



Insights into cross-regional banking in South Eastern and Eastern Europe

Online/Frankfurt, 2024

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Renewable energy focus



Corporate banking

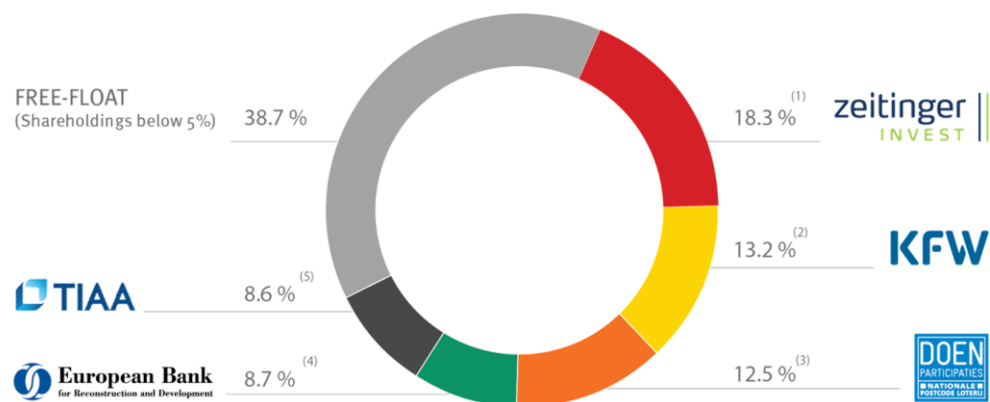


Local connections

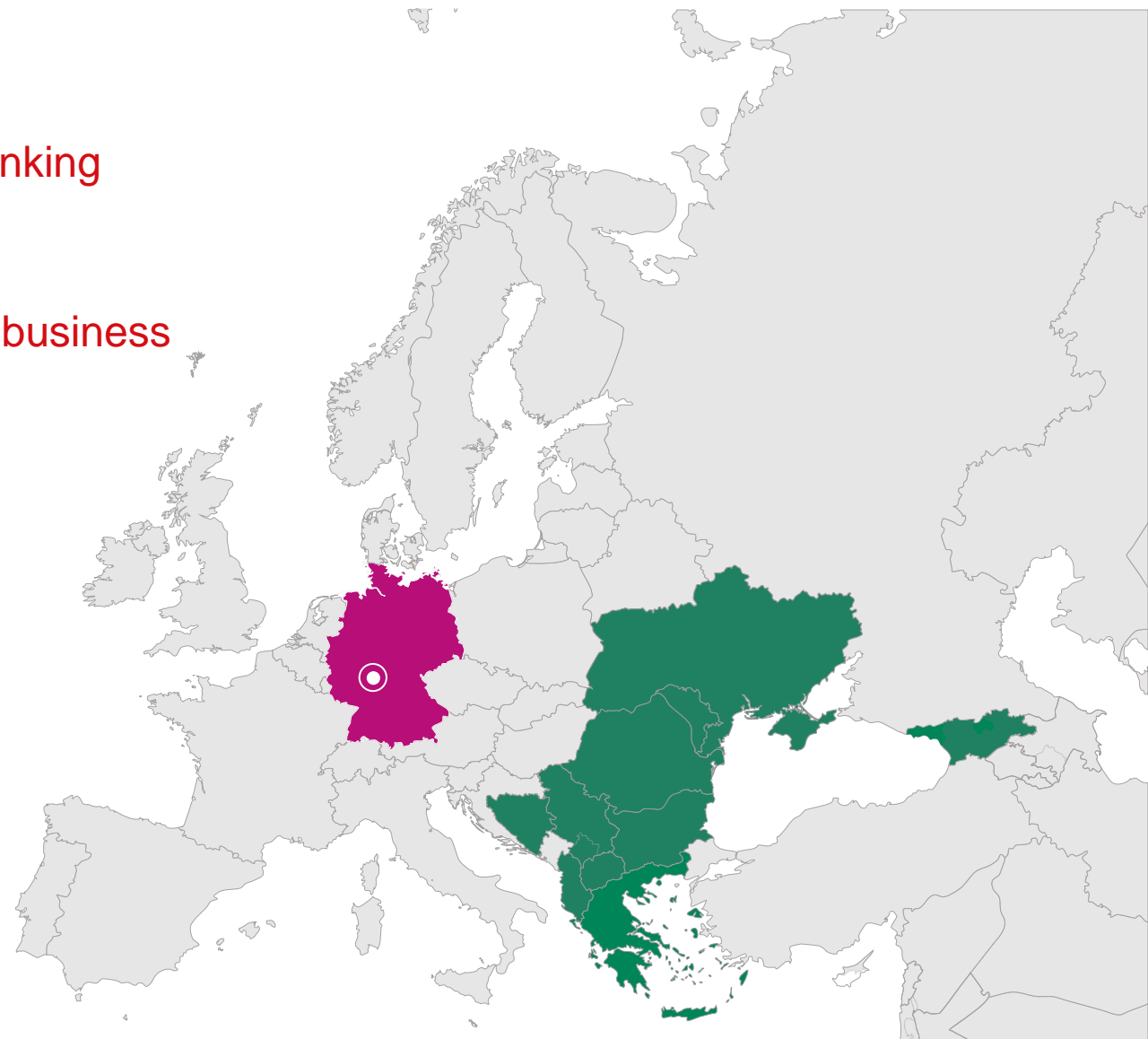


International business

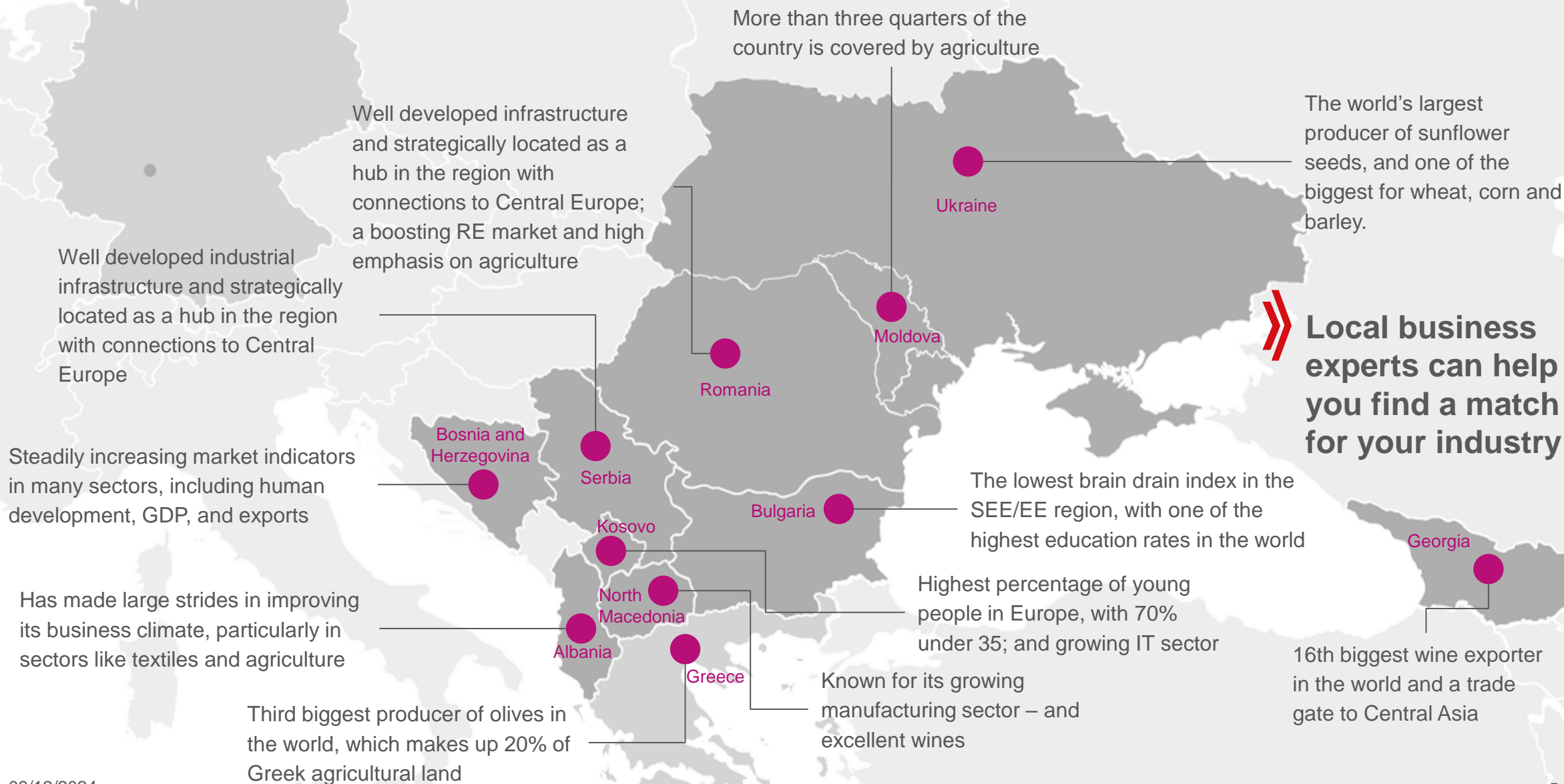
Development-oriented shareholders of ProCredit Holding AG



