



ProCredit
HOLDING



**An impact-oriented group of commercial banks
with a focus on SMEs in Eastern and South Eastern Europe**

Deutsches Eigenkapitalforum, November 2019

ProCredit – A unique approach to banking

- ▶ Striving to be market leader for SME lending
- ▶ Direct banking concept for Private Clients
- ▶ Headquartered in Frankfurt and supervised by BaFin and Bundesbank
- ▶ Track record of high-quality loan portfolio
- ▶ Profitable every year since creation as a group of banks
- ▶ Listed since Dec 2016 with successful first capital raise in Feb.'18

ProCredit Banks⁽¹⁾
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Loan portfolio
EUR 4,710m

**9M 2019
Portfolio growth**
8.3%

CET1 Ratio⁽²⁾
14.3%

Fitch Rating⁽³⁾
BBB

9M 2019 result
EUR 44.0m

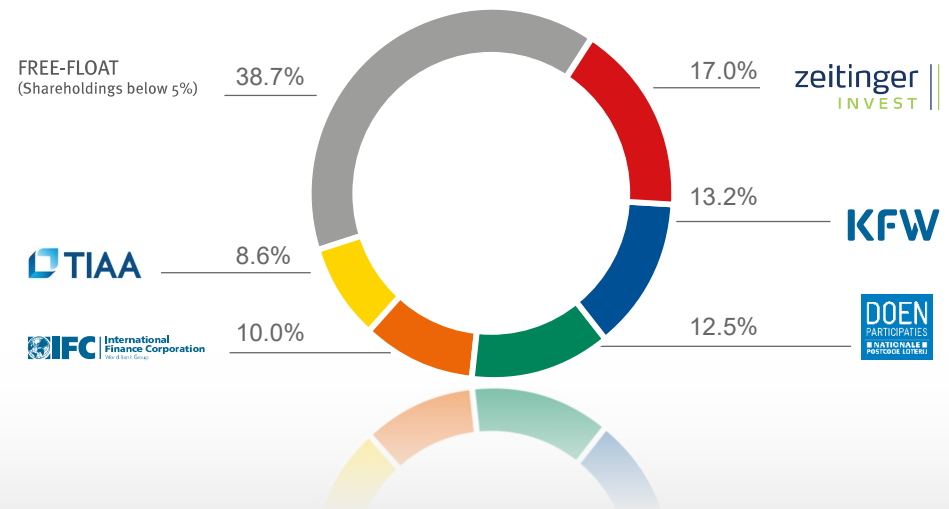
South Eastern Europe and Eastern Europe
(93% of gross loan portfolio)

Germany
(1% of gross loan portfolio)

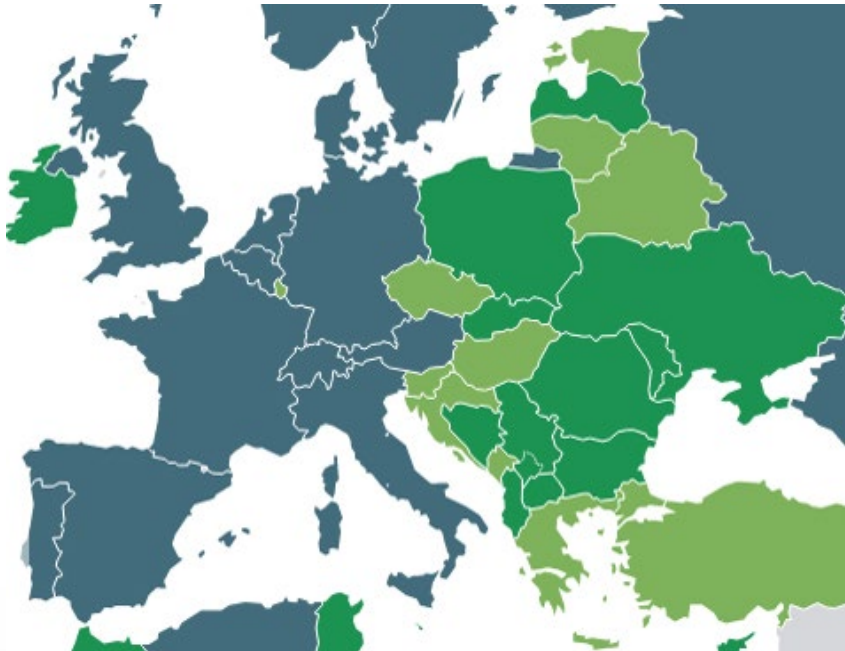


South America⁽¹⁾
(6% of gross loan portfolio)

