

[REDACTED]
[REDACTED]

[REDACTED]

EXECUTION COPY

Dated 6 May 2016

PROCREDIT HOLDING AG & CO. KGAA

as Issuer

and

[REDACTED]

as Initial Noteholder

SUBSCRIPTION AGREEMENT

relating to the EUR 15,000,000 subordinated floating rate
Notes due 2026

[REDACTED]

CONTENTS

Clause	Page
1. Definitions	1
2. Agreements of the Issuer	3
3. Purpose of Issue	3
4. Sub-Loans	3
5. Agreements of the Initial Noteholder	4
6. Conditions Precedent	4
7. Representation and Warranties	4
8. Undertakings by the Issuer	5
9. Information Undertakings	7
10. Closing	8
11. Indemnity	9
12. Termination	9
13. Communications	10
14. Final Clauses	10
Schedule 1 Terms and Conditions of the Notes	13
Schedule 2 Form of Global Note	22
Schedule 3 Conditions Precedent	23
Schedule 4 Form of Closing Certificate	24
Schedule 5 Social and Environmental Exclusion List	25
Schedule 6 Form of Sub-Loan Reporting	27
Schedule 7 Form of Social and Environmental Compliance Certificate	28

This Agreement is dated 6 May 2016 and made between:

- (1) **PROCREDIT HOLDING AG & CO. KGAA**, a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) registered in the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main, Federal Republic of Germany with the commercial registry number HRB 91858 and having its registered office at Rohmerplatz 33-37, 60486 Frankfurt am Main, Federal Republic of Germany (the "**Issuer**" and, together with its consolidated affiliates (including its Subsidiaries), the "**Group**"), and
- (2) [REDACTED] having its registered office at [REDACTED] registered with the [REDACTED] (the "**Initial Noteholder**").

1. DEFINITIONS

1.1 In this Agreement:

"**Agency Agreement**" means the paying agency agreement, dated on or about 04 May 2016, between the Issuer and [REDACTED] as Paying Agent.

"**Applicable Regulations**" means the laws and regulations applicable to banking and financial institutions in the Borrower's Jurisdiction, including any rules, regulations and/or directives issued by any authority or any person exercising the functions of a regulatory authority and/or central bank or that otherwise has authority to regulate the banking and/or financial sector in the Borrower's Jurisdiction.

"**Banking Day**" means a day on which (i) the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2) and (ii) the Clearing System are operative.

"**Borrower**" means ProCredit Bank A.D. Beograd (Novi Beograd), a bank organized and existing under the laws of the Republic of Serbia in form of a joint stock company, registered with the Serbian Business Registers Agency with identification number 17335677 and its registered office at 17, Milutina Milankovica Street, 11000 Belgrade, Republic of Serbia.

"**Borrower's Jurisdiction**" means the Republic of Serbia.

"**Clearing System**" means Clearstream Banking AG, Frankfurt am Main.

"**Contracts**" means this Agreement and the Agency Agreement.

"**IFRS**" means International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) (which includes standards and interpretations approved by the IASB and International Accounting Standards (IAS) issued under previous constitutions) and consistently applied.

"**Issue Date**" means 25 May 2016.

"Issue Price" means 100 per cent. of the principal amount of the Notes.

"Paying Agent" means [REDACTED]

"Net Subscription Monies" means the aggregate amount payable for the Notes equalling the Issue Price.

"Notes" means the Issuer's EUR 15,000,000 subordinated floating rate notes due 2026.

"Signing Date" means the date of this Agreement.

"Social and Environmental Exclusion List" means the social and environmental exclusion list set out in Schedule 5 (*Social and Environmental Exclusion List*).

"Social and Environmental Law" means any applicable law or regulation which relates to:

- (a) the pollution or protection, preservation or enhancement of the environment;
- (b) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the environment, including, without limitation, any waste; or
- (c) the conditions of the workplace, labour standards relating to the promotion of health and safety, the protection of cultural heritage, the respect of gender and ethnical equality and the containment of discriminatory practices.

"Sub-Borrowers" means natural or legal persons residing or registered in the Borrower's Jurisdiction who comply with the eligibility criteria for the relevant Sub-Loan.

"Sub-Loan" means any loan made by the Borrower to a Sub-Borrower that is fully or partially financed by funds made available to the Borrower (through the Issuer) under this Agreement in respect of each loan facility granted by the Borrower to a Sub-Borrower complying with the provisions set out in this Agreement.

"Sub-Loan Agreement" means each loan agreement between a Sub-Borrower and the Borrower under which the Borrower agrees to make a Sub-Loan available to a Sub-Borrower.

"Subsidiary" means in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"**Terms and Conditions**" means the terms and conditions of the Notes in the form attached hereto as Schedule 1 (*Terms and Conditions of the Notes*).

- 1.2 References to capitalised terms not defined in this Agreement are to those terms as defined in the Terms and Conditions, except where the context requires otherwise.

2. AGREEMENTS OF THE ISSUER

- 2.1 The Issuer will issue the Notes on the Issue Date to the Initial Noteholder.
- 2.2 The Issuer will issue the Notes in bearer form in the denomination of Euro 100,000 each. The Holders will have no right to request the printing and the delivery of definitive Notes.
- 2.3 The Issuer will enter into the Agency Agreement not later than the Signing Date.

3. PURPOSE OF ISSUE

- 3.1 The purpose of the Net Subscription Monies paid by the Initial Noteholder to the Issuer is to finance equity investments in and/or subordinated loans to the Borrower (the "**Purpose**") in order for the Borrower to finance (with the proceeds of the Net Subscription Monies) Sub-Loans in compliance with the eligibility criteria set out in Clause 4 (*Sub-Loans*) below.
- 3.2 The Issuer undertakes that the Net Subscription Monies are invested for such Purpose at any time after the Issue Date. The Issuer shall supply to the Initial Noteholder in form and substance satisfactory to the Initial Noteholder information in order to monitor the application of the Net Subscription Monies. The Issuer shall notify the Initial Noteholder in sufficient detail of any change in the application of the Net Subscription Monies. The Initial Noteholder is not bound to monitor or verify the application of any amount borrowed pursuant to this Agreement and the compliance with the eligibility criteria set out in Clause 4 (*Sub-Loans*) below.

4. SUB-LOANS

The Issuer shall ensure the following:

- 4.1 All amounts to be paid from the Initial Noteholder to the Issuer pursuant to this Agreement are applied for the purpose of financing Sub-Loans.
- 4.2 Each Sub-Loan shall be made pursuant to a Sub-Loan Agreement entered into between the Sub-Borrower and the Borrower that complies with the terms and conditions set out in this Clause 4 (*Sub Loans*). Appropriate security arrangements shall be in place depending on the credit risk, the loan amount, the maturity and the purpose of the respective Sub-Loan.