Source: Shareholder Structure ProCredit Holding AG



With local ProCredit Banks in our markets of operation we connect SMEs across the region

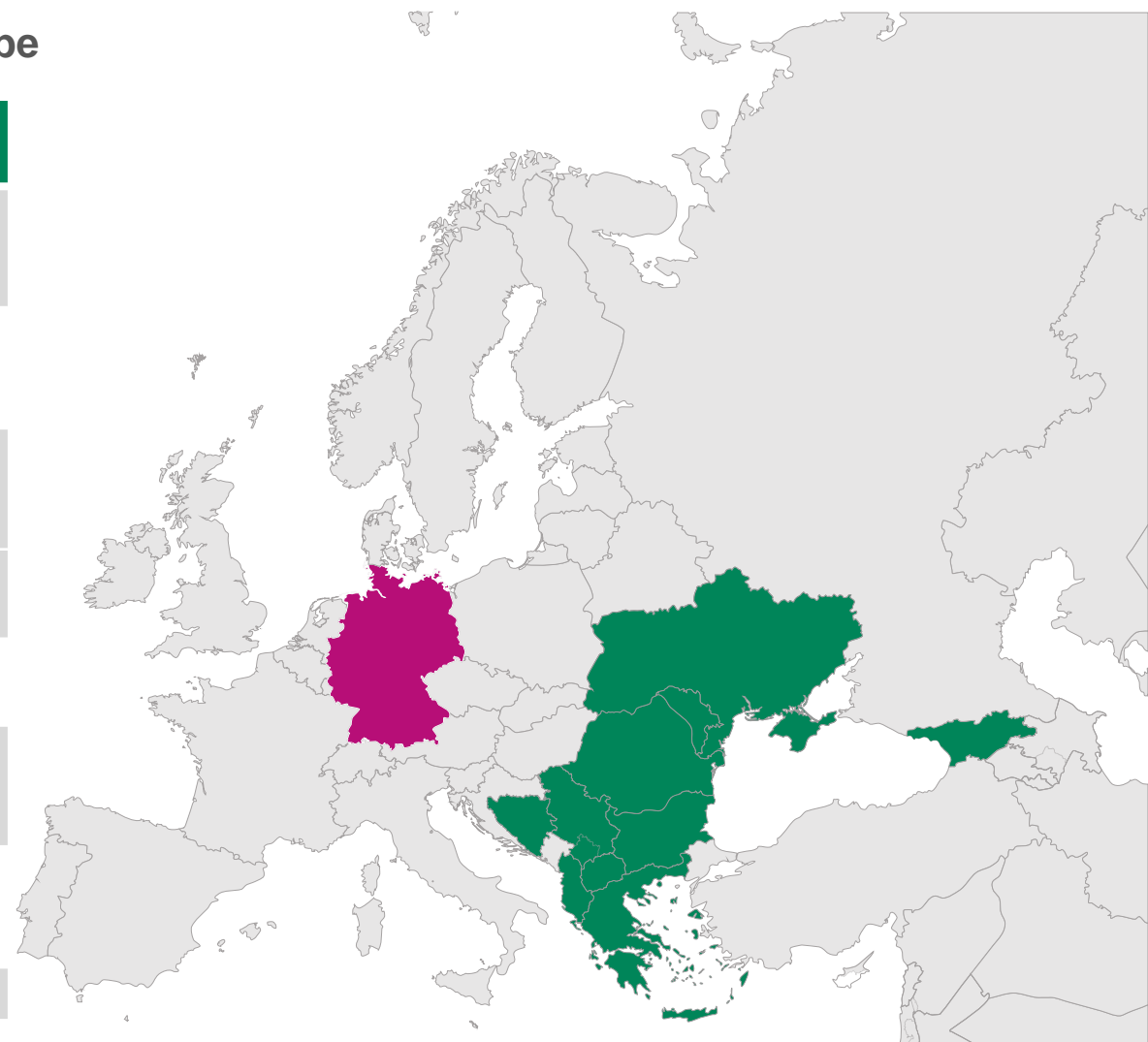


Intraregional investments between our countries of operations and with Germany are significant

Major investment partners of countries in South Eastern Europe

(ranked per country – selected for countries of operation)