Shareholder structure ProCredit Holding AG & Co KGaA⁽⁴⁾



Real GDP growth 2020E

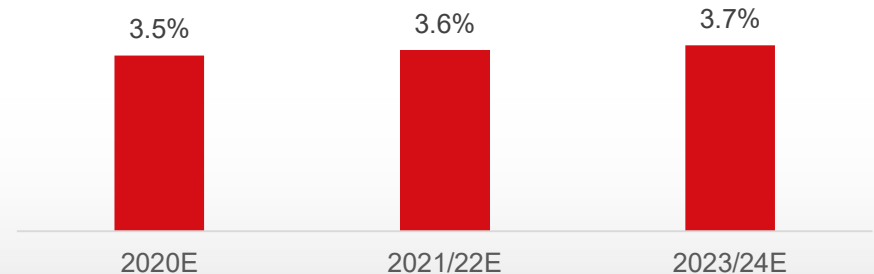


■ 0 - 2%
 ■ 2 - 3%
 ■ 3 - 5%
 Source: IMF World Economic Outlook

Strong growth potential

- ▶ High potential in SEE and EE due to
 - Expected high and stable GDP growth
 - GDP per capita still significantly below Western Europe
 - Significantly lower loan/GDP ratio compared to Western Europe (e.g. Bulgaria with 68% loan/GDP ratio as of 2018 at the higher end of SEE/EE countries)^(b)
- ▶ Competitive situation favourable as
 - ProCredit with strong position to serve SME clients
 - Competitors focusing more on consumer lending and might be more vulnerable to economic downturn

Median Real GDP growth in SEE/EE



How ProCredit does business



**“Hausbank”
for SMEs**



**“ProCredit Direct” for
Private Clients**



**Impact
orientation**



**Distinctive approach to
staff development**

True customer focus as “Hausbank” for SMEs



Provider of electrical system installation services & wholesaler of electronic components - Kosovo

Target SME clients

- ▶ Growing, stable businesses fostering employment and prosperity
- ▶ Forward-looking SMEs investing in innovation and green technology
 - Major partner (EUR 1.6bn) for EIF and InnovFin initiative
 - >15% “Green” loans
 - 44% of loans in local production and agriculture
- ▶ SMEs which bank fully with ProCredit



Producer of tool systems for CNC machines - Bulgaria

Approach

- ▶ Comprehensive loan and electronic account facilities
- ▶ Business Client Advisers’ focus: client and risk
- ▶ Trustful long-term relationships and true understanding of clients’ needs and risks



Windows and doors producer - Romania

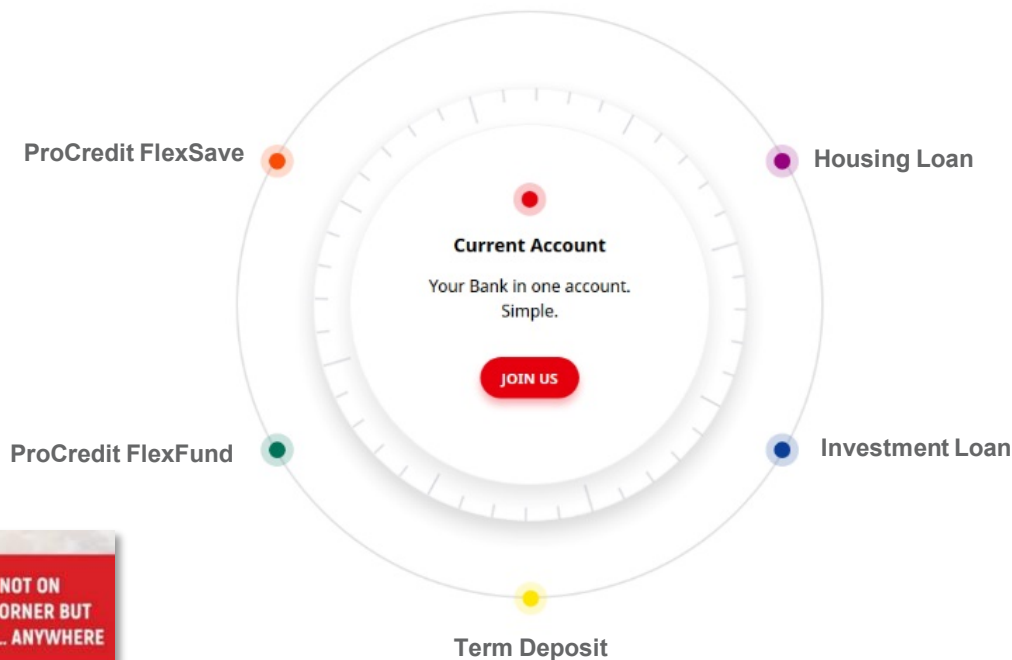


Dairy farm - Albania

Growth. Impact. Low credit risk.

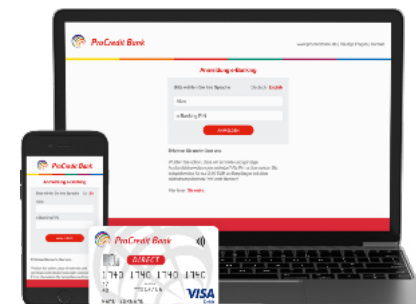
Target Private Clients

- ▶ Middle income and higher earners, especially those associated with SME owners
- ▶ Those looking for modern, transparent and reliable banking services



Approach

- ▶ Modern network and customer experience
- ▶ All-in digital offer for a standard monthly fee
- ▶ State-of-the-art IT systems developed by own IT subsidiary



Growth. Transparency. Efficiency and scalability.