- 4.3 Sub-Loans shall be made to private micro and small enterprises and entrepreneurs (MSEs) that are registered and/or resident (as the case may be) in the Borrower's Jurisdiction. Sub-Loans shall be made to finance working capital or investment requirements (such as fixed assets, raw materials and other inputs) in all sectors of the economy.
- 4.4 The maximum principal amount of a Sub-Loan shall not exceed EUR 100,000 (or its equivalent in another currency).
- 4.5 At any time after the Issue Date, the ratio of (i) the aggregate amount of outstanding Sub-Loans to (ii) the Net Subscription Monies outstanding shall be higher than two hundred (200) per cent.

5. AGREEMENTS OF THE INITIAL NOTEHOLDER

The Initial Noteholder agrees to purchase the Notes on the Issue Date at the Issue Price.

The Initial Noteholder will acquire sole title to the Notes it purchases.

6. CONDITIONS PRECEDENT

6.1 The obligations of the Initial Noteholder to subscribe and pay for the Notes are conditional upon the following:

- (a) the Issuer has duly executed the global note and has it delivered to the Paying Agent for onward delivery to the Clearing System as set out in Clause 10.1 hereof;
- (b) on or prior to the Issue Date, the Initial Noteholder has received all of the documents and other evidence listed in Schedule 3 (*Conditions Precedent*) in form and substance satisfactory to the Initial Noteholder; and
- (c) in relation to the issue of Notes on the Issue Date, all the representations and warranties given in Clause 5 to be made by the Issuer are true and accurate in all respects.

6.2 The Initial Noteholder may, at its discretion and upon such terms as it thinks fit, waive in writing compliance with the whole or any part of this Clause 6.

7. REPRESENTATION AND WARRANTIES

The Issuer represents and warrants to the Initial Noteholder by way of an independent guarantee (*selbständige, verschuldensunabhängige Garantie*) that:

- 7.1 it has been duly incorporated and is validly existing under the laws of the Federal Republic of Germany with full power and authority to conduct its business;
- 7.2 it has full power and capacity to create and issue the Notes and to execute the Contracts and to undertake and perform the obligations expressed to be assumed by it herein and therein, and it has taken all necessary action required for the issue of the Notes and execution of the Contracts;

- 7.3 the Contracts have been duly authorised and, when signed by the Issuer will constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, subject to the laws of insolvency and other laws affecting the rights of creditors generally;
- 7.4 the issue of the Notes has been duly authorised by the Issuer and, when the global note has been duly signed and issued in accordance with the Agency Agreement and this Agreement, will constitute legal, valid and binding obligations of the Issuer, as the case may be, enforceable in accordance with their respective terms, subject to the laws of insolvency and other laws affecting the rights of creditors generally;
- 7.5 no regulatory or governmental authorisation, consent, approval, order, filing, notification or registration is required to be taken, fulfilled or done for the issue of the Notes, the carrying out of the other transactions contemplated by the Contracts or the compliance by the Issuer with the Terms and Conditions and the Contracts, as the case may be, except for all of those which have been, or will prior to the Issue Date be, obtained and are, or will on the Issue Date be, in full force and effect;
- 7.6 the execution and delivery of the Contracts, the issue of the Notes, the carrying out of the other transactions contemplated by the Contracts and compliance with their terms do not and will not (a) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting the Issuer or any other agreement or instrument to which the Issuer is a party or by which it or any of its properties is bound, in a way which could have a material adverse effect on the issue and offer of the Notes, or (b) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Issuer or any of its properties;
- 7.7 all claims to the payment of interest and repayment of principal as well as all other claims under the Notes ("**Payment Claims**") shall rank at least *pari passu* with all present and future claims of creditors under other subordinated obligations of the Issuer but shall have priority over any present and future claims of creditors under subordinated obligations of the Issuer the terms of which expressly provide for their subordination to the obligations under the Notes.
- 7.8 there exists no event or circumstance which, had the Notes already been issued, might (whether or not with the giving of notice, the making of any determination or any combination thereof) constitute an event described in § 4 (2) (*Early Redemption due to Capital Disqualification Event*) and § 4 (3) (*Early Redemption for Taxation Reasons*) of the Terms and Conditions; and
- 7.9 no action has been commenced for the insolvency, liquidation, administration, dissolution or other judicial reorganisation of the Issuer, nor, to the best of its knowledge, is any such action pending or threatened.

8. UNDERTAKINGS BY THE ISSUER

The Issuer undertakes, as long as the Notes are outstanding, with the Initial Noteholder as follows:

- 8.1 Subject to applicable law, the Issuer will forthwith notify the Initial Noteholder if at any time prior to payment of the Net Subscription Monies to the Issuer on the Issue Date anything occurs which renders or may render untrue or incorrect in any respect any of the representations and warranties contained in Clause 5 (*Representations and Warranties*) and will consult with the Initial Noteholder on steps to remedy and/or publish the fact and will reimburse the Initial Noteholder in respect of the expenses reasonably incurred of any such steps taken by the Initial Noteholder.
- 8.2 From the date of this Agreement to (and including) the Issue Date, the Issuer will promptly notify the Initial Noteholder of anything which has rendered untrue or incorrect any of the representations and warranties made by the Issuer under this Agreement at any time at which such representations and warranties are given or deemed to be given.
- 8.3 The Issuer shall ensure that it complies with, and that none of the Net Subscription Monies will be used to finance activities listed in the Social and Environmental Exclusion List.
- 8.4 The Issuer shall comply in all respects with all laws and regulations including without limitation:
- 8.4.1 all local and EU anti-money laundering and combating the financing of terrorism standards and regulations and the Financial Action Task Force (FATF) standards and recommendations; and
- 8.4.2 the Social and Environmental Law.
- 8.5 The Issuer shall implement, maintain and comply with (i) an effective management information system ensuring comprehensive and accurate reporting on the Issuer and its operations, (ii) internal procedures and controls satisfactory to the Initial Noteholder, following national law and best international banking standards, including correspondent and private banking standards, for the purpose of preventing the Issuer from becoming an instrument for money laundering, terrorism financing, fraud or other corrupt or illegal purposes or practices and (iii) an effective compliance system ensuring compliance with all laws, regulations, standards and recommendations as contemplated by Clause 8.4 above.
- 8.6 The Issuer shall meet and discuss with the Initial Noteholder, its representatives and/or accountants or other professional advisers by way of regular meetings and/or conference calls (at least semi-annually) with the senior management of the Issuer with the aim to exchange information, *inter alia*, on the market situation/business environment, group development, strategy and outlook.
- 8.7 The Issuer will as soon as reasonably possible extend the maturity of the Loan to at least 31 May 2022 and procure all necessary or advisable notifications to and/or registrations with the National Bank of Serbia in relation to such extension of the maturity of the Loan under the Subordinated Loan Agreement and the Framework Agreement (each as defined in the Assignment and Transfer Agreement (as defined in Schedule 3 (*Conditions Precedent*) hereof).