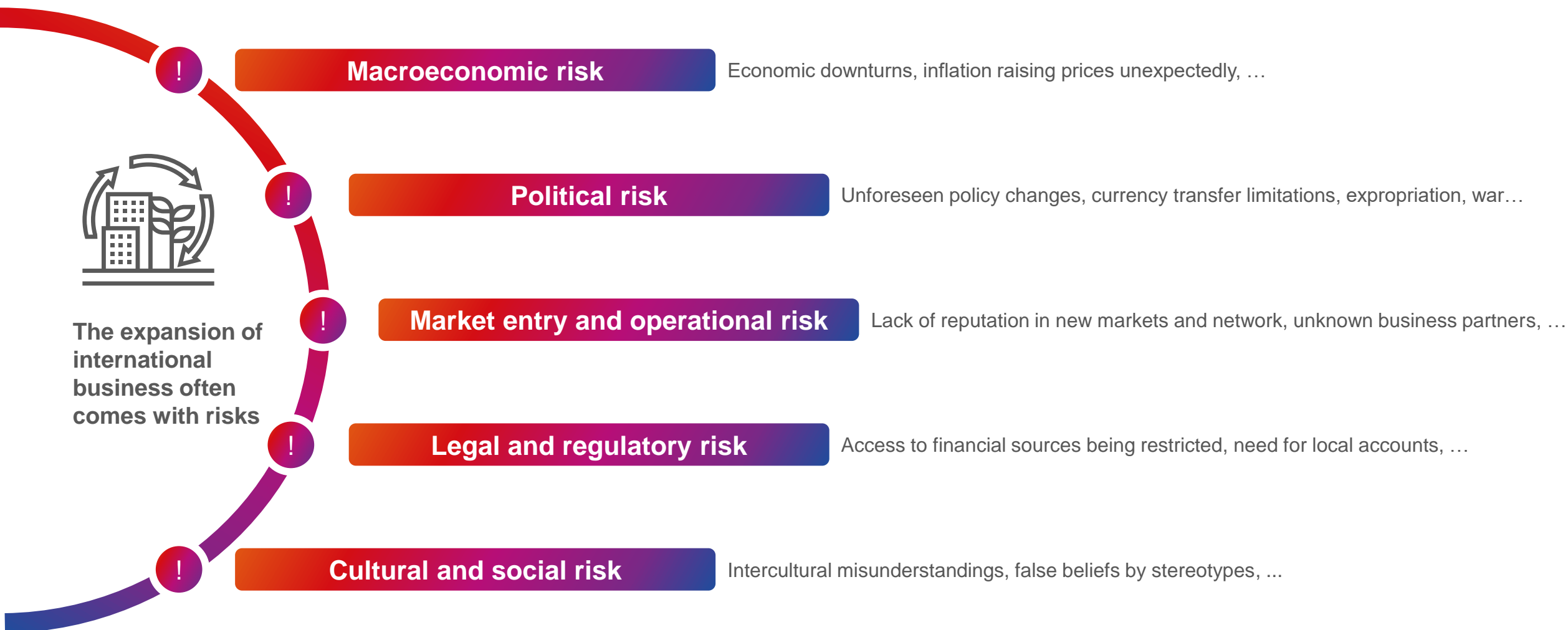
Country	Inbound investment partners	Outbound investment partners
Albania	5. Bulgaria	1. Kosovo 3. North Macedonia 5. Greece
Bosnia and Herzegovina	1. Serbia	2. Germany 4. Serbia 5. Romania
Bulgaria	3. Germany 5. Greece	1. Romania 3. Greece 4. Serbia
Georgia	1. European Union	5. Germany
Greece	2. Germany	2. Bulgaria 5. Serbia
Kosovo	1. Germany	1. Albania 2. Germany 4. North Macedonia
North Macedonia	3. Greece	1. Serbia 4. Bosnia and Herzegovina 5. Kosovo
Serbia	3. Germany	1. Bosnia and Herzegovina



Source: European Commission, 2023; Lloyds Bank, 2024

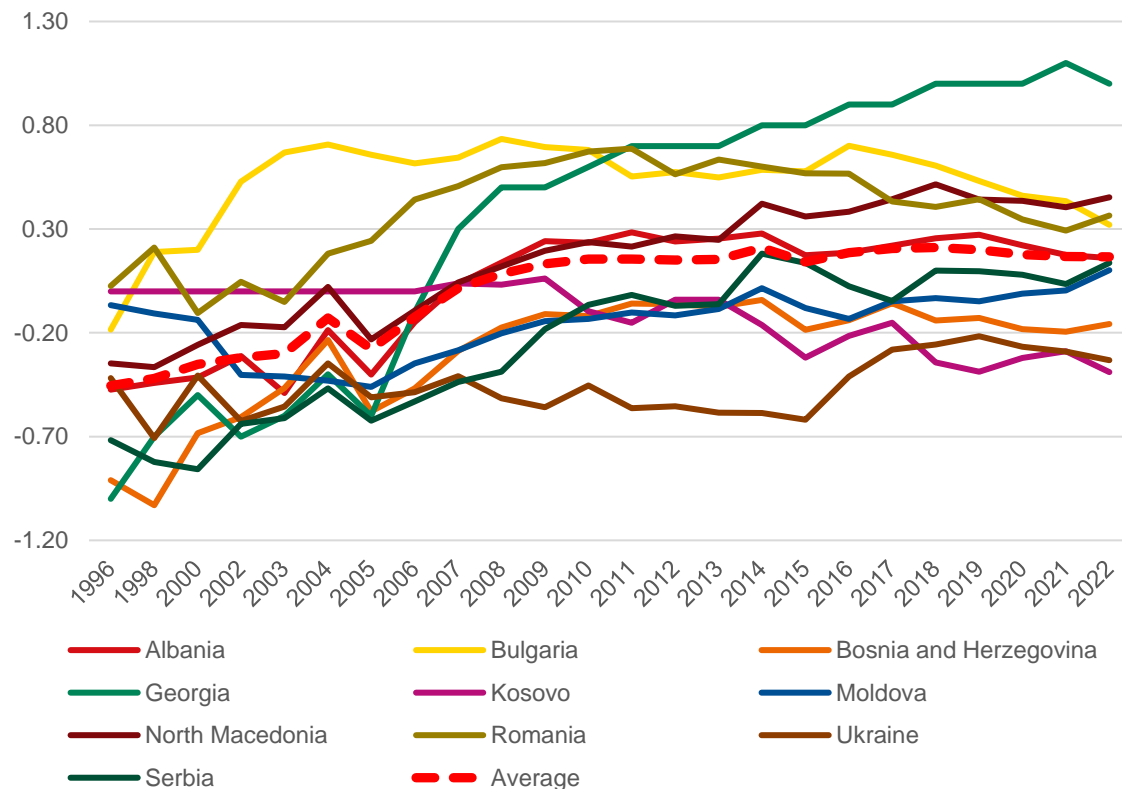
09/12/2024

Your business, your risks: underlying business risks have to be considered – ProCredit supports you on your journey