Fostering entrepreneurs and SMEs

- ▶ Focus on SMEs as drivers of economic growth and employment in emerging countries
- ▶ Strong leverage in terms of job generation and prosperity
- ▶ Strong focus on payment capacity through the economic cycle
- ▶ Consistently better NPLs than market

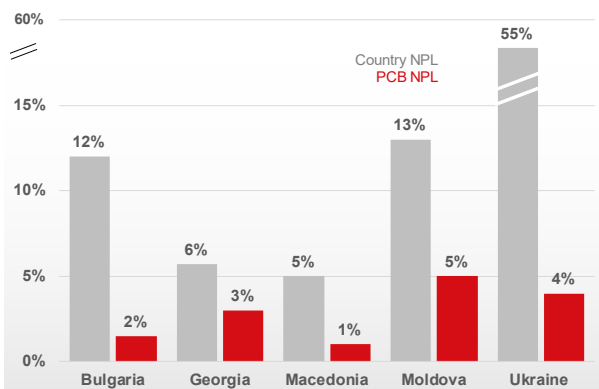
Responsible banking

- ▶ No focus on consumer lending
- ▶ No complex products
- ▶ Promotion of price and banking sector transparency
- ▶ Rigorous approach regarding AML and informal clients
- ▶ Commitment to SDGs

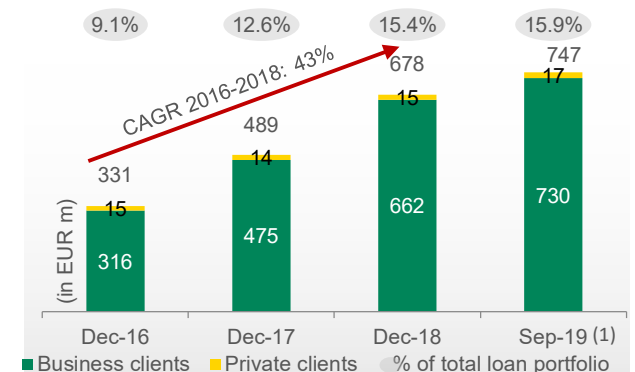
Environmental responsibility

- ▶ State-of-the-art standards to minimise the environmental impact of ProCredit's lending operations
- ▶ Focus on promotion of "green" investments
- ▶ Strict exclusion lists
- ▶ Mid-term target 20% of loan portfolio

Percentage of non-performing loan portfolio of PCBs in comparison to local banking sector⁽¹⁾



Green loan portfolio in % of total loans



Distinctive approach to staff recruitment and development

ProCredit onboarding process



- ▶ For new employees
- ▶ 6-month training (1 practical and 2 theoretical modules)

Continuous training



- ▶ Salary linked to training level
- ▶ “Up-or-out” in first two years, long-term prospects thereafter

International management development in Germany



- ▶ ProCredit Banker Academy (1 Year)
- ▶ ProCredit Management Academy (3 years)



- ▶ Value-based training
- ▶ No performance-based bonuses to foster responsible banking
- ▶ ProCredit Code of Conduct underpins strong corporate culture

Excellent positioning for profitable growth



**Focused
group profile**



**Strong growth
dynamics**



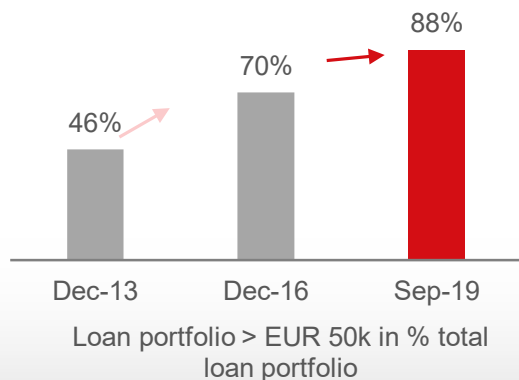
**Prudent risk
management**



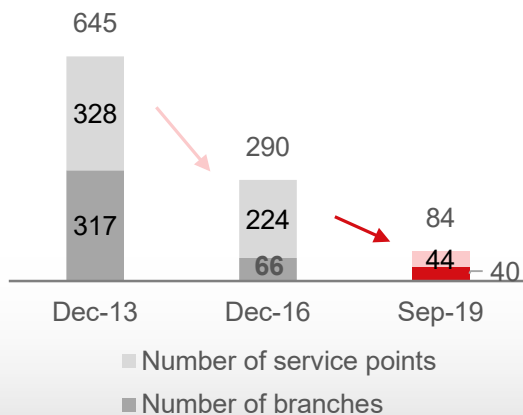
**Profitable every year
since creation**

Successful transition to focused group profile on SMEs

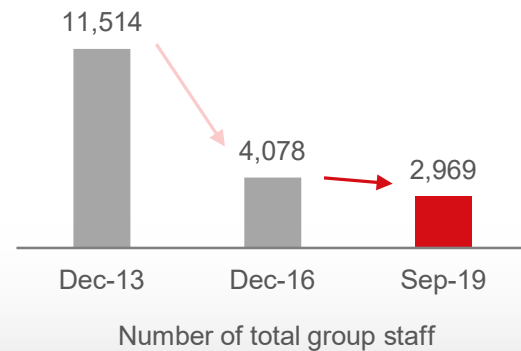
Focused growth in SME loan categories⁽¹⁾



