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Member of the Management Board
ProCredit General Partner AG

Annual General Meeting

Frankfurt am Main, 17 May 2017

– Check against delivery –

Ladies and Gentlemen,

Thank you for joining us on this beautiful spring day in Frankfurt. On behalf of the Management Board of ProCredit General Partner, I would like to bid you a warm welcome to our first Annual General Meeting as a listed company. Our listing on the FSE Prime Standard Segment became official on December 22, 2016, which marks the beginning of an exciting new chapter for the group. We much appreciated our shareholders support in making the listing happen. We are happy to see that so many of you are here today and we are very much looking forward to a lively and informative AGM.

In the next 20 minutes or so, I would like to:

1. Present ProCredit Holding and the ProCredit group;
2. Point out the main highlights of 2016;
3. Take a look at the developments of the 1st quarter of 2017;
4. Discuss the strategic endeavours of our group and the outlook for 2017.

Let me start by emphasising that the ProCredit group is an international group of development-oriented commercial banks. In line with the ethical, social and environmental orientation of our business model, we of course aim to be commercially successful for you, our shareholders. Having said that, we also passionately want to make a significant development impact through the positive ethical, social, economic and environmental influence we have in the countries in which we operate. We believe we do this very convincingly by focusing on the layer of the economy that we regard as key to achieving economic sustainability, social responsibility and political stability: small and medium-sized businesses. These companies are run by people who possess the skills, passion and entrepreneurial drive to create jobs and generate the strong competitiveness that can bolster the underlying political economy of our countries. By providing these SMEs and entrepreneurs with a strong financial institution that caters to their needs and does its very best to understand them, we provide them with something that is desperately needed: a stable, reliable and long-term-oriented financial partner. To serve these entities as effectively as possible, we aim to take a leading position as the “Hausbank” for small and medium-sized businesses in all of the countries in which we operate.

As those of you who have been with us for some time are very well aware, the ProCredit group has moved away from lending to “very small” businesses (which typically require loans below EUR 30,000) in order to focus more intently on sufficiently established businesses with stable, formalised structures. From development, risk and efficiency perspectives, we value clients with a solid business model, and our business strategy is based on carefully building long-term relationships with our clients and staff. Our risk strategy is conservative and expands upon our simple, transparent and sustainable business strategy. In fact, in responsible banking, risk and business are two sides of the same coin.

As someone who has witnessed first-hand the very real devastation caused by irresponsible banking practices, I am very proud to be working for a banking group that does not engage in speculative lines of business. Most importantly, when it comes to offering loans to our clients, we assess their economic and financial situation, their business potential and their repayment capacity in order to provide them with appropriate financial services and to avoid over-indebting them. But that is not enough: at the same time, we enforce strict policies aimed at preventing money laundering, financial crime and questionable business practices. We simply do not support harmful practices and activities, which are clearly itemised in our Exclusion List. Saying "no" to clients who do not adhere to for instance local environmental and social regulations is far more important to us – and actually brings about much better financial results and a stronger development impact in the end – than merely driving up the number of clients and business volume regardless of ethical and legal considerations. We are not and never have been just about the bottom line: growth that is in line with our demanding criteria is the only growth we are interested in. We welcome shareholders that support us to be different and to make a difference.

Our markets are constantly developing, constantly changing, often in unpredictable ways. Our unique corporate culture and our clear business model put us in a position to react in a timely and comprehensive way to these changes. But how do we do this? By building up competent, loyal staff who know these markets. The best example of that is the management teams in the individual ProCredit banks. Our managers have been with ProCredit for more than 13 years on average and most of them are graduates of the ProCredit Academy. Therefore, in addition to knowing their markets very well, they are very well integrated into the group and have developed a comprehensive understanding of our values and business model.

To ensure that we attract and maintain top quality staff, we take a structured approach to staff recruitment, training and remuneration. A central component of our human resources strategy is to offer our employees long-term prospects and opportunities for further professional development with us.

We have also developed group-wide standards to ensure a consistent, transparent and long-term approach in all banks as well as synergies amongst the banks. A very lively exchange and a high level of integration is necessary to forge a very strongly interconnected and yes, a regional banking group. We hold meetings with the key managers of all the banks on an at least quarterly basis to promote the active exchange of information and to ensure that the group perspective is always taken into account. It is crucial to maintain this level of integration, because it can be tempting, especially in good times, to just lean back and rest on one's laurels – but this would undoubtedly weaken the cohesion of the group.