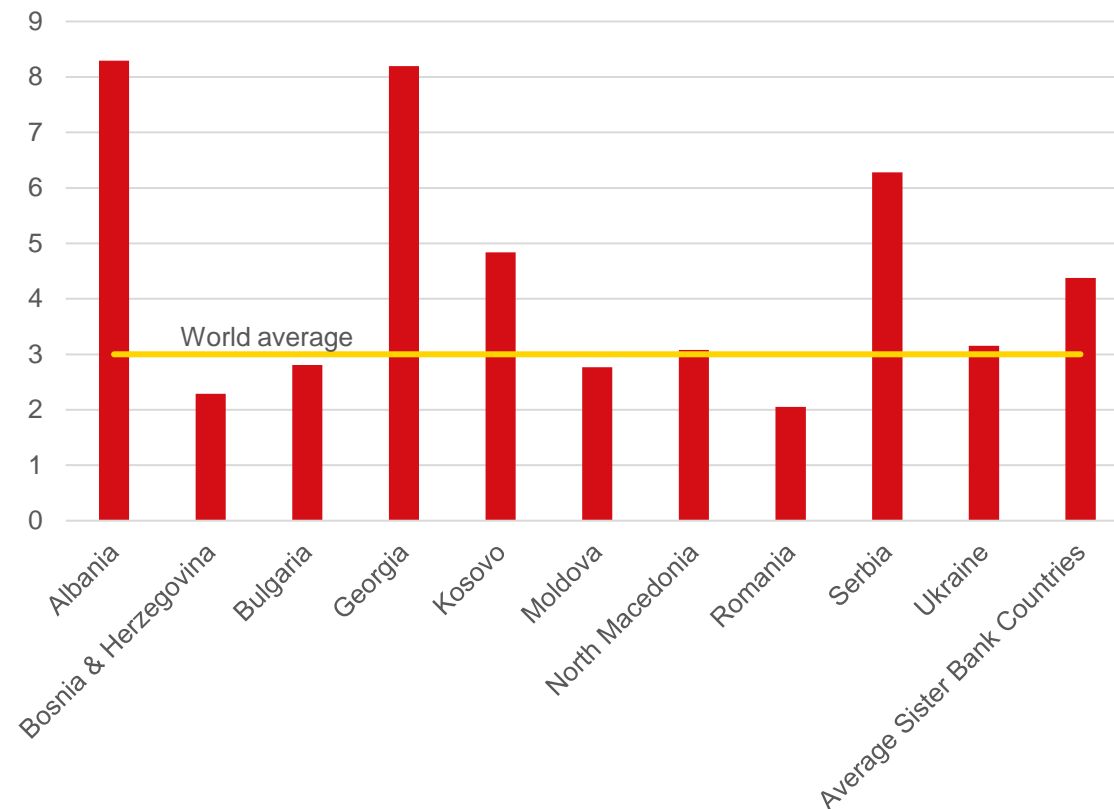


Improving regulatory governance and growth are attracting global investment

Regulatory quality of selected markets in the region



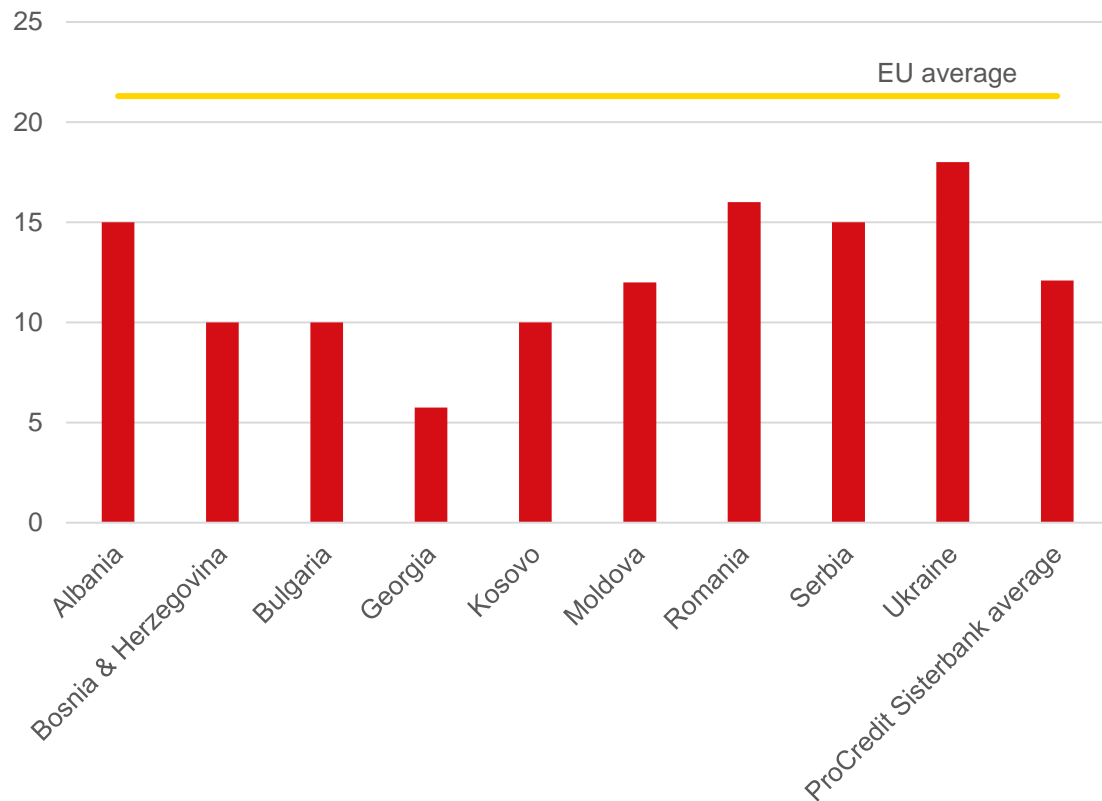
Global FDI as % of GDP (av. 2021-2020)



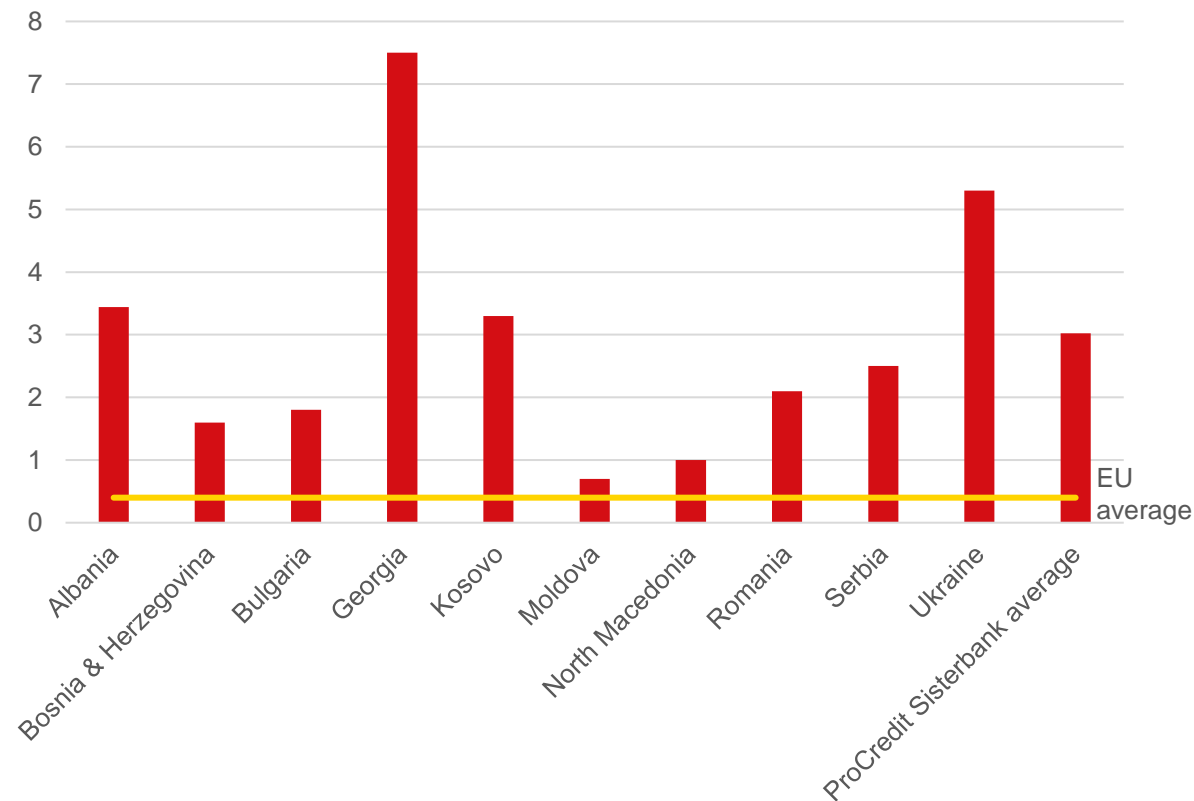
Improving regulatory quality and high FDI shows attractiveness to investors, economic growth potential and private sector development.