9. INFORMATION UNDERTAKINGS

The information undertakings in this Clause 9 remain in force from the date of this Agreement for so long as any amount is outstanding under this Agreement or any commitment of the Initial Noteholder under this Agreement is in force.

9.1 Annual financial statements

The Issuer shall, as long as the Notes are outstanding, submit to the Initial Noteholder as soon as they are available, but in any event no later than:

- 9.1.1 six months after the end of each financial year, the Group's audited consolidated financial statements (including its certified balance sheet and profit and loss accounts, together with explanatory notes as well as the joint management report) prepared in accordance with IFRS together with the report of the auditors thereon; and
- 9.1.2 six Months after the end of each financial year, the Issuer's audited unconsolidated financial statements (including its certified balance sheet and profit and loss accounts, together with explanatory notes as well as the joint management report) prepared in accordance with the generally accepted accounting principles in the Federal Republic of Germany together with the report of the auditors thereon; and
- 9.1.3 120 days after the end of each financial year, the annual environmental performance report on investments of the Issuer (which report shall be a consolidated report based on environmental management and performance reports delivered to the Issuer by its Subsidiaries) that the Issuer delivers to its shareholders.

9.2 Quarterly financial statements and reports

The Issuer shall, for as long as the Notes are outstanding, submit to the Initial Noteholder:

- 9.2.1 the Group's quarterly unaudited consolidated financial statements (including its balance sheet and income statement), prepared in accordance with IFRS; and
- 9.2.2 the Issuer's quarterly unaudited unconsolidated financial statements (including its balance sheet and income statement), prepared in accordance with the generally accepted accounting principles in the Federal Republic of Germany; and
- 9.2.3 the quarterly key financial and operational statistics and ratios at the level of the Subsidiaries of the Issuer which, among other things, provide information about the volume and number of loans outstanding and disbursed (Opstat reports),

in each case as soon as they are available, but in each case no later than 45 days after the end of each financial quarter, other than for the final quarter of a financial year in

respect of which such financial statements and reports must be submitted not later than 90 days of the following financial year.

9.3 Sub-Loan Reporting; Environmental and Social Reporting

The Issuer shall supply to the Initial Noteholder in form and substance satisfactory to the Initial Noteholder:

- 9.3.1 no later than 14 calendar days after the end of each calendar quarter, reports on the Sub-Loans for such calendar quarter with the criteria set out in Schedule 6 (*Form of Sub-Loan Reporting*). Sub-Loans reported to the Initial Noteholder as having been funded from proceeds made available by the Initial Noteholder may not concurrently be designated by the Borrower as being funded by other creditors of the Borrower;
- 9.3.2 no later than three months after the end of each calendar year, a certificate for such calendar year substantially in the form set out in Schedule 7 (*Form of Environmental and Social Compliance Certificate*) (as updated and/or amended by the Initial Noteholder from time to time); and
- 9.3.3 no later than three months after the end of each calendar year, a report for such calendar year regarding the environmental and social performance of the Borrower in form and substance satisfactory to the Initial Noteholder unless the Initial Noteholder has waived its right to request such report from the Borrower.

9.4 Information: miscellaneous

The Issuer shall, for as long as the Notes are outstanding, submit to the Initial Noteholder:

- 9.4.1 promptly details of any (rating) reports or any announcement from Moody's Investor Service, Standard & Poor's or Fitch Ratings or any other rating agency of any change or withdrawal in its ratings or rating outlooks in relation to the Issuer if such rating agency provides a rating in relation to the Issuer; and
- 9.4.2 promptly, any other information reasonably requested by the Initial Noteholder.

10. CLOSING

- 10.1 The Issuer shall deliver the duly executed global note substantially in the form set out herein in Schedule 2 (*Form of Global Note*) to the Paying Agent by 10 a.m. (Frankfurt am Main time) two Banking Days immediately preceding the Issue Date for authentication. The Issuer will procure that the Paying Agent will deliver such authenticated global note to the Clearing System.
- 10.2 The Initial Noteholder will instruct [REDACTED] to accept the Notes on a delivery versus payment basis from the Paying Agent with trade-date 24 May 2016, and settlement-date 25 May 2016, versus payment of

EUR 15,000,000 from [REDACTED] account no [REDACTED]
[REDACTED]

11. INDEMNITY

- 11.1 Without prejudice to the other rights or remedies of the Initial Noteholder, the Issuer undertakes with the Initial Noteholder that it will indemnify and hold harmless the Initial Noteholder against any losses, damages, liabilities, charges, costs, claims, expenses, or actions, which it may incur in connection with investigating, disputing, defending or preparing to defend any such claim or which may be made against it as a result of or in relation to any breach or alleged breach of the obligations and undertakings contained in or made by, the Issuer pursuant to this Agreement or any inaccuracy or alleged inaccuracy of the representations and warranties contained in, or made by, the Issuer pursuant to this Agreement.
- 11.2 The Issuer agrees that its undertaking pursuant to Clauses 9.1 constitutes a separate and absolute guarantee and that its obligation to indemnify the Initial Noteholder shall exist irrespective of whether its own fault (*Verschulden*) is involved.

12. TERMINATION

- 12.1 Notwithstanding anything contained in this Agreement, the Initial Noteholder may, if practicable, by notice to the Issuer terminate this Agreement (*Rücktritt*) at any time before the time on the Issue Date when payment would otherwise be due under this Agreement to the Issuer in respect of the Notes in any of the following circumstances:
- 12.1.1 if there will have come to the notice of the Initial Noteholder any breach of, or any event rendering untrue or incorrect in any respect, any of the representations and warranties contained in Clause 5 (*Representations and Warranties*) or any failure to perform any of the Issuer's undertakings or agreements in this Agreement;
- 12.1.2 if any change, or any development involving a prospective change, in the condition (financial or otherwise), prospects or general affairs of the Issuer or the Group has occurred that, in the reasonable judgment of the Initial Noteholder, materially impairs or may materially impair the investment quality of the Notes; or
- 12.1.3 if any of the conditions specified in Clause 4 has not been satisfied at 10.00 a.m. (Frankfurt am Main time) on the Issue Date or waived by the Initial Noteholder.
- 12.2 Upon such notice being given, this Agreement will terminate. The Issuer will remain liable for any liabilities, costs or expenses already incurred or incurred in consequence of such termination. The right of the Initial Noteholder to any further claims it may be entitled to make against any Issuer will remain unaffected.