The strategic focus on SMEs (and away from very small businesses) was accompanied by our innovative and very successful measures to modernise our branch network. This led to a substantial reduction in the number of staff and to a significant increase in the automation and optimisation of internal processes. A major achievement of the group in 2016 was effectively eliminating cash transactions in our branches. I am confident that this is a major achievement for our countries as well – regardless of the fact that the development impact of bringing innovation, efficiency and integration into the modern financial system to SMEs is sometimes underestimated.

A decrease in administrative and personnel expenses was also a natural consequence of this, along with an increased level of business volume per staff member. As always, by making a very tangible contribution to the banking sectors of its countries of operation, ProCredit is simultaneously creating solid and long-term value for its shareholders – and all of our well-targeted investments, especially those in our staff, can also be seen through this prism.

All in all, 2016 was another successful year for ProCredit. In 2016 we once again achieved solid profitability despite the challenging environment, and we greatly improved our capital base. Based on this success, we propose to disburse a dividend of 1/3 of the annual profit. We are convinced that a decent bank that generates sustainable, and not exaggerated, outcomes for its clients and the overall economies, can in turn operate with reliable profitability and then ultimately be in a good position to pay out decent dividends for its shareholders.

The consolidated result for the ProCredit group was EUR 61.0 million, which is similar to the previous year's figure. In contrast, the result from continuing business operations increased by EUR 8.7 million or 22.6%. Due to the increased capital base, the return on equity fell by 0.9 p.p. to 9.6% despite a stable level of earnings. As anticipated, the lower global interest rates and our strategic withdrawal from the segment of loans below EUR 30,000 led to a reduction in net interest income. We did record a noticeable increase in sight deposits, which helped to partially offset the lower interest income with reduced interest expenses. The net interest margin decreased by 0.9 p.p.

The gross portfolio of loans above 30,000 euros grew by 13% last year. This is undeniably a great success, especially given the still subdued overall macroeconomic environment. It is also a sure sign that ProCredit is offering services that meet the needs of the SMEs in our countries of operation. And as a real Hausbank for these clients, we are able to offer these services in a convincing and competitive manner.

We are really pleased with the further improvement in our portfolio quality, which led to a significant reduction in net provisioning expenses.

Taking particular care in choosing what type of clients to work with pays off – in our case, the decision to focus on SMEs. As a result of this strategic direction, underlying operational efficiency has risen, leading to a reduction in personnel and administrative expenses. These decreased by EUR 13.2 million or 6.3% compared to the previous year, which more than made up for the decrease in operating income.

Some of our gains in efficiency were consumed by one-time expenses in connection with branch closings, the listing of ProCredit Holding shares and additional investments in IT.

Once again, we believe that the strong performance of the ProCredit group is chiefly attributable to the qualities and the conviction of our staff on the ground, so I would like to thank them on behalf of the whole management board. It is worth pointing out here that the amount invested in staff training per staff member was more than 2.000 euro in 2016 and that each employee went on average for almost 13 days of group-level training. Finally yet importantly – we are pleased that already more than 20% of our employees have gone through the ProCredit Entry Programme and that more than 13% of them have graduated from the ProCredit Academy.

Let us now move on to the segments:

Our South Eastern Europe segment, comprising the banks in Albania, Bosnia and Herzegovina, Bulgaria (including branch operations in Greece), Kosovo, Macedonia, Romania and Serbia, is the region accounting for the greatest share of the group's assets. . The gross loan portfolio for this segment increased by EUR 79.0 million (or 3.2%) in 2016, ending the year at EUR 2.5 billion. The profit after tax rose by 2.1% to EUR 54.4 million, representing a return on equity of 12.3%.

The segment Eastern Europe – Ukraine, Georgia and Moldova - increased its profit after tax significantly - by 25.5% to EUR 21.4 million; this resulted in a 1.4 p.p. improvement in return on equity, which increased to 17.5%. ProCredit Bank Ukraine was the main contributor to this trend. Growth of EUR 98.2 million or 18% was recorded in the core segment of loans above EUR 30,000; this again was mainly due to the result achieved by ProCredit Bank Ukraine.