Low corporate tax rates in the region incentivise business growth

Current Corporate Tax Rates (in %)



GDP Growth Rate 2023 (in %)



This is a driving factor in economic and wealth convergence between East and West Europe

To further push growth: governments in South Eastern and Eastern Europe offer **subsidy schemes for companies**



Albania

VAT exceptions: In agriculture no VAT has to be paid for machines, agricultural input and veterinary services



Bulgaria

Tax reimbursement: Companies that are investing in high unemployment regions can get up to 100% of corporate tax reimbursed



Kosovo

Low wages and taxes: Corporate income tax of only 10%, minimum wages of only 130 €170 per month, average monthly salary of €446



North Macedonia

Tax holiday in investment zones: 0% profit, corporate and personnel income tax for first 10 years in investment zones



Romania

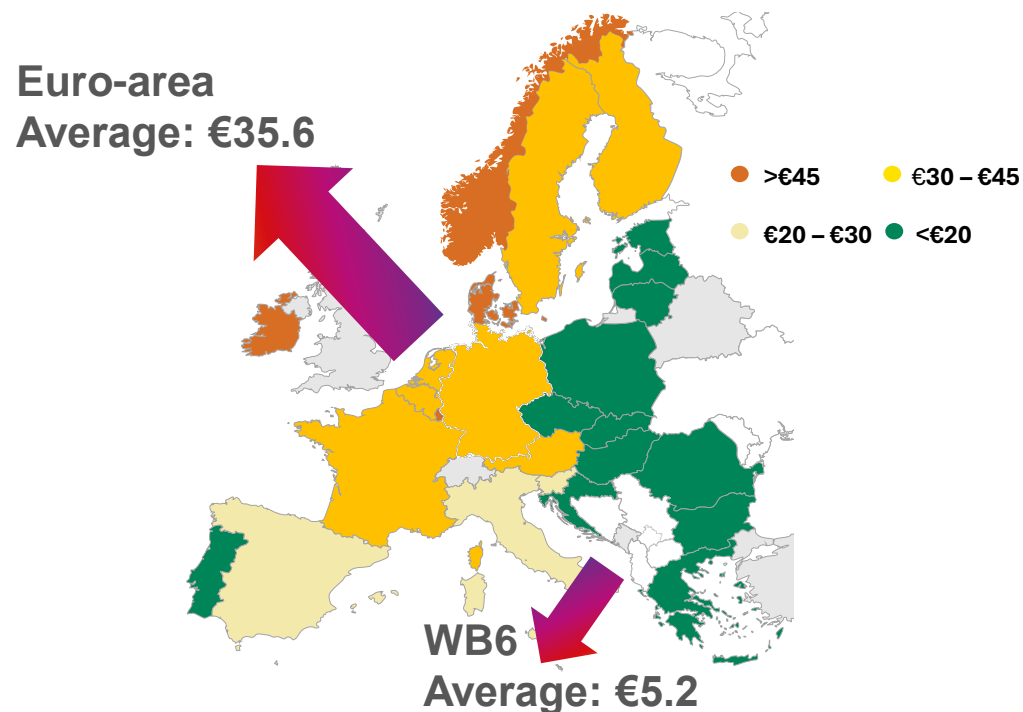
EU support for large projects: European Investment Fund has provided over €2.5 Billion in financing to SMEs in Romania since 2010 in strategic sectors.



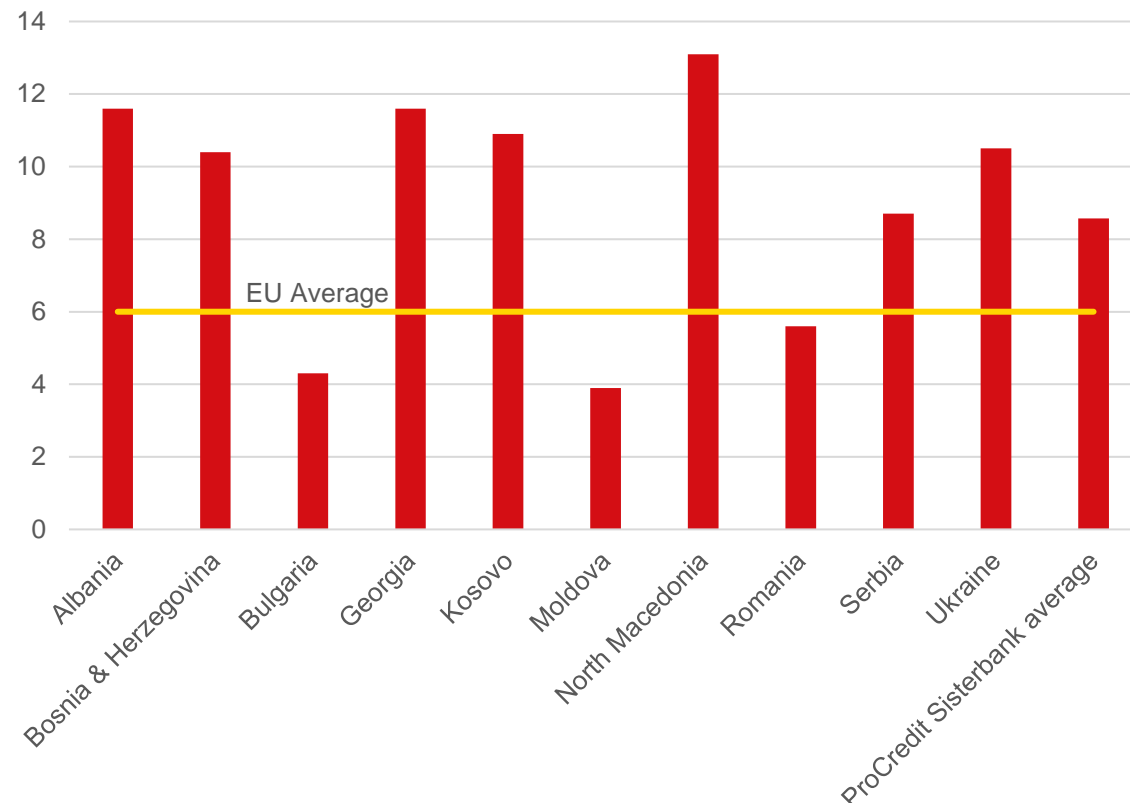
Serbia

10-year tax holiday: For investors who created at least 100 new jobs without time limitation and invested 1 billion RSD (~€8.5 Million)

Average Hourly Labour Costs, 2022



Unemployment rate av. 2023 (in %)