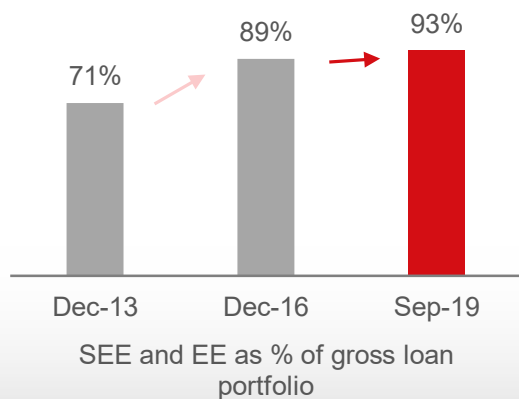
Decrease in overall branch network



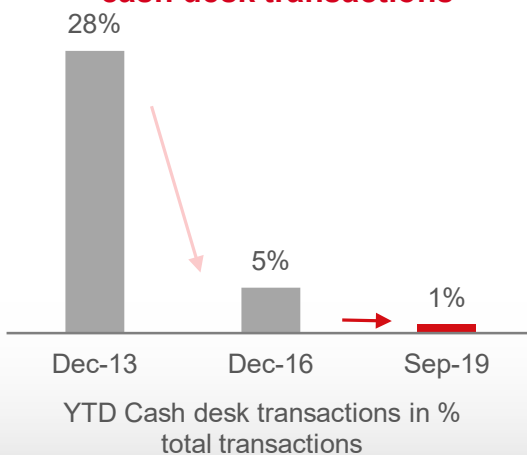
Decrease in number of total group staff



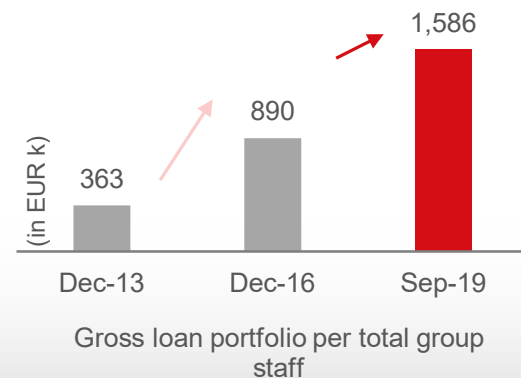
Regional focus on South Eastern Europe and Eastern Europe



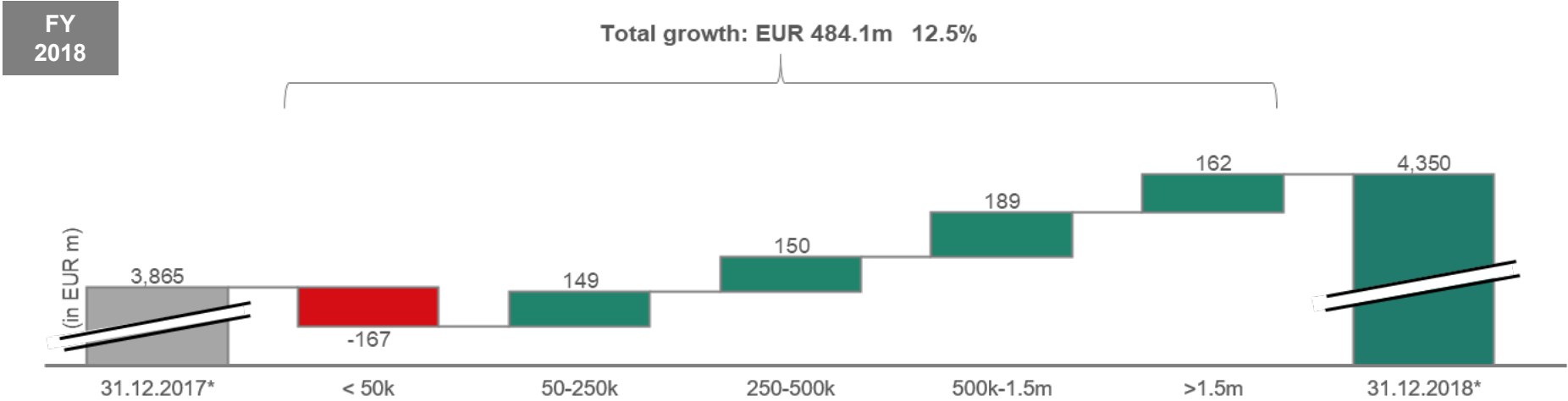
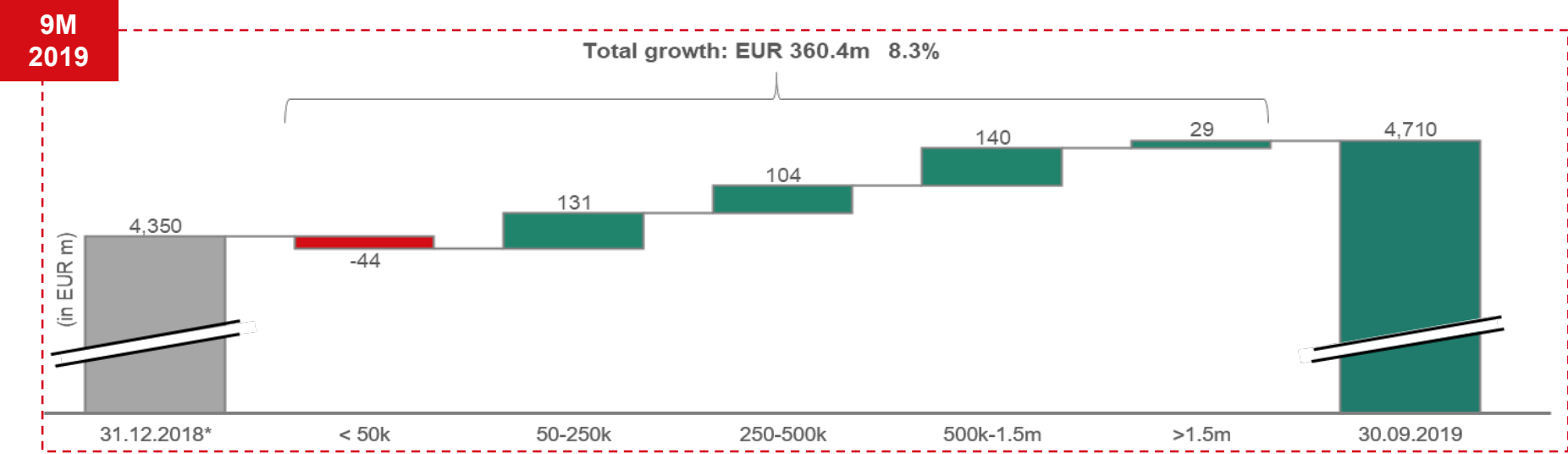
Decrease in number of cash desk transactions



