our vision to support MSMEs and private clients in their long-term development, with a strong sense of responsibility. This translates into a detailed and strict assessment of client business models and financial results as well as the diligent application of prudent credit risk principles that are transparently and constantly communicated throughout the institution. A responsible process for assessing and approving credit risks is one of the most important management principles at ProCredit. It includes the analysis of financial development of each company individually, decisions based on the payment capacity of the company, offering an adequate credit facility structure and product, observing the principle of not over-indebting clients and regular monitoring.
- **Group Operational Risk Management Policy:** The purpose of this document is to define the ProCredit group's operational risk management principles and processes. The principles outlined in this document, which were designed to facilitate the effective management of the group's and of each institution's operational risks, are in accordance with section 25a of KWG and MaRisk. This policy aims to help all group entities identify critical issues early and mitigate operational risks that could affect their operations and clients. It involves managing and mitigating material impacts by using the RED, which records

incidents, losses, and near misses above EUR 100. The policy includes criteria for escalating events to Management where clients cannot access services for several hours or where there are reputational risks, like data leaks. Timely notification of management ensures prompt responses. For events in RED, preventive actions are required. The policy also highlights the New Risk Approval (NRA) process, ensuring new risks are assessed and necessary preparations and tests are completed before implementing new or significantly changed processes, products, or systems.

- **Group Information Security Policy:** This policy defines the framework for the management of information security (IS) across all banks of the ProCredit group. Our business depends to a large extent on our customers' trust. This in turn depends, among other things, on how successfully we protect their data. In this context, it is important to have a strong information security policy. Protecting information is a business requirement and in many cases also a legal and regulatory requirement. This policy provides the requirements for establishing, maintaining and continually improving our Information Security Management System (ISMS). It sets out the basic principles of management, usage and protection of critical information assets of the ProCredit group from threats to preserve the confidentiality, integrity, availability and authenticity of these assets. This policy also includes data protection principles to be applied by all banks.
- **Group Compliance Policy:** The ProCredit group is dedicated to fostering a robust culture of compliance, integrity, and ethical conduct across its entities. The group's compliance policy ensures that the company adheres to all laws and regulations and works responsibly in this regard. This policy outlines the minimum requirements for compliance management and emphasises the importance of regular risk evaluations to identify and address the legal and regulatory issues. It also delineates the roles and responsibilities of compliance officers and functions at both the group and local levels, promoting clear communication and accountability. Importantly, the policy ensures that mechanisms are in place for reporting and addressing non-compliance incidents, thereby safeguarding client interests and supporting the identification and remediation of any material impacts on customers. By actively fostering a culture of compliance, ProCredit aims to enhance transparency, protect stakeholder interests, and maintain its commitment to ethical banking practices.
- **Group Whistleblowing Policy:** The ProCredit group is committed to the preservation of high ethical standards regarding its business activities, including their environmental and social impacts. To promote a culture of open communication which empowers employees and stakeholders to provide feedback and raise concerns, the ProCredit group has established a comprehensive Whistleblowing System throughout the organisation, from ProCredit Holding to every ProCredit bank. This policy describes the procedures for reporting unethical behaviour, misconduct, and legal violations, collectively termed as "whistleblowing". The Group Whistleblowing Policy establishes multiple whistleblowing channels for raising concerns, outlining the rights and protection afforded to whistleblowers against retaliation, and stipulating that disclosures can be made anonymously. The policy aims to ensure that all reports are handled consistently, fairly, and in a timely manner, with a clear commitment to data protection. It also emphasises the importance of training and awareness initiatives to ensure that all employees understand the whistleblowing system and their role within it. Ultimately, the Group Whistleblowing Policy serves to identify and address potential material impacts on clients and stakeholders, promoting accountability and trust throughout the ProCredit organisation (for details, see section "Material impacts, risks and opportunities and their interaction with strategy and business model", paragraph "Governance information").
- **Group Environmental Management Policy:** The Group Environmental Management Policy defines the approach employed by the ProCredit institutions in managing their environmental and social impact,

including the impact through its clients and on its clients. For the ProCredit group, part of its corporate social responsibility entails the protection of the environment, be it physical, natural or cultural. Furthermore, this social responsibility aims to protect the surrounding communities in the group's countries of operation, prevent the violation of human rights and improve labour conditions, help reduce global warming, and create economies that are resilient against the impacts of climate change wherever possible. The ProCredit group seeks to continuously reduce its negative environmental and social impact and increase the positive impact of its own operations, as well as those of its clients and suppliers, based on our environmental management approach. The Group Environmental Management Policy applies to all ProCredit institutions in the group's countries of operation. The Management Board of each institution has the active role of ensuring the effectiveness of the established Environmental Management System across all departments of the institution, its communication with internal and external parties, and the promotion of continuous improvement. The policy is available to the public on our website.

- **Group Diversity, Equity and Inclusion Strategy:** This strategy stems from ProCredit's identity as an impact-oriented commercial banking group with strong ethical and values-based foundations. By embracing diversity, we foster innovation, creativity, and collaboration. We are committed to attracting, developing, and retaining a diverse workforce that reflects the society we operate in, creating a culture where everyone feels respected, valued, and empowered. Based on our awareness of societal biases, we implement targeted training and initiatives to eliminate discrimination, levelling the playing field for disadvantaged individuals. We aim to engage with clients, suppliers, and stakeholders to meet their varied needs and expectations. As set out in the strategy, the group is committed to developing tailored products and services to meet the diverse needs of its customers. This also includes specialised financial services that are complemented by various non-financial services for groups with corresponding needs, such as young people or women-led MSMEs<sup>28</sup>. Additionally, ProCredit advocates for Diversity, Equity and Inclusion (DEI) through alliances and memberships, ensuring our commitment to diversity and inclusion extends beyond our organisation.

The Management Board of PCH is responsible for implementing the strategy in all areas and for monitoring implementation progress through reports and/or committees where the topic of DEI is presented. The strategy applies to all ProCredit institutions in the group's countries of operation.

ProCredit is committed to respecting the human rights of our clients in alignment with international principles and standards, including the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. As stated in our publicly available Human Rights Statement, we engage in open and transparent communication to ensure that our clients are well-informed about our policies and practices. We have established accessible grievance mechanisms, as outlined in the Group Whistleblowing Policy mentioned above, to monitor any adverse human rights violations and to provide effective remedies if any occur. Our dedication to these principles underscores our commitment to upholding the highest standards of human rights in all our interactions with clients. Additionally, our Group Standards for Managing the Environmental and Social Risk and Impact of Lending ensure that our clients comply with applicable local laws and regulations concerning human rights, health, and safety, and we monitor and report on their performance annually.

We have established a mechanism to report on human rights abuses; however, to date, we have not had any reported cases.

<sup>28</sup> According to the definition, these are companies in which women make up >51% of the shareholders.

### *Processes for engaging with consumers and end-users about impacts*

ProCredit has not adopted a general process to engage with consumers and/or end-users.

### *Processes to remediate negative impacts and channels for consumers and end-users to raise concerns*

The ProCredit group provides multiple channels for consumers and end-users to raise their concerns effectively. Stakeholders can directly communicate their issues through established reporting mechanisms, such as the ProCredit Code of Conduct communication line, communication channels for whistleblowing and submitting client complaints. These channels are designed to ensure efficient communication, confidentiality (where required), and encourage open dialogue.

We have various tracking and monitoring mechanisms in place to address the concerns raised. This also involves the Compliance function, which regularly collects and analyses data related to consumer complaints and rights protection. Each reported issue is logged in a centralised manner to facilitate systematic evaluation and follow-up. The handling of complaints is structured to ensure accountability and transparency. The ProCredit group is committed to documenting all reported issues and the actions taken in response. Regular reviews are conducted to identify recurring problems or potential systemic risks, enabling the group to implement necessary corrective measures. Furthermore, by fostering an environment that encourages stakeholders to voice their concerns without fear of negative reactions, ProCredit enhances its ability to understand and remediate negative impacts on consumers and end-users effectively. This comprehensive approach ensures that all concerns are addressed promptly and effectively while promoting continuous improvement in consumer protection practices. In 2024, ProCredit Holding did not conduct any structured assessments to determine whether consumers and/or end-users are aware of and trust the structures and processes in place for them to express their concerns or needs. However, the policies and procedures in place, as disclosed under G1-1, ensure that the implemented structures and processes comply with the applicable national regulations. This also requires that consumers and end-users be adequately informed about the possibilities for raising concerns.

### *Managing Material Impacts on Consumers and End-Users: Risks, Opportunities, and Effectiveness of measures*

In relation to material impacts for consumers and/or end-users, ProCredit has processes in place that ensure prevention, mitigation and remediation of these impacts. The ProCredit banks use the RED to log and analyse incidents affecting consumers and end-users, helping to identify patterns and areas requiring immediate action. Some of the events applicable to this requirement refer to data leaks, business disruption (due to various reasons, e.g. system failure, network failure), flaws in products, etc. For each entry, a preventive action should be defined to prevent similar events in the future. For certain events, e.g. business disruption impacting e-Banking/m-Banking, criteria for escalation to Management is applicable for timely remediation. One such case in 2024 involves an error in a script written to automate exceptions to the Info-SMS service fee. Business clients of ProCredit Bank Romania were not charged the fee of 0.5 RON per SMS. The process for setting parameters for products, fees and interest rates in the core banking system was changed and incorporated into the revised change management process. In addition, monitoring of Info-SMS charges has been implemented.

Besides RED, the annual operational risk assessments and information security risk assessments, which include developing risk scenarios and the respective controls, support the identification and prevention of areas with material impacts on business and, where applicable, on clients. If deficiencies are identified, measures need to be created and monitored until they are implemented. Other types of preventive measures for data leaks refer to applying malware protection, like robust antivirus and antispam solutions, to safeguard information

assets where client data are saved. In addition, the New Risk Approval (NRA) process evaluates potential risks of new products or services, focusing on data protection to prevent negative impacts. Prior to implementation, feedback from all stakeholders, including Legal, Compliance, Information Security and Operational Risk teams, addresses actions that need to be taken; this may include contractual changes impacting clients (e.g. Terms and Conditions), assessing whether the new product/activity complies with the General Data Protection Regulation (GDPR), or performing test runs in the case of software changes, etc. For each activity, a follow-up after implementation is to be performed to ensure that the activity has been implemented successfully and if not, to take actions and remediate any negative impacts.

Regarding financing activities, ProCredit bases its lending decisions on the repayment capacity of borrowers and ensures transparency in our interest rates while promoting a culture of saving and financial responsibility. By managing customer credit risk in a prudential manner, the bank also protects against over-indebtedness of clients<sup>29</sup>.

The group policies mentioned above provide for group-wide application of these processes and aim to ensure a standardised approach. In addition, monthly and quarterly committees ensure an appropriate and effective risk management approach and compliance with policies (for more details, please refer to the section "Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies" paragraph "Committees related to impact, risks and opportunities"). The tools and measures outlined in these strategies create a framework for risk management rather than a list of key actions with time horizons and expected results. This approach ensures adherence to group-wide standards while also allowing for appropriate, tailored responses. Furthermore, as highlighted in this report, the effectiveness of all group policies is monitored as part of regular audit cycles conducted by the Group Internal Audit team.

Data breaches and customer privacy are of the utmost importance. Our IT company, QUIPU, provides an up-to-date IT infrastructure. By investing in advanced cybersecurity measures and robust data protection protocols, we ensure a high level of security for our clients' information. This not only safeguards their privacy but also enhances our market positioning and reach. We always strive to implement up-to-date technology so that we can provide the best digital services to clients. This helps to fostering trust and loyalty in a competitive market. Client over-indebtedness and consumer trust are critical issues that we address through our "Hausbank" approach for MSMEs<sup>30</sup>. By building long-term, sustainable relationships with our clients, we are able to provide specialised services that support their financial wellbeing. Our approach includes personalised financial advice, tailored savings and loan products, and pro-active risk management strategies. This not only helps mitigate the risk of over-indebtedness but also aims to strengthen consumer trust, enabling us to help our clients grow and allowing us to strengthen our market position. We recognise that different vulnerable groups, such as financially illiterate individuals, the elderly and young people, often face barriers to accessing financial services. To mitigate these challenges, we offer comprehensive financial education and enhance accessibility to financial services through our 24/7 zones and digital channels. By addressing the needs of these client groups, we can tap into underserved markets, increasing our customer base and fostering community development. We also provide solutions for MSMEs that are run or owned by women. These include specialised financial services tailored to their specific needs. We already take a gender-sensitive approach to business in several of our operating countries. This includes offering loans with

<sup>29</sup> For more details, see "Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies" - "Approach of the administrative, management and supervisory bodies".

<sup>30</sup> For more details on indebtedness, see "Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies" - "Approach of the administrative, management and supervisory bodies".



modified collateral requirements and differentiated loan terms. These are designed to ensure that entrepreneurs have the necessary financial resources to overcome obstacles and thus help them to succeed.

By targeting women-led MSMEs, we also have the opportunity to expand our female customer base and our corresponding loan portfolio. This is particularly important in countries where these businesses are underserved and where we can make a difference.

Since our DEI strategy at group level was adopted at the end of 2024, we have been working on defining specific measures to achieve our goals.

ProCredit has established comprehensive strategies to mitigate material risks and pursue opportunities related to its impacts and dependencies on consumers and end-users. These strategies are updated annually, approved by ProCredit Holding's Management Board and reviewed by the Supervisory Board.

The Group Risk Strategy outlines the core principles and strategic objectives for risk management, emphasising the importance of understanding the economic and geopolitical environment and the risk profiles of clients. This is supported by extensive documentation covering all material risks, including policies, standards, and methods for risk assessment and management. In addition, the Group Business Strategy includes analysis on market trends, developments and challenges in our countries of operation, whereas the Group IT Strategy outlines the fundamental principles and plans upon which the ProCredit group approach to IT development will be based in the coming years. Our strategic objectives are defined based on an understanding of the external environment where we operate. Some of the topics highlighted in these strategies relate to the digitalisation of customer interactions (e.g. modernisation and development of new architecture for the mobile application, automation of account opening) and streamlining lending processes in the business and retail segment without compromising on our ethical principles regarding loan disbursement.

One of the most evident instances of tension arising between the prevention or mitigation of material negative impacts and other business pressures in our practice is the trade-off between two approaches: fostering long-term client relationships versus pursuing short-term gains. The latter is usually related to issuing loans on smaller exposures, such as consumer loans, to quickly increase our market visibility. Nevertheless, we have chosen to prioritise building strong, lasting relationships with our clients in various segments, as presented in "Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies" - "Approach of the administrative, management and supervisory bodies".

No severe human rights issues or incidents connected to our consumers and/or end-users were reported in 2023.

### *Metrics and targets*

#### *Targets related to managing material negative impacts, advancing positive impacts, and handling material risks and opportunities*

In our Group Diversity, Equity and Inclusion Strategy, we have set ourselves the following goal: We want to increase the share of business loans to women-led MSMEs from 15.5% in 2023 to 17% in 2030.

This target applies to all of the group's loans and is based on current data. It could be updated when more precise data become available. This target supports SDG 5 on gender equality.

As of December 2024, four ProCredit banks<sup>31</sup> had developed a special focus on MSMEs run by women, offering products or other specific services tailored to the needs of these businesses. Our goal is to increase this number so that, in the medium term, at least seven banks have a special focus on women-led MSMEs.

In 2024, we launched an IT project to improve data quality in order to identify and track the women-led MSMEs in our portfolio. We want to use high-quality data to track the success and effectiveness of products and programmes designed to promote these MSMEs.

As stated in our DEI strategy, we aim to achieve our goal by introducing financial and non-financial products tailored to the needs of these MSMEs.

We use the knowledge and experience of the alliances where we are members (2x Global, Financial Alliance for Women), as well as their members, to develop and implement our action plan.

In addition, we aim to support young people in the economy in at least three banks. Our medium-term goal is to develop an approach for working with start-ups, but also to enable succession planning and generational change to younger generations. However, we have not yet developed an action plan for this goal.

There are also processes in place to ensure the effectiveness of existing policies through the monthly and quarterly committees, as mentioned in the section "Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies" paragraph "Committees related to impact, risks and opportunities".

<sup>31</sup> ProCredit Bank Kosovo, ProCredit Bank Albania, ProCredit Bank North Macedonia and ProCredit Bank Ecuador



Above: Group discussion during the Code of Conduct training session at ProCredit Bank Bulgaria  
Below: 24/7 Zone in Otavalo, ProCredit Bank Ecuador



## Governance information

### Corporate governance

#### *Impact, risks and opportunity management*

##### *Description of the processes to identify and assess risks and opportunities in relation to material impacts*

By implementing robust governance processes, ProCredit Holding and the individual ProCredit banks aim to improve their sustainability performance and contribute to the economic and social development of the countries in which they operate. Our commitment leads us to continuously improve our governance practices and to work with all stakeholders to create long-term value.

#### *Governance structure*

At ProCredit Holding, the governance structure is designed to ensure effective supervision and strategic orientation of the banking group. The Management Board of ProCredit Holding is responsible for the strategic management of the group, the setting of strategic objectives and monitoring compliance with them. The Supervisory Board of ProCredit Holding ensures independent supervision of these activities and ensures that the measures taken by the Management Board of ProCredit Holding are in line with the long-term objectives and governance requirements for the group. Specialised committees are set up to support the Supervisory Board: the Risk Committee, the Audit Committee, the Remuneration Control Committee and the Nomination Committee. These committees focus on providing detailed analysis and recommendations to the Supervisory Board. In addition, a comprehensive framework is in place to monitor compliance, manage risk and ensure the effectiveness of internal processes. The governance structure of ProCredit Holding complies with the German Corporate Governance Code. The business organisation of ProCredit Holding is in line with the Minimum Requirements for Risk Management (MaRisk) defined by the German Federal Financial Supervisory Authority (BaFin). In addition, each individual ProCredit bank has its own management and supervisory boards, which in turn have also formed committees. Members of the ProCredit Holding Management Board are members of the supervisory boards of ProCredit banks, in order to ensure close cooperation between ProCredit Holding and the individual ProCredit banks. This multi-layer governance framework ensures that the group operates efficiently, transparently and in line with its strategic objectives.

#### *Governance policies and processes*

Our governance policies and processes are designed to promote ethical behaviour and accountability among all staff members in ProCredit banks and ProCredit Holding. Our key stakeholders in setting policies and ensuring compliance with legal requirements are our subsidiary banks. ProCredit Holding is the parent company of the ProCredit group and holds 100% of the shares in all ProCredit institutions worldwide. The main functions of ProCredit Holding with respect to its subsidiaries are the provision of equity and debt financing, strategic advice and supervision. ProCredit Holding sets the general strategic policies and standards for all key areas of banking. It is in the interest of the subsidiary banks that ProCredit Holding bears the responsibility for ensuring that all ProCredit institutions have appropriate organisational structures and processes in place to comply with these policies and that they apply adequate standards for risk management and for the prevention of money laundering, fraud and terrorist financing. Regular feedback loops in the formulation and implementation of policies are therefore established between ProCredit Holding and its subsidiary banks to ensure that group requirements and national compliance requirements are met. The Management Board of ProCredit Holding, as part of its overall responsibility for the proper business organisation of the group in accordance with sec. 25c KWG, approves group-wide minimum standards and operating procedures at the group policy level, and these must be implemented by all subsidiaries, i.e. the

ProCredit banks. In addition, the management of each ProCredit bank is responsible for approving the policies and procedures of that bank. ProCredit Holding implements the standards of the German Corporate Governance Code (GCGC) and fulfils the legal requirements for listed companies. In addition, ProCredit Holding is subject to banking supervision requirements in its capacity as the superordinated company pursuant to section 10a KWG. These include German banking regulations and the guidelines of the European Banking Authority (EBA). ProCredit banks are, in turn, subject to national banking supervision regulations and specialised legal requirements.

The ProCredit Code of Conduct sets out the ethical standards and expectations for all employees and management board members in the group and is designed to promote a culture of integrity, compliance and accountability. This includes a culture of open communication. ProCredit Holding and the ProCredit banks have mechanisms and processes in place to encourage employees to openly address unethical behaviour or violations of our Code of Conduct. Confidential whistleblower systems and the whistleblower protection are an integral part of our strategy. The corresponding operating procedures for compliance, such as our Group Whistleblowing Policy, Group Compliance Policy, and Group Fraud Prevention Policy, contain binding instructions that are mandatory for all employees of the group. These and other binding rules of conduct and operating procedures help to prevent bribery and corruption. Policies and procedures that apply to the entire group are made available to the subsidiaries via a SharePoint server (SPS) that can be accessed by the managerial staff of the individual ProCredit banks. In addition, the specialised staff of ProCredit Holding communicate policy changes in the group-wide instructions via subject-specific communication channels to the specialised staff of the individual ProCredit banks. In addition, regular training is provided for employees and thorough due diligence is carried out on third parties. In addition, ProCredit Holding and all individual ProCredit banks carry out regular reviews through internal and external auditors to ensure compliance with these measures. In addition, ProCredit Holding and the individual ProCredit banks are subject to inspections and special audits by the relevant banking supervisory authorities in the countries where they operate.

#### *Information transfer and decision-making processes*

Effective communication and streamlined decision-making are crucial to our governance framework. Relevant business areas and departments of the ProCredit banks and ProCredit Holding are quickly and comprehensively informed about potential and actual risks and compliance incidents. In addition, committees meet regularly at ProCredit Holding and the individual ProCredit banks to ensure a smooth flow of information. These include risk committees, compliance committees, audit committees and sustainability committees. Good and transparent documentation is an important part of the process. Decisions, processes, policies and operating procedures are comprehensively documented and approved according to the dual control principle or by committee resolutions.

#### *Training and capacity-building*

Training and capacity-building are essential components of a robust governance framework. We provide regular training for all ProCredit staff in the context of the ProCredit Code of Conduct. Training on governance topics and best practices will resume in 2025 to ensure ongoing understanding and compliance with governance policies. In particular, specialised training to prevent corruption and bribery within the organisation and in its interactions with customers and third parties will be resumed in 2025.

#### *Monitoring and controls*

Monitoring mechanisms are crucial to ensuring the effectiveness of our governance practices. Regular internal audits are conducted to verify compliance with governance policies and identify areas for improvement. We work with external auditors and consultants to ensure transparency and accountability.



The effectiveness of all group policies is tracked as part of regular audit cycles conducted by the Group Internal Audit team. This includes the Group Fraud Prevention Policy, the Group Compliance Policy and the Group Whistleblowing Policy, which cover the regulatory requirements for anti-corruption and anti-bribery, whistleblowing, and political influence and lobbying. Effectiveness monitoring focuses on determining compliance with regulatory requirements related to anti-corruption and anti-bribery, whistleblowing, political influence and lobbying, as well as with the internal policies and procedures.

Verifying the effectiveness of a policy is a systematic process that begins with setting audit objectives and criteria, followed by collecting relevant data through documents, interviews and surveys, and lastly analysing the collected data to measure performance against regulatory expectations. The audit process, the subsequent results and the agreed measures to rectify any inefficiencies identified are documented in audit reports.

The objective of the group policy effectiveness assessment is to ensure proper business organisation and compliance with applicable laws and regulations. The status of a policy's effectiveness is expressed through a framework of risk ratings, with each level indicating the severity of the impact on business processes and operations arising from the ineffectiveness of the respective policy. As set out in the Group Internal Audit Standard on Follow-up Process, the impact levels determine the approach by which progress in remediating inefficiencies is assessed: the higher the impact level, the more extensive the follow-up of the remediation. The inefficiencies assessed and reported in the audit report form the baseline against which progress is measured.

#### *Business conduct policies and corporate culture*

Our Code of Conduct is the basis of our responsible banking approach. It describes our company values and serves as our ethical compass. The Code of Conduct is based on the principles of personal integrity, personal commitment, social responsibility and tolerance. We promote open communication and transparency, as well as high professional standards.