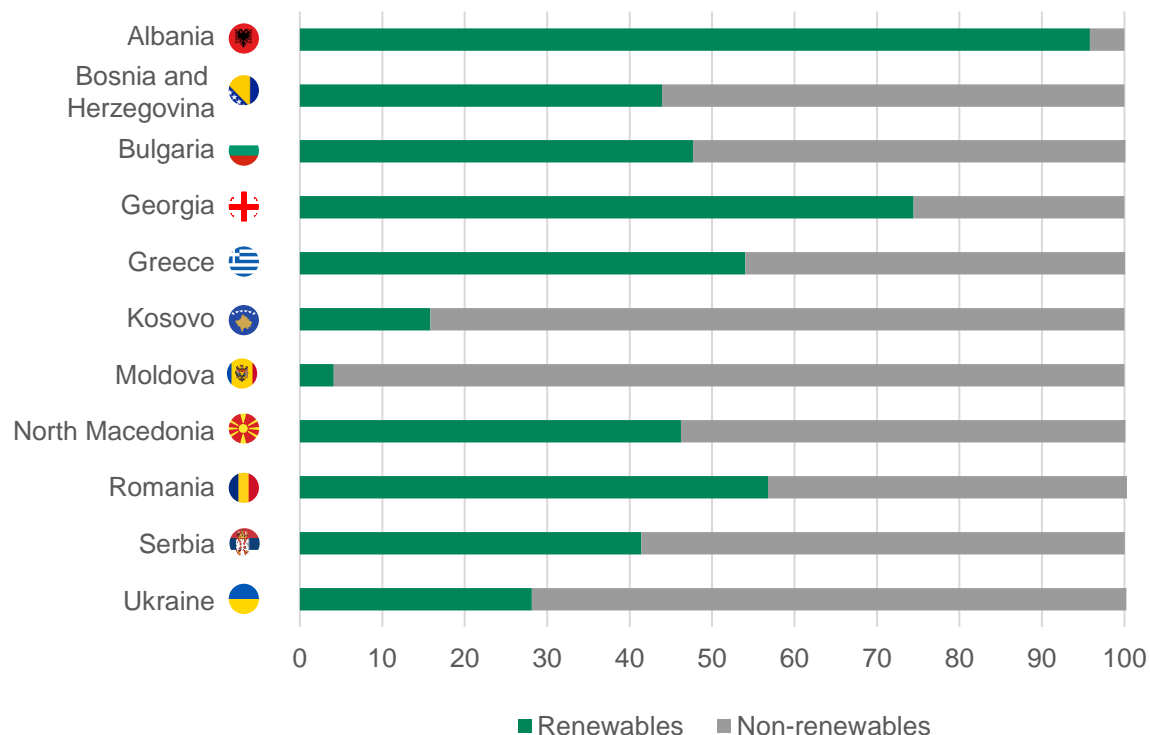
» The region offers a young, affordable and increasingly educated workforce – although situation is heterogeneous from country to country



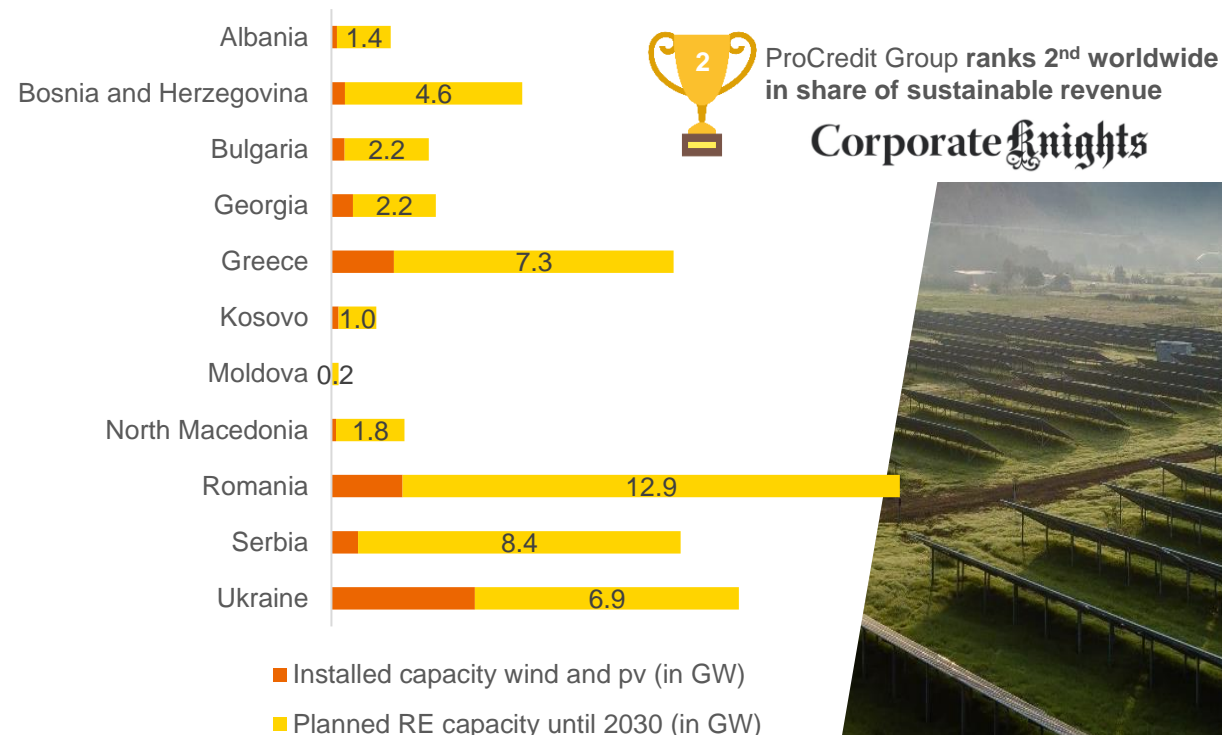
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Green energy transition as a business opportunity: ProCredit has strong focus on a growing market across the region

