



Partners in Resilience: MIGA and ProCredit’s Joint Commitment to Ukraine's Economic Stability

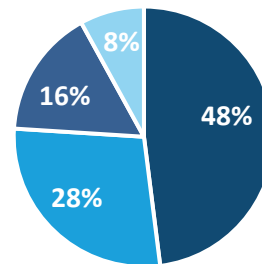
A World Bank Group Capital Optimization Guarantee

HIGHLIGHTS

- In response to economic challenges from Russia’s invasion of Ukraine, MIGA expanded its Capital Optimization guarantee to ProCredit Holding AG from €17.1 million to €40.85 million.
- This enhanced guarantee enabled ProCredit Bank to optimize its mandatory reserves at the National Bank of Ukraine, creating Risk Weighted Asset (RWA) headroom of €35.6 million.
- Together, ProCredit and MIGA helped maintain crucial support for small and medium-sized enterprises (SMEs) across critical sectors.
- By supporting ProCredit Bank's lending to Ukraine's agricultural sector, the enhanced collaboration helped safeguard Ukraine's agricultural exports, contributing to global food security.
- The collaborations also strengthened ProCredit Bank's capacity to serve its clients, contributing to economic resilience in Ukraine.

critical industries directly supports the supply chain of basic goods and livelihoods for the Ukrainian population.

ProCredit Bank Ukraine’s Loan Portfolio



- Agricultural business (mostly crop farming)
- Industry and Production
- Trade
- Services

However, the National Bank of Ukraine's mandatory reserve requirements constrained ProCredit Bank's lending capacity at a critical time. ProCredit Bank urgently needed a solution to optimize its capital structure and maintain support for these businesses vital to Ukraine's economic resilience.

THE CHALLENGE

Russia's invasion of Ukraine created severe humanitarian and economic challenges, disrupting trade and displacing millions while damaging critical infrastructure. Many businesses struggled to maintain operations amid this economic uncertainty.

The financial sector also faced immense pressure, with banks needing to preserve liquidity while supporting their clients. ProCredit Bank, a development-oriented commercial bank with a primary focus on SMEs, reflected this reality. It needed to preserve its ability to serve Ukraine's vital industries, particularly the agricultural sector which remains crucial for global food security. Despite the ongoing invasion, Ukraine remains a significant exporter of grain, and lending to these

FINANCIAL SOLUTION

Prior to Russia’s invasion of Ukraine, MIGA had a €17.1 million Capital Optimization guarantee covering ProCredit Holding AG’s equity investments in its subsidiary ProCredit Bank JSC, Ukraine. As the war intensified economic challenges, MIGA and ProCredit worked together to enhance their Capital Optimization guarantee from €17.1 million to €40.85 million. This enhancement reflects both organizations' commitment to Ukraine's financial sector and their shared vision for maintaining economic stability in the region.

The enhanced guarantee served multiple strategic purposes. By reducing the risk weight of ProCredit

Bank's mandatory reserves, it freed up capital for continued lending operations. This optimization is particularly crucial for Ukraine's agricultural sector, where sustained financing helps prevent disruptions that could trigger broader food security concerns.

"The top-up to the MIGA guarantee is an important signal for us in terms of international support and is recognition of the performance and strength of our Ukrainian bank. It will support our operations in Ukraine, and we see ourselves very well-positioned to continue working with our clients now as well as during the reconstruction of the country."



Hubert Spechtenhauser, Chair of the Management Board of ProCredit General Partner AG

in a conflict-affected situation. The guarantee's structure enabled the bank to maintain critical lending operations to SMEs, supporting both local economic stability and global food security interests during the ongoing conflict.

"This is the first project that will be implemented with the involvement of the Trust Fund for the Support of Ukraine's Reconstruction and Economy. I am sure that MIGA's military risk insurance program for investments in the Ukrainian economy will give a green light to those businessmen who are waiting for an opportunity to start work on the reconstruction of our country. After all, it is private investors who will become the basis of Ukraine's military recovery."



Yuliia Svyrydenko, Deputy Prime Minister of Ukraine and Minister of Economy of Ukraine

IMPLEMENTATION AND IMPACT ▼

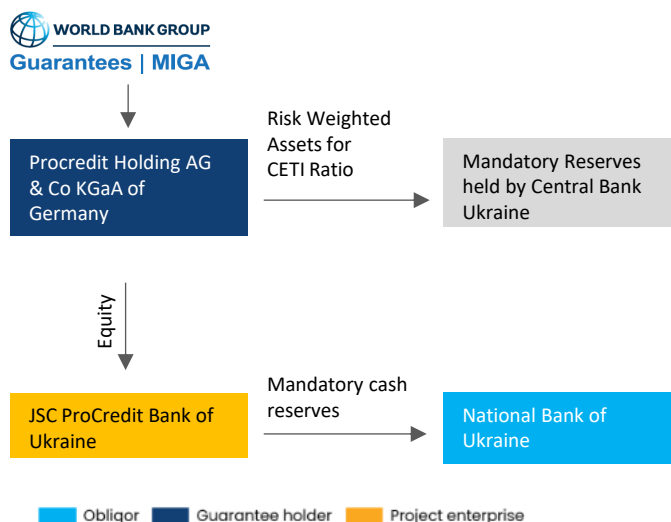
The Capital Optimization guarantee provided ProCredit Bank with more capital available than it is required to hold against its risk-weighted assets, which could enable up to €42.6 million loans for SMEs in Ukraine.

The guarantee utilized, for the first time, resources from the Support for Ukraine's Reconstruction and Economy Trust Fund (SURE TF) — MIGA's trust fund dedicated to supporting its Ukraine response. The tangible results of this initiative demonstrate the powerful impact that targeted risk mitigation can have in empowering financial institutions to navigate challenging environments and foster resilience within local economies. Other tangible impacts include

- Increased lending capacity by freeing up to €42.6 million for SME financing.
- Improved capital adequacy ratios for ProCredit Bank, allowing for sustained operations.
- Strengthened relationships between ProCredit Bank and its clients through increased support.
- Increased investor and stakeholder trust in ProCredit's stability.
- Positive impact on local economies as SMEs received much-needed financial support.

MIGA is the only institution to date that has been able to provide capital optimization guarantees to ProCredit

Summary of Contractual Structure



LOOKING AHEAD ▼

Building on this successful model that optimized mandatory reserves and unlocked vital SME lending capacity, MIGA is expanding similar initiatives to other conflict-affected markets while continuing to finance critical industries, safeguard food security, and foster sustainable growth through its guarantees.