Our Code of Conduct is a binding document. All employees of ProCredit group companies review the content of the Code of Conduct once a year and confirm with their signature that they are familiar with its content and share the values contained therein. The annual training sessions on the Code of Conduct and the continuous professional development of employees on strategically important topics are further measures that are linked to our Code of Conduct. This is how we ensure that our employees are familiar with our Code of Conduct and act in accordance with it.

Our ProCredit banks expect their clients to follow principles similar to those we impose on ourselves. The banks require that their customers are transparent and have solid governance structures and an awareness of the environmental and social impacts of their activities. Furthermore, certain types of activities are not financed by ProCredit banks (Exclusion List).

We encourage all parties, including the general public, to inform us of any illegal, fraudulent or unethical conduct. For this purpose, the ProCredit banks and ProCredit Holding have set up public whistleblower systems that can be used to submit reports anonymously. Employees are encouraged also to raise concerns by contacting either their direct supervisor, another manager or a member of the Management Board, or ProCredit Holding.

The whistleblowing channels are defined in the Group Whistleblowing Policy, which regulates how whistleblowing reports are handled in line with the German Whistleblower Protection Act (HinSchG). The policy implements the compliance requirements defined in the German Whistleblower Protection Act

(HinSchG) as a minimum standard for all ProCredit banks. The policy also includes strict data protection provisions. The Group Whistleblowing Policy is binding on all ProCredit group employees.

According to the Group Whistleblowing Policy, the receipt, processing, storage and disposal of data in connection with whistleblower cases and their processing must be carried out in accordance with the requirements of Directive 95/46/EC (General Data Protection Regulation), the German Federal Data Protection Act (BDSG) and other data protection regulations that apply in the countries in which ProCredit operates. Whistleblower reports are received and processed by ProCredit's internal reporting offices, where designated staff members ensure that the reports are properly processed. The Group Whistleblowing Policy requires each ProCredit entity to ensure that staff working in the ProCredit internal reporting offices have the necessary qualifications and experience. In addition, the access rights of persons who have access to information relating to whistleblower cases and their processing are strictly controlled and granted on a need-to-know basis only.

The Group Whistleblowing Policy prohibits retaliation against whistleblowers. Reports are treated as strictly confidential. Not least, the correct handling of information is ensured by confidentiality agreements with the responsible employees. In this context, the protection of whistleblowers is particularly important.

For further information, please refer to the section "Consumers and end-users" in the paragraph "Management of impacts, risks and opportunities".

As a general rule, all reports and relevant compliance cases are investigated. The Group Internal Audit and Ethics Committee of ProCredit Holding is the responsible committee at group level. In addition, there are corresponding committees in the individual ProCredit banks.

The ProCredit banks are also active in countries with a relatively high degree of informality and tolerance for corruption. In the course of their business, they are therefore generally exposed to an elevated risk of corruption and bribery. The comprehensive, group-wide Code of Conduct for the ProCredit group, as well as group-wide instructions such as the Group Compliance Policy and the Group Fraud Prevention Policy, are binding on all employees of the ProCredit group and take due account of these circumstances.

#### *Management of relationships with suppliers*

Our commitment to sustainable and ethical practices also extends to our relationships with suppliers. In the markets where ProCredit banks operate, this approach improves our reputation and builds trust among increasingly aware consumers in the various countries. By prioritising suppliers who share our values, we not only comply with national and international regulations, but also gain a competitive advantage. An ethically oriented procurement strategy promotes stronger and more transparent business relationships, leads to a resilient supply chain and helps to actively counter risks. Ultimately, these practices ensure the long-term sustainability of resources and the environment, which benefits both companies and consumers in the countries where ProCredit banks operate.

Sustainability is a key focus in our supplier selection process. In accordance with the relevant operating procedures, the Group Procurement Policy and the Guidelines on Sustainable Procurement, we assess suppliers on the basis of their sustainability and their ability to manage associated risks. An in-depth sustainability assessment is conducted to evaluate the significance of the procurement need and the supplier that will fulfil it, ensuring that potential risks are covered. The analysis includes the following criteria: Working conditions; occupational health and safety practices; diversity and inclusion; internal environmental management system; energy management system; use of renewable energy in own operations; building certification; waste management; corporate social responsibility; product durability. This includes assessing

potential negative media attention related to ESG issues that affect suppliers. The team responsible for procurement agreements works with suppliers on sustainability issues to ensure alignment with our impact banking goals.

Another important part of our approach to sustainable and ethical supplier management is ensuring that all suppliers are paid on time. Our procurement policy and associated procedures are designed to ensure that payments are processed in accordance with the contractual agreements, to prevent late payments and to promote fair treatment throughout our supply chain.

#### *Prevention and detection of corruption and bribery*

The ProCredit banks and ProCredit Holding expect their employees to always act in accordance with the law and to follow both prevailing regulations and internal rules. This is evident in the company's own principles of conduct, such as the Code of Conduct, the Group Compliance Policy and the Group Fraud Prevention Policy.

At ProCredit Holding and in the individual ProCredit banks, the responsible managers, as well as internal audit and compliance functions, work to ensure that anti-corruption and anti-bribery requirements are implemented and adhered to. The Internal Audit Department and the Compliance Officers are independent of the day-to-day operations, have extensive powers and unrestricted access to information. As financial institutions, the individual ProCredit banks are also subject to national special legal regulations for the prevention and combating of criminal acts such as money laundering, terrorist financing, fraud, corruption and bribery insider trading, market manipulation, economic crime and other criminal offences, and they must also observe embargo regulations/financial sanctions.

Regularly taking inventory and evaluating the legal regulations and requirements makes it possible to identify compliance risks. These are effectively addressed at the level of individual operational processes within the ProCredit banks, such as through the adherence to double checks and committee decisions within the framework of proper business organisation (loan approvals, payments, supplier contracts, etc.).

In addition, risks related to corruption and bribery are identified and assessed as part of the regular Group Fraud Risk Assessment. Based on the results, appropriate measures are determined in accordance with the provisions of the Group Fraud Prevention Policy.

The business areas in the individual ProCredit banks are made aware of new legal developments by their respective compliance officers. The compliance functions also identify possible conflicts of interest. Compliance officers support and advise the management of the individual ProCredit banks and ProCredit Holding on compliance with legal requirements.

To avoid compliance violations and risks of corruption and bribery, all employees are encouraged to address their questions and concerns to their managers, specialist departments or the responsible compliance functions. To ensure that irregularities can be detected at an early stage, ProCredit banks and ProCredit Holding give their employees the opportunity to report confidentially (e.g. via the whistleblower systems at the individual ProCredit banks and at ProCredit Holding).

If employees discover or suspect a case of fraud, corruption, or bribery pursuant to the Group Fraud Prevention Policy, they are required to report the case immediately. All cases must be entered into the Risk Event Database (RED). The whistleblower systems can also be used to report risk-related incidents. Confirmed cases of fraud, corruption, or bribery are reported to the management board of the respective ProCredit Bank as well as to the risk committee. Additionally, the Group Risk Management Committee is informed about such

cases. If necessary, internal or external auditors are tasked with investigating risk-related incidents. The supervisory boards of the respective ProCredit banks and the Supervisory Board of ProCredit Holding are informed within the framework of their audit committees.

Annual Code of Conduct training aims to promote a culture of compliance and to raise awareness among all employees within the ProCredit group for ethical and legally compliant behaviour. Its implementation in day-to-day work is also discussed using case studies. The principles include, among other things, that entities in the ProCredit group do not tolerate bribery or corruption in any form.

### *Metrics and targets*

ProCredit Holding does not use specific metrics to evaluate the performance and effectiveness of our policies and procedures related to governance, because events of non-compliance (either one-off or cumulative, at any level of severity) require subsequent restoration of performance and effectiveness of the aforementioned policies and processes. Violations of our governance policies and processes are identified and remedied through our internal control mechanisms and audits. In line with our zero-tolerance policy regarding the intentional failure to comply with applicable laws, regulations and internal policies and processes, we are likewise committed to ensuring that we do not tolerate any cases of non-compliance with the ESG-related requirements that are relevant for this report. This objective is supported quantitatively by a zero incidence rate and qualitatively by the results of internal and external audits and through feedback from topic-related training courses and workshops. We have set 2022 as the reference period for evaluating our progress and the effectiveness of our governance policies. This is reinforced by the Code of Conduct published in October 2022. For further details, please refer to the section "Corruption and fraud prevention" of our Code of Conduct.

### *Incidents of corruption or bribery*

	South Eastern Europe	Eastern Europe	South America	ProCredit Bank Germany	ProCredit Holding	Total
Violation of anti-corruption and anti-bribery laws						
Number of conviction	0	0	0	0	0	0
Amount of fines	0	0	0	0	0	0
Total number of confirmed incidents of corruption or bribery	0	0	0	0	0	0

### *Political influence and lobbying activities*

Political influence and lobbying activities are regulated by our Code of Conduct and specified in operating procedures such as the Group Compliance Policy. ProCredit Holding and the individual ProCredit banks do not engage in lobbying. Representation of interests vis-à-vis political decision-makers is the task of industry associations. In particular, these associations provide business advice and, among other things, information and data for their members. ProCredit Holding is a member of the Association of Foreign Banks in Germany (VAB). Individual ProCredit banks are members of other national banking associations. The respective associations publish their positions on political, economic and social issues at the national level.

Public political activity by employees of ProCredit Holding or the individual ProCredit banks is only permitted under our Code of Conduct if it does not jeopardise the independence of the ProCredit group. Staff members are expected to inform the ProCredit bank for which they work, or ProCredit Holding, about any other activities that could adversely affect the reputation of the ProCredit group or their work duties.

Neither ProCredit Holding nor the individual ProCredit banks provide financial support to political parties, their elected representatives or other persons seeking office. Neither ProCredit Holding nor the individual ProCredit banks solicit or accept donations of funds on behalf of political candidates, parties or organisations. In the 2024 financial year, neither ProCredit Holding nor the ProCredit banks made political donations.

Dr H.P.M. (Ben) Knapen, former interim Minister of Foreign Affairs of the Kingdom of the Netherlands between December 2021 and January 2022, is currently the Deputy Chairman of the Supervisory Board of ProCredit Holding and a member of the Nomination Committee and the Remuneration Committee. Until June 2023, Dr H.P.M. "Ben" Knapen was also a member of the Dutch Senate (1<sup>st</sup> Chamber) and group parliamentary leader of the Christen-Democratisch Appèl (CDA).

As the superordinated company for the ProCredit group, ProCredit Holding is registered in the German Transparency Register under the number DE678131103382.



**Group Sustainability Statement Appendix**

*ESRS-related disclosure requirements covered by the sustainability statement – EU legislation*

The following table contains data points from the EU legislation in Annex B of ESRS 2. Since the ProCredit group is not subject to the SFDR, this column, the associated disclosure requirements and the corresponding data points have been removed.

Disclosure Requirement and related datapoint	Pillar-3 reference	Benchmark Regulation reference	EU Climate Law reference	Material, page number, or non-material
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)		Commission Delegated Regulation (EU) 2020/1816 ( 27 ) , Annex II		Material, p. 121
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)		Delegated Regulation (EU) 2020/1816, Annex II		Material, p. 121
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 ( 28 ) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Material, p. 125
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii		Delegated Regulation (EU) 2020/1816, Annex II		Material p. 125
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii		Delegated Regulation (EU) 2020/1818 ( 29 ) , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Material p. 125
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Material p. 125
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14			Regulation (EU) 2021/1119, Article 2(1)	Material p. 150
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		Material p. 150

ESRS E1-4 GHG emission reduction targets paragraph 34	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material p. 156
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 4	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material p. 160
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material p. 160
ESRS E1-7 GHG removals and carbon credits paragraph 56			Regulation (EU) 2021/1119, Article 2(1)	Material p. 161
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66		Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Material p. 162
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)  ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.			Material p. 162
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			Material p. 162
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69		Delegated Regulation (EU) 2020/1818, Annex II		Material p. 162

ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21		Delegated Regulation (EU) 2020/1816, Annex II		Material p. 164
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)		Delegated Regulation (EU) 2020/1816, Annex II		Material p. 172
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)		Delegated Regulation (EU) 2020/1816, Annex II		Material p. 173
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material p. 173
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Non-material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19		Delegated Regulation (EU) 2020/1816, Annex II		Non-material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Non-material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material p. 174
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)		Delegated Regulation (EU) 2020/1816, Annex II)		Material p. 187

**EU Taxonomy**

in EUR m

**Table 1: Assets for the calculation of GAR-based on Turn-over KPI – Stock**

	a	b	c	d	e	f	g	h	i	j	k	l	m	n
	Disclosure reference date T													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
<b>GAR – Covered assets in both numerator and denominator</b>	x	x	x	x	x	x	x	x	x	x	x	x	x	x
1. Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	1,328.9	128.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>2. Financial corporations</b>	213.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Credit institutions	213.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Loans and advances	189.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Debt securities, including UoP	17.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Equity instruments	6.2	0.0	0.0	x	0.0	0.0	0.0	0.0	x	0.0	0.0	0.0	x	0.0
<b>7. Other financial corporations</b>	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8. of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11. Equity instruments	0.0	0.0	0.0	x	0.0	0.0	0.0	0.0	x	0.0	0.0	0.0	x	0.0
12. of which management companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15. Equity instruments	0.0	0.0	0.0	x	0.0	0.0	0.0	0.0	x	0.0	0.0	0.0	x	0.0
16. of which insurance undertakings	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17. Loans and advances	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19. Equity instruments	0.0	0.0	0.0	x	0.0	0.0	0.0	0.0	x	0.0	0.0	0.0	x	0.0
<b>20. Non-financial corporations</b>	317.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21. Loans and advances	317.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
23. Equity instruments	0.1	0.0	0.0	x	0.0	0.0	0.0	0.0	x	0.0	0.0	0.0	x	0.0
<b>24. Households</b>	787.8	128.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	x	x	x	x
25. of which loans collateralised by residential immovable property	451.1	109.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	x	x	x	x
26. of which building renovation loans	316.2	7.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	x	x	x	x









in EUR m

<b>Table 1: Assets for the calculation of GAR-based on Turnover KPI – Stock</b>	ab	ac	ad	ae	af
	Disclosure reference date T				
	<b>Total (CCM+CCA+WTR+CE+PPC+BIO)</b>				
31.12.2024	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
	Of which environmentally sustainable (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which Transitional	Of which enabling
<b>GAR – Covered assets in both numerator and denominator</b>	x	x	x	x	x
1. Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	131.6	0.0	0.0	0.0	0.0
<b>2. Financial corporations</b>	0.0	0.0	0.0	0.0	0.0
3. Credit institutions	0.0	0.0	0.0	0.0	0.0
4. Loans and advances	0.0	0.0	0.0	0.0	0.0
5. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
6. Equity instruments	0.0	0.0	x	0.0	0.0
7. Other financial corporations	0.0	0.0	0.0	0.0	0.0
8. of which investment firms	0.0	0.0	0.0	0.0	0.0
9. Loans and advances	0.0	0.0	0.0	0.0	0.0
10. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
11. Equity instruments	0.0	0.0	x	0.0	0.0
12. of which management companies	0.0	0.0	0.0	0.0	0.0
13. Loans and advances	0.0	0.0	0.0	0.0	0.0
14. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
15. Equity instruments	0.0	0.0	x	0.0	0.0
16. of which insurance undertakings	0.0	0.0	0.0	0.0	0.0
17. Loans and advances	0.0	0.0	0.0	0.0	0.0
18. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
19. Equity instruments	0.0	0.0	x	0.0	0.0
<b>20. Non-financial corporations</b>	3.0	0.0	0.0	0.0	0.0
21. Loans and advances	3.0	0.0	0.0	0.0	0.0
22. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
23. Equity instruments	0.0	0.0	x	0.0	0.0
<b>24. Households</b>	128.6	0.0	0.0	0.0	0.0
25. of which loans collateralised by residential immovable property	109.0	0.0	0.0	0.0	0.0
26. of which building renovation loans	7.7	0.0	0.0	0.0	0.0
27. of which motor vehicle loans	14.1	0.0	0.0	0.0	0.0
<b>28. Local governments financing</b>	0.0	0.0	0.0	0.0	0.0
29. Housing financing	0.0	0.0	0.0	0.0	0.0
30. Other local governments financing	0.0	0.0	0.0	0.0	0.0
<b>31. Collateral obtained by taking possession: residential and commercial immovable properties</b>	0.0	0.0	0.0	0.0	0.0

<b>32. Assets excluded from the numerator for GAR calculation (covered in the denominator)</b>	x	x	x	x	x
<b>33. Financial and Non-Financial undertakings</b>	x	x	x	x	x
34. SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	x	x	x	x	x
35. Loans and Advances	x	x	x	x	x
36. of which loans collateralised by commercial immovable property	x	x	x	x	x
37. of which building renovation loans	x	x	x	x	x
38. Debt securities	x	x	x	x	x
39. Equity instruments	x	x	x	x	x
40. Non-EU country counterparties not subject to NFRD disclosure obligations	x	x	x	x	x
41. Loans and advances	x	x	x	x	x
42. Debt securities	x	x	x	x	x
43. Equity instruments	x	x	x	x	x
<b>44. Derivatives</b>	x	x	x	x	x
<b>45. On demand interbank loans</b>	x	x	x	x	x
<b>46. Cash and cash-related assets</b>	x	x	x	x	x
<b>47. Other categories of assets (e.g. goodwill, commodities, etc.)</b>	x	x	x	x	x
<b>48. TOTAL GAR assets</b>	131.6	0.0	0.0	0.0	0.0
<b>49. Assets not covered for GAR calculation</b>	x	x	x	x	x
50. Central governments and Supranational issuers	x	x	x	x	x
51. Central banks exposure	x	x	x	x	x
52. Trading book	x	x	x	x	x
<b>53. Total assets</b>	131.6	0.0	0.0	0.0	0.0
<b>Off-balance sheet exposures-Undertakings subject to NFRD disclosure obligations</b>					
54. Financial guarantees	1.4	0.0	0.0	0.0	0.0
55. Assets under management	0.0	0.0	0.0	0.0	0.0
56. Of which debt securities	0.0	0.0	0.0	0.0	0.0
57. Of which equity instruments	0.0	0.0	0.0	0.0	0.0











in EUR m

<b>Table 1: Assets for the calculation of GAR-based on Turnover KPI – Stock</b>	ab	ac	ad	ae	af
	Disclosure reference date T				
	<b>Total (CCM+CCA+WTR+CE+PPC+BIO)</b>				
31.12.2023	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
	Of which environmentally sustainable (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which Transitional	Of which enabling
<b>GAR – Covered assets in both numerator and denominator</b>	x	x	x	x	x
1. Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	48.8	0.0	0.0	0.0	0.0
<b>2. Financial corporations</b>	0.0	0.0	0.0	0.0	0.0
3. Credit institutions	0.0	0.0	0.0	0.0	0.0
4. Loans and advances	0.0	0.0	0.0	0.0	0.0
5. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
6. Equity instruments	0.0	0.0	x	0.0	0.0
7. Other financial corporations	0.0	0.0	0.0	0.0	0.0
8. of which investment firms	0.0	0.0	0.0	0.0	0.0
9. Loans and advances	0.0	0.0	0.0	0.0	0.0
10. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
11. Equity instruments	0.0	0.0	x	0.0	0.0
12. of which management companies	0.0	0.0	0.0	0.0	0.0
13. Loans and advances	0.0	0.0	0.0	0.0	0.0
14. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
15. Equity instruments	0.0	0.0	x	0.0	0.0
16. of which insurance undertakings	0.0	0.0	0.0	0.0	0.0
17. Loans and advances	0.0	0.0	0.0	0.0	0.0
18. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
19. Equity instruments	0.0	0.0	x	0.0	0.0
<b>20. Non-financial corporations</b>	0.0	0.0	0.0	0.0	0.0
21. Loans and advances	0.0	0.0	0.0	0.0	0.0
22. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
23. Equity instruments	0.0	0.0	x	0.0	0.0
<b>24. Households</b>	48.8	0.0	0.0	0.0	0.0
25. of which loans collateralised by residential immovable property	42.4	0.0	0.0	0.0	0.0
26. of which building renovation loans	3.3	0.0	0.0	0.0	0.0
27. of which motor vehicle loans	5.1	0.0	0.0	0.0	0.0
<b>28. Local governments financing</b>	0.0	0.0	0.0	0.0	0.0
29. Housing financing	0.0	0.0	0.0	0.0	0.0
30. Other local governments financing	0.0	0.0	0.0	0.0	0.0
<b>31. Collateral obtained by taking possession: residential and commercial immovable properties</b>	0.0	0.0	0.0	0.0	0.0

<b>32. Assets excluded from the numerator for GAR calculation (covered in the denominator)</b>	x	x	x	x	x
<b>33. Financial and Non-Financial undertakings</b>	x	x	x	x	x
34. SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	x	x	x	x	x
35. Loans and Advances	x	x	x	x	x
36. of which loans collateralised by commercial immovable property	x	x	x	x	x
37. of which building renovation loans	x	x	x	x	x
38. Debt securities	x	x	x	x	x
39. Equity instruments	x	x	x	x	x
40. Non-EU country counterparties not subject to NFRD disclosure obligations	x	x	x	x	x
41. Loans and advances	x	x	x	x	x
42. Debt securities	x	x	x	x	x
43. Equity instruments	x	x	x	x	x
<b>44. Derivatives</b>	x	x	x	x	x
<b>45. On demand interbank loans</b>	x	x	x	x	x
<b>46. Cash and cash-related assets</b>	x	x	x	x	x
<b>47. Other categories of assets (e.g. goodwill, commodities, etc.)</b>	x	x	x	x	x
<b>48. TOTAL GAR assets</b>	48.8	0.0	0.0	0.0	0.0
<b>49. Assets not covered for GAR calculation</b>		x	x	x	x
50. Central governments and Supranational issuers		x	x	x	x
51. Central banks exposure		x	x	x	x
52. Trading book		x	x	x	x
<b>53. Total assets</b>	48.8	0.0	0.0	0.0	0.0
<b>Off-balance sheet exposures-Undertakings subject to NFRD disclosure obligations</b>					
54. Financial guarantees	0.0	0.0	0.0	0.0	0.0
55. Assets under management	0.0	0.0	0.0	0.0	0.0
56. Of which debt securities	0.0	0.0	0.0	0.0	0.0
57. Of which equity instruments	0.0	0.0	0.0	0.0	0.0











in EUR m

<b>Table 1: Assets for the calculation of GAR-based on Cap Ex KPI – Stock</b>	ab	ac	ad	ae	af
	Disclosure reference date T				
	<b>Total (CCM+CCA+WTR+CE+PPC+BIO)</b>				
31.12.2024	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
	Of which environmentally sustainable (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which Transitional	Of which enabling
<b>GAR – Covered assets in both numerator and denominator</b>	x	x	x	x	x
1. Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	130.2	0.0	0.0	0.0	0.0
<b>2. Financial corporations</b>	0.0	0.0	0.0	0.0	0.0
3. Credit institutions	0.0	0.0	0.0	0.0	0.0
4. Loans and advances	0.0	0.0	0.0	0.0	0.0
5. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
6. Equity instruments	0.0	0.0	x	0.0	0.0
7. Other financial corporations	0.0	0.0	0.0	0.0	0.0
8. of which investment firms	0.0	0.0	0.0	0.0	0.0
9. Loans and advances	0.0	0.0	0.0	0.0	0.0
10. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
11. Equity instruments	0.0	0.0	x	0.0	0.0
12. of which management companies	0.0	0.0	0.0	0.0	0.0
13. Loans and advances	0.0	0.0	0.0	0.0	0.0
14. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
15. Equity instruments	0.0	0.0	x	0.0	0.0
16. of which insurance undertakings	0.0	0.0	0.0	0.0	0.0
17. Loans and advances	0.0	0.0	0.0	0.0	0.0
18. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
19. Equity instruments	0.0	0.0	x	0.0	0.0
<b>20. Non-financial corporations</b>	1.6	0.0	0.0	0.0	0.0
21. Loans and advances	1.6	0.0	0.0	0.0	0.0
22. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
23. Equity instruments	0.0	0.0	x	0.0	0.0
<b>24. Households</b>	128.6	0.0	0.0	0.0	0.0
25. of which loans collateralised by residential immovable property	109.0	0.0	0.0	0.0	0.0
26. of which building renovation loans	7.7	0.0	0.0	0.0	0.0
27. of which motor vehicle loans	14.1	0.0	0.0	0.0	0.0
<b>28. Local governments financing</b>	0.0	0.0	0.0	0.0	0.0
29. Housing financing	0.0	0.0	0.0	0.0	0.0
30. Other local governments financing	0.0	0.0	0.0	0.0	0.0
<b>31. Collateral obtained by taking possession: residential and commercial immovable properties</b>	0.0	0.0	0.0	0.0	0.0