13. COMMUNICATIONS

- 13.1 Any communication will be given by letter, email, fax or telephone in the case of notices to the Issuer, to it at:

ProCredit Holding AG & Co. KGaA
Rohmerplatz 33-37
60486 Frankfurt am Main
Germany
Tel.: + 49 69 951437160
Fax: + 49 69 951437125

and in the case of notices from the Issuer, to the Initial Noteholder at:

[REDACTED]
[REDACTED]
[REDACTED]

With a copy to:

[REDACTED]
[REDACTED]
[REDACTED]

Fax: [REDACTED]
E-mail: [REDACTED]

- 13.2 Any such communication will take effect at the time of receipt by the relevant addressee.

14. FINAL CLAUSES

- 14.1 This Agreement will be governed by and construed in accordance with the laws of the Federal Republic of Germany.

To the extent permitted pursuant to Council Regulation (EC) No 864/2007 of July 11, 2007 on the law applicable to non-contractual obligations (Rome II), all non-contractual claims arising out of or in connection with this Agreement are governed by, and will be construed in accordance with, German law without giving effect to the principles of conflict of laws thereof.

- 14.2 Place of performance is Frankfurt am Main, Federal Republic of Germany.
- 14.3 Non exclusive place of jurisdiction for all proceedings arising from matters provided for in this Agreement shall be Frankfurt am Main and, as such, the Issuer agrees to submit to such jurisdiction.

- 14.4 Should any of the provisions contained in this Agreement be or become, in any respect, invalid or unenforceable, the validity or the enforceability of the remaining provisions shall not in any way be affected or impaired thereby. In this case, the invalid provision shall be deemed to be replaced by a valid and enforceable provision the economic effect of which comes as close as legally possible to the invalid or unenforceable provision in keeping with the meaning and purposes of this Agreement. Under circumstances in which this Agreement prove to be incomplete, a supplementary interpretation according to the above meaning and purposes of this Agreement shall apply.
- 14.5 Any provision of this Agreement, including this Clause 14.5 may be amended or supplemented only if the Issuer and the Initial Noteholder so agree in writing.
- 14.6 The Issuer confirms to the Initial Noteholder that it will borrow the funds granted under the Notes in its own name and exclusively for its own account and thus will be the sole beneficiary within the meaning of the German Anti-Money-Laundering Act (*Geldwäschegesetz*).

PROCREDIT HOLDING AG & CO. KGAA



ProCredit
HOLDING

Rohmerplatz 33-37, 60486 Frankfurt / Germany
Tel. +4969951437-0 Fax +4969951437-168

Name:
Title: **Borislav Kostadinov**
Manager

Dr. **Anja Lepp**
Manager

[REDACTED]

Name: [REDACTED]
Title: Chairperson of the Board of Directors

Name: [REDACTED]
Title: Member of the Board of Directors

PROCREDIT HOLDING AG & CO. KGAA

Name:
Title:

[REDACTED]

[REDACTED]

Name: [REDACTED]
Title: Chairperson of the Board of Directors

[REDACTED]

Name: [REDACTED]
Title: Member of the Board of Directors

SCHEDULE 1
TERMS AND CONDITIONS OF THE NOTES

§ 1

(Principal Amount, Form, Definitions)

(1) *Principal Amount and Denomination.* The notes of ProCredit Holding AG & Co. KGaA (the "**Issuer**") are being issued in 150 notes in Euro ("**EUR**") in the aggregate principal amount of EUR 15,000,000 and with a specified denomination (the "**Specified Denomination**") of EUR 100,000 each (the "**Notes**").

(2) *Form.* The Notes are being issued in bearer form and are represented by one or more global notes without coupons (each a "**Global Note**"). Each Global Note shall be signed by a duly authorised representative of the Issuer and shall each be authenticated by or on behalf of the Paying Agent. Definitive notes and interest coupons will not be issued.

(3) *Clearing System.* Each Global Note representing the Notes will be kept in custody by or on behalf of the Clearing System. "**Clearing System**" means Clearstream Banking AG, Frankfurt am Main ("**CBF**").

(4) *Certain Definitions.* The following applies:

"**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

"**Business Day**" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2) or any successor system is operative to effect payments.

"**Relevant Regulator**" means the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**") or any other authority competent for the Issuer assuming the relevant supervisory functions performed by BaFin after the date hereof.

"**Capital Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy adopted by bodies of the European Union or the Federal Republic of Germany or any other competent authority then in effect in the Federal Republic of Germany and applicable to the Issuer and, in particular, Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation – CRR), as amended from time to time.

§ 2

(Status, Negative Pledge)

(1) *Status.* The Notes shall constitute bank regulatory capital in the form of Tier 2 capital ("**Tier 2 Capital**"). Accordingly, the obligations under the Notes shall be unsecured obligations of the Issuer and subordinated to all present and future unsubordinated obligations of the Issuer. In the event of the Issuer's insolvency or liquidation, all claims to the payment of interest and repayment of principal as well as

all other claims under the Notes ("**Payment Claims**") shall be subordinated to the unsubordinated claims of all other creditors of the Issuer and, in that case, shall only be fulfilled upon satisfaction of all unsubordinated claims against the Issuer. The Payment Claims shall rank at least pari passu with all present and future claims of creditors under other subordinated obligations of the Issuer but shall have priority over any present and future claims of creditors under subordinated obligations of the Issuer the terms of which expressly provide for their subordination to the obligations under the Notes.

(2) *Regulatory Restrictions.* No creditor may set off its claims arising under the Notes against any claims of the Issuer. No security of whatever kind is, or shall at any time be, provided by the Issuer or any other person to secure rights of the creditors under the Notes, and any security that, notwithstanding the aforementioned, may have been provided in the past or may be provided in the future by the Issuer or any third party shall not secure the obligations under the Notes.

§ 3

(Interest)

(1) *Interest Periods.* The Notes bear interest on their principal amount from 25 May 2016 (the "**Issue Date**") (including) to (and excluding) the First Interest Payment Date (such period the "**First Interest Period**") and after the First Interest Payment Date from each Interest Payment Date (including) to the next following Interest Payment Date (excluding) (each such period, including the First Interest Period, an "**Interest Period**"). Any Interest Period which would otherwise extend beyond the Maturity Date shall, however, be of a duration that it shall end on the Maturity Date.