The South America segment, which consists of the ProCredit banks in Ecuador and Colombia, accounts for only roughly 6.8% of the group's assets. We decided to sell our bank in Bolivia in 2016 – a tough decision, but strategically an important and consequent one as we assessed where we should focus our resources to have the biggest impact and one we successfully executed. We now see good mid-tern potential for this segment. The banks in Ecuador and Colombia are still in a process of re-orientation in line with the strategic focus of the group, which has a temporary negative impact on financial performance.

The development of the Germany segment essentially consists of the operations of ProCredit Holding and ProCredit Bank Germany. Our bank in Germany continues to play an invaluable role for the group: it contributes not only positive financial results, but helps us build banking bridges between SMEs working across West and Eastern Europe. Notable developments in 2016 include the centralization of all our international payments via a platform provided by ProCredit Bank Germany. The contribution of the segment to group results, taking into account consolidation effects, amounts to EUR -26.4 million.

And how about the group's capital position?

The capital ratios of the ProCredit group increased substantially during the 2016 financial year. This was due to both to an increase in shareholders' equity and to a reduction in the total risk amount for the group. I should at this point acknowledge the confidence that our shareholders showed in participating in the capital increase last year. Thank you for your support.

During the course of 2016, the fully-loaded CET1 ratio climbed to 12.4%, with a fully loaded Tier 1 ratio likewise at 12.4%, and a total fully loaded capital ratio of 15.4%. The level of capitalisation in the ProCredit group is thus significantly higher than the current regulatory requirements, which provides a sound basis for future growth. As of year-end 2016 the ProCredit group reported a very comfortable leverage ratio, also on a fully-loaded basis, of 9.8%.

Customer deposits are the most important source of funding for our loan portfolio. In 2016 we were able to increase the level of funding from this source. At the end of 2016, the ratio of customer deposits to the loan portfolio stood at 95.8%, up from 92.4% in 2015.

In particular, sight deposits from our business clients grew significantly in 2016 to 35.7% of all deposits, thus reflecting the success of our "Hausbank" approach for SMEs, which is to provide the full range of banking services from a single source.

To sum up 2016: Not only do we believe that we delivered a sound financial performance, we believe that 2016 was an important year in which we laid the groundwork for the years to come: we shifted our portfolio towards loans above EUR 30,000; we modernised our network, leading to state-of-the-art 24/7 zones at the majority of our outlets; we successfully executed our regional strategy, and finally, we had a major capital increase and our shares were listed on the FSE.

And now let me come back to the dividend proposal:

The Supervisory Board has examined the proposal of ProCredit General Partner AG concerning the allocation of the profit from the financial year 2016 (which came to EUR 61,008,592.50), and in line with the management's recommendation, the Board proposes distributing roughly 1/3 of the total, resulting in a dividend of EUR 0.38 per share to you, our shareholders.

So much for 2016: let me now quickly recap the developments in the first quarter of 2017, for which we published the results at the beginning of the week.

We have had a very good start to the financial year 2017. Our total loan portfolio grew by 2.5% whilst our target loan portfolio with exposures above EUR 30,000 increased by 4.9% - not annualised - compared to the end of 2016. We have achieved a consolidated result of EUR 11.9 million, which is above the level achieved in Q1 2016. Out of this, EUR 9.5 million is attributable to continuing operations. As a result, the group has achieved an annualised return on equity of 7.0%. Our CET1 ratio amounted to 12.4% as of 31st March 2017.

What were the key drivers for this result?

First of all, our consistent approach to loan portfolio growth: As stated, the 4.9% - not annualised - increase in our target loan segment of exposures above EUR 30,000, or EUR 144 million, and a 7% decrease, or EUR 48 million, in the loan segment of exposures below EUR 30,000 during the first quarter. Our Green Loan portfolio has reached 10 % of total – we are extremely proud of it!

Secondly, our portfolio quality remained at a high level, of course also as a result of our strategic portfolio shift, ending with loans in PAR 30 of 4.1% as of 31st March 2017 and a PAR30 coverage ratio of 101.5%. This led to decreased costs for risk provisioning, which stood at around EUR 3 million, significantly below the prior year's figure for Q1 (EUR 9.4 million). This helped to partly compensate for the decreased net interest margin (at 4.0% in Q1 2017) and resulting lower net interest income, which amounted to EUR 51.3m in Q1 2017.

Thirdly, as for our cost base, we have continued to invest heavily in our IT, the costs of which were offset by underlying efficiency improvements. In sum, operating expenses were thus stable at EUR 47.3m in the first quarter of 2017.