<b>32. Assets excluded from the numerator for GAR calculation (covered in the denominator)</b>	x	x	x	x	x
<b>33. Financial and Non-Financial undertakings</b>	x	x	x	x	x
34. SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	x	x	x	x	x
35. Loans and Advances	x	x	x	x	x
36. of which loans collateralised by commercial immovable property	x	x	x	x	x
37. of which building renovation loans	x	x	x	x	x
38. Debt securities	x	x	x	x	x
39. Equity instruments	x	x	x	x	x
40. Non-EU country counterparties not subject to NFRD disclosure obligations	x	x	x	x	x
41. Loans and advances	x	x	x	x	x
42. Debt securities	x	x	x	x	x
43. Equity instruments	x	x	x	x	x
<b>44. Derivatives</b>	x	x	x	x	x
<b>45. On demand interbank loans</b>	x	x	x	x	x
<b>46. Cash and cash-related assets</b>	x	x	x	x	x
<b>47. Other categories of assets (e.g. goodwill, commodities, etc.)</b>	x	x	x	x	x
<b>48. TOTAL GAR assets</b>	130.2	0.0	0.0	0.0	0.0
<b>49. Assets not covered for GAR calculation</b>	x	x	x	x	x
50. Central governments and Supranational issuers	x	x	x	x	x
51. Central banks exposure	x	x	x	x	x
52. Trading book	x	x	x	x	x
<b>53. Total assets</b>	130.2	0.0	0.0	0.0	0.0
<b>Off-balance sheet exposures-Undertakings subject to NFRD disclosure obligations</b>					
54. Financial guarantees	0.0	0.0	0.0	0.0	0.0
55. Assets under management	0.0	0.0	0.0	0.0	0.0
56. Of which debt securities	0.0	0.0	0.0	0.0	0.0
57. Of which equity instruments	0.0	0.0	0.0	0.0	0.0











in EUR m

<b>Table 1: Assets for the calculation of GAR-based on Cap Ex KPI – Stock</b>	ab	ac	ad	ae	af
	Disclosure reference date T				
	<b>Total (CCM+CCA+WTR+CE+PPC+BIO)</b>				
31.12.2023	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
	Of which environmentally sustainable (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which Transitional	Of which enabling
<b>GAR – Covered assets in both numerator and denominator</b>	x	x	x	x	x
1. Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	48.8	0.0	0.0	0.0	0.0
<b>2. Financial corporations</b>	0.0	0.0	0.0	0.0	0.0
3. Credit institutions	0.0	0.0	0.0	0.0	0.0
4. Loans and advances	0.0	0.0	0.0	0.0	0.0
5. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
6. Equity instruments	0.0	0.0	x	0.0	0.0
7. Other financial corporations	0.0	0.0	0.0	0.0	0.0
8. of which investment firms	0.0	0.0	0.0	0.0	0.0
9. Loans and advances	0.0	0.0	0.0	0.0	0.0
10. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
11. Equity instruments	0.0	0.0	x	0.0	0.0
12. of which management companies	0.0	0.0	0.0	0.0	0.0
13. Loans and advances	0.0	0.0	0.0	0.0	0.0
14. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
15. Equity instruments	0.0	0.0	x	0.0	0.0
16. of which insurance undertakings	0.0	0.0	0.0	0.0	0.0
17. Loans and advances	0.0	0.0	0.0	0.0	0.0
18. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
19. Equity instruments	0.0	0.0	x	0.0	0.0
<b>20. Non-financial corporations</b>	0.0	0.0	0.0	0.0	0.0
21. Loans and advances	0.0	0.0	0.0	0.0	0.0
22. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0
23. Equity instruments	0.0	0.0	x	0.0	0.0
<b>24. Households</b>	48.8	0.0	0.0	0.0	0.0
25. of which loans collateralised by residential immovable property	42.4	0.0	0.0	0.0	0.0
26. of which building renovation loans	3.3	0.0	0.0	0.0	0.0
27. of which motor vehicle loans	5.1	0.0	0.0	0.0	0.0
<b>28. Local governments financing</b>	0.0	0.0	0.0	0.0	0.0
29. Housing financing	0.0	0.0	0.0	0.0	0.0
30. Other local governments financing	0.0	0.0	0.0	0.0	0.0
<b>31. Collateral obtained by taking possession: residential and commercial immovable properties</b>	0.0	0.0	0.0	0.0	0.0

<b>32. Assets excluded from the numerator for GAR calculation (covered in the denominator)</b>	x	x	x	x	x
<b>33. Financial and Non-Financial undertakings</b>	x	x	x	x	x
34. SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	x	x	x	x	x
35. Loans and Advances	x	x	x	x	x
36. of which loans collateralised by commercial immovable property	x	x	x	x	x
37. of which building renovation loans	x	x	x	x	x
38. Debt securities	x	x	x	x	x
39. Equity instruments	x	x	x	x	x
40. Non-EU country counterparties not subject to NFRD disclosure obligations	x	x	x	x	x
41. Loans and advances	x	x	x	x	x
42. Debt securities	x	x	x	x	x
43. Equity instruments	x	x	x	x	x
<b>44. Derivatives</b>	x	x	x	x	x
<b>45. On demand interbank loans</b>	x	x	x	x	x
<b>46. Cash and cash-related assets</b>	x	x	x	x	x
<b>47. Other categories of assets (e.g. goodwill, commodities, etc.)</b>	x	x	x	x	x
<b>48. TOTAL GAR assets</b>	48.8	0.0	0.0	0.0	0.0
<b>49. Assets not covered for GAR calculation</b>	x	x	x	x	x
50. Central governments and Supranational issuers	x	x	x	x	x
51. Central banks exposure	x	x	x	x	x
52. Trading book	x	x	x	x	x
<b>53. Total assets</b>	48.8	0.0	0.0	0.0	0.0
<b>Off-balance sheet exposures–Undertakings subject to NFRD disclosure obligations</b>					
54. Financial guarantees	0.0	0.0	0.0	0.0	0.0
55. Assets under management	0.0	0.0	0.0	0.0	0.0
56. Of which debt securities	0.0	0.0	0.0	0.0	0.0
57. Of which equity instruments	0.0	0.0	0.0	0.0	0.0

31.12.2024	a	b	c	d	e	f	g	h	i	j	k	l
Table 2: GAR sector information- based on Turnover KPI	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Non/financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non/financial corporates (subject to NFRD)		SMEs and other NFC not subject		Non/financial corporates (subject to NFRD)		SMEs and other NFC not subject	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector_NACE 4 digits level (code and label)	EUR m	Of which environmentally sustainable (CCM)	EUR m	Of which environmentally sustainable (CCM)	EUR m	Of which environmentally sustainable (CCM)	EUR m	Of which environmentally sustainable (CCM)	EUR m	Of which environmentally sustainable (WTR)	EUR m	Of which environmentally sustainable (WTR)
1812 - service activities related to printing	0.0	0.0	x	x	0.0	0.0	x	x	0.0	0.0	x	x
6202 - Computer consultancy and computer facilities management activities	0.0	0.0	x	x	0.0	0.0	x	x	0.0	0.0	x	x

31.12.2024	m	n	o	p	q	r	s	t	u	v	w	x
Table 2: GAR sector information- based on Turnover KPI	Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
	Non/financial corporates (subject to NFRD)		SMEs and other NFC not subject		Non/financial corporates (subject to NFRD)		SMEs and other NFC not subject		Non/financial corporates (subject to NFRD)		SMEs and other NFC not subject	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector_NACE 4 digits level (code and label)	EUR m	Of which environmentally sustainable (CE)	EUR m	Of which environmentally sustainable (CE)	EUR m	Of which environmentally sustainable (PPC)	EUR m	Of which environmentally sustainable (PPC)	EUR m	Of which environmentally sustainable (BIO)	EUR m	Of which environmentally sustainable (BIO)
1812 - service activities related to printing	0.3	0.0	x	x	0.0	0.0	x	x	0.0	0.0	x	x
6202 - Computer consultancy and computer facilities management activities	0.3	0.0	x	x	0.0	0.0	x	x	0.0	0.0	x	x

31.12.2024	y				z				aa				ab
Table 2: GAR sector information- based on Turnover KPI	Total (CCM+CCA+WTR+CE+PPC+BIO)												
	Non/financial corporates (subject to NFRD)						SMEs and other NFC not subject						
	[Gross] carrying amount						[Gross] carrying amount						
Breakdown by sector_NACE 4 digits level (code and label)	EUR m			Of which environmentally sustainable (CCM+CCA+WTR+CE+PPC+BIO)			EUR m			Of which environmentally sustainable (CCM+CCA+WTR+CE+PPC+BIO)			
1812 - service activities related to printing	0.3			0.0			x			x			
6202 - Computer consultancy and computer facilities management activities	0.3			0.0			x			x			

31.12.2024	a	b	c	d	e	f	g	h	i	j	k	l
Table 2: GAR sector information- based on Cap Ex KPI	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Non/financial corporates (subject to NFRD)	SMEs and other NFC not subject to NFRD	Non/financial corporates (subject to NFRD)	SMEs and other NFC not subject	Non/financial corporates (subject to NFRD)	SMEs and other NFC not subject	Non/financial corporates (subject to NFRD)	SMEs and other NFC not subject	Non/financial corporates (subject to NFRD)	SMEs and other NFC not subject	Non/financial corporates (subject to NFRD)	SMEs and other NFC not subject
	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount
Breakdown by sector_NACE 4 digits level (code and label)	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
	Of which environmentally sustainable (CCM)	Of which environmentally sustainable (CCM)	Of which environmentally sustainable (CCM)	Of which environmentally sustainable (CCM)	Of which environmentally sustainable (CCA)	Of which environmentally sustainable (CCA)	Of which environmentally sustainable (CCA)	Of which environmentally sustainable (CCA)	Of which environmentally sustainable (WTR)	Of which environmentally sustainable (WTR)	Of which environmentally sustainable (WTR)	Of which environmentally sustainable (WTR)
1812 -service activities related to printing	0.0	0.0	x	x	0.0	0.0	x	x	0.0	0.0	x	x

31.12.2024	m	n	o	p	q	r	s	t	u	v	w	x
Table 2: GAR sector information- based on Cap Ex KPI	Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
	Non/financial corporates (subject to NFRD)	SMEs and other NFC not subject	Non/financial corporates (subject to NFRD)	SMEs and other NFC not subject	Non/financial corporates (subject to NFRD)	SMEs and other NFC not subject	Non/financial corporates (subject to NFRD)	SMEs and other NFC not subject	Non/financial corporates (subject to NFRD)	SMEs and other NFC not subject	Non/financial corporates (subject to NFRD)	SMEs and other NFC not subject
	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount
Breakdown by sector_NACE 4 digits level (code and label)	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
	Of which environmentally sustainable (CE)	Of which environmentally sustainable (CE)	Of which environmentally sustainable (PPC)	Of which environmentally sustainable (PPC)	Of which environmentally sustainable (BIO)	Of which environmentally sustainable (BIO)	Of which environmentally sustainable (BIO)	Of which environmentally sustainable (BIO)	Of which environmentally sustainable (BIO)	Of which environmentally sustainable (BIO)	Of which environmentally sustainable (BIO)	Of which environmentally sustainable (BIO)
1812 - service activities related to printing	0.3	0.0	x	x	0.0	0.0	x	x	0.0	0.0	x	x

31.12.2024	y	z	aa	ab
Table 2: GAR sector information- based on Cap Ex KPI	Total (CCM+CCA+WTR+CE+PPC+BIO)			
	Non/financial corporates (subject to NFRD)		SMEs and other NFC not subject	
	[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector_NACE 4 digits level (code and label)	EUR m	EUR m	EUR m	EUR m
	Of which environmentally sustainable (CCM+CCA+WTR+CE+PPC+BIO)		Of which environmentally sustainable (CCM+CCA+WTR+CE+PPC+BIO)	
1812 - service activities related to printing	0.3	0.0	x	x













immovable properties						
32. Total GAR Assets	1.6	0.0	0.0	0.0	0.0	73.3











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Table 3: GAR KPI stock –based on Turnover KPI

	aa	ab	ac	ad	ae	af
	Disclosure reference date T					
	Total (CCM+CCA+WTR+CE+PPC+BIO)					
% (Compared to total covered assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
			Of which Use of Proceeds	Of which transitional	Of which enabling	
<b>GAR – Covered assets in both numerator and denominator</b>						
1. Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculations	4.4	0.0	0.0	0.0	0.0	11.1
<b>2. Financial undertakings</b>	0.0	0.0	0.0	0.0	0.0	1.2
3. Credit institutions	0.0	0.0	0.0	0.0	0.0	1.2
4. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.9
5. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.2
6. Equity instruments	0.0	0.0	x	0.0	0.0	0.1
7. Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0
8. of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0
9. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
10. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
11. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
12. of which management companies	0.0	0.0	0.0	0.0	0.0	0.0
13. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
14. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
15. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
16. of which insurance undertakings	0.0	0.0	0.0	0.0	0.0	0.0
17. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
19. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
19. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
<b>20. Non-financial undertakings</b>	0.0	0.0	0.0	0.0	0.0	3.9
21. Loans and advances	0.0	0.0	0.0	0.0	0.0	3.9
22. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
23. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
<b>24. Households</b>	8.3	0.0	0.0	0.0	0.0	5.9
25. of which loans collateralised by residential immovable property	12.2	0.0	0.0	0.0	0.0	3.5
26. of which building renovation loans	1.3	0.0	0.0	0.0	0.0	2.6
27. of which motor vehicle loans	23.6	0.0	0.0	0.0	0.0	0.2
<b>28. Local government financing</b>	0.0	0.0	0.0	0.0	0.0	0.1
29. Housing financing	0.0	0.0	0.0	0.0	0.0	0.0
30. Other local government financing	0.0	0.0	0.0	0.0	0.0	0.1
<b>31. Collateral obtained by taking possession: residential and commercial</b>	0.0	0.0	0.0	0.0	0.0	0.0

immovable properties						
32. Total GAR Assets	0.7	0.0	0.0	0.0	0.0	70.8













immovable properties						
32. Total GAR Assets	1.6	0.0	0.0	0.0	0.0	73.3











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**Table 3: GAR KPI stock –based on Cap Ex KPI**

	aa	ab	ac	ad	ae	af
	Disclosure reference date T					
	Total (CCM+CCA+WTR+CE+PPC+BIO)					
% (Compared to total covered assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
			Of which Use of Proceeds	Of which transitional	Of which enabling	
<b>GAR – Covered assets in both numerator and denominator</b>						
1. Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculations	4.4	0.0	0.0	0.0	0.0	11.1
<b>2. Financial undertakings</b>	0.0	0.0	0.0	0.0	0.0	1.2
3. Credit institutions	0.0	0.0	0.0	0.0	0.0	1.2
4. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.9
5. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.2
6. Equity instruments	0.0	0.0	x	0.0	0.0	0.1
7. Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0
8. of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0
9. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
10. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
11. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
12. of which management companies	0.0	0.0	0.0	0.0	0.0	0.0
13. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
14. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
15. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
16. of which insurance undertakings	0.0	0.0	0.0	0.0	0.0	0.0
17. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
19. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
19. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
<b>20. Non-financial undertakings</b>	0.0	0.0	0.0	0.0	0.0	3.9
21. Loans and advances	0.0	0.0	0.0	0.0	0.0	3.9
22. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
23. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
<b>24. Households</b>	8.3	0.0	0.0	0.0	0.0	5.9
25. of which loans collateralised by residential immovable property	12.2	0.0	0.0	0.0	0.0	3.5
26. of which building renovation loans	1.3	0.0	0.0	0.0	0.0	2.6
27. of which motor vehicle loans	23.6	0.0	0.0	0.0	0.0	0.2
<b>28. Local government financing</b>	0.0	0.0	0.0	0.0	0.0	0.1
29. Housing financing	0.0	0.0	0.0	0.0	0.0	0.0
30. Other local government financing	0.0	0.0	0.0	0.0	0.0	0.1
<b>31. Collateral obtained by taking possession: residential and commercial</b>	0.0	0.0	0.0	0.0	0.0	0.0

immovable properties						
32. Total GAR Assets	0.7	0.0	0.0	0.0	0.0	70.8











31.12.2024

**Table 4: GAR KPI flow –based on Turnover KPI**

	aa	ab	ac	ad	ae	af
	Disclosure reference date T					
	Total (CCM+CCA+WTR+CE+PPC+BIO)					
% (Compared to total covered assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
			Of which Use of Proceeds	Of which transitional	Of which enabling	
<b>GAR – Covered assets in both numerator and denominator</b>						
1. Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculations	17.3	0.0	0.0	0.0	0.0	24.2
<b>2. Financial undertakings</b>	0.0	0.0	0.0	0.0	0.0	8.2
3. Credit institutions	0.0	0.0	0.0	0.0	0.0	8.2
4. Loans and advances	0.0	0.0	0.0	0.0	0.0	8.2
5. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
6. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
7. Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0
8. of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0
9. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
10. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
11. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
12. of which management companies	0.0	0.0	0.0	0.0	0.0	0.0
13. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
14. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
15. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
16. of which insurance undertakings	0.0	0.0	0.0	0.0	0.0	0.0
17. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
19. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
19. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
<b>20. Non-financial undertakings</b>	0.0	0.0	0.0	0.0	0.0	0.0
21. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
22. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
23. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
<b>24. Households</b>	25.2	0.0	0.0	0.0	0.0	16.0
25. of which loans collateralised by residential immovable property	38.6	0.0	0.0	0.0	0.0	8.3
26. of which building renovation loans	5.8	0.0	0.0	0.0	0.0	4.6
27. of which motor vehicle loans	100.0	0.0	0.0	0.0	0.0	0.6
<b>28. Local government financing</b>	0.0	0.0	0.0	0.0	0.0	0.0
29. Housing financing	0.0	0.0	0.0	0.0	0.0	0.0
30. Other local government financing	0.0	0.0	0.0	0.0	0.0	0.0
<b>31. Collateral obtained by taking possession: residential and commercial</b>	0.0	0.0	0.0	0.0	0.0	0.0

immovable properties						
32. Total GAR Assets	4.8	0.0	0.0	0.0	0.0	86.7











31.12.2024

**Table 4: GAR KPI flow –based on Cap Ex KPI**

	aa	ab	ac	ad	ae	af
	Disclosure reference date T					
	Total (CCM+CCA+WTR+CE+PPC+BIO)					
% (Compared to total covered assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
			Of which Use of Proceeds	Of which transitional	Of which enabling	
<b>GAR – Covered assets in both numerator and denominator</b>						
1. Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculations	17.1	0.0	0.0	0.0	0.0	24.2
<b>2. Financial undertakings</b>	0.0	0.0	0.0	0.0	0.0	8.2
3. Credit institutions	0.0	0.0	0.0	0.0	0.0	8.2
4. Loans and advances	0.0	0.0	0.0	0.0	0.0	8.2
5. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
6. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
7. Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0
8. of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0
9. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
10. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
11. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
12. of which management companies	0.0	0.0	0.0	0.0	0.0	0.0
13. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
14. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
15. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
16. of which insurance undertakings	0.0	0.0	0.0	0.0	0.0	0.0
17. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
19. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
19. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
<b>20. Non-financial undertakings</b>	0.0	0.0	0.0	0.0	0.0	0.0
21. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0
22. Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0
23. Equity instruments	0.0	0.0	x	0.0	0.0	0.0
<b>24. Households</b>	25.2	0.0	0.0	0.0	0.0	16.0
25. of which loans collateralised by residential immovable property	38.6	0.0	0.0	0.0	0.0	8.3
26. of which building renovation loans	4.5	0.0	0.0	0.0	0.0	4.6
27. of which motor vehicle loans	100.0	0.0	0.0	0.0	0.0	0.6
<b>28. Local government financing</b>	0.0	0.0	0.0	0.0	0.0	0.0
29. Housing financing	0.0	0.0	0.0	0.0	0.0	0.0
30. Other local government financing	0.0	0.0	0.0	0.0	0.0	0.0
<b>31. Collateral obtained by taking possession: residential and commercial</b>	0.0	0.0	0.0	0.0	0.0	0.0







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**Table 5: KPI off-balance sheet exposures – based on Cap Ex KPI**

	n	o	p	q	r	s	t	u	v	w	x	z
	Disclosure reference date T											
	Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling	
1. Financial guarantees (FinGuar KPI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Assets under management (AuM KPI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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**Table 5: KPI off-balance sheet exposures – based on Cap Ex KPI**

	aa	ab	ac	ad	ae	af
	Disclosure reference date T					
	Total (CCM+CCA+WTR+CE+PPC+BIO)					
% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
		Of which Use of Proceeds	Of which transitional	Of which enabling		
1. Financial guarantees (FinGuar KPI)	0.0	0.0	0.0	0.0	0.0	0.0
2. Assets under management (AuM KPI)	0.0	0.0	0.0	0.0	0.0	0.0





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**Table 5: KPI off-balance sheet flow exposures – based on CapEx KPI**

	n	o	p	q	r	s	t	u	v	w	x	z
	Disclosure reference date T											
	Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling	
1. Financial guarantees (FinGuar KPI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Assets under management (AuM KPI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

31.12.2024

**Table 5: KPI off-balance sheet flow exposures – based on CapEx KPI**

	aa	ab	ac	ad	ae	af
	Disclosure reference date T					
	Total (CCM+CCA+WTR+CE+PPC+BIO)					
% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
		Of which Use of Proceeds	Of which transitional	Of which enabling		
1. Financial guarantees (FinGuar KPI)	0.0	0.0	0.0	0.0	0.0	0.0
2. Assets under management (AuM KPI)	0.0	0.0	0.0	0.0	0.0	0.0

**Table 1: Nuclear and fossil gas related activities**

<b>Nuclear energy related activities</b>		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
<b>Fossil gas related activities</b>		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No



*Distribution of financed emissions from business loans per sector*

Sector activity	Total outstanding loan amount (in EUR m)	Scope 1 & Scope 2 emissions (tCO2e)	Scope 3 emissions (tCO2e)	Emission intensity (tCO2e/Mio EUR)	Weighted data quality score (high quality = 1, low quality = 5)
Agriculture (A)	842.2	1,129,783	997,512	2,526	4.5
Minerals (B)	17.1	3,727	6,604	605	4.2
Industry (C)	1,255.5	1,615,815	1,080,871	2,148	4.3
Utilities (D)	29.1	407,545	19,155	14,688	4.6
Water distribution (E)	38.2	64,257	61,473	3,290	4.2
Construction (F)	448.6	29,264	236,063	592	4.4
Retail (G)	1,592.9	341,247	908,814	785	4.3
Transport (H)	291.9	38,938	55,997	325	4.3
Leisure (I)	189.7	8,955	17,850	141	4.4
Information and communication (J)	76.5	7,452	31,215	505	4.4
Financial services (K)	20.6	401	1,261	81	4.2
Real estate (L)	183.1	1,103	7,607	48	4.5
Scientific and technical activities (M)	93.8	5,974	23,807	317	4.3
Administrative services (N)	82.5	5,814	30,809	444	4.3
Regional administration (O)	0.5	31	364	787	4.0
Education (P)	47.3	1,507	4,334	123	4.3
Healthcare (Q)	68.1	2,823	16,487	284	4.5
Recreation (R)	11.4	423	4,034	392	4.2
Other services (S)	17.4	889	5,508	368	4.3
Activities of households as employers (T)	0.0	20	19	3,273	4.0
<b>Total</b>	<b>5,306.2</b>	<b>3,665,967</b>	<b>3,509,783</b>	<b>1,352</b>	<b>4.3</b>