(2) *Interest Payment Dates.* Interest for each Interest Period will be payable in arrears on 15 May and 15 November of each year (each such date, including the First Interest Payment Date, an "**Interest Payment Date**") and on the Maturity Date. The first interest payment will be made on 15 November 2016 (the "**First Interest Payment Date**").

(3) *Rate of Interest.* The Notes bear interest on their principal amount for each Interest Period at the quotation (expressed as a percentage rate per annum) offered for deposits in Euro for 6 months which appears on the Screen Page as of 11:00 a.m. (Brussels time) on the Interest Determination Date for the relevant period, as determined by the Paying Agent, and, if that rate is less than zero, such rate shall be deemed to be zero plus the Margin (the "**Rate of Interest**").

"**Interest Determination Date**" means the second Business Day prior to the commencement of the relevant Interest Period.

"**Margin**" means 6%.

"**Screen Page**" means the Bloomberg page YCMM0085 (EUR EURIBOR (Act/360) Fixings Curve) or its successor page on Bloomberg or another page designated by the European Money Markets Institute for the publication of the Euro interbank reference rate or any successor page thereto. If the Screen Page is not available or if no such quotation appears, in each case as at the time specified in § 3 (2), the Paying Agent will request each of the Reference Banks to provide the Paying Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in Euro for the relevant Interest Period to leading banks in the Euro-Zone at approximately 11:00 a.m.

Brussels time on the Interest Determination Date. If two or more of the Reference Banks provide the Paying Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of such offered quotations, as determined by the Paying Agent, plus the Margin. If fewer than two offered rates are so quoted, the Paying Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in such financial centre or centres as the Paying Agent may reasonably select at approximately 11:00 a.m. local time at such other financial centre or centres as aforesaid on the first day of the relevant Interest Period for loans to leading European banks for a period corresponding to the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time.

"Reference Banks" means the offices of four leading banks whose offered rates were used to determine the applicable offered quotation when such quotation last appeared on the Screen Page.

(3) *Termination of Interest.* The Notes will cease to bear interest at the end of the day preceding the due date.

(4) *Interest Amount.* The Paying Agent will, on the day or as soon as practicable after the day on which the Rate of Interest is to be determined, calculate the amount of interest (the **"Interest Amount"**) payable on the Note for the relevant Interest Period. Each Interest Amount is to be calculated by applying the Rate of Interest and the Day Count Fraction to the aggregate nominal amount outstanding and rounding the resultant figure to the nearest Euro. The Paying Agent will cause the Rate of Interest and each Interest Amount to be notified to the Issuer after their determination without undue delay and in due time so that the Issuer is able to pay the relevant Interest Amount on the relevant due date.

"Day Count Fraction" means, with regard to the calculation of the Interest Amount for any Interest Period (the **"Calculation Period"**) the actual number of days in the relevant Calculation Period divided by 360.

(5) *Default Interest.* A default shall occur, irrespective of any reminder, if any amounts payable under the Notes are not paid when due. Any due and unpaid amount of principal shall bear from the due date (inclusive) until the date of payment (exclusive) interest at a rate equal to the statutory rate for default interest. Furthermore, the Issuer will indemnify the Holder for any damages resulting from the default in paying any interest amounts when due.

The annual default interest rate established by law is five percentage points above the base interest rate published by Deutsche Bundesbank from time to time. §§ 288 (1), 247 (1) German Civil Code (BGB).

§ 4

(Redemption, Early Redemption)

(1) *Redemption at Maturity.* Unless previously redeemed in whole or in part or purchased and cancelled, the Notes will be redeemed at par on 25 May 2026 (the **"Maturity Date"**).

(2) *Early Redemption due to Capital Disqualification Event.* If at any time after the Issue Date immediately prior to the giving of the notice referred to below, a Capital Disqualification Event has occurred and is continuing, the Issuer shall be entitled, upon

not less than 30 days' and not more than 60 days' notice (which shall be irrevocable) to be given by notice in accordance with § 9 below, to redeem the Notes, in whole but not in part, prior to the Maturity Date at the Early Redemption Amount together with interest accrued to, but excluding the date fixed for redemption. Any such redemption will be subject to the following:

- (a) the Relevant Regulator considers such Capital Disqualification Event to be sufficiently certain, and the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the Capital Disqualification Event was not reasonably foreseeable at the time of the Issue Date, or the Issuer otherwise complies, to the satisfaction of the Relevant Regulator, with the requirements applicable to a redemption due to capital disqualification under the Capital Regulations, and
- (b) the Relevant Regulator has given its prior consent to such redemption.

Any such notice shall be given in accordance with § 9. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

"**Capital Disqualification Event**" shall have occurred if, as a result of any amendment or supplement to, or change in, the Capital Regulations which are in effect as of the Issue Date, the Notes are fully excluded from Tier 2 Capital (as defined in the Capital Regulations) of the regulatory financial holding group (*Finanzholdinggruppe*), determined in accordance with applicable Capital Regulation of which the Issuer is part of.

"**Early Redemption Amount**" means the nominal amount.

(3) *Early Redemption for Taxation Reasons.* If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the Issue Date, the Issuer is required to pay Additional Amounts (as defined in § 6), and this obligation cannot be avoided by the use of reasonable measures available to the Issuer, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption at the Early Redemption Amount together with interest accrued to, but excluding the date fixed for redemption.

However, no such notice of redemption may be given by the Issuer unless it has demonstrated to the satisfaction of the Relevant Regulator that the change in taxation is material and was not reasonably foreseeable at the time of issuing the Notes or it otherwise complies, to the satisfaction of the Relevant Regulator, with the requirements applicable to a redemption for tax reasons under the Capital Regulations and if the Relevant Regulator has given its prior consent to such redemption.

Additionally, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such

notice is given, such obligation to pay such Additional Amounts does not remain in effect.

Any such notice shall be given in accordance with § 9. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

"Early Redemption Amount" means the nominal amount.

(4) *Issuer Redemption Option.* The Issuer may redeem the Notes in whole but not in part only on 25 May 2021 and thereafter on every following Interest Payment Date (each the **"Relevant Redemption Date"**), by giving not less than 30 days' notice and not more than 60 days' notice (which shall be irrevocable) to be given by notice in accordance with § 13 below, at the Early Redemption Amount together with interest accrued to but excluding the Relevant Redemption Date. Any such redemption shall be subject to the condition that the Relevant Regulator has given its prior consent to such redemption. Any such notice of redemption shall be given in writing and shall be addressed to the Holder. It shall be irrevocable and must specify the date fixed for redemption.