Increase in loan portfolio per total group staff

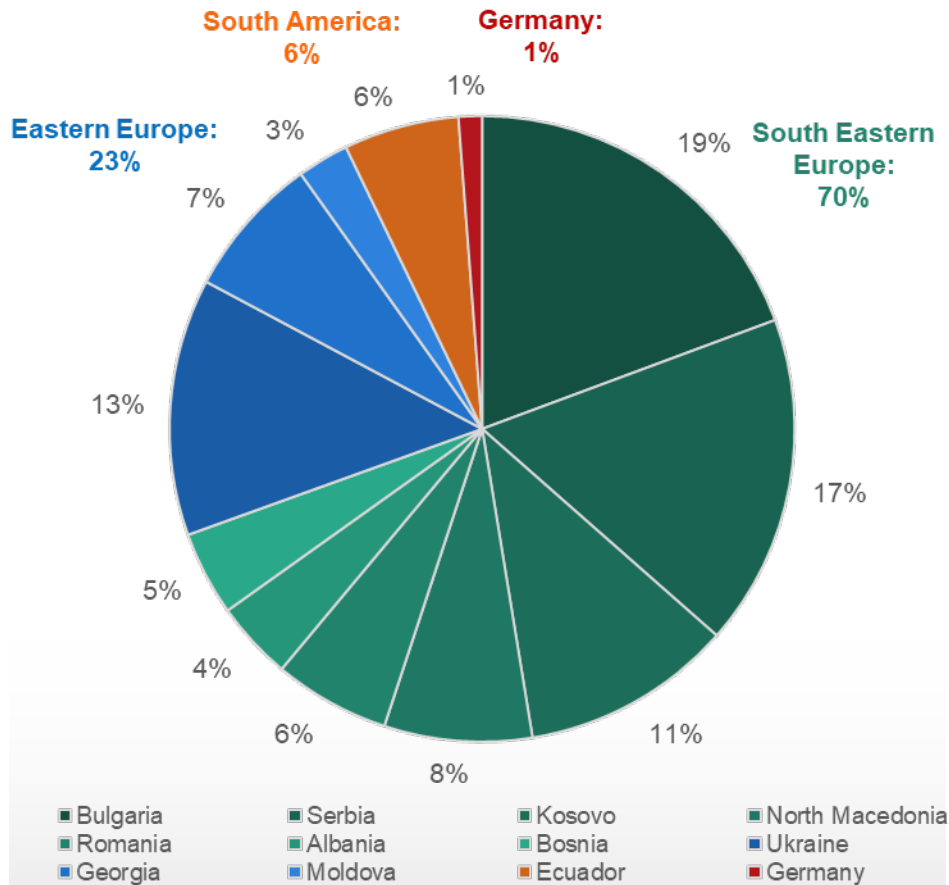


Solid volume growth in loan portfolio

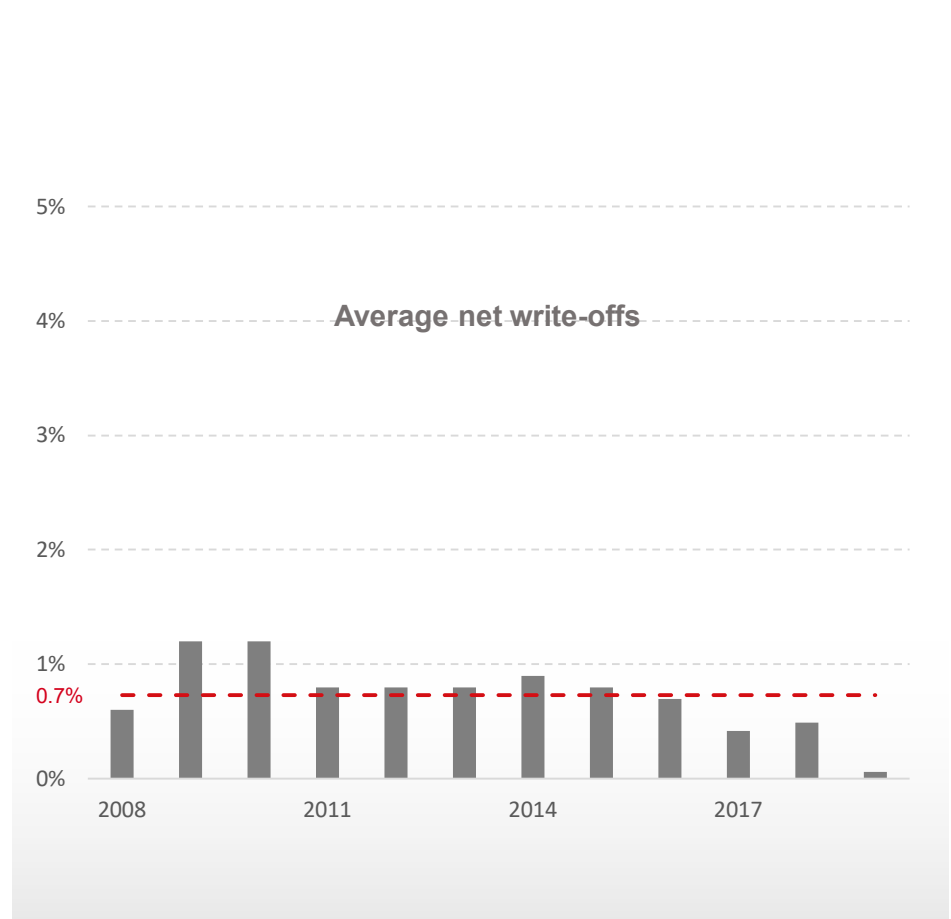


Notes: See page 19 of this presentation

Diversified loan portfolio⁽¹⁾



Consistently low net write-offs and strong portfolio quality⁽²⁾

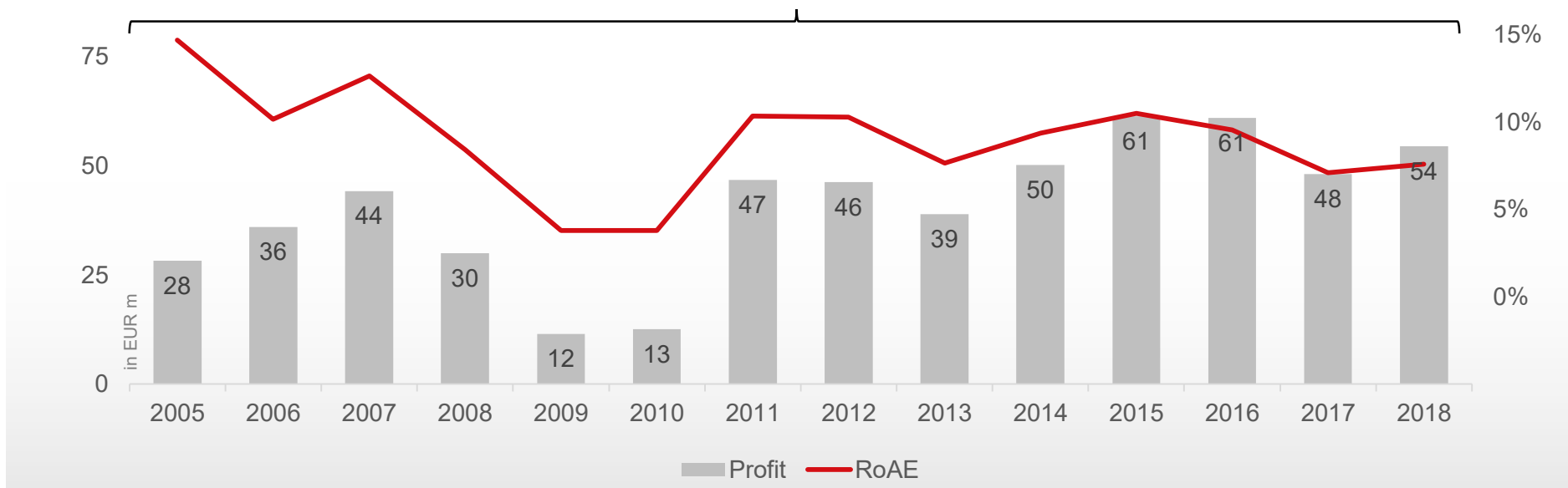


Notes: See page 19 of this presentation

Profitable every year since creation as a banking group

Group profit and RoAE⁽¹⁾

average RoAE since 2005 > 9%



- ▶ Strong track record of profitability through the economic cycle
- ▶ High stability of returns despite the strategic exit from some markets over the years