# Consolidated financial statements



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

in '000 EUR	Note	1.1.-31.12.2024	1.1.-31.12.2023
Interest income (effective interest method)		582,882	525,137
Other interest income		6,279	5,387
Interest expenses		230,922	193,300
<b>Net interest income</b>	6	<b>358,238</b>	<b>337,224</b>
Fee and commission income		95,583	87,831
Fee and commission expenses		36,417	30,306
<b>Net fee and commission income</b>	7	<b>59,166</b>	<b>57,525</b>
Result from foreign exchange transactions	8	31,894	27,989
Result from derivative financial instruments and hedging relationships	9, 18	-1,104	-1,778
Result on derecognition of financial assets measured at amortised cost		-4	-355
Net other operating result	10	-3,892	-8,099
<b>Operating income</b>		<b>444,299</b>	<b>412,506</b>
Personnel expenses	11	146,767	120,642
Administrative expenses	12	156,005	126,337
Loss allowance	13	-5,154	15,513
<b>Profit before tax</b>		<b>146,681</b>	<b>150,015</b>
Income tax expenses	23	42,372	36,643
<b>Profit of the period</b>		<b>104,309</b>	<b>113,372</b>
<i>Profit attributable to ProCredit shareholders</i>		<i>104,309</i>	<i>113,372</i>
Earnings per share* in EUR	15	1.77	1.92

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

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

in '000 EUR	Note	1.1.-31.12.2024	1.1.-31.12.2023
<b>Profit of the period</b>		<b>104,309</b>	<b>113,372</b>
Items that are or may be reclassified to profit or loss			
Change in revaluation reserve from investment securities	33	-705	3,114
<i>Change in value not recognised in profit or loss</i>		-731	3,151
<i>Change in loss allowance (recognised in profit or loss)</i>		26	-37
Change in deferred tax on revaluation reserve from investment securities	33	329	-237
Change in translation reserve	5	5,399	-3,703
<i>Change in value not recognised in profit or loss</i>		5,399	-3,703
Items that will not be reclassified to profit or loss			
Change in revaluation reserve from shares	33	482	1,811
Change in deferred tax on revaluation reserve from shares	33	-6	-
<b>Other comprehensive income of the period, net of tax</b>		<b>5,500</b>	<b>985</b>
<b>Total comprehensive income of the period</b>		<b>109,809</b>	<b>114,357</b>
<i>Total comprehensive income attributable to ProCredit shareholders</i>		<i>109,809</i>	<i>114,357</i>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

in '000 EUR	Note	31.12.2024	31.12.2023
<b>Assets</b>			
Cash	16	201,316	219,879
Central bank balances	4, 13, 16	1,962,378	2,127,737
Loans and advances to banks	4, 13, 17	513,586	372,141
Derivative financial assets	4, 18	6,660	8,083
Investment securities	4, 13, 19	965,644	750,542
Loans and advances to customers	4, 13, 20	6,828,256	6,029,715
Property, plant and equipment	21	152,128	137,423
Intangible assets	22	34,333	22,732
Current tax assets	23	8,716	4,132
Deferred tax assets	23	11,552	12,201
Other assets	4, 13, 24	67,048	64,382
<b>Total assets</b>		<b>10,751,615</b>	<b>9,748,966</b>
<b>Liabilities and equity</b>			
Liabilities to banks	4	946,425	1,127,680
Derivative financial liabilities	4, 18	1,246	1,334
Liabilities to customers	4, 26	8,291,358	7,254,236
Debt securities	4, 27	90,545	147,088
Other liabilities	28	62,708	48,613
Provisions	29	24,121	21,997
Current tax liabilities	23	22,811	23,513
Deferred tax liabilities	23	1,294	1,449
Subordinated debt	4, 30	255,204	139,269
<b>Liabilities</b>		<b>9,695,713</b>	<b>8,765,177</b>
Subscribed capital and capital reserve	33	441,277	441,277
Retained earnings		693,153	625,906
Translation reserve		-80,086	-85,485
Revaluation reserve	33	1,558	2,091
<b>Equity attributable to ProCredit shareholders</b>		<b>1,055,902</b>	<b>983,789</b>
<b>Total liabilities and equity</b>		<b>10,751,615</b>	<b>9,748,966</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

in '000 EUR	Subscribed capital and capital reserve	Retained earnings	Translation reserve	Revaluation reserve	Equity attributable to ProCredit shareholders
<b>Balance as of 1.1.2024</b>	<b>441,277</b>	<b>625,906</b>	<b>-85,485</b>	<b>2,091</b>	<b>983,789</b>
Profit of the period		104,309			104,309
Change in translation reserve			5,399		5,399
Change in revaluation reserve from investment securities				-376	-376
Change in revaluation reserve from shares				476	476
Other comprehensive income of the period, net of tax			5,399	100	5,500
Total comprehensive income of the period		104,309	5,399	100	109,809
Distributed dividend		-37,695			-37,695
Transfer on disposal of shares		634		-634	-
Other changes		-1			-1
<b>Balance as of 31.12.2024</b>	<b>441,277</b>	<b>693,153</b>	<b>-80,086</b>	<b>1,558</b>	<b>1,055,902</b>

in '000 EUR	Subscribed capital and capital reserve	Retained earnings	Translation reserve	Revaluation reserve	Equity attributable to ProCredit shareholders
<b>Balance as of 1.1.2023</b>	<b>441,277</b>	<b>512,537</b>	<b>-81,783</b>	<b>-2,596</b>	<b>869,434</b>
Profit of the period		113,372			113,372
Change in translation reserve*			-3,703		-3,703
Change in revaluation reserve from investment securities*				2,876	2,876
Change in revaluation reserve from shares*				1,811	1,811
Other comprehensive income of the period, net of tax			-3,703	4,688	985
Total comprehensive income of the period		113,372	-3,703	4,688	114,357
Other changes		-2			-2
<b>Balance as of 31.12.2023</b>	<b>441,277</b>	<b>625,906</b>	<b>-85,485</b>	<b>2,091</b>	<b>983,789</b>

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



## CONSOLIDATED STATEMENT OF CASH FLOWS

in '000 EUR	Note	1.1.-31.12.2024	1.1.-31.12.2023
Profit of the period		104,309	113,372
Income tax expenses		42,372	36,643
<b>Profit before tax</b>		<b>146,681</b>	<b>150,015</b>
Non-cash items included in the profit of the period and transition to the cash flow from operating activities:			
Depreciation, impairment and appreciation of loans and advances, property, plant and equipment and financial investments		21,138	37,348
Increase / decrease of provisions		8,218	13,133
Gains / losses from disposal of fixed assets		-343	417
Other non-cash expenses and income		-356,417	-337,916
Subtotal		-180,722	-137,004
Net change in assets and liabilities from operating activities:			
Loans and advances to banks		-113,098	-99,053
Loans and advances to customers		-798,131	-130,935
Other assets from operating activities		-209,871	-147,404
Liabilities to banks		-180,397	-194,542
Liabilities to customers		1,032,979	969,178
Debt securities	27	-60,138	-49,855
Other liabilities from operating activities		13,383	11,517
Interest received		594,219	514,299
Interest paid		-227,786	-194,311
Income tax paid		-47,187	-17,841
<b>Cash flow from operating activities</b>		<b>-176,748</b>	<b>524,050</b>
Proceeds from disposal of fixed assets		5,054	5,422
Payments for purchase of fixed assets		-41,030	-27,847
<b>Cash flow from investing activities</b>		<b>-35,976</b>	<b>-22,424</b>
Dividends paid		-37,695	-
Proceeds from subordinated loans	30	128,000	45,460
Payments for subordinated loans	30	-35,458	-7,886
<b>Cash flow from financing activities</b>		<b>54,847</b>	<b>37,574</b>
<b>Cash and cash equivalents at end of previous year</b>		<b>2,487,576</b>	<b>1,957,931</b>
Cash flow from operating activities		-176,748	524,050
Cash flow from investing activities		-35,976	-22,424
Cash flow from financing activities		54,847	37,574
Effects of exchange rate changes		7,810	-9,555
<b>Cash and cash equivalents at end of period</b>	16	<b>2,337,508</b>	<b>2,487,576</b>

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## Significant accounting principles

### 1 Basis of accounting

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. 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. The parent company of the group is ProCredit Holding AG ("ProCredit Holding"), domiciled at Rohmerplatz 33-37, 60486 Frankfurt am Main, Germany (Commercial Register Frankfurt, Section B No. 132455). We prepare the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and as applicable within the European Union.

Our consolidated financial statements as of 31 December 2024 comprise the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements. Further disclosures with regard to the nature and extent of risks arising from financial instruments are presented in our risk report as part of the combined management report.

The consolidated financial statements are presented in euros, which is also the group's functional currency. The financial year of the ProCredit group is the calendar year. For computational reasons, the figures in the tables may exhibit rounding differences of  $\pm$  one unit (EUR, %, etc.). The significant accounting policies have been consistently applied to all financial years presented, unless otherwise stated. Recognition and measurement is performed on a going-concern assumption.

In the course of preparing the consolidated financial statements, further assumptions, estimates and necessary discretionary judgements were made by the Management Board. All estimates and assumptions required are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis and are based on past experience and other factors, including expectations with regard to future events, and are considered appropriate under the given circumstances. For a description of the effects of estimates and judgements, please refer to notes 4 Financial instruments, 13 Loss allowance, 22 Intangible assets, 23 Income taxes, 29 Provisions, 32 Fair value of financial instruments, as well as the risk report in the combined management report.

### 2 Principles of consolidation

ProCredit Holding prepares the consolidated financial statements for the largest scope of entities. The consolidated financial statements comprise the financial statements of ProCredit Holding together with its subsidiaries. Subsidiaries are all companies which are controlled by the group. Control over an entity exists when ProCredit Holding is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated from the date on which control ceases. The group has no material interest in joint ventures or associates. Group-internal transactions, balances and interim profits are eliminated in full.

The following subsidiaries are included in the scope of consolidation as of 31 December 2024:

#	Name of institution	Company purpose	Principal place of business	Turnover	Profit before tax	Income tax expenses	Staff No. 31.12.2024	Proportion of ownership interest	
				in '000 EUR	in '000 EUR	in '000 EUR		31.12.2024	31.12.2023
<b>EU member states</b>									
1	ProCredit Bank (Bulgaria) E.A.D.	Credit institution with banking licence	Bulgaria	97,730	50,963	8,917	747	100.0	100.0
2	ProCredit Bank AG	Credit institution with banking licence	Germany	22,876	-467	0	85	100.0	100.0
3	ProCredit Academy GmbH	Training academy	Germany	3,818	0	0	33	100.0	100.0
4	QUIPU GmbH	IT consulting and software company	Germany	69,789	3,537	70	541	100.0	100.0
5	ProCredit Bank S.A.	Credit institution with banking licence	Romania	22,142	3,928	777	184	100.0	100.0
<b>Non-EU member states</b>									
6	ProCredit Bank Sh.a	Credit institution with banking licence	Albania	16,953	1,774	322	231	100.0	100.0
7	ProCredit Bank d.d.	Credit institution with banking licence	Bosnia and Herzegovina	20,738	5,493	556	247	100.0	100.0
8	Banco ProCredit S.A.	Credit institution with banking licence	Ecuador	22,549	-5,668	-208	351	100.0	100.0
9	JSC ProCredit Bank	Credit institution with banking licence	Georgia	33,162	12,941	1,653	369	100.0	100.0
10	ProCredit Bank Sh.a	Credit institution with banking licence	Kosovo	52,278	31,808	2,726	394	100.0	100.0
11	ProCredit Bank A.D.	Credit institution with banking licence	North Macedonia	30,735	12,408	1,240	242	100.0	100.0
12	ProCredit Regional Academy Eastern Europe dooel	Training academy	North Macedonia	246	-119	0	3	100.0	100.0
13	BC ProCredit Bank S.A.	Credit institution with banking licence	Moldova	17,162	5,463	673	186	100.0	100.0
14	ProCredit Bank a.d. Belgrade	Credit institution with banking licence	Serbia	60,212	24,277	2,645	474	100.0	100.0
15	JSC ProCredit Bank	Credit institution with banking licence	Ukraine	59,693	42,747	20,902	385	100.0	100.0

Turnover corresponds to the position "Operating income" in the statement of profit or loss. The amounts shown above are based on the respective annual financial statements for each subsidiary (without eliminating transactions between group companies).

Shares in subsidiaries whose influence on the financial position and financial performance is insignificant, both individually and as a whole, are not consolidated but are recognised as financial investments under equity instruments. This includes the wholly owned subsidiaries ProCredit Reporting DOOEL, North Macedonia, and Pro Energy L.L.C., Kosovo. ProCredit Reporting DOOEL supports the reporting activities of the group and Pro Energy L.L.C. is engaged in the production, trade and distribution of renewable energy. The former subsidiary PC Finance II B.V., The Netherlands, was liquidated on 18 June 2024.

#### *Significant restrictions*

As of 31 December 2024, our group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which the banking subsidiaries operate. These frameworks require banking subsidiaries to keep certain levels of regulatory capital and liquid assets. Please refer to our disclosures in the risk report as part of the combined management report. In some countries where the ProCredit group operates, payout of dividends is subject to the approval of local regulatory authorities. Due to martial law, ProCredit Bank Ukraine is currently not

permitted to distribute dividends on ordinary shares. In addition, Ukrainian banks are not allowed to make early repayments to non-resident creditors nor can they shorten existing contract maturities. In addition, there are restrictions on our accounts in Russian roubles totalling EUR 441 thousand, for which we have established loss allowances in full.

### 3 Accounting developments

#### *(a) Standards, amendments and interpretations that are already effective*

- Amendments to IAS 1: "Classification of Liabilities as Current or Non-Current" and "Non-current Liabilities with Covenants" have a minor impact on the consolidated financial statements. The amendments are effective for annual periods beginning on or after 1 January 2024.
- Amendments to IFRS 16: "Lease Liability in a Sale and Leaseback" have a minor impact on the consolidated financial statements. The amendments are effective for annual periods beginning on or after 1 January 2024.

The following standards, amendments or interpretations were issued by the IASB and endorsed by the EU and had no impact on our consolidated financial statements: Amendments to IAS 7 and IFRS 7: "Supplier Finance Arrangements".

#### *(b) Standards, amendments and interpretations issued but not yet effective*

- Amendments to IAS 21: "Lack of Exchangeability" have no impact on the consolidated financial statements. The amendments are effective for annual periods beginning on or after 1 January 2025.
- Amendments to IFRS 9 and IFRS 7: "Classification and Measurement of Financial Instruments" have a minor impact on the consolidated financial statements. The effects of the regulations on the derecognition of financial liabilities that are settled by electronic payment systems are currently being evaluated. Additional disclosures in the notes are required for a minor amount of financial assets at fair value with changes in fair value recognised in other comprehensive income. The regulations for contractual terms that can change the timing or amount of payments, as well as for non-recourse financial assets, currently have no effect. The amendments are, subject to the still pending EU endorsement, effective for annual periods beginning on or after 1 January 2026.
- Annual improvements to IFRS (Volume 11) with amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 have a minor impact on the consolidated financial statements. The amendments are, subject to the still pending EU endorsement, effective for annual periods beginning on or after 1 January 2026.
- Amendments to IFRS 9 and IFRS 7: "Contracts Referencing Nature-dependent Electricity" have no impact on the consolidated financial statements. The amendments are, subject to the still pending EU endorsement, effective for annual periods beginning on or after 1 January 2026.
- IFRS 18 "Presentation and Disclosure in Financial Statements" replaces IAS 1 and affects the presentation of the consolidated statement of profit or loss. This standard defines categories and subtotals for the consolidated statement of profit or loss. Furthermore, additional disclosure requirements for management-defined performance measures have been introduced and the guidelines on the aggregation and disaggregation of items have been expanded. There are no effects on the presentation of the consolidated statement of financial position or the consolidated statement of cash flows. IFRS 18 is, subject to the still pending EU endorsement, effective for annual periods beginning on or after 1 January 2027.

- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" will not have an impact on the consolidated financial statements. This standard is, subject to the still pending EU endorsement, effective for annual periods beginning on or after 1 January 2027.

There was no early adoption of any standards, amendments and interpretations not yet effective.

#### 4 *Financial instruments*

A financial instrument is any contract that gives rise to both a financial asset for one entity and a financial liability or equity instrument for another entity. The financial assets of our group are mainly debt instruments, with only a small proportion consisting of equity instruments. Equity instruments are recognised at fair value through other comprehensive income. For debt instruments, IFRS 9 is based on a consistent approach to classify and measure financial assets according to the underlying business model in which the financial assets are managed and to their cash flow characteristics.

We differentiate between the following business models:

- "Hold to collect": the financial assets are held with the aim of collecting the contractual cash flows.
- "Hold to collect and sell": the financial assets are held with the aim of both collecting the contractual cash flows and selling the financial assets.
- "Other": this business model is used for financial assets that are neither allocated to the "hold to collect" business model nor to the "hold to collect and sell" business model.

Our business models for financial assets are assessed on the basis of groups of financial assets (portfolios). The allocation to a business model is based on the actual circumstances at the time of the assessment. We take the following criteria, among others, into account:

- our business strategy and risk strategy,
- the way in which the development of the business model is evaluated and reported to our Management and Supervisory Board,
- if there were sales in previous periods, the frequency, volume, timing and reasons for those sales as well as expectations regarding future sales activities.

As a result, the balance sheet items allocated to the "hold to collect" business model are: "Central bank balances", "Loans and advances to banks", "Loans and advances to customers" and the financial instruments in the "Other assets" position on the balance sheet. "Investment securities" are allocated to the "hold to collect" or the "hold to collect and sell" business model.

Subsequent recognition of financial liabilities is at amortised cost; only derivative financial liabilities are recognised at fair value through profit or loss.

##### *(a) Financial assets and liabilities at amortised costs*

A financial asset is classified "at amortised cost" when the financial asset is assigned to the "hold to collect" business model with the objective to solely collect contractual cash flows through interest and principal payments (SPPI conform). The review of the SPPI criterion is a discretionary decision of the Management. The financial assets arise when the group provides debt capital directly to a contracting party.

These financial assets are initially recognised at fair value plus transaction costs; subsequently they are measured at amortised cost using the effective interest method. Expected credit losses (ECL) are recognised using a three-stage model (see note 13). If the amount of the impairment loss decreases, the impairment allowance is reduced accordingly, and the amount of the reduction is recognised in the consolidated



statement of profit or loss. The upper limit on the reduction of the impairment is equal to the amortised costs which would have been incurred as of the valuation date if there had not been any impairment. These financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been substantially modified, or we have transferred substantially all risks and rewards of ownership. In addition, when loans and receivables are restructured with substantially different terms and conditions, the original financial asset is derecognised and replaced with the new financial asset.

Financial liabilities at amortised cost are recognised initially at fair value net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest method. Any difference between proceeds net of transaction costs and the redemption value is recognised in the consolidated statement of profit or loss over the period of the debt instrument. Financial liabilities at amortised cost are derecognised when they are extinguished – that is, when the obligation is settled, cancelled or expired.

*(b) Financial assets at fair value with changes in fair value recognised in other comprehensive income*

A financial asset is classified and recognised as "fair value through other comprehensive income" ("FVOCI"), if the financial asset is allocated to the "hold to collect and sell" business model.

In general, part of "Investment securities" are allocated to this business model. The cash flow criterion is checked individually. Investment securities of the ProCredit group fulfil the cash flow criterion (SPPI conform) but can be sold if required. Furthermore, a small amount of shares included under the balance sheet position "Other assets" are classified as FVOCI. There is no intention to trade or sell these shares.

At initial recognition, the FVOCI financial instruments are recorded at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently they are carried at fair value. Gains and losses arising from changes in fair value are recognised in the consolidated statement of other comprehensive income under "Revaluation reserve". If the financial asset is derecognised (see note 13 for details on impairment), the cumulative gain or loss previously recognised in the "Revaluation reserve" is recognised in the consolidated statement of profit or loss. Interest calculated using the effective interest rate method and foreign currency gains and losses on monetary assets classified as FVOCI financial instruments are recognised in the consolidated statement of profit or loss. For the FVOCI equity instruments, any dividend payments are recognised in the consolidated statement of profit or loss, but not the accumulated value change on derecognition (no recycling).

Purchases and sales of FVOCI financial instruments are recorded as of the trade date. They are derecognised when the rights to receive cash flows from the financial assets have expired or been significantly modified, or when we have transferred substantially all risks and rewards of ownership.

*(c) Financial assets and financial liabilities at fair value through profit or loss*

Derivatives with a positive fair value at the balance sheet date are carried as financial assets and reported under "Derivative financial assets". Derivatives with a negative fair value are carried as financial liabilities and are reported under "Derivative financial liabilities". We designate certain derivatives as hedging instruments in qualifying hedging relationships (hedge accounting) in accordance with IFRS 9. At the inception of the hedging relationship, we formally document the relationship between the hedging instrument(s) and hedged item(s), including risk management objectives and strategies for undertaking the hedge, and the method of assessing effectiveness. We assess compliance with the effectiveness requirements both at the inception of the hedging relationship and on an ongoing basis.

Derivative financial instruments are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit or loss. Purchases and sales of derivative financial instruments are recognised on the trade date – the date on which the group commits to purchase or sell the instrument. Subsequently, the financial instruments are carried at fair value. Gains and losses arising from changes in their fair value are immediately recognised in the consolidated statement of profit or loss of the period.

Derivative financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been significantly modified, or where the group has transferred legal rights and substantially all risks and rewards of ownership. Derivative financial liabilities are derecognised when they are extinguished – that is, when the obligation is settled, cancelled or expired.

## 5 Foreign currency translation

### *(a) Transactions in foreign currency*

Transactions in foreign currencies are translated into the respective functional currencies of the group companies at the exchange rates prevailing on the date of the transaction. The financial statements of the local companies are prepared in the local currency which corresponds to the functional currency there.

Foreign currency monetary assets and liabilities are translated using the closing exchange rates on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss (result from foreign exchange transactions).

Foreign non-monetary items measured at amortised cost are translated with the historical exchange rate as at the date of the transaction.

### *(b) Group companies*

The financial statements of all group entities (none of which operate in an economy subject to hyperinflation) whose functional currency is not the euro are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that statement of financial position.
- Income and expenses are translated at average exchange rates of the period.
- All differences resulting from the translation of net investments in foreign subsidiaries are recognised in the "Translation reserve" in equity. Upon disposal of a foreign subsidiary, the accumulated translation differences are reclassified from equity to the consolidated statement of profit or loss.

## Result for the financial year

### 6 Net interest income

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Interest income from		
Central bank balances	41,110	37,030
Loans and advances to banks	17,944	11,491
Investment securities FVOCI	15,287	10,874
Investment securities AC	36,301	36,181
Loans and advances to customers	472,240	429,561
<b>Interest income (effective interest method)</b>	<b>582,882</b>	<b>525,137</b>
Interest income from		
Derivative financial assets	5,326	4,526
Prepayment penalty	953	861
<b>Other interest income</b>	<b>6,279</b>	<b>5,387</b>
Interest expenses on		
Liabilities to banks*	50,165	58,197
Derivative financial liabilities	3,073	2,625
Liabilities to customers*	153,429	117,435
Debt securities	3,743	5,087
Subordinated debt	20,221	9,724
Unwinding of provisions*	292	231
<b>Interest expenses</b>	<b>230,922</b>	<b>193,300</b>
<b>Net interest income</b>	<b>358,238</b>	<b>337,224</b>

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

Interest income from our green loan portfolio amounts to EUR 83.4 million (2023: EUR 75.5 million). The green loan portfolio includes financing for investments in energy efficiency, renewable energies or other environmentally friendly technologies.