§ 5

(Payments)

(1) *Manner of payment.* The Issuer undertakes to pay, as and when due, principal, and interest in euro. Payment of principal and interest on the Notes shall be made to the Paying Agent for on-payment to the Clearing System or to its order for credit to the respective account holders of the Clearing System upon presentation and (in the case of the payment of principal) surrender of the Global Note.

(2) *Discharge.* Payments to the Clearing System or to its order shall to the extent of amounts so paid constitute the discharge of the Issuer from its corresponding liabilities under the Notes.

(3) *Payment Business Day.* If the due date for any payment of principal and/or interest is a day other than a Business Day, payment shall be effected only on the next following Business Day. In this case, the relevant Holders shall have no right to claim payment of any interest or other indemnity with respect to such delay.

(4) *Deposit of Principal and Interest.* The Issuer may deposit with the local court (*Amtsgericht*) in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 6

(Taxes)

All payments by the Issuer under the Notes will be made without deduction or withholding for or on account of any present or future taxes, duties or charges of whatsoever nature imposed by or on behalf of or levied within the Federal Republic of Germany (the **"Relevant Tax Jurisdiction"**) or any province, municipality or other political subdivision or taxing authority therein or thereof (together **"Withholding Taxes"**), unless the deduction or withholding of such taxes, duties or charges is required by law. In such event, the Issuer will pay such additional amounts (the **"Additional**

Amounts") as may be necessary in order that the net amounts received by the Holders after such deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the relevant Notes, in the absence of such deduction or withholding, except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it, or
- (b) are payable by reason of the Holder having, or having had, some personal or business connection with the Relevant Tax Jurisdiction and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Relevant Tax Jurisdiction, or
- (c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Relevant Tax Jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding, or
- (d) are avoidable or would have been avoidable through fulfilment of statutory requirements or through the submission of a declaration of non-residence or by otherwise enforcing a claim for exemption vis à vis the relevant tax authority; or
- (e) are deducted or withheld because the beneficial owner of the Notes is not himself the legal owner (Holder) of the Notes and the deduction or withholding in respect of payments to the beneficial owner would not have been made or the payment of Additional Amounts in respect of a payment to the beneficial owner in accordance with the above provisions could have been avoided if the latter had also been the legal owner (Holder) of the Notes.

For the avoidance of doubt: The tax on interest payments (*Zinsabschlagsteuer*, since 1 January 2009: *Kapitalertragsteuer*) which has been in effect in the Federal Republic of Germany since 1 January 1993 and the solidarity surcharge (*Solidaritätszuschlag*) imposed thereon as from 1 January 1995 do not constitute a tax on interest payments as described above in respect of which Additional Amounts would be payable by the Issuer.

§ 7 **(Events of Default)**

(1) *Events of default.* Each Holder shall be entitled to declare its Notes due and demand immediate redemption thereof at par plus accrued interest (if any) to the date of repayment, in the event that insolvency proceedings are instituted against the Issuer by a German court having jurisdiction over the Issuer.

(2) *Notice.* Any notice, including any notice declaring Notes due, in accordance with subparagraph (1) shall be made by delivery of a written notice to the Paying Agent or by submission by the custodian bank through the Clearing System for communication to the Issuer.

§ 8
(Paying Agent)

(1) *Paying Agent.* The Issuer will appoint and maintain a paying agent (the "**Paying Agent**") for the term of the Note and has currently appointed the following Paying Agent:

[REDACTED]

[REDACTED]

[REDACTED]

Tel: [REDACTED]

Fax: [REDACTED]

The Paying Agent reserves the right at any time to change its specified offices. Any such change shall be published without undue delay in accordance with § 9.

(2) *Status of the Paying Agent.* The Paying Agent is acting exclusively as agent of the Issuer and does not have any relationship of agency or trust with the Holders.

(3) *Variation or Termination of Appointment.* The Issuer may appoint additional paying agents and revoke the appointment of any paying agent. Any such appointment or revocation shall be published without undue delay in accordance with § 9.

§ 9
(Notices)

(1) *Notification to Clearing System.* The Issuer shall deliver any notice relating to the Notes to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been validly given on the fifth day after the day on which the said notice was given to the Holders to the Clearing System.

(2) *Notification in case of listing.* In case the Notes are admitted to listing, trading or quotation by any listing authority, stock exchange, or quotation system, notices shall be published additionally in accordance with the rules and regulations of such listing authority, stock exchange or quotation system. Any such notice shall be deemed to have been given on the date of such publication.

§ 10
(Further Issues, Purchases of Notes)

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date and/or issue price) so as to form a single series with the Notes.

(2) *Purchases.* To the extent permitted by applicable supervisory rules the Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer and in compliance with applicable supervisor rules, be held, resold or surrendered to the Paying Agent for cancellation.

§ 11

(Amendment of Conditions of Issue)

(1) *Amendment of the Conditions of Issue.* In accordance with the Act on Debt Securities of 2009 (*Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – SchVG)*) the Holders may agree with the Issuer on amendments of the Conditions of Issue with regard to matters permitted by the SchVG by resolution with the majority specified in paragraph (2). Majority resolutions shall be binding on all Holders. Resolutions which do not provide for identical conditions for all Holders are void, unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

(2) *Majority.* Resolutions shall be passed by a majority of not less than 75 per cent. of the votes cast. Resolutions relating to amendments of the Conditions of Issue which are not material and which do not relate to the matters listed in § 5 (3) No. 1 – 8 and No. 9 SchVG (if § 10 of these Conditions of Issue does not provide otherwise) require a simple majority of the votes cast.

(3) *Vote without a meeting.* All votes will be taken, subject to the next sentence, exclusively by vote taken without a meeting. A meeting of Holders and the assumption of the fees by the Issuer for such a meeting will only take place in the circumstances of § 18 (4) sentence 2 SchVG.

(4) *Chair of the vote.* The vote will be chaired by a notary appointed by the Issuer or, if the Holders' Representative (as defined in subparagraph (6) below) has convened the vote, by the Holders' Representative.

(5) *Voting rights.* Each Holder participating in any vote shall cast votes in accordance with the nominal amount or the notional share of its entitlement to the outstanding Notes.

(6) *Holdings' Representative.* The Holders may by majority resolution appoint a common representative (the "Holdings' Representative") to exercise the Holders' rights on behalf of each Holder. The Holdings' Representative shall have the duties and powers provided by law or granted by majority resolution of the Holders. The Holdings' Representative shall comply with the instructions of the Holders. To the extent that the Holdings' Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Holdings' Representative shall provide reports to the Holders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the Holdings' Representative.

§ 12

(Presentation Period, Prescription)

(1) *Presentation Period.* The presentation period provided for in § 801 (1) first sentence of the German civil code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Notes.