Installed electricity capacity by country (MW) 2021

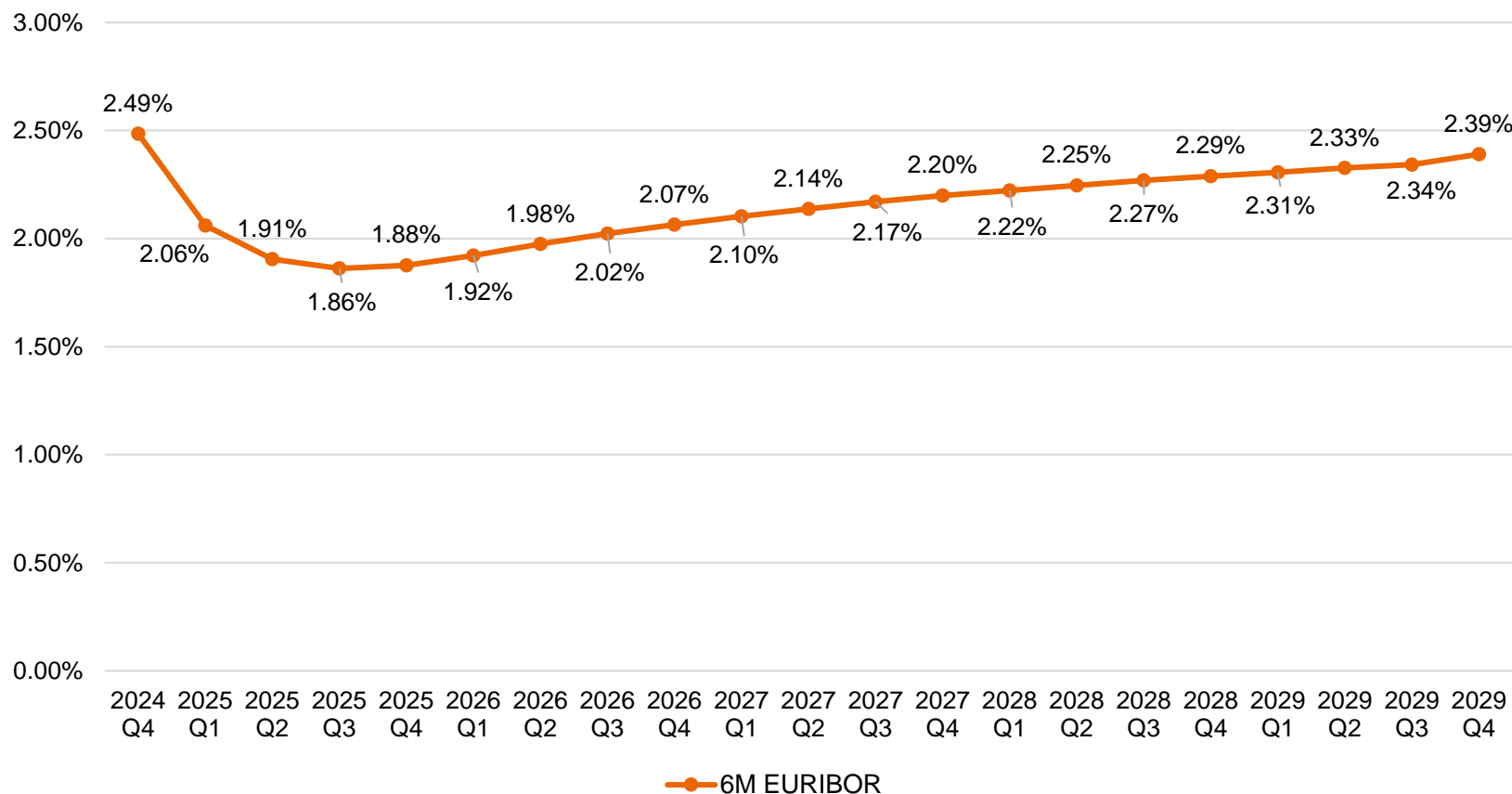


Wind (onshore) and solar volume, current vs. planned until 2030
Installed and planned capacity, in GW



Despite short term local differences on market interest rates, markets focus on EURIBOR as a benchmark for lending

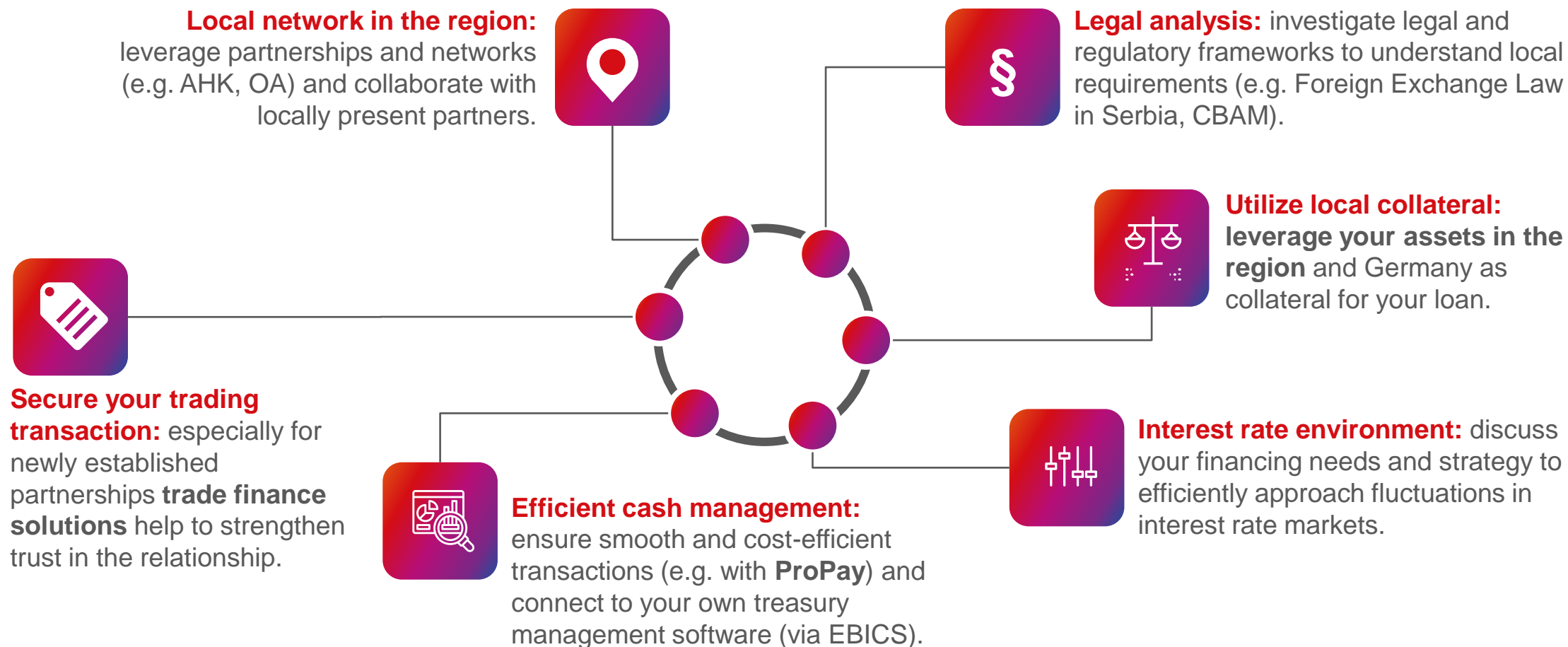
6m Euribor market expectation



- In the last years, some markets have not moved in high correlation with ECB rate hikes – in mid- to long-run, a harmonization of rates can be expected
- Until Dec 2024, one more rate cut - 0.25% to ON deposit rate 3.00%
- Total rate cuts in 2024: - 1.00%
- In 2025, market forwards expect another four rate cuts (-1.00% in total) to ON deposit rate 2.00%
- **Note:** ECB mandate is to keep inflation under control

Likely the most crucial element when doing business in South Eastern and Eastern Europe: a local network with market expertise