So overall, I would like to emphasise that we as the management board see the first quarter results as good progress and as a further important step in executing our strategy of being the "Hausbank" for SMEs. I would like to keep the review of Q1 2017 at this level of detail and will now turn to our strategy and outlook going forward. As I said, there is a detailed quarterly presentation and report publicly available online with our regular quarterly financial disclosure.

We remain absolutely committed to further executing our business strategy of being a profitable, development-oriented commercial banking group for SMEs with a focus on South Eastern Europe and Eastern Europe. As such, we continue to attach great importance to both our employees and our network and IT platform. With regard to our loan portfolio, we plan to continue to grow our exposures above EUR 30,000, whilst we expect that the winding down of the non-core loan categories will be largely completed by the end of 2017. As a result of this clear focus on SMEs and selected private clients, and also due to the increasing level of automation in standardised transactions, we are confident that we will achieve further efficiency gains.

We are currently implementing a much simpler, unified offer for our target private clients, which is accessible above all over relevant electronic channels. In 2016 we daringly innovated and completed an important transformation: even in highly cash-based economies, we have moved nearly all cash transactions with our clients to automated, self-service cash handling in our 24/7 zones and e-banking. This was greatly appreciated by our customers, since among other benefits it increased the underlying efficiency of their business.

We aim now to increase substantially the share of on-line transactions, bringing the benefits of simple, transparent modern banking to all our clients. And as we successfully progress on that path you can expect us to further downsize our service point network. In addition, we aim to create synergies, e.g. in HR by co-ordinating recruitment activities; in training by providing staff training in regional centres; and in IT by continuing to centralise the data centres of all ProCredit banks.

Furthermore, and it goes without saying, we remain highly committed to our development impact. In this vein, it gives me great pleasure to let you know that ProCredit Holding has been admitted to the London-based Social Stock Exchange, the world's first regulated exchange dedicated to businesses and investors seeking to achieve a positive social and environmental impact through their activities.

Let me now turn to the financial metrics we aim to achieve for 2017 and beyond:

Our plan for total growth of the gross loan portfolio in 2017 is 5 – 8%, while we plan the loan portfolio in our target loan categories above EUR 30,000 to increase by around 10% in 2017.

Depending on the development of the interest rate margin and loan portfolio growth, we anticipate the return on equity for 2017 to be between 7% and 9%.

We are confident that the sale of the banks in El Salvador and Nicaragua will be concluded in 2017. As a result of this, we anticipate an additional increase in the CET1 capital ratio, bringing it to more than 13%. The group's overall risk profile is expected to remain stable.

If we quickly put our Q1 2017 results into perspective with regard to the metrics we have set for 2017, we can see that we are clearly on track, with our loan growth figures for Q1 2017 significantly above plan, and an annualised return on equity rather on the lower end but within the range for our full year forecast.

In the mid-term, we see potential for roughly 10% growth per annum of the gross loan portfolio, a cost-income ratio below 60%, and a return on average equity of around 10%.

And now I'll bring my speech to a close.

I would like to reiterate that the ProCredit group could not succeed without the dedicated commitment of all our employees. Therefore, we want to express our sincere thanks to our staff for their motivation and dedication and we are looking forward to working together with them as we continue on our successful path as the "Hausbank" for small and medium-sized businesses.

We will also continue to pursue our mission of promoting sustainable development with an ethical corporate culture and long-term business relationships with SMEs. In turn, we believe that it is legitimate, and ultimately the right way, to achieve a positive impact on a large scale, to operate with a decent level of profitability, and to reward you, our shareholders, for your long-term trust and support.

So thank you– our shareholders – very much for your attention and the trust that you have placed in us. We hope that you will continue to accompany us on our successful journey in the future.

This document contains forward-looking statements that are based on the current assumptions, forecasts and estimates of the management of ProCredit Holding AG & Co. KGaA. Future-oriented statements are identified by the use of words like “expect”, “intend”, “plan”, “assume”, “are confident that”, “believe” and other similar formulations. Forward-looking statements pertain solely to the day on which they are made. ProCredit Holding AG & Co. KGaA undertakes no obligation to update these statements in the event of new information or future events. Forward-looking statements naturally involve risks and uncertainties. A number of important factors can contribute to the fact that actual results may differ materially from forward-looking statements. These factors could include major disruptions in the Eurozone, a significant change in foreign trade or monetary policy, a worsening of the interest rate margin or pronounced exchange rate fluctuations.