	Guidance 2019	Progress 9M 2019	Commentary on guidance for 2019
▶ Growth of the loan portfolio ⁽¹⁾	10 – 13%	8.3%	Continued solid growth in the SME segment
▶ Profit of the period (millions of EUR)	48 – 55	44.0	Takes account of impact of sale of Colombia and other one-offs
▶ Cost-income ratio (CIR)	< 70%	68.4%	Higher income on stable cost base
▶ CET1 ratio (fully loaded)	> 13%	14.3%	Continuously high level of capitalisation
▶ Dividend pay-out ratio	1/3 of profits	1/3 of profits	Steady dividend for long-term investors

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



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Q&A





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Appendix

Q3 2019 results at a glance

In EUR m		Q3-2018	Q3-2019	9M-2018	9M-2019	y-o-y
Income statement	Net interest income	47.2	51.0	139.3	143.6	4.3
	Provision expenses	-0.1	-1.7	-0.2	2.4	2.6
	Net fee and commission income	13.3	13.1	37.3	38.9	1.5
	Net result of other operating income	1.3	2.4	1.1	2.0	0.9
	Operating income	61.9	68.1	178.0	182.1	4.1
	Operating expenses	41.6	42.7	123.0	126.1	3.2
	Operating results	20.3	25.5	55.0	56.0	1.0
	Tax expenses	4.0	3.9	9.8	10.1	0.2
	Profit of the period from continuing operations	16.3	21.5	45.2	45.9	0.7
	Profit of the period from discontinued operations	-2.0	-0.5	-4.2	-1.9	2.3
	Profit after tax	14.3	21.1	40.9	44.0	3.0
Key performance indicators	Change in customer loan portfolio ⁽¹⁾	1.1%	3.1%	10.1%	8.3%	-1.9pp
	Cost-income ratio	67.3%	64.2%	69.2%	68.4%	-0.8pp
	Return on equity ⁽²⁾	7.8%	10.7%	7.7%	7.5%	-0.2pp
	CET1 ratio (fully loaded)	14.5%	14.3%	14.5%	14.3%	-0.2pp
Additional indicators	Net interest margin ⁽²⁾	3.3%	3.2%	3.3%	3.1%	-0.2pp
	Net write-off ratio ⁽²⁾⁽³⁾	0.6%	0.5%	0.4%	0.2%	-0.2pp
	Credit impaired loans (Stage 3) ⁽⁴⁾	3.3%	2.7%	3.3%	2.7%	-0.6pp
	Coverage impaired portfolio (Stage 3) ⁽⁴⁾	92.7%	93.1%	92.7%	93.1%	0.3pp
	Book value per share (EUR)	12.3	13.3	12.3	13.3	1.0

Notes: See page 19 of this presentation

Long-standing and well-interconnected management teams at group and local level

Experienced management collaborating at Holding and local level

Sandrine Massiani



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- ▶ Human resources
- ▶ Risk management: Credit Risk, Risk control, Financial risk, Operational risk
- ▶ Environmental management
- ▶ AML and compliance
- ▶ Legal and internal audit

Dr Gabriel Schor



35⁽¹⁾

- ▶ Group Communications
- ▶ Group Supervision
- ▶ Accounting and taxes
- ▶ Treasury
- ▶ Funding

Gian Marco Felice



17

- ▶ Group and PCH IT
- ▶ Business Support

Christian Edgardo Dagrosa



3

- ▶ Investor relations
- ▶ Reporting and controlling

Local ProCredit banks

34 key management members

On average 12 years of experience with ProCredit | 18 female/16 male

Collective training...

- ▶ Central training in Fürth
- ▶ English as lingua franca
- ▶ Regular specialist events and regional meetings

...as catalyst for a shared vision and teamwork...

- ▶ Common set of values
- ▶ Closely-knit network
- ▶ Rapid diffusion of best practices