Interest income and expenses are recognised in the consolidated statement of profit or loss and reported on an accrual basis. Net interest income is calculated on the gross book value of a financial asset; for financial assets in Stage 3, net interest income is calculated on the net book value of a financial asset. Payments received in respect of written-off loans are not recognised in net interest income, but rather under "Loss allowance".

## 7 Net fee and commission income

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Fee and commission income from		
Payment services	33,895	31,181
Debit/credit cards	23,136	20,286
Account maintenance fee	22,609	22,213
Letters of credit and guarantees	8,567	7,822
Others	7,376	6,328
<b>Fee and commission income</b>	<b>95,583</b>	<b>87,831</b>
Fee and commission expenses on		
Payment services	5,449	5,384
Debit/credit cards	22,995	18,411
Account maintenance fee	2,310	1,977
Letters of credit and guarantees	5,475	4,355
Others	187	178
<b>Fee and commission expenses</b>	<b>36,417</b>	<b>30,306</b>
<b>Net fee and commission income</b>	<b>59,166</b>	<b>57,525</b>

Fee and commission income and expenses are recognised on the basis of the agreed amount payable. Income and expenses are generally recognised at a point in time.

## 8 Result from foreign exchange transactions

This position refers to the results of foreign currency exchange with and for customers. We do not engage in foreign currency trading on our own account. This position also includes unrealised foreign currency revaluation effects.

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Currency exchange	32,399	27,733
Net gains and losses from FX revaluation	-505	257
<b>Result from foreign exchange transactions</b>	<b>31,894</b>	<b>27,989</b>

## 9 Result from derivative financial instruments and hedging relationships

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Result from revaluation	-806	-1,192
Result from hedging relationships	-298	-586
<b>Result from derivative financial instruments and hedging relationships</b>	<b>-1,104</b>	<b>-1,778</b>

The result from derivative financial instruments and hedging relationships is derived primarily from changes in interest rates.

## 10 Net other operating income

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Other operating income from		
Reversal of provisions	1,573	456
Sale of repossessed properties	1,670	1,548
Sale of property, plant and equipment	532	877
IT-services	4,050	4,993
Rental of investment properties	610	637
Others*	7,006	4,865
<b>Other operating income</b>	<b>15,441</b>	<b>13,375</b>
Other operating expenses for		
Deposit insurance	10,631	9,268
Banking supervision*	2,428	2,198
Disposal of property, plant and equipment	189	1,294
Impairment of repossessed properties	999	1,485
Administration of repossessed properties	373	269
Credit recovery services and solvency checks	709	742
Impairment of goodwill	-	383
Litigation settlements	1,676	2,019
Provisions for non-financial off-balance sheet transactions	6	596
Others*	2,322	3,222
<b>Other operating expenses</b>	<b>19,333</b>	<b>21,475</b>
<b>Net other operating result</b>	<b>-3,892</b>	<b>-8,099</b>

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

The ProCredit group received public funding in the 2024 financial year totalling EUR 24 thousand (2023: EUR 94 thousand).

## 11 Personnel expenses and employees

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Salary expenses	120,088	101,414
Social security expenses	17,015	13,692
Post-employment benefits plans (Defined contribution plans)	4,371	3,671
Post-employment benefits plans (Defined benefit plans)	1,472	59
Other employee benefits	3,821	1,806
<b>Personnel expenses</b>	<b>146,767</b>	<b>120,642</b>

The total remuneration of the Management Board of ProCredit Holding consists of short-term benefits and amounted to EUR 2,297 thousand for the entire financial year (2023: EUR 1,711 thousand). The total remuneration of ProCredit Holding's Supervisory Board within the ProCredit group during the financial year amounts to EUR 870 thousand (2023: EUR 385 thousand). Further details on remuneration for the Management Board and Supervisory Board are provided in the remuneration report, which is published on the website of ProCredit Holding.

The number of employees is broken down according to the following segments:

	2024		2023	
	Average	Year end	Average	Year end
South Eastern Europe	2,531	2,661	2,041	2,142
Eastern Europe	911	972	767	792
South America	358	351	330	334
Germany	615	653	551	566
<b>Total</b>	<b>4,415</b>	<b>4,637</b>	<b>3,689</b>	<b>3,834</b>

## 12 Administrative expenses

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Depreciation fixed and intangible assets (incl. impairment)	27,245	23,515
IT expenses	31,846	25,034
Office space-related expenses	16,415	15,343
Non-profit tax	23,921	18,201
Legal and consulting fees	13,839	11,141
Marketing, advertising and representation	12,853	10,640
Transport	6,210	5,268
Other personnel-related expenses (incl. recruitment & training)	12,173	7,240
Insurances	3,684	4,008
Expenses for short-term leases	1,723	1,530
Expenses for leases of low-value items	514	437
Expenses for variable lease payments	203	178
Other administrative expenses	5,379	3,802
<b>Administrative expenses</b>	<b>156,005</b>	<b>126,337</b>

Legal and consulting fees include the following expenses for the total fee charged by the auditor of ProCredit Holding:

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Audit of financial statements	1,257	746
Tax advisory services	-	-
Other confirmatory services	320	116
Other services	-	-
<b>Group auditor expenses</b>	<b>1,577</b>	<b>862</b>

## 13 Loss allowances

We establish loss allowances in an amount equivalent to the expected loss for all financial assets recognised at amortised cost, for investment securities recognised at fair value with changes in fair value reported in other comprehensive income (FVOCI), and for contingent liabilities. A three-stage model is used to report loss allowances. Estimates and assumptions are particularly necessary for determining which future-related macroeconomic factors are to be included. Furthermore, discretionary decisions are made when determining the probability of occurrence for various scenarios. Additional disclosures with regard to the nature and extent of risks arising from financial instruments, and particularly default risks, are presented in the risk report as part of the combined management report.



The ProCredit group sets aside loss allowances for the balance sheet items "Central bank balances", "Loans and advances to banks", "Investment securities", "Loans and advances to customers", for the financial assets under "Other assets" and for off-balance sheet transactions. These are recognised at net value within the corresponding balance sheet position; the exceptions are "Investment securities" recognised at fair value and off-balance sheet transactions. The loss allowance for investment securities at fair value is recognised through profit or loss directly in shareholders' equity under "Revaluation reserve". Loss allowances for off-balance sheet transactions are reported under the balance sheet position "Provisions".

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Change in loss allowances	6,813	28,475
Recovery of written-off loans	-12,645	-13,675
Direct write-offs	678	713
<b>Loss allowance</b>	<b>-5,154</b>	<b>15,513</b>

### *Change in loss allowances*

Recognition of loss allowances uses a three-stage model based on expected credit losses. Allocation to stages requires discretionary decisions to be made with regard to the definition of default, stage transfers and the determination of criteria as to whether there has been a significant increase in credit risk since recognition in the balance sheet:

- Stage 1: All financial assets are allocated to Stage 1 upon recognition, with the exception of those categorised as POCI (purchased or originated credit impaired). We establish loss allowances in an amount equivalent to the expected credit losses during a maximum of 12 months following the balance sheet date, insofar as there is no significant increase in credit risk since initial recognition.
- Stage 2: If credit risk increases significantly, the assets are classified as Stage 2 and loss allowances are established in an amount equivalent to the expected credit losses over the entire remaining maturity.
- Stage 3: Impaired financial assets are classified as Stage 3 and loss allowances are likewise established in an amount equivalent to the expected credit losses over the entire remaining maturity. For significant exposures, loss allowances are determined individually on the basis of recoverable cash flows. For insignificant exposures, loss allowances are determined on the basis of portfolio-based parameters. Interest income is recognised on the net book value (with consideration of loss allowances).

Financial assets which are already impaired at initial recognition (POCI) are reported as part of the impaired exposures. These financial assets are initially recognised at fair value and thus no loss allowances are established. In subsequent periods, changes in the expected loss over the entire remaining maturity are recognised as an expense in the consolidated statement of profit or loss.

A non-substantial modification exists if a financial asset is modified, due to a change in creditworthiness, without derecognition. The modification gain or loss is recognised in "Change in loss allowances". The modification gain or loss is equal to the difference between the original gross book value and the present value, discounted at the original effective interest rate, of the contractual cash flows under the modified terms.

Migration between the stages is possible in both directions (except for POCI), provided the grounds for the prior migration no longer exist. In the event that credit risk decreases, loss allowances already recorded are reduced.

For the "Other assets" position, loss allowances are established using the simplified approach. As a rule, loss allowances are recorded at initial recognition and on each subsequent reporting date in an amount

equivalent to the expected credit losses during the total maturity period. For these short-term assets, the total maturity period has been simplified as 12 months.

#### *Recoveries of written-off loans and direct write-offs*

When a loan is uncollectible, it is written off considering the related loss allowance which has been set aside (utilisation). Such write-offs occur after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts which have been written off are recognised in the consolidated statement of profit or loss under "Loss allowances". Uncollectible loans for which no loss allowances have been set aside in full are recognised in profit or loss as direct write-offs.

### **14 Segment reporting**

The group aggregates its operations into reporting segments according to geographical regions. Each of these segments exhibits individual risk and return characteristics, as described in the combined management report. In general, business activities in all countries of operations are carried out with local customers, so that the respective items are allocated to the country in which the subsidiary is based. The operating income of the parent company is derived mainly from within the group. With the exception of the relationship between the German segment and the subsidiaries, there are no significant income or expense items arising from business dealings between segments. All income and expense items between the segments are disclosed separately in the following table. These are primarily interest income and expenses derived from loans extended by the parent company to the subsidiaries. The underlying interest rates are established at market conditions. Additionally, inter-segment transactions include the provision of centralised services by ProCredit Holding, IT services, staff training and dividends transferred from the subsidiaries to ProCredit Holding.

1.1.-31.12.2024

in '000 EUR	South Eastern Europe	Eastern Europe	South America	Germany	Consolidation	Group
Interest income (effective interest method)	342,092	167,477	55,034	53,332	-35,054	582,882
<i>of which intercompany transactions</i>	3,593	8,648	32	22,781		
Other interest income	4,274	131	-	7,547	-5,674	6,279
<i>of which intercompany transactions</i>	3,453	-	-	2,221		
Interest expenses	96,379	73,549	38,608	63,105	-40,719	230,922
<i>of which intercompany transactions</i>	8,709	5,312	4,997	21,701		
<b>Net interest income</b>	<b>249,987</b>	<b>94,059</b>	<b>16,426</b>	<b>-2,226</b>	<b>-8</b>	<b>358,238</b>
Fee and commission income	74,521	14,768	2,383	16,206	-12,295	95,583
<i>of which intercompany transactions</i>	422	28	-	11,845		
Fee and commission expenses	36,068	8,411	1,778	2,468	-12,309	36,417
<i>of which intercompany transactions</i>	8,182	3,539	418	169		
<b>Net fee and commission income</b>	<b>38,453</b>	<b>6,358</b>	<b>605</b>	<b>13,737</b>	<b>14</b>	<b>59,166</b>
Result from foreign exchange transactions	17,734	10,934	224	3,192	-190	31,894
<i>of which intercompany transactions</i>	180	-	-	10		
Result from derivative financial instruments and hedging relationships	552	-73	-	-1,583	-	-1,104
<i>of which intercompany transactions</i>	-1,287	-	-	1,287		
Result on derecognition of financial assets measured at amortised cost	6	-11	-	-	-	-4
Net other operating result	-1,476	1,306	5,294	149,526	-158,542	-3,892
<i>of which intercompany transactions</i>	4,514	2,577	6,441	145,011		
<b>Operating income</b>	<b>305,257</b>	<b>112,574</b>	<b>22,549</b>	<b>162,646</b>	<b>-158,727</b>	<b>444,299</b>
Personnel expenses	67,123	21,222	10,240	48,183	-	146,767
Administrative expenses	105,039	40,145	15,201	88,281	-92,661	156,005
<i>of which intercompany transactions</i>	33,617	16,934	4,755	37,355		
Loss allowance	2,061	-9,937	2,776	-53	-	-5,154
<b>Profit before tax</b>	<b>131,034</b>	<b>61,145</b>	<b>-5,668</b>	<b>26,236</b>	<b>-66,066</b>	<b>146,681</b>
Income tax expenses	17,254	23,228	-208	2,098	-	42,372
<b>Profit of the period</b>	<b>113,781</b>	<b>37,917</b>	<b>-5,461</b>	<b>24,138</b>	<b>-66,066</b>	<b>104,309</b>
<i>Profit attributable to ProCredit shareholders</i>						104,309

## 1.1.-31.12.2023

in '000 EUR	South Eastern Europe	Eastern Europe	South America	Germany	Consolidation	Group
Interest income (effective interest method)	289,026	174,909	50,612	47,678	-37,087	525,137
<i>of which intercompany transactions</i>	4,671	7,466	38	24,913		
Other interest income	3,452	130	-	6,271	-4,467	5,387
<i>of which intercompany transactions</i>	2,721	-	-	1,745		
Interest expenses	73,760	79,148	31,371	50,590	-41,568	193,300
<i>of which intercompany transactions</i>	10,926	4,945	6,187	19,509		
<b>Net interest income</b>	<b>218,718</b>	<b>95,891</b>	<b>19,241</b>	<b>3,359</b>	<b>14</b>	<b>337,224</b>
Fee and commission income	67,379	14,876	2,008	15,829	-12,261	87,831
<i>of which intercompany transactions</i>	447	9	-	11,805		
Fee and commission expenses	30,591	7,923	1,844	2,208	-12,260	30,306
<i>of which intercompany transactions</i>	7,811	3,879	433	136		
<b>Net fee and commission income</b>	<b>36,788</b>	<b>6,953</b>	<b>164</b>	<b>13,622</b>	<b>-1</b>	<b>57,525</b>
Result from foreign exchange transactions	16,923	9,477	260	1,311	18	27,989
<i>of which intercompany transactions</i>	191	0	-	-210		
Result from derivative financial instruments and hedging relationships	-850	-	-	-929	0	-1,778
<i>of which intercompany transactions</i>	-4,107	-	-	4,107		
Result on derecognition of financial assets measured at amortised cost	97	-452	-	-	-	-355
Net other operating result	-6,751	-143	438	141,609	-143,252	-8,099
<i>of which intercompany transactions</i>	3,438	2,178	1,752	135,883		
<b>Operating income</b>	<b>264,926</b>	<b>111,726</b>	<b>20,103</b>	<b>158,972</b>	<b>-143,220</b>	<b>412,506</b>
Personnel expenses	54,854	18,778	8,116	38,895	-	120,642
Administrative expenses	89,268	30,232	12,248	57,133	-62,544	126,337
<i>of which intercompany transactions</i>	26,867	12,794	4,720	18,162		
Loss allowance	12,358	1,524	2,024	-394	-	15,513
<b>Profit before tax</b>	<b>108,445</b>	<b>61,192</b>	<b>-2,284</b>	<b>63,338</b>	<b>-80,677</b>	<b>150,015</b>
Income tax expenses	13,736	20,403	350	2,154	-	36,643
<b>Profit of the period</b>	<b>94,709</b>	<b>40,790</b>	<b>-2,634</b>	<b>61,184</b>	<b>-80,677</b>	<b>113,372</b>
<i>Profit attributable to ProCredit shareholders</i>						113,372

## 31.12.2024

in '000 EUR	Total assets excluding taxes	Total liabilities excluding taxes	Contingent liabilities
South Eastern Europe	7,502,515	6,732,436	1,085,748
Eastern Europe	2,037,352	1,759,986	192,205
South America	697,248	655,920	19,763
Germany	2,012,395	1,225,512	11,607
Consolidation	-1,518,163	-702,246	-
<b>Total</b>	<b>10,731,347</b>	<b>9,671,608</b>	<b>1,309,323</b>

## 31.12.2023

in '000 EUR	Total assets excluding taxes	Total liabilities excluding taxes	Contingent liabilities
South Eastern Europe	6,868,204	6,163,832	911,615
Eastern Europe	1,821,410	1,596,120	183,792
South America	597,627	551,082	20,103
Germany	2,141,323	1,340,795	3,943
Consolidation	-1,695,930	-911,612	-
<b>Total</b>	<b>9,732,633</b>	<b>8,740,216</b>	<b>1,119,452</b>

## 15 Earnings per share

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Profit of the period	104,309	113,372
Profit attributable to ProCredit shareholders	104,309	113,372
Weighted average number of ordinary shares	58,898,492	58,898,492
<b>Earnings per share* (in EUR)</b>	<b>1.77</b>	<b>1.92</b>

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

## Notes to the consolidated statement of financial position

### 16 Cash and central bank balances

in '000 EUR	31.12.2024	31.12.2023
Cash	201,316	219,879
Central bank balances	1,966,330	2,133,061
Loss allowances for central bank balances	-3,952	-5,324
<b>Cash and central bank balances</b>	<b>2,163,694</b>	<b>2,347,616</b>
Loss allowances for central bank balances	3,952	5,324
Loans and advances to banks with a maturity up to 3 months	507,811	366,764
Investment securities with a maturity up to 3 months	390,635	383,652
Central bank balance which do not qualify as cash or cash equivalents for the statement of cash flows	-728,585	-615,780
<b>Cash and cash equivalents</b>	<b>2,337,508</b>	<b>2,487,576</b>

Balances with central banks include minimum reserves that are not available for our day-to-day business and are thus not recognised under cash and cash equivalents in the cash flow statement.

The changes in central bank balances and the respective loss allowances are presented in the following tables.

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross outstanding amount as of 1.1.2024</b>	<b>2,104,334</b>	<b>28,727</b>	-	-	<b>2,133,061</b>
New financial assets originated	187,618	-	-	-	187,618
Derecognition	-233,193	-	-	-	-233,193
Transfers between stages	-	-	-	-	-
Increase and decrease in exposure (excluding new financial assets originated)	-106,702	-27,822	-	-	-134,524
Exchange rate movements	14,273	-904	-	-	13,368
<b>Gross outstanding amount as of 31.12.2024</b>	<b>1,966,330</b>	<b>0</b>	-	-	<b>1,966,330</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2024</b>	<b>-4,174</b>	<b>-1,149</b>	-	-	<b>-5,324</b>
New financial assets originated	-19	-	-	-	-19
Release due to derecognition	6	-	-	-	6
Transfers between stages	-	-	-	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	231	1,113	0	0	1,344
Exchange rate movements and others	3	36	-	-	39
<b>Loss allowances as of 31.12.2024</b>	<b>-3,952</b>	<b>-</b>	-	-	<b>-3,952</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross outstanding amount as of 1.1.2023</b>	<b>1,722,868</b>	<b>48,249</b>	-	-	<b>1,771,117</b>
New financial assets originated	226,161	-	-	-	226,161
Derecognition	-166,413	-16,162	-	-	-182,574
Transfers between stages	-	-	-	-	-
Increase and decrease in exposure (excluding new financial assets originated)	319,347	-420	-	-	318,927
Exchange rate movements	2,370	-2,940	-	-	-570
<b>Gross outstanding amount as of 31.12.2023</b>	<b>2,104,334</b>	<b>28,727</b>	-	-	<b>2,133,061</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2023</b>	<b>-976</b>	<b>-2,123</b>	-	-	<b>-3,098</b>
New financial assets originated	-2,333	-	-	-	-2,333
Release due to derecognition	1	796	-	-	797
Transfers between stages	-	-	-	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	-853	21	-	-	-832
Exchange rate movements and others	-13	156	-	-	143
<b>Loss allowances as of 31.12.2023</b>	<b>-4,174</b>	<b>-1,149</b>	-	-	<b>-5,324</b>

### 17 Loans and advances to banks

The changes in loans and advances to banks and the respective loss allowances are presented in the following tables.

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross outstanding amount as of 1.1.2024</b>	<b>372,147</b>	-	<b>563</b>	-	<b>372,710</b>
New financial assets originated	2,480,191	-	-	-	2,480,191
Derecognition	-2,390,142	-	-42	-	-2,390,184
Transfers between stages	14	-	-14	-	-
Increase and decrease in exposure (excluding new financial assets originated)	49,198	-	-	-	49,198
Exchange rate movements	2,187	-	-67	-	2,120
<b>Gross outstanding amount as of 31.12.2024</b>	<b>513,595</b>	-	<b>440</b>	-	<b>514,035</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2024</b>	<b>-6</b>	-	<b>-563</b>	-	<b>-570</b>
New financial assets originated	-24	-	-	-	-24
Release due to derecognition	20	-	-	-	20
Transfers between stages	-14	-	14	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	16	-	-	-	16
Exchange rate movements and others	0	-	109	-	109
<b>Loss allowances as of 31.12.2024</b>	<b>-9</b>	-	<b>-440</b>	-	<b>-449</b>



in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross outstanding amount as of 1.1.2023</b>	<b>280,470</b>	-	<b>703</b>	-	<b>281,174</b>
New financial assets originated	1,770,995	-	-	-	1,770,995
Derecognition	-1,680,433	-	-	-	-1,680,433
Transfers between stages	-14	-	14	-	-
Increase and decrease in exposure (excluding new financial assets originated)	1,459	-	-1	-	1,458
Exchange rate movements	-330	-	-153	-	-483
<b>Gross outstanding amount as of 31.12.2023</b>	<b>372,147</b>	-	<b>563</b>	-	<b>372,710</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2023</b>	<b>-17</b>	-	<b>-703</b>	-	<b>-721</b>
New financial assets originated	-13	-	-	-	-13
Release due to derecognition	15	-	-	-	15
Transfers between stages	14	-	-14	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	-4	-	1	-	-3
Exchange rate movements and others	0	-	153	-	153
<b>Loss allowances as of 31.12.2023</b>	<b>-6</b>	-	<b>-563</b>	-	<b>-570</b>

## 18 Derivative financial assets and liabilities

in '000 EUR	31.12.2024			31.12.2023		
	Nominal amount	Fair value		Nominal amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Foreign exchange derivatives						
Swaps	121,912	537	11	114,789	78	381
Forwards	6,601	-	1	8,026	0	0
Interest rate derivatives						
Interest rate swaps (hedging instruments)	82,116	5,123	1,234	86,634	6,508	953
Interest rate swaps (others)	14,981	999	-	16,332	1,496	-
<b>Derivative financial assets and liabilities</b>	<b>225,609</b>	<b>6,660</b>	<b>1,246</b>	<b>225,781</b>	<b>8,083</b>	<b>1,334</b>

Derivatives are not netted in the statement of financial position. Under existing framework agreements for derivative trading, derivative financial assets and liabilities can be offset against each other if the counterparty defaults (global netting agreements). The following table presents the potential netting volume:

in '000 EUR	31.12.2024		31.12.2023	
	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Gross presentation	6,660	1,246	8,083	1,334
Potential netting volume	-13	-13	-48	-48
Potential net amount	6,647	1,233	8,035	1,286

We designate interest rate swaps as hedging instruments in hedging relationships (hedge accounting) in accordance with IFRS 9. These are used to hedge against changes in the fair value of fixed-interest loans or fixed-interest irrevocable loan commitments attributable to interest rate risk (micro fair value hedge). Gains or losses arising from changes in the fair value of interest rate swaps are recognised in the consolidated statement of profit or loss under "Result from derivative financial instruments and hedging relationships".

Gains or losses arising from changes in the fair value of hedged items attributable to interest rate risk are also recognised in the consolidated statement of profit or loss under "Result from derivative financial instruments and hedging relationships". The carrying amount of hedged items is adjusted accordingly.

With regard to the risk management strategy, including the management of interest rate risk in ProCredit group, we refer to the explanations in the risk report as part of the combined management report.