Considerations for your business activities in South Eastern and Eastern Europe





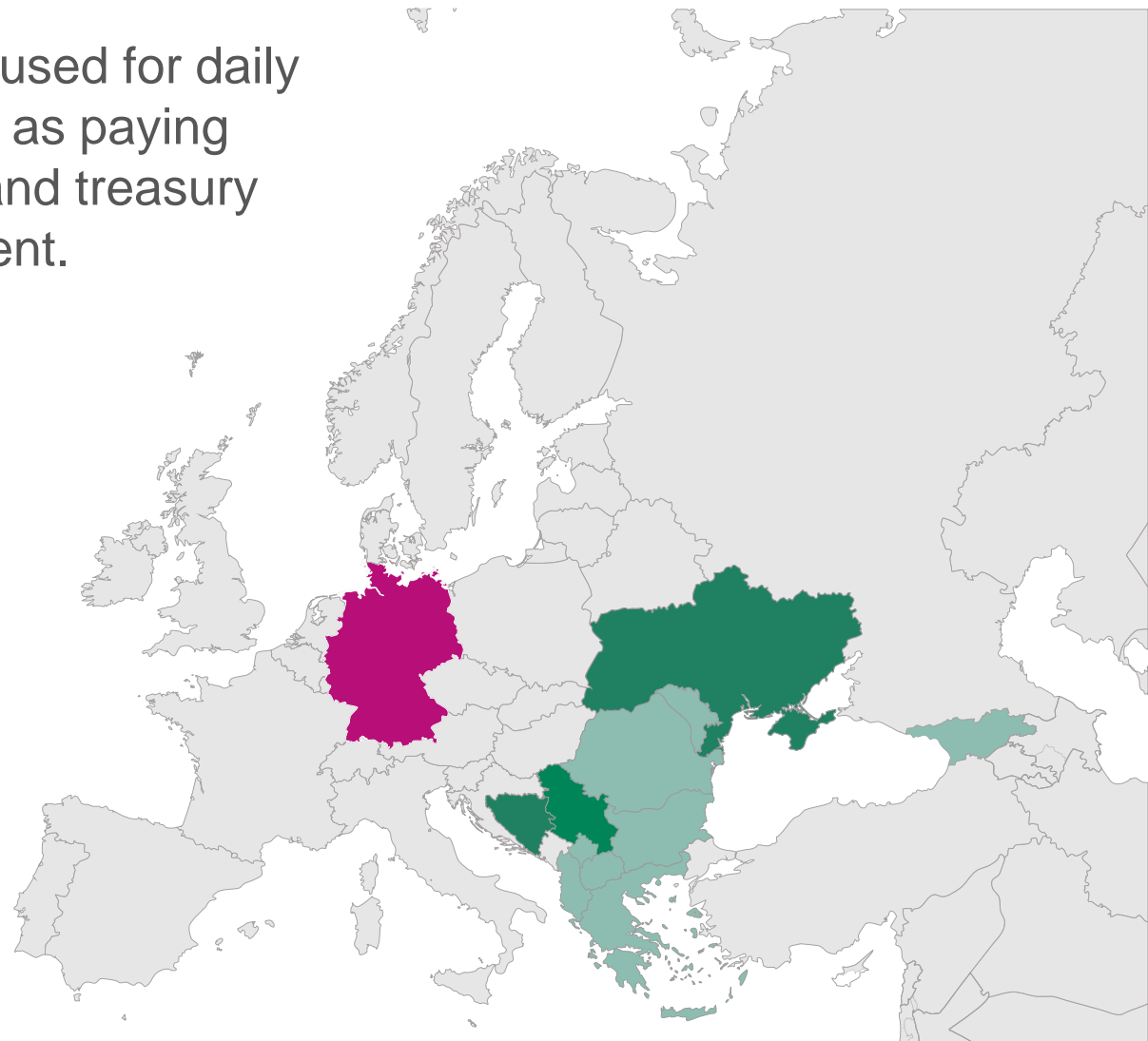
Smaller financing came from local banks in Ukraine and Serbia. For bigger projects, Germany involved with **co-financing**.



ProPay is used for daily tasks such as paying suppliers and treasury management.



*With ProPay solution, ProCredit Bank provides the **cheapest and fastest way to transfer money** between our subsidiaries in Serbia and Ukraine as well as our Headquarter in Germany.*



We make a difference as we react to our clients' needs and work with them



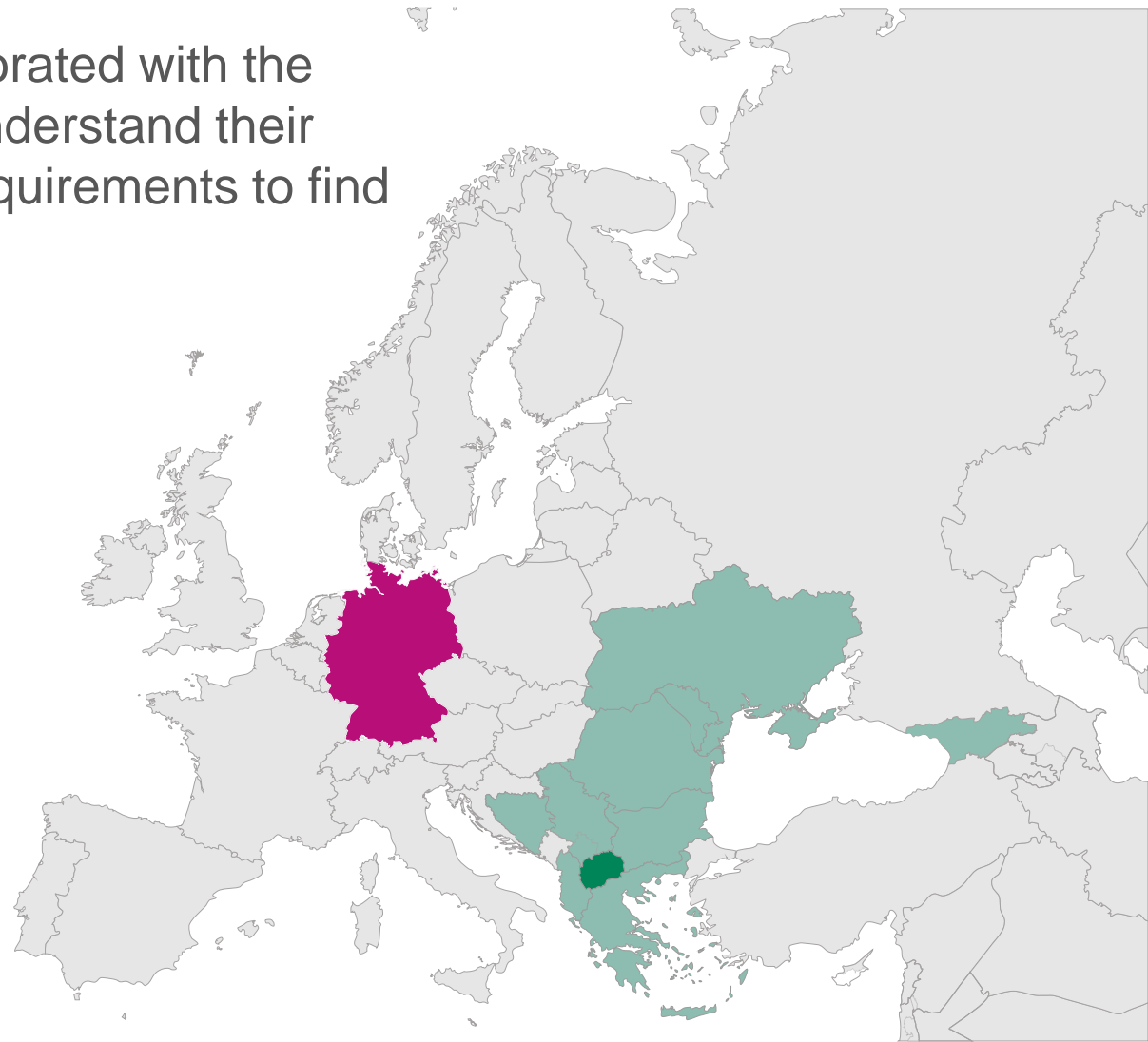
A client in North Macedonia approached us about the need to generate bulk payments in the local currency



We collaborated with the client to understand their specific requirements to find a solution



Together we developed and implemented a treasury management (**EBICS Standard**) connection for them to cover local currencies as well.



Expanding your network is key: ProCredit offers events like the B2B function in Sarajevo



New Relationships

More than 500 participants gathered at the summit



Knowledge Sharing

Representatives of companies from the metal, wood and food industries



Professional Development

Platform for business networking and strengthening market opportunities



Partnerships

Business clients of ProCredit came from North Macedonia, Bosnia & Herzegovina, Serbia, Bulgaria, Kosovo, Romania, Albania, Moldova, Ukraine, Georgia, Greece & Germany





ProCredit Bank



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