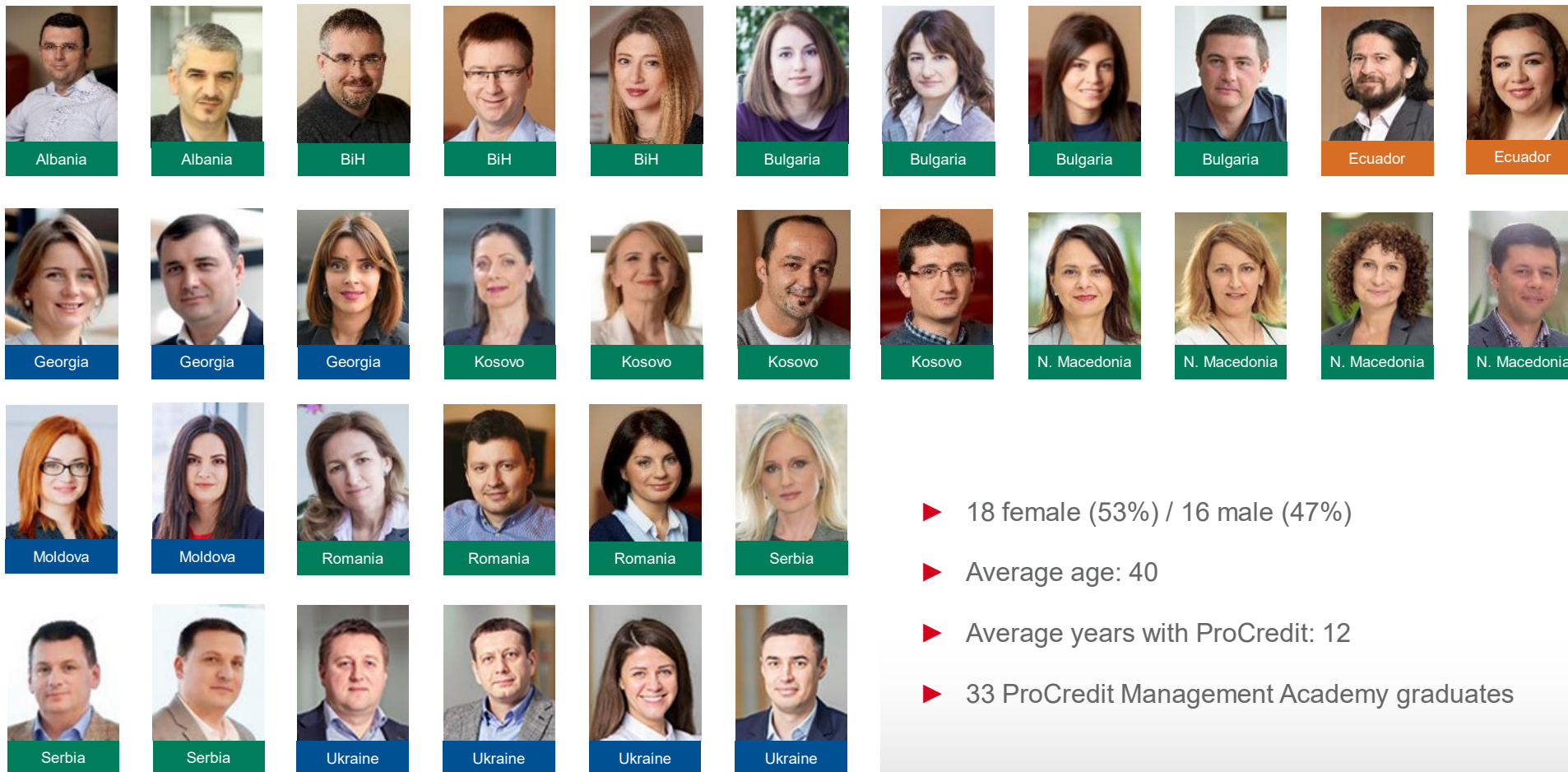
...supported by clear framework

- ▶ Strict common operating standards and policy guidelines
- ▶ Strong, standardised MIS reporting
- ▶ Holding management with supervisory board seats at local banks involved in strategic business processes

 Years of experience within ProCredit

Notes: See page 19 of this presentation

34 management board members of the ProCredit banks



- ▶ 18 female (53%) / 16 male (47%)
- ▶ Average age: 40
- ▶ Average years with ProCredit: 12
- ▶ 33 ProCredit Management Academy graduates

Slide 1

- (1) Banco ProCredit Colombia S.A. has been reclassified into the scope of discontinued operations
- (2) Fully loaded
- (3) Full Rating Report as of 19.12.2017, re-affirmed on April 11 2019
- (4) Shareholder structure according to the voting right notifications and voluntary disclosure of voting rights as published on our website www.procredit-holding.com

Slide 2

Note: Includes PCH countries of operation in SEE/EE, i.e. Albania, Bosnia and Herzegovina, Bulgaria, Georgia, Kosovo, Moldova, North Macedonia, Romania, Serbia, Ukraine; (b) Banking gross credit portfolio excluding loans and advances to central banks and credit institutions divided by GDP; Source: IMF World Economic Outlook, Bulgarian National Bank

Slide 7

- (1) NPL figures for banking sectors are derived from respective central or national banks
- (2) Green loan portfolio of continued operations

Slide 9

Note: All related figures and ratios for Dec-13 relate to the subsidiaries as shown in the consolidated financial statement as of 2013

- (1) Loan portfolio > EUR 50k initial loan size in % of customer loan portfolio by outstanding principal

Slide 10

Note: Gross Loan volume growth split by initial loan size in all segments;

- (1) Gross Loan portfolio of continued operations

Slide 11

- (1) Loan portfolio by geographical segments and by sector in % of gross loan portfolio, continued operations (EUR 4,567m as per 30-Jun-19)
- (2) Net write-offs to customer loan portfolio. For 2018 excluded: fully provisioned accrued interest under IFRS 9 from PAR 90 loans

Slide 12

- (1) RoAE since 2005 as publicly available in “Bundesanzeiger”

Slide 13

- (1) Assuming no significant FX volatility

Slide 16

Note: Return on average equity and CET1 ratio include discontinued operations; Previous period has been adjusted according to the new scope of continued operations

- (1) Gross amount;
- (2) Annualized;
- (3) Net write-offs to customer loan portfolio;
- (4) Credit impaired portfolio under IFRS 9

Slide 17

- (1) Including experience with Internationale Projekt Consult GmbH

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