We hedge the fixed-interest underlying transactions with pay-fixed/receive-floating interest rate swaps in the context of micro-hedges. Underlying and hedging transactions enter into a hedging relationship in full. The critical terms of the hedging instrument and the hedged item match or are closely aligned. The assessment of the prospective effectiveness is therefore based on a qualitative assessment of these critical terms ("critical terms match method").

The main causes of possible hedge ineffectiveness are:

- early repayment or different repayment dates for the hedged item and the hedging instrument,
- the use of different yield curves to discount the hedged item and the hedging instrument,
- the effect from interest rate premiums on the variable side of an interest rate swap.

The remaining maturities of interest rate swaps as fair value hedges related to interest rate risk on loans and irrevocable loan commitments are broken down as follows:

in '000' EUR	Remaining maturity as of 31.12.2024			Remaining maturity as of 31.12.2023		
	Up to 1 year	1-5 years	More than 5 years	Up to 1 year	1-5 years	More than 5 years
Nominal amount	-	-	82,116	-	-	86,634
Average fixed interest rate	-	-	3.2%	-	-	3.2%

The hedging instruments and the items used to hedge the fair value with respect to interest rate risk, as well as hedge ineffectiveness, are shown in the following tables:

in '000 EUR	31.12.2024			
	Nominal amount	Carrying amount		Change in fair value used for recognising hedge ineffectiveness for the period
		Assets	Liabilities	
<b>Hedging instruments</b>				
Interest rate swaps	82,116	5,123	1,234	-1,614

in '000 EUR	31.12.2024			
	Carrying or nominal amount	Assets		Change in value used for recognising hedge ineffectiveness for the period
		Accumulated amount of fair value hedge adjustments included in the carrying amount		
<b>Hedged items</b>				
Loans and irrevocable credit commitments	77,784		-4,285	1,316

in '000 EUR	1.1.-31.12.2024
<b>Hedge ineffectiveness recognised in profit or loss</b>	-298

31.12.2023				
in '000 EUR	Nominal amount	Carrying amount		Change in fair value used for recognising hedge ineffectiveness for the period
		Assets	Liabilities	
<b>Hedging instruments</b>				
Interest rate swaps	86,634	6,508	953	-4,916

31.12.2023				
in '000 EUR	Carrying or nominal amount	Assets		Change in value used for recognising hedge ineffectiveness for the period
		Accumulated amount of fair value hedge adjustments included in the carrying amount		
<b>Hedged items</b>				
Loans and irrevocable credit commitments	81,259		-5,601	4,330

in '000 EUR	1.1.-31.12.2023
<b>Hedge ineffectiveness recognised in profit or loss</b>	-586

The interest rate swaps are included in the consolidated statement of financial position under "Derivative financial assets" and "Derivative financial liabilities". Loans are included in the consolidated statement of financial position under "Loans and advances to customers". Irrevocable loan commitments are part of contingent liabilities. Hedge ineffectiveness is included in the consolidated statement of profit or loss under "Result from derivative financial instruments and hedging relationships".

### 19 Investment securities

in '000 EUR	31.12.2024			31.12.2023		
	Investment securities at FVOCI	Investment securities at AC	Total	Investment securities at FVOCI	Investment securities at AC	Total
Fixed interest rate securities	439,912	471,951	911,863	334,546	364,419	698,965
Variable interest rate securities	22,414	33,023	55,437	28,741	23,999	52,741
Loss allowance		-1,656	-1,656		-1,163	-1,163
<b>Investment securities</b>	<b>462,326</b>	<b>503,318</b>	<b>965,644</b>	<b>363,287</b>	<b>387,255</b>	<b>750,542</b>

The changes in investment securities and the respective loss allowances are presented in the following tables. All investment securities are classified as Stage 1.

in '000 EUR	2024			2023		
	Investment securities at FVOCI	Investment securities at AC	Total	Investment securities at FVOCI	Investment securities at AC	Total
<b>Gross outstanding amount as of 1.1.</b>	<b>363,287</b>	<b>388,418</b>	<b>751,705</b>	<b>264,412</b>	<b>215,813</b>	<b>480,225</b>
New financial assets originated	365,594	862,644	1,228,238	226,094	641,885	867,980
Derecognition	-255,363	-754,289	-1,009,652	-130,126	-472,551	-602,676
Increase and decrease in exposure (excluding new financial assets originated)	-11,260	6,440	-4,820	3,046	5,182	8,228
Exchange rate movements	68	1,761	1,829	-139	-1,912	-2,051
<b>Gross outstanding amount as of 31.12.</b>	<b>462,326</b>	<b>504,974</b>	<b>967,300</b>	<b>363,287</b>	<b>388,418</b>	<b>751,705</b>

in '000 EUR	2024			2023		
	Investment securities at FVOCI	Investment securities at AC	Total	Investment securities at FVOCI	Investment securities at AC	Total
<b>Loss allowances as of 1.1.</b>	<b>-73</b>	<b>-1,163</b>	<b>-1,236</b>	<b>-110</b>	<b>-57</b>	<b>-167</b>
New financial assets originated	-66	-1,720	-1,787	-29	-1,222	-1,250
Release due to derecognition	24	764	788	45	116	161
Increase and decrease in credit risk (excluding new financial assets originated)	17	442	459	21	-1	20
Exchange rate movements and others	-	21	21	0	1	1
<b>Loss allowances as of 31.12.</b>	<b>-98</b>	<b>-1,656</b>	<b>-1,755</b>	<b>-73</b>	<b>-1,163</b>	<b>-1,236</b>

## 20 Loans and advances to customers

in '000 EUR	31.12.2024			
	Gross outstanding amount	Loss allowance	Net outstanding amount	%
<b>Business loans</b>	<b>6,182,368</b>	<b>-166,002</b>	<b>6,016,366</b>	<b>88.1%</b>
Wholesale and retail trade	1,711,836	-30,832	1,681,004	24.6%
Agriculture, forestry and fishing	1,070,607	-38,133	1,032,474	15.1%
Production	1,307,519	-45,073	1,262,446	18.5%
Transportation and storage	319,976	-7,325	312,652	4.6%
Electricity, gas, steam and air conditioning supply	366,837	-16,972	349,865	5.1%
Construction and real estate	649,265	-10,123	639,142	9.4%
Hotel, restaurant and catering	213,374	-4,698	208,675	3.1%
Other economic activities	542,954	-12,846	530,108	7.8%
<b>Private loans</b>	<b>827,645</b>	<b>-15,755</b>	<b>811,890</b>	<b>11.9%</b>
Housing	583,885	-8,736	575,149	8.4%
Investment loans	73,480	-1,648	71,832	1.1%
Consumer loans	170,280	-5,371	164,909	2.4%
<b>Total</b>	<b>7,010,013</b>	<b>-181,757</b>	<b>6,828,256</b>	<b>100.0%</b>

31.12.2023

in '000 EUR	Gross outstanding amount	Loss allowance	Net outstanding amount	%
<b>Business loans</b>	<b>5,597,281</b>	<b>-181,314</b>	<b>5,415,967</b>	<b>89.8%</b>
Wholesale and retail trade	1,498,723	-32,068	1,466,655	24.3%
Agriculture, forestry and fishing	1,048,672	-52,650	996,022	16.5%
Production	1,218,697	-43,808	1,174,889	19.5%
Transportation and storage	281,000	-9,318	271,682	4.5%
Electricity, gas, steam and air conditioning supply	367,729	-12,541	355,188	5.9%
Construction and real estate	549,703	-9,991	539,712	9.0%
Hotel, restaurant and catering	192,081	-6,561	185,519	3.1%
Other economic activities	440,675	-14,376	426,299	7.1%
<b>Private loans</b>	<b>629,194</b>	<b>-15,446</b>	<b>613,748</b>	<b>10.2%</b>
Housing	469,950	-9,633	460,316	7.6%
Investment loans	62,040	-2,276	59,764	1.0%
Consumer loans	97,205	-3,538	93,667	1.6%
<b>Total</b>	<b>6,226,475</b>	<b>-196,760</b>	<b>6,029,715</b>	<b>100.0%</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross outstanding amount as of 1.1.2024</b>	<b>5,486,688</b>	<b>570,543</b>	<b>166,985</b>	<b>2,258</b>	<b>6,226,475</b>
New financial assets originated	2,900,681	-	-	370	2,901,051
Modification of contractual cash flows of financial assets	54	127	-120	-	61
Derecognitions	-849,206	-159,768	-26,780	-499	-1,036,254
Write-offs	-	-	-29,170	-130	-29,301
Changes in interest accrual	9,206	-8,553	3,525	-8	4,169
Changes in the principal and disbursement fee	-942,803	-153,252	-8,691	-933	-1,105,679
Transfers to Stage 1	385,053	-383,745	-1,308	-	-
Transfers to Stage 2	-745,110	755,041	-9,931	-	-
Transfers to Stage 3	-8,233	-54,721	62,954	-	-
Exchange rate movements and others	45,485	2,574	1,369	62	49,490
<b>Gross outstanding amount as of 31.12.2024</b>	<b>6,281,814</b>	<b>568,247</b>	<b>158,833</b>	<b>1,119</b>	<b>7,010,013</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2024</b>	<b>-50,912</b>	<b>-48,289</b>	<b>-96,449</b>	<b>-1,109</b>	<b>-196,760</b>
New financial assets originated	-36,980	-	-	-	-36,980
Release due to derecognition	4,267	9,987	11,942	66	26,262
Transfers to Stage 1	-6,334	6,283	51	-	-
Transfers to Stage 2	12,163	-14,463	2,300	-	-
Transfers to Stage 3	140	7,180	-7,320	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	24,865	-9,565	-18,697	631	-2,765
Usage of allowance	-	-	28,465	130	28,596
Exchange rate movements and others	-63	-281	239	-5	-110
<b>Loss allowances as of 31.12.2024</b>	<b>-52,854</b>	<b>-49,147</b>	<b>-79,469</b>	<b>-287</b>	<b>-181,757</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross outstanding amount as of 1.1.2023</b>	<b>5,460,063</b>	<b>447,993</b>	<b>196,721</b>	<b>2,949</b>	<b>6,107,726</b>
New financial assets originated	2,246,927	-	-	69	2,246,996
Modification of contractual cash flows of financial assets	-686	279	-237	-	-645
Derecognitions	-830,352	-128,517	-23,894	-173	-982,935
Write-offs	-	-127	-43,917	-186	-44,229
Changes in interest accrual	11,874	6,793	6,183	-15	24,834
Changes in the principal and disbursement fee	-932,538	-137,413	-14,567	-326	-1,084,844
Transfers to Stage 1	388,434	-386,233	-2,201	-	-
Transfers to Stage 2	-819,230	828,304	-9,074	-	-
Transfers to Stage 3	-8,309	-54,280	62,588	-	-
Exchange rate movements and others	-29,495	-6,257	-4,617	-59	-40,428
<b>Gross outstanding amount as of 31.12.2023</b>	<b>5,486,688</b>	<b>570,543</b>	<b>166,985</b>	<b>2,258</b>	<b>6,226,475</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances as of 1.1.2023</b>	<b>-52,952</b>	<b>-38,583</b>	<b>-122,154</b>	<b>-1,242</b>	<b>-214,930</b>
New financial assets originated	-26,591	-	-	-	-26,591
Release due to derecognition	4,844	6,294	12,543	6	23,686
Transfers to Stage 1	-6,557	6,340	217	-	-
Transfers to Stage 2	17,698	-19,778	2,081	-	-
Transfers to Stage 3	199	6,610	-6,809	-	-
Increase and decrease in credit risk (excluding new financial assets originated)	11,807	-9,895	-29,557	-65	-27,711
Usage of allowance	-	127	43,216	186	43,529
Exchange rate movements and others	639	597	4,015	5	5,256
<b>Loss allowances as of 31.12.2023</b>	<b>-50,912</b>	<b>-48,289</b>	<b>-96,449</b>	<b>-1,109</b>	<b>-196,760</b>

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Amortised cost before modification	113,129	202,368
Net modification	61	-645

With regard to the change in loss allowances, we also refer to the presentation in the risk report as part of the combined management report.

## 21 Property, plant and equipment

in '000 EUR	Land and buildings	Land and buildings (ROU)	Equipment	Equipment (ROU)	Total PPE
<b>Total acquisition costs as of 1.1.2024</b>	<b>120,580</b>	<b>45,915</b>	<b>107,062</b>	<b>476</b>	<b>274,033</b>
Additions	7,898	11,807	15,436	437	35,578
Disposals	-1,910	-4,765	-7,071	-173	-13,919
Exchange rate adjustments	376	194	589	-	1,159
<b>Total acquisition costs as of 31.12.2024</b>	<b>126,944</b>	<b>53,151</b>	<b>116,016</b>	<b>739</b>	<b>296,851</b>
<b>Accumulated depreciation as of 1.1.2024</b>	<b>-38,606</b>	<b>-20,275</b>	<b>-77,421</b>	<b>-309</b>	<b>-136,611</b>
Depreciation	-4,071	-6,869	-9,679	-143	-20,762
Disposals	1,759	4,650	6,863	173	13,445
Exchange rate movements	-139	-169	-486	-	-795
<b>Accumulated depreciation as of 31.12.2024</b>	<b>-41,058</b>	<b>-22,663</b>	<b>-80,723</b>	<b>-279</b>	<b>-144,723</b>
<b>Net book value</b>	<b>85,886</b>	<b>30,488</b>	<b>35,293</b>	<b>461</b>	<b>152,128</b>



in '000 EUR	Land and buildings	Land and buildings (ROU)	Equipment	Equipment (ROU)	Total PPE
<b>Total acquisition costs as of 1.1.2023</b>	<b>122,747</b>	<b>39,051</b>	<b>101,036</b>	<b>425</b>	<b>263,260</b>
Additions	5,182	8,098	12,471	88	25,839
Disposals	-6,188	-1,415	-6,257	-37	-13,897
Exchange rate adjustments	-1,161	181	-188	-	-1,168
<b>Total acquisition costs as of 31.12.2023</b>	<b>120,580</b>	<b>45,915</b>	<b>107,062</b>	<b>476</b>	<b>274,033</b>
<b>Accumulated depreciation as of 1.1.2023</b>	<b>-39,211</b>	<b>-15,709</b>	<b>-74,392</b>	<b>-244</b>	<b>-129,557</b>
Depreciation	-3,821	-5,773	-8,665	-95	-18,354
Disposals	4,038	1,284	5,464	30	10,815
Exchange rate movements	388	-77	173	-	484
<b>Accumulated depreciation as of 31.12.2023</b>	<b>-38,606</b>	<b>-20,275</b>	<b>-77,421</b>	<b>-309</b>	<b>-136,611</b>
<b>Net book value</b>	<b>81,974</b>	<b>25,640</b>	<b>29,641</b>	<b>167</b>	<b>137,423</b>

Property, plant and equipment are stated at acquisition or production cost less scheduled depreciation and impairment losses. Acquisition or production costs include all expenditure directly attributable to the goods. Component parts of an asset are recognised separately if they have different useful lives or have different patterns of use. The acquisition costs of rights-of-use assets (ROU) include the amount of the lease liability, plus all lease payments made at or before provision, initial direct costs and estimated dismantling and removal costs, less any incentives received.

Subsequent purchase or production costs are included in the asset's carrying amount or are recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the Consolidated Statement of Profit or Loss during the current financial period.

Management makes the discretionary decision to depreciate assets on a straight-line basis over the following expected useful lives (unchanged from previous year):

- Buildings 15 – 40 years
- Equipment 2 – 10 years

Leasehold improvements are depreciated over the shorter of rental contract life or expected useful life. The rights of use are amortised on a straight-line basis until the end of the lease term.

In addition, all property, plant and equipment are tested for impairment on an annual basis, or to the extent that events or changes in circumstances indicate that the carrying amount may not be recoverable. Moreover, impairment tests are performed for the cash-generating unit. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Depreciation and impairment are recognised within "Administrative expenses".

## 22 Intangible assets

Intangible assets consist predominantly of software and goodwill. A small amount is related to trademarks.

*(a) Software*

in '000 EUR	2024		2023	
	Developed software	Acquired software	Developed software	Acquired software
<b>Total acquisition costs as of 1.1.</b>	<b>24,731</b>	<b>43,188</b>	<b>21,512</b>	<b>37,457</b>
Additions	6,049	12,026	3,219	7,163
Disposals	-	-1,420	-	-1,342
Exchange rate movements	-	71	-	-89
<b>Total acquisition costs as of 31.12.</b>	<b>30,780</b>	<b>53,866</b>	<b>24,731</b>	<b>43,188</b>
<b>Accumulated depreciation as of 1.1.</b>	<b>-18,690</b>	<b>-29,642</b>	<b>-16,589</b>	<b>-27,957</b>
Depreciation	-3,028	-3,455	-2,101	-3,059
Disposals	-	1,392	-	1,292
Exchange rate movements	-	-56	-	82
<b>Accumulated depreciation as of 31.12.</b>	<b>-21,718</b>	<b>-31,760</b>	<b>-18,690</b>	<b>-29,642</b>
<b>Net book value</b>	<b>9,061</b>	<b>22,105</b>	<b>6,041</b>	<b>13,547</b>

Software is stated at acquisition or production cost less scheduled depreciation and impairment losses. The acquisition or production costs include all expenses to acquire or to develop and bring to use the specific software. Management makes the discretionary decision to amortise software on a straight-line basis over an expected useful life of up to five years. In addition, software is tested for impairment on an annual basis and in response to relevant events or changed circumstances. Moreover, impairment tests are performed for the cash-generating unit. Depreciation and impairment are recognised within "Administrative expenses".

*(b) Goodwill*

in '000 EUR	31.12.2024	31.12.2023
Bulgaria	1,264	1,264
Georgia	1,286	1,263
Kosovo	614	614
<b>Goodwill</b>	<b>3,165</b>	<b>3,142</b>

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Impairment losses are charged to "Net other operating result" in the Consolidated Statement of Profit or Loss.

Goodwill developed as follows:

in '000 EUR	2024	2023
<b>Goodwill as of 1.1.</b>	<b>3,142</b>	<b>3,568</b>
Gross amount as of 1.1.	12,673	12,932
Exchange rate movements	37	-259
Gross amount as of 31.12.	12,710	12,673
Accumulated impairment losses as of 1.1.	-9,531	-9,365
Additions	-	-383
Exchange rate movements	-14	216
Accumulated impairment losses as of 31.12.	-9,545	-9,531
<b>Goodwill as of 31.12.</b>	<b>3,165</b>	<b>3,142</b>

Goodwill is tested for impairment at least on an annual basis or in response to relevant events or changed circumstances. In performing goodwill impairment testing, a discounted cash flow model is used where each subsidiary is defined as an individual cash-generating unit. Management estimates are involved in forecasting future cash flows and in determining the cost of capital. The cash flow projections are based on the current business planning and therefore appropriately reflect future business prospects for a five-year period. Estimated future cash flows are extrapolated in perpetuity due to the long-term perspective of the equity investments, using management's best estimate for determining future net growth rates based on currently observable data and economic projections. The estimated future cash flows are discounted at specific equity discount rates which reflect the risk profile of the individual entity. Goodwill is tested by comparing the respective net present value of future cash flows from a subsidiary (value in use) with the carrying value of its net assets plus goodwill.

The pre-tax discount factors are derived from a pricing model. Assumptions regarding terminal growth are derived from the long-term growth prospects of the economies of the European Union.

	2024			2023		
	Discount Rate	Average growth rate over the next 5 years	Terminal Growth Rate	Discount Rate	Average growth rate over the next 5 years	Terminal Growth Rate
Bulgaria	11.2%	9.1%	2.3%	11.8%	15.5%	2.5%
Georgia	12.4%	21.9%	3.5%	13.0%	7.9%	3.7%
Kosovo	14.0%	9.0%	2.9%	14.3%	12.6%	3.0%
North Macedonia	-	-	-	16.7%	18.7%	2.8%

For cash-generating units, goodwill would only be impaired if the discount rates were to increase by more than 1.0 percentage point (Georgia) or 1.5 percentage points (Bulgaria and Kosovo) or the terminal growth rates were to decrease by more than 2.5 percentage points.

### 23 Income taxes

Income taxes include current taxes and deferred taxes. Income tax expenses are generally recognised in the consolidated statement of profit or loss, except for items that are recognised directly in equity or in other comprehensive income, net of tax.

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the tax authorities. The respective country-specific tax rate is used for the calculation.

Deferred taxes are recognised in full, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the IFRS consolidated financial statements and their tax bases. Deferred tax assets and liabilities are determined using local tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The deferred tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither the profit (before tax) for the period according to IFRS, nor the taxable profit or loss, and does not give rise to equal taxable and deductible differences.

We recognise deferred tax assets only to the extent that it is probable that taxable profits will be available against which the tax-reducing effects can be utilised. The profit projection is based on the current business planning and reflects the Management's view of future business prospects.

Changes in deferred taxes related to fair value revaluation of investment securities or shares are recognised in the consolidated statement of other comprehensive income. The presentation in the consolidated statement of other comprehensive income is made on a gross basis. At the time of sale, the respective deferred taxes are recognised in the consolidated statement of profit or loss together with the deferred gain or loss.

Income tax assets and liabilities of the companies are recognised on a net basis if they relate to the same tax authority.

The tables below show the development of deferred taxes and provide information on the underlying business transactions for deferred tax assets and liabilities:

in '000 EUR	Tax depreciation	Loss allowance	Tax loss carried forward	Provisions	Other temporary differences	Deferred taxes
<b>Net book value as of 1.1.2024</b>	<b>-47</b>	<b>-174</b>	<b>10,530</b>	<b>737</b>	<b>-293</b>	<b>10,752</b>
Considered in Profit or Loss	-471	503	-2	-219	-264	-453
Considered in Other Comprehensive Income	-	-	-	-	324	324
Exchange rate movements	-18	33	-331	-27	-22	-366
<b>Net book value as of 31.12.2024</b>	<b>-536</b>	<b>362</b>	<b>10,196</b>	<b>491</b>	<b>-255</b>	<b>10,258</b>
<i>thereof deferred tax assets</i>	<i>521</i>	<i>608</i>	<i>10,196</i>	<i>438</i>	<i>-212</i>	<i>11,552</i>
<i>thereof deferred tax liabilities</i>	<i>1,057</i>	<i>246</i>	<i>-</i>	<i>-53</i>	<i>43</i>	<i>1,294</i>

in '000 EUR	Tax depreciation	Loss allowance	Tax loss carried forward	Provisions	Other temporary differences	Deferred taxes
<b>Net book value as of 1.1.2023</b>	<b>688</b>	<b>-208</b>	<b>8,116</b>	<b>155</b>	<b>75</b>	<b>8,826</b>
Considered in Profit or Loss	-728	61	3,116	619	-142	2,926
Considered in Other Comprehensive Income	-	-	-	-	-237	-237
Exchange rate movements	-8	-27	-703	-37	11	-763
<b>Net book value as of 31.12.2023</b>	<b>-47</b>	<b>-174</b>	<b>10,530</b>	<b>737</b>	<b>-293</b>	<b>10,752</b>
<i>thereof deferred tax assets</i>	<i>889</i>	<i>-</i>	<i>10,530</i>	<i>719</i>	<i>63</i>	<i>12,201</i>
<i>thereof deferred tax liabilities</i>	<i>936</i>	<i>174</i>	<i>-</i>	<i>-18</i>	<i>356</i>	<i>1,449</i>

The reconciliation between expected and actual tax expenses is shown in the following table:

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Profit before tax	146,681	150,015
Tax expected	32,972	35,961
Tax effects of items which are not deductible		
non-taxable income	-20,717	-28,135
non-tax deductible expenses	10,580	8,581
no tax asset built on tax loss carry-forwards	4,191	3,496
no tax asset built on temporary differences	477	1,339
Current tax of prior periods	18	53
Consolidation effects	14,851	19,339
Tax effects from changes in tax rate	-	-3,993
<b>Income tax expenses</b>	<b>42,372</b>	<b>36,643</b>

The expected tax expense is calculated by applying the weighted average of all local tax rates to the profit before tax. The change in the expected tax rate results from the change in the weighting. Compared to the

previous year, local tax rates have not changed. As in the previous year, there is an increase in the Ukrainian income tax rate for banks in the 2024 financial year to 50% and there continues to be a ban on offsetting losses from the previous year against 2024 profits. From 2025, the income tax rate for banks is expected to be 25% and the option of offsetting losses will be available again.