(2) *Prescription.* The period of limitation for claims under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

§ 13
(Final Provisions)

(1) *Applicable Law.* The Notes, both as to form and content, as well as the rights and duties of the Holders, the Issuer and the Paying Agent shall in all respects be determined in accordance with German law.

(2) *Place of Performance.* Place of performance shall be Frankfurt am Main.

(3) *Place of jurisdiction.* Place of jurisdiction for all proceedings arising from matters provided for in these Conditions of Issue shall be, as far as permitted by law, Frankfurt am Main. The Holders are entitled to assert their claims also before any other competent court. The Issuer hereby submits to the jurisdiction of the courts which are competent pursuant to this subparagraph.

(4) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, "Custodian" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the proceedings.

**SCHEDULE 2
FORM OF GLOBAL NOTE**

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933. NEITHER THIS NOTE NOR ANY PORTION HEREOF MAY BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY IN THE UNITED STATES OF AMERICA OR ITS TERRITORIES OR POSSESSIONS OR TO NATIONALS OR RESIDENTS THEREOF, UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION DIRECTLY OR INDIRECTLY WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS INCLUDING THE LIMITATIONS PROVIDED IN SECTION 165 (J) AND 1287 (A) OF THE INTERNAL REVENUE CODE.

ISIN: [●]

WKN: [●]

ProCredit Holding AG & Co. KGaA (the "Issuer")
Frankfurt am Main, Germany

GLOBAL NOTE

representing EUR 15,000,000 EURIBOR + 6 per cent. Floating Rate Subordinated Bearer Notes of
2016 due 2026

in an aggregate principal amount of EUR 15,000,000 (fifteen million Euro)
divided into 150 Notes with a denomination of EUR 100,000 each

With regard to this Global Note which represents subordinated notes, the conditions of issue (the "Conditions of Issue") shall apply and shall be part of this Global Note as annexed hereto. Thereby, the Issuer is obliged to pay on a subordinated basis to the bearer of this Global Note, inter alia, all amounts payable in respect of the Notes, in particular interest and principal, and perform such other duties as set out in the Conditions of Issue as well as to pay the principal amount on the Maturity Date. Terms used in this Global Note and defined in the Conditions of Issue in this Global Note shall have the same meaning as in the Conditions of Issue unless otherwise defined in this Global Note.

This Global Note represents the above amount of Notes. During the complete term of the Notes, Holders do not have the right to ask for definitive Notes or coupons.

This Global Note is governed by, and will be construed in accordance with, German law. Exclusive place of jurisdiction is Frankfurt am Main, Germany.

This Global Note will not be valid for any purpose until authenticated for and on behalf of [redacted] as paying agent.

Frankfurt am Main, in May 2016

ProCredit Holding AG & Co. KGaA

Control signature

SCHEDULE 3 CONDITIONS PRECEDENT

1. Issuer

- (a) For ProCredit Holding AG & Co. KGaA and for its managing partner ProCredit General Partner AG:
 - (i) up-to-date excerpts from the relevant commercial register (*Handelsregisterausdruck*); and
 - (ii) copies of up-to-date articles of association (*Gesellschaftsvertrag*).
- (b) A list with respect to the Issuer setting forth names, functions and specimen signatures of all persons authorized to act on behalf of the Issuer in relation to the Notes together with a passport copy of such persons.
- (c) The closing certificate (substantially in the form as attached as Schedule 4 to the Subscription Agreement) dated the Issue Date duly signed by an authorised signatory of the Issuer.
- (d) The ISIN/WKN for the Notes have been allocated.
- (e) The Subscription Agreement executed by the Issuer.
- (f) The Agency Agreement executed by the Issuer.

2. Legal opinions

A legal opinion addressed to [REDACTED] and issued by [REDACTED] as to the laws of Germany.

3. Miscellaneous

- (a) Receipt of all documents, evidence and other items set out in clause 3 of the assignment and transfer agreement dated on or about 04 May 2016 and entered into between, amongst others, the Initial Noteholder and the Issuer (the "**Assignment and Transfer Agreement**") (including receipt of the Purchase Price (as defined in the Assignment and Transfer Agreement) by the Initial Noteholder).
- (b) Receipt of evidence satisfactory to the Initial Noteholder that all necessary or advisable notifications to the National Bank of Serbia in relation to the Issuer's assumption of all rights and obligations of the lender (*Darlehensgeber*) under the Subordinated Loan Agreement and the Framework Agreement (each as defined in the Assignment and Transfer Agreement) have been made.

**SCHEDULE 4
FORM OF CLOSING CERTIFICATE**

[REDACTED]

_____ May 2016

Dear Sirs,

PROCREDIT HOLDING AG & CO. KGAA

EUR 15,000,000 subordinated floating rate Notes due 2026

(together, the "Notes")

We, the undersigned, being duly authorised officers of PROCREDIT HOLDING AG & CO. KGAA (the "Issuer"), refer to the subscription agreement dated on or about 2 May 2016 (the "**Subscription Agreement**") in respect of the above Notes. Expressions which are given defined meanings in the Subscription Agreement have the same meanings herein.

As required by Clause 4 (*Conditions Precedent*) of the Subscription Agreement, we hereby certify that:

- (a) there has been no material adverse change or any development involving a prospective material adverse change in the condition (financial or otherwise), prospects or general affairs of the Issuer since 31 March 2016 with respect to the ability of the Issuer to perform and comply with its obligations under or in connection with this Agreement or the Terms and Conditions of the Notes;
- (b) the representations and warranties of the Issuer contained in the Subscription Agreement and the Terms and Conditions are true, accurate and correct at, and as if made on, the date hereof and at the Issue Date; and
- (c) the Issuer has performed all of its obligations under the Subscription Agreement to be performed on or before the date hereof.