Tax effects from unused loss carry-forwards largely comprise an amount of EUR 4.2 million for ProCredit Holding. ProCredit Holding does not establish deferred tax assets for losses carried forward, as it will not be possible to make use of these assets within the tax planning period. The accumulated tax loss carry-forwards for which no deferred tax assets were established as of the balance sheet date for ProCredit Holding are EUR 206.8 million (2023: EUR 142.0 million) for corporation income tax and EUR 119.5 million (2023: EUR 44.5 million) for trade tax. In addition, there are further deductible differences of EUR 6.2 million (2023: EUR 5.1 million) at ProCredit Bank Ukraine for which no deferred tax assets have been recognised, as future utilisation is not probable.

The following table shows the main components of income tax expense:

in '000 EUR	1.1.-31.12.2024	1.1.-31.12.2023
Current tax	41,902	39,516
Current tax of prior periods	18	53
Deferred tax relating to origination and reversal of temporary differences and deferred tax effects from tax loss carry forwards	453	-2,926
<b>Income tax expenses</b>	<b>42,372</b>	<b>36,643</b>
Deferred tax on revaluation reserve (charged or credited directly to equity)	323	-237
<b>Total</b>	<b>42,696</b>	<b>36,405</b>

## 24 Other assets

in '000 EUR	31.12.2024	31.12.2023
Non-financial instruments		
Repossessed properties	6,061	5,875
Investment properties	1,413	2,687
Inventory and assets to be sold	522	536
Financial instruments		
Prepayments	23,839	18,948
Accounts receivable (up to one year)	13,386	13,592
Shares	6,323	9,081
Others	17,897	15,603
Loss allowance	-2,392	-1,940
<b>Other assets</b>	<b>67,048</b>	<b>64,382</b>

Repossessed properties are non-financial assets acquired in exchange for credit exposures as part of an orderly realisation and are sold as soon as possible. The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the loan at the date of exchange. All subsequent impairment losses and reversals of impairment up to the original amount are recognised in the consolidated statement of profit or loss in "Net other operating result". Repossessed property can be subdivided into segments as follows:

in '000 EUR	31.12.2024	31.12.2023
South Eastern Europe	2,168	1,057
Eastern Europe	808	1,433
South America	3,085	3,385
<b>Reposessed properties</b>	<b>6,061</b>	<b>5,875</b>

Investment property comprises land and buildings leased to third parties. These are recognised using the acquisition cost model. Gains and losses on disposals (determined by comparing sale proceeds with carrying amount) are recognised in profit or loss at the time of disposal. As in the previous year, no impairment was recognised for investment property during the 2024 financial year.

in '000 EUR	2024	2023
<b>Total acquisition costs as of 1.1.</b>	<b>3,518</b>	<b>4,832</b>
Additions	-	15
Disposals	-1,404	-1,256
Exchange rate adjustments	29	-73
<b>Total acquisition costs as of 31.12.</b>	<b>2,143</b>	<b>3,518</b>
<b>Accumulated depreciation as of 1.1.</b>	<b>-831</b>	<b>-1,180</b>
Depreciation	-61	-112
Disposals	159	443
Exchange rate movements	3	18
<b>Accumulated depreciation 31.12.</b>	<b>-729</b>	<b>-831</b>
<b>Investment properties</b>	<b>1,413</b>	<b>2,687</b>

The fair value of investment property amounts to 1.4 Mio. EUR (2023: EUR 2.7 million). The future minimum lease income of investment property breaks down as follows:

in '000 EUR	31.12.2024	31.12.2023
no later than 1 year	644	573
later than 1 year and no longer than 5 years	104	599
later than 5 years	-	-
<b>Future minimum lease income</b>	<b>748</b>	<b>1,172</b>

The changes in other financial instruments (excluding shares) and the respective loss allowances are presented in the following tables. The simplified approach is used when establishing loss allowances.

in '000 EUR	2024	2023
<b>Gross outstanding amount as of 1.1.</b>	<b>48,143</b>	<b>39,837</b>
New financial assets originated	8,032	6,461
Derecognition	-7,571	-4,993
Increase and decrease in exposure (excluding new financial assets originated)	5,942	6,947
Exchange rate movements	575	-109
<b>Gross outstanding amount as of 31.12.</b>	<b>55,121</b>	<b>48,143</b>

in '000 EUR	2024	2023
<b>Loss allowances as of 1.1.</b>	<b>-1,940</b>	<b>-1,622</b>
New financial assets originated	-392	-157
Release due to derecognition	359	32
Increase and decrease in credit risk (excluding new financial assets originated)	-531	-248
Exchange rate movements and others	112	55
<b>Loss allowances as of 31.12.</b>	<b>-2,392</b>	<b>-1,940</b>

## 25 Pledged and transferred assets

We have pledged, at market conditions, a number of our assets for funding, the majority of which on a portfolio basis. The pledges could be exercised in case of default of principal or interest payment. The maturities of the pledges are in line with the related liabilities.

in '000 EUR	31.12.2024	31.12.2023
Loans and advances to banks	5,783	5,383
Loans and advances to customers	31,847	32,237
Other assets	2,531	2,032
<b>Carrying amount of financial assets pledged as collateral</b>	<b>40,161</b>	<b>39,652</b>

## 26 Liabilities to customers

in '000 EUR	31.12.2024	31.12.2023
<b>Sight deposits</b>	<b>3,335,939</b>	<b>3,046,001</b>
private individuals	935,432	825,974
legal entities	2,400,507	2,220,027
<b>Savings deposits</b>	<b>1,817,422</b>	<b>1,720,865</b>
private individuals	851,638	828,318
legal entities	965,784	892,547
<b>Term deposits</b>	<b>3,137,997</b>	<b>2,487,370</b>
private individuals	1,901,628	1,479,261
legal entities	1,236,369	1,008,108
<b>Liabilities to customers</b>	<b>8,291,358</b>	<b>7,254,236</b>

## 27 Debt securities

in '000 EUR	31.12.2024	31.12.2023
Fixed interest rate debt securities	90,545	137,069
Variable interest rate debt securities	-	10,019
<b>Debt securities</b>	<b>90,545</b>	<b>147,088</b>



The change in debt securities is as follows:

in '000 EUR	2024	2023
<b>Debt securities as of 1.1.</b>	<b>147,088</b>	<b>191,988</b>
<b>Cashflow</b>		
Cash out	-60,286	-49,988
<b>Non-cashflow</b>		
Deferred fees and accrued interest	3,743	5,087
<b>Debt securities as of 31.12.</b>	<b>90,545</b>	<b>147,088</b>

## 28 Other liabilities

in '000 EUR	31.12.2024	31.12.2023
Lease liabilities	32,048	26,673
Advance payments, disagios	4,240	3,931
Liabilities for goods and services	13,753	9,113
Non-income tax liabilities	6,854	4,731
Others	5,814	4,166
<b>Other liabilities</b>	<b>62,708</b>	<b>48,613</b>

Lease liabilities are recognised at the present value of the lease payments not yet made at the reporting date. The lease payments are discounted at the lessee's incremental borrowing rate of interest. They are subsequently measured at amortised cost using the effective interest method.

in '000 EUR	31.12.2024	31.12.2023
no later than 1 year	5,615	4,148
later than 1 year and no later than 5 years	17,099	11,374
later than 5 years	9,334	11,150
<b>Lease liabilities</b>	<b>32,048</b>	<b>26,673</b>

The interest expense for lease liabilities amounts to EUR 1,089 thousand (2023: EUR 824 thousand) for the period. The cash outflows for lease liabilities in the period amounted to EUR 7,374 thousand (2023: EUR 6,219 thousand).

## 29 Provisions

Provisions are established when we have a present legal or constructive obligation resulting from past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

The amount of provisions represents the best possible estimate, taking into account estimation uncertainties regarding the amount to be paid or the probability of occurrence. The majority our obligations will be settled within a one-year period. Multi-year obligations are discounted at an average interest rate of 5.6% (2023: 5.8%). Unwinding is recognised as interest expense over time.

The development of provisions is as follows:

in '000 EUR	Unbilled services	Legal risks	Untaken vacation	Post-employment benefits	Off-balance sheet transactions	Other provisions	Provisions
<b>Book value as of 1.1.2024</b>	<b>4,198</b>	<b>4,058</b>	<b>2,838</b>	<b>2,411</b>	<b>6,792</b>	<b>1,701</b>	<b>21,997</b>
Used	-3,819	-770	-2,577	-94	-	-395	-7,655
Releases	-294	-325	-87	-	-2,407	-374	-3,487
Change in credit risk	-	-	-	-	-4,606	-	-4,606
Additions	5,824	870	3,102	1,472	4,933	1,144	17,345
Unwinding	-	113	-	165	-	13	292
Exchange rate movements	34	10	-11	170	14	20	238
<b>Book value as of 31.12.2024</b>	<b>5,943</b>	<b>3,955</b>	<b>3,266</b>	<b>4,124</b>	<b>4,725</b>	<b>2,109</b>	<b>24,121</b>

in '000 EUR	Unbilled services	Legal risks	Untaken vacation	Post-employment benefits	Off-balance sheet transactions	Other provisions	Provisions
<b>Book value as of 1.1.2023</b>	<b>3,536</b>	<b>4,000</b>	<b>2,829</b>	<b>2,328</b>	<b>4,195</b>	<b>1,279</b>	<b>18,168</b>
Used	-3,322	-806	-2,353	-81	-	-226	-6,786
Releases	-199	-242	-401	-282	-682	-14	-1,820
Change in credit risk	-	-	-	-	-637	-	-637
Additions	4,168	1,049	2,791	341	4,035	639	13,023
Unwinding	-	50	-	168	-	14	231
Exchange rate movements	15	7	-29	-64	-119	8	-183
<b>Book value as of 31.12.2023</b>	<b>4,198</b>	<b>4,058</b>	<b>2,838</b>	<b>2,411</b>	<b>6,792</b>	<b>1,701</b>	<b>21,997</b>

Provisions for unbilled services are established for services which have been provided but not yet invoiced as of the reporting date. Provisions for legal risks are mainly recognised for legal disputes, primarily for legal risks in connection with the collection of commission fees in the Serbian banking sector, where the amount in dispute is EUR 2.0 million. The current interpretation of the legal situation is being clarified. Provisions for untaken vacation are established for employee vacation days still outstanding as of the reporting date. Provisions for post-employment benefits include obligations for staff pensions. Provisions for off-balance sheet transactions include provisions for financial and non-financial off-balance sheet transactions.

### 30 Subordinated debt

in '000 EUR	31.12.2024	31.12.2023
Fixed interest rate subordinated debt	157,046	95,808
Variable interest rate subordinated debt	98,158	43,460
<b>Subordinated debt</b>	<b>255,204</b>	<b>139,269</b>

The change in subordinated debt is as follows:

in '000 EUR	2024	2023
<b>Subordinated debt as of 1.1.</b>	<b>139,269</b>	<b>93,597</b>
<b>Cashflow</b>		
Cash out	-35,458	-7,886
Cash in	128,000	45,460
<b>Non-cashflow</b>		
Deferred fees and accrued interest	20,249	9,715
Exchange rate movements	3,145	-1,618
<b>Subordinated debt as of 31.12.</b>	<b>255,204</b>	<b>139,269</b>

### 31 Maturities of assets and liabilities

In the following table, we show amounts for assets and liabilities that will be settled within twelve months (short-term) and more than twelve months (long-term) after the balance sheet date. Financial instruments without contractual maturities as well as "Cash" are classified as short-term. We classify the balance sheet positions "Property, plant and equipment", "Intangible assets" and "Deferred tax assets/liabilities" as long-term.

in '000 EUR	Short-term	Long-term	31.12.2024	Short-term	Long-term	31.12.2023
<b>Assets</b>						
Cash	201,316	-	201,316	219,879	-	219,879
Central bank balances	1,962,378	-	1,962,378	2,127,737	-	2,127,737
Loans and advances to banks	512,631	955	513,586	371,561	580	372,141
Derivative financial assets	530	6,130	6,660	78	8,004	8,083
Investment securities	728,201	237,442	965,644	603,196	147,346	750,542
Loans and advances to customers	2,521,068	4,307,187	6,828,256	2,334,579	3,695,136	6,029,715
Property, plant and equipment	-	152,128	152,128	-	137,423	137,423
Intangible assets	-	34,333	34,333	-	22,732	22,732
Current tax assets	8,676	40	8,716	3,793	340	4,132
Deferred tax assets	-	11,552	11,552	-	12,201	12,201
Other assets	60,349	6,699	67,048	55,201	9,182	64,382
<b>Total assets</b>	<b>5,995,150</b>	<b>4,756,465</b>	<b>10,751,615</b>	<b>5,716,023</b>	<b>4,032,943</b>	<b>9,748,966</b>
<b>Liabilities</b>						
Liabilities to banks	339,007	607,417	946,425	348,840	778,840	1,127,680
Derivative financial liabilities	13	1,234	1,246	379	954	1,334
Liabilities to customers	7,569,208	722,150	8,291,358	6,813,376	440,860	7,254,236
Debt securities	25,545	65,000	90,545	57,088	90,000	147,088
Other liabilities	38,689	24,019	62,708	27,253	21,361	48,613
Provisions	16,452	7,669	24,121	14,803	7,194	21,997
Current tax liabilities	22,810	2	22,811	23,513	-	23,513
Deferred tax liabilities	-	1,294	1,294	-	1,449	1,449
Subordinated debt	8,226	246,978	255,204	29,735	109,534	139,269
<b>Total liabilities</b>	<b>8,019,951</b>	<b>1,675,763</b>	<b>9,695,713</b>	<b>7,314,985</b>	<b>1,450,192</b>	<b>8,765,177</b>

The total amount of our liabilities which are subject to covenants is EUR 891.9 million as of 31 December 2024. If these covenants are breached, the corresponding liabilities could become due immediately. The ProCredit group had fulfilled all of its covenants as of 31 December 2024. We also expect to fulfil our covenants in the next 12 months, and thereafter as well.

### 32 Fair value of financial instruments

		31.12.2024				
in '000 EUR	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Central bank balances	AC	1,962,378	1,962,378	1,962,378	-	-
Loans and advances to banks	AC	513,586	513,326	-	503,611	9,716
Derivative financial assets	FV	6,660	6,660	-	6,660	-
Investment securities	FVOCI	462,326	462,326	284,229	178,096	-
Investment securities	AC	503,318	502,936	193,231	309,706	-
Loans and advances to customers	AC	6,828,256	6,842,072	-	-	6,842,072
Other assets (Shares)	FVOCI	6,323	6,323	578	3,491	2,253
Other assets (Financial instruments)	AC	52,729	52,729	-	49,690	3,039
<b>Total</b>		<b>10,335,574</b>	<b>10,348,750</b>	<b>2,440,416</b>	<b>1,051,253</b>	<b>6,857,080</b>
<b>Financial Liabilities</b>						
Liabilities to banks	AC	946,425	930,993	-	32,952	898,041
Derivative financial liabilities	FV	1,246	1,246	-	1,246	-
Liabilities to customers	AC	8,291,358	8,297,936	-	5,419,719	2,878,217
Debt securities	AC	90,545	86,768	-	-	86,768
Other liabilities	AC	62,708	62,737	-	55,043	7,695
Subordinated debt	AC	255,204	261,001	-	-	261,001
<b>Total</b>		<b>9,647,487</b>	<b>9,640,682</b>	<b>-</b>	<b>5,508,960</b>	<b>4,131,722</b>

Categories: FV - at fair value through profit or loss; AC - at amortised cost; FVOCI - at fair value through other comprehensive income

		31.12.2023				
in '000 EUR	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Central bank balances	AC	2,127,737	2,127,737	-	2,127,737	-
Loans and advances to banks	AC	372,141	371,401	-	348,055	23,346
Derivative financial assets	FV	8,083	8,083	-	8,083	-
Investment securities	FVOCI	363,287	363,287	240,165	123,122	-
Investment securities	AC	387,255	387,740	47,122	340,617	-
Loans and advances to customers	AC	6,029,715	5,979,197	-	-	5,979,197
Other assets (Shares)	FVOCI	9,081	9,081	3,810	3,337	1,934
Other assets (Financial instruments)	AC	46,203	46,203	-	45,591	613
<b>Total</b>		<b>9,343,501</b>	<b>9,292,729</b>	<b>291,097</b>	<b>2,996,542</b>	<b>6,005,090</b>
<b>Financial liabilities</b>						
Liabilities to banks	AC	1,127,680	1,076,289	-	40,925	1,035,364
Derivative financial liabilities	FV	1,334	1,334	-	1,334	-
Liabilities to customers	AC	7,254,236	7,254,050	-	5,009,344	2,244,707
Debt securities	AC	147,088	138,667	-	-	138,667
Other liabilities	AC	48,613	48,194	-	45,452	2,742
Subordinated debt	AC	139,269	134,249	-	-	134,249
<b>Total</b>		<b>8,718,219</b>	<b>8,652,783</b>	<b>-</b>	<b>5,097,054</b>	<b>3,555,729</b>

Categories: FV - at fair value through profit or loss; AC - at amortised cost; FVOCI - at fair value through other comprehensive income

The ProCredit group's fair value determination gives the highest priority to (unadjusted) quoted prices in active markets for identical financial instruments and the lowest priority to unobservable inputs. For short-term financial instruments (maturity up to six months) carried at amortised costs, the carrying value represents a reasonable estimate of fair value to the extent that there are no significant interest rate

changes. The ProCredit group has no fair value financial instruments with Level 3 inputs, with the exception of an insignificant amount of shares.

Upon acquisition, financial instruments are measured at fair value. This is generally the transaction price at the time they are acquired. Depending on their respective category, financial instruments are recognised in the statement of financial position subsequently either at (amortised) cost or fair value. In general, financial instruments at fair value are measured on a recurring basis.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date.

The fair value is determined in accordance with the IFRS valuation hierarchy. This categorises the inputs used in the valuation techniques to measure fair value into three levels:

*(a) Level 1 Inputs*

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

*(b) Level 2 Inputs*

Other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation techniques applied refer to the current fair value of similar instruments and valuation techniques using observable market parameters. Each subsidiary applies individual observable interest and exchange rates that are provided by the local central banks, among other bodies.

*(c) Level 3 Inputs*

Unobservable inputs for the asset or liability. If observable market interest rates are not available, internal rates are used as an input for a discounted cash flow model. Internal rates reflect the cost of funds, taking into account foreign currency effects and maturities as well as a risk margin, e.g. ProCredit Group Funding interest rates. Internal rates are regularly compared to those applied for third-party transactions and are consistent with the parameters of an orderly transaction between market participants under market conditions at the measurement date.

### **33 Equity**

*(a) Subscribed capital*

The share capital amounts to EUR 294,492,460, unchanged since the previous year, and is divided into 58,898,492 non-par value shares. All issued shares are non-par value shares and fully paid. Each holder of ordinary shares is entitled, subject to a corresponding resolution of the General Meeting, to receive dividends and is entitled to one vote per share.

The Management Board is authorised, with the consent of the Supervisory Board, to increase the share capital of ProCredit Holding by issuing up to 5,889,849 new registered value shares for cash and/or non-cash consideration by a total amount of up to approximately EUR 29.4 million, which may be issued in whole or in part until the end of 4 June 2028.

*(b) Capital reserve*

Premiums from the issue of shares are shown in the capital reserve, which amounted to EUR 146.8 million (2023: EUR 146.8 million). The costs for issuing new shares are offset against capital reserve.

*(c) Retained earnings*

The retained earnings mainly result from profit carried forward from previous years, less dividends distributed. The retained earnings also include the legal reserve.

For the 2024 financial year, the Management Board intends to propose the distribution of dividends totalling EUR 34.8 million or EUR 0.59 per share. For the 2023 financial year, dividends totalling EUR 37.7 million or EUR 0.64 per share were paid out to shareholders.

*(d) Translation reserve*

The translation reserve includes exchange rate gains and losses arising from capital consolidation and is based on exchange rate differences from the currency translation of the financial statements of consolidated subsidiaries.

*(e) Revaluation reserve*

The results from the measurement of investment securities and shares, after taking deferred taxes into account, as well as loss allowances for investment securities, are recognised in the revaluation reserve. It developed as follows during the financial year:

in '000 EUR	2024		2023	
	Investment securities	Shares	Investment securities	Shares
<b>Revaluation reserve as of 1.1.*</b>	<b>481</b>	<b>1,611</b>	<b>-2,396</b>	<b>-201</b>
Changes in fair value	-731	482	3,151	1,811
Amount recognised in income statement	-	-	-	-
Change in loss allowance	26	-	-37	-
Impairment	-	-	-	-
Deferred taxes	329	-6	-237	-
Transfer to retained earnings	-	-634	-	-
<b>Revaluation reserve as of 31.12.*</b>	<b>105</b>	<b>1,453</b>	<b>481</b>	<b>1,611</b>

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

**Additional notes****34 Regulatory own funds**

We calculate our capital adequacy according to CRR and CRD V on the basis of the IFRS consolidated financial statements. Whereas the capital requirements for the ProCredit group are imposed and monitored by BaFin and by the Supervisory College, the individual ProCredit banks are subject to the requirements imposed by the respective national supervisory authorities. These national requirements are largely based on the recommendations of the Basel Committee. In addition to compliance with the national requirements, each ProCredit bank calculates its capital ratios in accordance with CRR and ensures compliance with internally defined minimum requirements.

As of 31 December 2024, the Common Equity Tier 1 capital of the ProCredit group amounted to EUR 932.7 million, which is EUR 47.8 million higher than the previous year. This increase is due to the recognition of the overall result for the 2023 financial year following the Annual General Meeting in June 2024 and to the recognition of interim profits in 2024. Tier 2 capital as of 31 December 2024 stood at EUR 216.5 million, an EUR 121.8 million from the previous period that can largely be attributed to newly issued subordinated debt.

in '000 EUR	31.12.2024	31.12.2023
Common equity Tier 1 capital	932,693	884,847
Additional Tier 1 capital	-	-
Tier 2 capital	216,469	94,620
<b>Total capital</b>	<b>1,149,162</b>	<b>979,467</b>
<b>Risk weighted assets</b>	<b>7,142,970</b>	<b>6,192,778</b>

Our risk-weighted assets increased during the course of 2024 by a total of EUR 950.2 million or 15.3%, reaching an overall amount of EUR 7.1 billion. The increase is due in particular to higher risk-weighted assets for credit risk, in line with our strategic reorientation and the growth of the loan portfolio. In addition, the risk-weighted assets for market risks and operational risk grew during the year.

For assessing the exposure towards credit risk, the credit risk standardised approach (CRSA) is used for all exposure classes. The amount of credit risk increased in the 2024 financial year by EUR 742.2 million, ending the period at EUR 5.7 billion.

Since the ProCredit group consists only of non-trading book institutions, the market risks are limited to foreign currency risk. This arises almost exclusively as a result of the equity holdings denominated in foreign currency that ProCredit Holding maintains in its foreign subsidiaries. The amount for foreign currency risk as of 31 December 2024 was EUR 783.4 million, which represents an increase of EUR 117.0 million.

We also apply the standardised approach to quantify operational risk. The amount for operational risk at year-end 2024 was EUR 599.8 million.