Yours faithfully,

duly authorised

for and on behalf of

PROCREDIT HOLDING AG & CO. KGAA

SCHEDULE 5
SOCIAL AND ENVIRONMENTAL EXCLUSION LIST

The Net Subscription Monies or any part thereof may not be used to finance the following:

1. Production or activities involving harmful or exploitative forms of forced labour⁽¹⁾ /harmful child labour⁽²⁾ discriminatory practices, or practices which prevent employees from lawfully exercising their rights of association and collective bargaining.⁽³⁾
2. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
3. Production or trade in weapons and munitions.⁽⁴⁾
4. Production or trade in alcoholic beverages (excluding beer and wine).⁽⁴⁾
5. Production or trade in tobacco.⁽⁴⁾
6. Gambling, casinos and equivalent enterprises.⁽⁴⁾
7. Trade in wildlife products regulated under CITES.⁽⁵⁾
8. Production or trade in radioactive materials.⁽⁶⁾
9. Production or trade in or use of unbounded asbestos fibers.⁽⁷⁾
10. Production or trade in wood or other forestry products from unmanaged forests.
11. Production or trade in products containing PCBs.⁽⁸⁾
12. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals.⁽⁹⁾
13. Production or trade in pharmaceuticals subject to international phase outs or bans.⁽¹⁰⁾
14. Production or trade in pesticides/herbicides subject to international phase outs or ban.⁽¹¹⁾
15. Production or trade in ozone depleting substances subject to international phase out.⁽¹²⁾
16. Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
17. Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage.⁽¹³⁾
18. Shipment of oil or other hazardous substances in tankers which do not comply with IMO requirements.⁽¹⁴⁾
19. Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit.
20. Banking, insurance and financial-intermediation.⁽¹⁵⁾
21. Commercial logging operations or the purchase of logging equipment for use in any primary forest or forest areas with a high biodiversity value, nor any other activities that lead to substantial clear cutting of such forests.⁽¹⁶⁾

- (1) Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.
- (2) Harmful child labour means the employment of children that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to, or interfere with, the child's health, or physical, mental, spiritual, moral, or social development.
- (3) Reference documents are the ILO Declaration on Fundamental Principles and Rights at Work, and the principles enshrined in the following conventions: ILO conventions 29 and 105 (forced and bonded labour), 87 (freedom of association), 98 (right to collective bargaining), 100 and 111 (discrimination), 138 (minimum age) 182 (worst forms of child labour); Universal Declaration of Human Rights.
- (4) This does not apply to subproject sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a subproject sponsor's primary operations.
- (5) CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. A list of CITES listed species is available from e.g. IFC's Environment Division.
- (6) This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the investor considers the radioactive source to be trivial and/or adequately shielded.
- (7) This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 per cent.
- (8) PCBs: Polychlorinated biphenyls—a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.
- (9) A list of hazardous chemicals is available from e.g. IFC's Environment Division. Hazardous chemicals include gasoline, kerosene and other petroleum products. Further reference documents are: EU Regulation (EEC) No 2455/92 Concerning the Export and Import of Certain Dangerous Chemicals, as amended; UN Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; WHO Classification of Pesticides by Hazard.
- (10) A list of pharmaceutical products subject to phase outs or bans is available from e.g. IFC's Environment Division.
- (11) A list of pesticides and herbicides subject to phase outs or bans is available from e.g. IFC's Environment Division.
- (12) Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicised 'ozone holes'. The Montreal Protocol lists ODSs and their target reduction and phase out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam blowing agents, solvents, and FIRE protection agents, together with details of signatory countries and phase out target dates, is available from e.g. IFC's Environment Division.
- (13) Relevant international conventions include, without limitation: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); World Heritage Convention; Convention on Biological Diversity.
- (14) This includes: tankers which do not have all required MARPOL SOLAS certificates (including, without limitation, ISM Code compliance), tankers blacklisted by the European Union or banned by the Paris Memorandum of Understanding on Port State Control (Paris MOU), and tankers due for phase out under MARPOL regulation 13G. No single hull tanker over 25 years old should be used.
- (15) As per European Commission Recommendation of 6 May 2003 (OJ, L 124; 20/05/2003, p. 36).
- (16) "Substantial" referring to any degree of deforestation which leads to disappearance of the essential functionalities of the forest, through surface reduction under a critical minimum. With "essential functionalities" defined as: carrying capacity for biodiversity, watershed management, erosion control and indigenous inhabitation.

SCHEDULE 6
FORM OF SUB-LOAN REPORTING

Reports provided pursuant to Clause 9.3 (*Sub-Loan Reporting; Social and Environmental Reporting*) must contain the information set out below. The information may be given on an aggregate basis across all Sub-Loans disbursed or outstanding, as applicable.

1. Details of Sub-Loans disbursed, including:
 - (a) amount;
 - (b) economic sector;
 - (c) geographical area;
 - (d) maturity; and
 - (e) purpose.

2. Details of Sub-Loans outstanding:
 - (a) amount outstanding;
 - (b) loan quality, including Sub Loan delinquency by days overdue categorised as follows: 1-30, 31-90, 91-180, 180-360, over 360.

SCHEDULE 7
FORM OF SOCIAL AND ENVIRONMENTAL COMPLIANCE CERTIFICATE

From: ProCredit Bank a.d. Belgrade (the "Borrower")
Milutina Milankovica 17
11070, New Belgrade
Serbia

To: [REDACTED]

Dated: [•]

SOCIAL AND ENVIRONMENTAL COMPLIANCE CERTIFICATE

Subscription Agreement dated [•] between the Fund and ProCredit Holding AG & Co. KGaA (as amended from time to time, the "Subscription Agreement")

Dear Sirs/Madam

This certificate is being delivered in accordance with the requirements of Clause 9.3.2 (*Sub-Loan Reporting; Social and Environmental Reporting*) of the Subscription Agreement. Capitalised terms used but not defined in this certificate have the meaning given to them in the Subscription Agreement.

The Borrower hereby represents and warrants that:

- (a) all Sub-Loans that were granted by the Borrower to its Sub-Borrowers in the period from 01 January to 31 December 20[•] are in compliance with the Social and Environmental Exclusion List and the Social and Environmental Law;
- (b) it is in, and undertakes that it will continue to take all reasonable actions to maintain, compliance with all Applicable Regulations, and international conventions and agreements pertaining to social and environmental aspects;
- (c) it currently does not have any knowledge of, and will continue to take all reasonable actions to prevent any future, any claims, proceedings, formal notices or investigations by any person in respect of any Social and Environmental Law (such as fines, penalties, clean-up costs, governmental response costs, payments for damages, incarceration of company senior management, reduced value of collateral due to environmental damage/liability, etc.) and worker protection issues (health and safety, harmful child labour, forced labour, and discriminatory practices) that have an adverse material effect on the Borrower's ability to fulfil its obligations under the Social and Environmental Exclusion List and the Social and Environmental Law;

- (d) for the calendar year ending 31 December 20[•], it was in compliance with the Social and Environmental Exclusion List;
- (e) the Social and Environmental Compliance Officer of the Borrower is [insert name of Compliance Officer]; and
- (f) for the year ending 31 December 20[•], it [has not provided a report in form and substance similar to the annual social and environmental report to any third party.] [provided a report in form and substance similar to the annual social and environmental report to [•]. [*insert name of parent company/creditor/shareholder/international financial institution*]]

Yours sincerely,

For the Borrower

By: _____

Name:

Title: Social and Environmental Compliance Officer