Given the small volume of derivatives held by the group, the risk arising from credit valuation adjustment (CVA) is insignificant. The standard method is used for the calculation, with counterparty default risk being calculated for derivative positions in accordance with the original exposure method pursuant to Art. 282 CRR. The amount for CVA risk as of 31 December 2024 was EUR 11.1 million.

in '000 EUR	31.12.2024		31.12.2023	
	Risk-weighted assets	Minimum capital requirements	Risk-weighted assets	Minimum capital requirements
Credit risk	5,748,740	459,899	5,006,572	400,526
Market risk	783,384	62,671	666,404	53,312
Operational risk	599,757	47,981	508,410	40,673
Credit Valuation Adjustment risk	11,088	887	11,392	911
<b>Total</b>	<b>7,142,970</b>	<b>571,438</b>	<b>6,192,778</b>	<b>495,422</b>

The CRR minimum capital ratios are set to 4.5% for the Common Equity Tier 1 capital ratio, 6% for the Tier 1 capital ratio and 8% for the total capital ratio. In addition, various capital buffers consisting of CET1 capital must be maintained: The capital conservation buffer introduced in stages has been 2.5% since 2019. An individual capital add-on pursuant to the Supervisory Review and Evaluation Process (SREP) was set for the ProCredit group based on total capital. For 2024, the German Federal Financial Supervisory Authority (BaFin)



set the add-on to 3.5% for the ProCredit group. The institution-specific countercyclical capital buffer amounted to 0.4% as of 31 December 2024. Overall, this resulted (taking into account the capital buffers) in a minimum capital requirement of 9.4% for the CET1 capital ratio, 11.5% for the T1 capital ratio and 14.4% for the total capital ratio of ProCredit group.

During the reporting period, the ProCredit group met all regulatory capital requirements at all times. The capital ratios of the ProCredit group are shown below:

	31.12.2024	31.12.2023
Common equity Tier 1 capital ratio	13.1%	14.3%
Tier 1 capital ratio	13.1%	14.3%
<b>Total capital ratio</b>	<b>16.1%</b>	<b>15.8%</b>

### 35 Contingent liabilities

in '000 EUR	31.12.2024	31.12.2023
<b>Non-financial off-balance sheet transactions</b>	<b>230,295</b>	<b>193,958</b>
Performance guarantees	230,295	193,958
<b>Financial off-balance sheet transactions</b>	<b>1,079,028</b>	<b>925,494</b>
Credit commitments (revocable)	884,568	750,437
Payment guarantees	170,165	160,520
Credit commitments (irrevocable)	22,045	10,923
Letters of credit	2,249	3,613
<b>Total</b>	<b>1,309,323</b>	<b>1,119,452</b>

The table above discloses the contractually agreed maximum amounts of contingent liabilities, without consideration of collateral. We currently have no information on the future utilisation of the guarantees, but expect that the most significant portion of these will expire without being drawn upon. It is not practicable to estimate the future use of the credit commitments.

The changes in financial off-balance sheet transactions and the respective provisions are presented in the following tables.

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Nominal amount as of 1.1.2024</b>	<b>840,729</b>	<b>84,039</b>	<b>726</b>	<b>-</b>	<b>925,494</b>
New financial assets originated	551,529	-	-	-	551,529
Derecognition	-293,247	-39,635	-390	-	-333,272
Transfers between stages	-18,131	17,024	1,107	-	-
Change in exposure	-66,930	5,141	177	-	-61,613
Exchange rate movements	-2,959	-147	-5	-	-3,111
<b>Nominal amount as of 31.12.2024</b>	<b>1,010,992</b>	<b>66,422</b>	<b>1,614</b>	<b>-</b>	<b>1,079,028</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Provisions as of 1.1.2024</b>	<b>-3,661</b>	<b>-2,126</b>	<b>-429</b>	<b>-</b>	<b>-6,217</b>
New financial assets originated	-4,926	-	-	-	-4,926
Release due to derecognition	353	1,330	143	-	1,826
Transfers between stages	979	-975	-4	-	-
Change in credit risk	4,125	576	-95	-	4,605
Exchange rate movements and others	15	-26	4	-	-7
<b>Provisions as of 31.12.2024</b>	<b>-3,115</b>	<b>-1,221</b>	<b>-382</b>	<b>-</b>	<b>-4,719</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Nominal amount as of 1.1.2023</b>	<b>768,658</b>	<b>53,666</b>	<b>1,080</b>	-	<b>823,404</b>
New financial assets originated	504,406	798	-	-	505,204
Derecognition	-249,467	-24,978	-521	-	-274,966
Transfers between stages	-44,203	44,132	71	-	-
Change in exposure	-106,636	10,421	93	-	-96,123
Exchange rate movements	-32,027	0	3	-	-32,025
<b>Nominal amount as of 31.12.2023</b>	<b>840,729</b>	<b>84,039</b>	<b>726</b>	-	<b>925,494</b>

in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Provisions as of 1.1.2023</b>	<b>-2,626</b>	<b>-1,026</b>	<b>-543</b>	-	<b>-4,195</b>
New financial assets originated	-3,295	-70	-	-	-3,365
Release due to derecognition	273	222	170	-	665
Transfers between stages	348	-331	-17	-	-
Change in credit risk	1,634	-918	-39	-	676
Exchange rate movements and others	6	-4	0	-	2
<b>Provisions as of 31.12.2023</b>	<b>-3,661</b>	<b>-2,126</b>	<b>-429</b>	-	<b>-6,217</b>

### 36 Related party transactions

Legal entities or natural persons are considered to be related parties if they are in a relationship with ProCredit group and if these have the ability to directly or indirectly control or exercise significant influence in making financial or operational decisions. All transactions are performed substantially on the same terms, including interest rates and security, as for transactions of a similar nature with third-party counterparts. Related parties in the ProCredit group include subsidiaries as well as persons in key management positions and their family members. In the previous year, until the change in legal form for ProCredit Holding on 27 September 2023, ProCredit General Partner AG, Frankfurt am Main, was also a related party as the direct parent company and ultimate controlling enterprise.

in '000 EUR	Management Board	Supervisory Board	Family members of key personnel	31.12.2024
Income	-	0	-	0
Expenses	2,312	897	-	3,209
Assets	-	0	12	12
Liabilities	-	215	83	298

in '000 EUR	Management Board	Supervisory Board	Family members of key personnel	ProCredit General Partner AG	31.12.2023
Income	-	1	-	-	1
Expenses	952	338	-	879	2,168
Assets	-	10	18	-	28
Liabilities	236	185	55	-	476

Management Board remuneration is recognised as a Management Board expense (previous year: as a Management Board expense and, until the change in legal form, under ProCredit General Partner AG). The expenses and liabilities for the Supervisory Board mainly result from the remuneration of the Supervisory Board members. The liabilities largely comprise deposits.

Intra-group transactions between affiliated companies within the scope of consolidation are eliminated in full (see also notes 2 and 14) and are also not shown as transactions with related parties. Transactions with affiliated companies outside the scope of consolidation (see note 2) are as follows:

in '000 EUR	31.12.2024	31.12.2023
Income	9	210
Expenses	1,289	1,023
Assets	2,352	2,449
Liabilities	422	46

The expenses consist mainly of personnel expenses of ProCredit Reporting DOOEL, North Macedonia. The assets mainly include a loan to Pro Energy L.L.C., Kosovo, with a remaining term of 17.5 years and a fixed interest rate of 2.9%. The assets also include the investments in these companies.

### *37 Statement on the German Corporate Governance Code*

The statement on the German Corporate Governance Code, as required by sec. 161 of the German Stock Corporation Act (AktG), is published on our website (<https://www.procredit-holding.com/investor-relations/corporate-governance/corporate-governance-statement/>).

### *38 Events after the reporting period*

The German Federal Financial Supervisory Authority (BaFin) intends to increase the Company's capital requirements by 2 percentage points as a result of an audit of the lending processes. On the other hand, the Company's capital requirements are expected to be reduced by 1.25 percentage points due to methodological changes as part of the SREP process.

Overall, as from the delivery of the final order, we expect an increase in capital requirements of 0.75 percentage points, which would result in an increase in the requirements for the Common Equity Tier 1 (CET1) capital ratio from 9.4% as of December 2024 to 9.8%. This will neither affect the medium-term guidance for return on equity and loan portfolio growth, nor the Company's dividend policy.

Frankfurt am Main, 19 March 2025

ProCredit Holding AG

Management Board



Hubert Spechtenhauser



Georgios Chatzis



Christoph Beeck



Christian Dagrosa



Eriola Bibolli



Dr. Gian Marco Felice

## RESPONSIBILITY OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, we assert that the consolidated financial statements give a true and fair view of the financial position and financial performance of the group, and the combined management report (including the group sustainability statement) includes a fair review of the development and performance of the business and the position of the group, together with a description of the significant opportunities and risks associated with the expected development of the group.

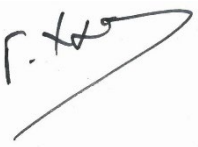
Frankfurt am Main, 19 March 2025

ProCredit Holding AG

### Management Board



Hubert Spechtenhauser



Georgios Chatzis



Christoph Beeck



Christian Dagrosa



Eriola Bibolli



Dr. Gian Marco Felice

## INDEPENDENT AUDITOR'S REPORT

To ProCredit Holding AG, Frankfurt am Main

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

#### *Opinions*

We have audited the consolidated financial statements of ProCredit Holding AG, Frankfurt am Main, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2024 to 31 December 2024, and notes to the consolidated financial statements, including significant information to accounting policies.

In addition, we have audited the management report of ProCredit Holding AG and the Group (combined management report) for the financial year from 1 January 2024 to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of those components of the combined management report mentioned in the "Other Information".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as "IFRS Accounting Standards") as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January 2024 to 31 December 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion regarding the combined management report does not extend to the content of the components of the combined management report mentioned in the "Other Information"

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

#### *Basis for the Opinions*

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's

Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

### ***Key Audit Matters in the Audit of the Consolidated Financial Statements***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2024 to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

We have determined the following matters to be the key audit matters to be communicated in our auditor's report:

1. Calculation of the model-based risk provision for non-defaulted loans and advances to customers without impaired credit
2. Identification and measurement of loans and advances to customers with impaired credit on individual basis

### ***Calculation of the model-based risk provision for non-defaulted loans and advances to customers without impaired credit***

#### *Description of matter*

The group presents gross loans and advances to customers in the amount of kEUR 7,010,013 in the consolidated financial statements as at 31 December 2024. Of this amount, kEUR 6,281,814 relates to loans and advances that are classified as Level 1 in the risk provisioning model under IFRS 9 and for which loss allowances of kEUR 52,854 were recognized. The loss allowances for loans and advances of kEUR 568,247, which are classified as Level 2 in the IFRS 9 risk provisioning model, accounted for kEUR 49,147.

The calculation of the loss allowances for loans and advances to customers without impaired credit is based on a Group-wide risk provisioning model for estimating the following valuation parameters: Probability of default (PD), loss given default (LGD) and expected exposure at the time of default taking into account the effects of the Ukraine war. In accordance with IFRS 9, the valuation parameters are used both in the application of the stage transfer requirements and in the measurement of the amount of the allowance for losses on loans and advances. The risk provisioning model incorporates both historical information and forward-looking forecast information on various macroeconomic variables, such as inflation or unemployment, whose relevance may vary in the individual countries in which the ProCredit group operates. Furthermore, the risk provisioning model is based on three scenarios, a baseline scenario, an optimistic scenario and a pessimistic scenario, which are included in the aggregation with different weights. As the estimation of the valuation parameters, the forward-looking forecast information and the weighting of the respective scenarios are subject to uncertainties and discretionary scope, and due to the increased economic



uncertainties resulting from the Ukraine war, this matter was of particular importance in the context of our audit.

The key policies for the accounting and measurement of loans and advances to customers without impaired credit according to IFRS 9 are explained in note "4) Financial instruments", "13) Loss allowance" and "20) Loans and advances to customers" in the notes to the consolidated financial statements. For information on impairment under IFRS 9 please refer to the section on "Loss allowances" in the Risk Report in the combined management report.

#### *Auditor's response*

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion.

We first comprehended the model methodically, taking into account the validation results of ProCredit Holding, to test the appropriateness of the group-wide risk provisioning model used. In addition, we obtained an understanding of the processes and internal controls to ensure the proper determination of the data and information relevant for the valuation parameters. In doing so, we also tested, with the involvement of internal IT specialists, the effectiveness of the controls to ensure the correct and complete recording and processing of the underlying relevant data streams.

We assessed the procedures for country-specific selection, identification and validation of forward-looking forecast information. We compared the macroeconomic forecast information used by the ProCredit group with external sources. We also verified the results of sensitivity analyses regarding changes in the parameters used in the risk provisioning model as disclosed in the combined management report and considered them in our overall assessment. In performing these procedures, we involved internal specialists with particular expertise in the area of credit risk modeling.

In order to test whether the default probabilities determined by the Group-wide risk provisioning model were appropriately taken into account when applying the stage transfer requirements of IFRS 9, we obtained an understanding of the underlying processes and tested the appropriateness and effectiveness of the implemented internal controls at the level of the operating banks included in the consolidated financial statements. In addition, we performed evidence-based audit procedures at the level of the operating banks included in the consolidated financial statements with regard to the Group-wide application of the step transfer requirements for the conscious selection of loans and advances to customers based on risk considerations.

In addition, we considered the audit results of the special audit in accordance with Section 44 KWG of the credit processes and risk provisioning, which was conducted by Deutsche Bundesbank in the period from September 2, 2024 to October 2, 2024, as part of our audit.

Our audit procedures did not lead to any reservations regarding the determination of model-based risk provisions for loans and advances to customers with unimpaired credit ratings.

#### *Identification and measurement of loans and advances to customers with impaired credit on individual basis*

##### *Description of matter*

In the Company's consolidated financial statements, loans and advances to customers of kEUR 7,010,013 were recognised as at 31 December 2024, of which kEUR 158,833 were classified as loans and advances to customers with impaired credit (Stage 3). To this end, the Company recognised loss allowances of kEUR

79.469. Of the loans and advances to customers with impaired credit, a significant portion relates to receivables for which the loss allowances is determined individually on the basis of the recoverable cash flows.

The identification of the loans and advances to customers with impaired credit and measurement of individual loss allowances is subject to judgment and uncertainty. This requires, among others, an assessment by management of the ability of the borrowers to meet the contractually agreed debt service (interest and principal), which include assumptions about the expected contractual cash flows and/or the expected cash flows from the use of loan collateral. The risk for the financial statements lies in particular in the fact that assumptions made in identifying the loss allowances for loans and advances to customers with impaired credit with regard to the expected cash flows may be incorrect and that loss allowances are not recognized in the financial statements in an appropriate amount. In light of the complexity of the assessment and the additional uncertainty triggered by the Ukraine war, we consider the identification and measurement of loans and advances to customers with impaired credit, to be a key audit matter.

The key policies for the accounting and measurement of loans and advances to customers with impaired credit according to IFRS 9 are explained in note "4) Financial instruments", "13) Loss allowance" and "20) Loans and advances to customers" in the notes to the consolidated financial statements. For information on impairment under IFRS 9 please refer to the section on " Loss allowances" in the Risk Report in the combined management report.

#### *Auditor's response*

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion.

We obtained an understanding of the process for identifying loans and advances to customers with impaired credit and assessed the appropriateness of the process, including internal controls. In order to assess the appropriateness of the internal controls in relation to the identification of loans and advances to customers with impaired credit, we inspected the relevant organisational policies and conducted interviews. In addition, we tested the effectiveness of the controls that the company has established to identify exposures with impaired credit. In doing so, we also tested the effectiveness of the controls for ensuring the correct and complete recording and processing of the relevant data streams on which the identification of loss allowances for loans and advances to customers is based, with the involvement of internal IT specialists.

We used a conscious selection of individual exposures based on materiality and risk considerations to identify the loans and advances to customers with impaired credit. In particular, we assessed whether the assessment made by management regarding the occurrence of the objective evidence of impairment and the fulfillment of the debt service are appropriate. To this end, we assessed the economic circumstances of the borrowers. In addition, we discussed the suitability of the objective evidence used for the identification of loans and advances to customers with impaired credit with the responsible parties and assessed it in the light of actual defaults in the past.

We then tested the measurement of individual credit loss allowances at the level of the operating banks included in the consolidated financial statements. For this purpose, we traced the scenarios used to derive the expected cash flows and payment dates for a conscious selection of credit exposures, as well as the assigned probabilities of occurrence. In doing so, we also considered whether the necessary calculation parameters, including assumptions about country-specific future macroeconomic conditions, were appropriately derived from the Group's risk provisioning model. In our assessment, we also included, depending on the exposure

strategy pursued, the expected cash flows from the use of loan collateral. Finally, we have traced the calculation of the expected cash flows for the individual credit exposure and the specific credit loss allowances recognized.

In addition, we considered the audit results of the special audit in accordance with Section 44 KWG of the credit processes and risk provisioning, which was conducted by Deutsche Bundesbank in the period from September 2, 2024 to October 2, 2024, as part of our audit.

Our audit procedures did not lead to any reservations regarding the determination of model-based risk provisions for loans and advances to customers with impaired credit ratings.

### ***Other Information***

Management respectively the Supervisory Board are responsible for the other information. The other information comprises

- the separately published corporate governance statement, to which reference is made in the "Corporate governance statement" section of the combined management report
- the Group Sustainability Statement, which is included in the combined management report in the section "Group Sustainability Statement"
- the other parts of the annual report, with the exception of the audited consolidated financial statements and combined management report and our audit opinion

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the information in the combined management report audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

### ***Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report***

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

***Group Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk that a material misstatement resulting from fraud will not be detected is higher than the risk that a material misstatement resulting from error will not be detected, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control or on the effectiveness of these arrangements and measures.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- we plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business segments within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and review of the audit activities performed for the purpose of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## OTHER LEGAL AND REGULATORY REQUIREMENTS

### ***Report on the Assurance in accordance with Section 317 (3a) HGB on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes***

#### *Opinion*

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the electronic rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the file „ProCreditHolding\_KA\_2024.zip" that can be downloaded by the issuer from the electronic client portal with access protection, and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this rendering nor any other information contained in the above-mentioned electronic file.

In our opinion, the rendering of the consolidated financial statements and the combined group management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this rendering nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January 2024 to 31 December 2024, contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above.

#### *Basis for the opinion*

We conducted our assurance work of the rendering of the consolidated financial statements and the combined group management report contained in the above-mentioned electronic file in accordance with Section 317 (3a) HGB and the IDW Auditing Standard: Auditing in accordance with Section 317 (3a) HGB on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes (IDW PS 410 (06.2022)). Our responsibilities under those standards are further described in the "Group Auditor's Responsibilities for the assurance work on the ESEF documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards, which implement the IAASB's International Standards on Quality Management.

#### ***Responsibilities of Management and the Supervisory Board for the ESEF documents***

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of the preparation of the ESEF documents as part of the financial reporting process.

***Group Auditor's Responsibilities for the assurance work on the ESEF documents***

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i. e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

***Further Information pursuant to Article 10 of the EU Audit Regulation***

We were elected as group auditor at the annual general meeting on 4 June 2024. We were engaged by the Audit Committee on 13 November 2024. We have been the group auditor of ProCredit Holding AG without interruption since financial year 2021.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or its controlled entities the following services that are not disclosed in the consolidated financial statements or in the combined management report:

- review of the condensed consolidated financial statements and interim group management report from January 1, 2024 to March 31, 2024,
- review of the condensed consolidated financial statements and interim group management report from January 1, 2024 to June 30, 2024,
- business audits to obtain reasonable assurance about the appropriateness of the design and implementation of the measures to remedy the deficiencies identified in the course of an audit pursuant to section 44 (1) sentence 2 KWG
- audit of the progress made in remedying the deficiencies identified in the audit in accordance with Section 44 (1) KWG and the findings in the report on the audit of the consolidated financial statements as



at December 31, 2023 as well as the findings of Internal Audit from the audit report with regard to compliance with anti-money laundering requirements

- audit to obtain reasonable assurance about the appropriateness of the design of the measures to address the deficiencies identified in the course of an audit pursuant to Section 44 (1) sentence 2 KWG
- audit of the Group Sustainability Statement of ProCredit Holding AG for the financial year from January 1 to December 31, 2024
- Comfort Letter

***Other matter – use of the auditor's report***

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and the management report converted to the ESEF format - including the versions to be entered in the company register - are merely electronic renderings of the audited consolidated financial statements and the audited management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

**GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT**

The German Public Auditor responsible for the engagement is Marvin Gruchott.

Frankfurt am Main, 21 March 2025

BDO AG

Wirtschaftsprüfungsgesellschaft

signed Grunwald

Wirtschaftsprüfer

[German Public Auditor]

signed Gruchott

Wirtschaftsprüfer

[German Public Auditor]

## **ASSURANCE REPORT OF THE INDEPENDENT GERMAN PUBLIC AUDITOR ON A LIMITED ASSURANCE ENGAGEMENT IN RELATION TO THE GROUP SUSTAINABILITY STATEMENT**

To the ProCredit Holding AG, Frankfurt am Main

### ***Assurance conclusion***

We have conducted a limited assurance engagement on the Group Sustainability Statement, included in section "Group Sustainability Statement" of the Group Management Report, of ProCredit Holding AG, Frankfurt Am Main, for the financial year from January 1, 2024 to December 31, 2024. The Group Sustainability Statement was prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 as well as Articles 315b and 315c of the HGB for a combined non-financial statement.

The prior year's disclosures marked as unassured are not subject to our assurance engagement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Group Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Articles 315b and 315c HGB, and the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe that:

- the accompanying Group Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the Group Sustainability Statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section "General Disclosures" under SBM-1, SBM-2, SBM-3, IRO-1 and IRO-2 of the Group Sustainability Statement, or
- the disclosures in the "EU Taxonomy" section, including the related annex to the consolidated sustainability statement, do not, in all material respects, comply with Article 8 of Regulation (EU) 2020/852.

We do not express an assurance conclusion on the prior year's disclosures.

### ***Basis for the Assurance Conclusion***

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section "German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement".

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) and International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

***Responsibilities of the Executive Directors and the Supervisory Board for the Group Sustainability Statement***

The executive directors are responsible for the preparation of the Group Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of a Group Sustainability Statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the Group Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Group Sustainability Statement, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the Group Sustainability Statement.

***Inherent Limitations in Preparing the Group Sustainability Statement***

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the executive directors have disclosed their interpretations of such wording and terms. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain. As further set forth in section "EU Taxonomy" of the Group Sustainability Statement, the quantification of the non-financial performance indicators in the EU taxonomy disclosures is also subject to inherent uncertainties due to the used methodology in data collection, validation and calculation.

These inherent limitations also affect the assurance engagement on the Group Sustainability Statement.

***German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement***

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Group Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD, the

applicable German legal and other European requirements and the supplementary criteria presented by the company's executive directors, and to issue an assurance report that includes our assurance conclusion on the Group Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process used to prepare the Group Sustainability Statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Group Sustainability Statement.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

#### ***Summary of the Procedures Performed by the German Public Auditor***

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Group Sustainability Statement.
- inquired of the executive directors and relevant employees involved in the preparation of the Group Sustainability Statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Group Sustainability Statement, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the Group Sustainability Statement.
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.

- performed analytical procedures and made inquiries in relation to selected information in the Group Sustainability Statement.
- considered the presentation of the information in the Group Sustainability Statement.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Group Sustainability Statement.

### ***Restriction of use***

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the assurance report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the assurance report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

### **ENGAGEMENT TERMS**

This engagement is based on the "Special Terms and Conditions of BDO AG Wirtschaftsprüfungsgesellschaft" dated January 1, 2024, agreed with the Company as well as the „General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" dated January 1, 2024, issued by the IDW ([www.bdo.de/engagement-terms-conditions](http://www.bdo.de/engagement-terms-conditions)).

Frankfurt am Main, 21 March 2025

BDO AG

Wirtschaftsprüfungsgesellschaft

signed Grunwald

Wirtschaftsprüfer

[German Public Auditor]

signed Gruchott

Wirtschaftsprüfer

[German Public Auditor]



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For computational reasons, the figures in the tables may exhibit rounding differences of  $\pm$  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.