



ProCredit
H O L D I N G

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Quarter 2/2016

ProCredit Holding AG & Co. KGaA



Consolidated Statement of Profit or Loss

in '000 EUR	Note	01.04. - 30.06.2016	01.04. - 30.06.2015	01.01.- 30.06.2016	01.01.- 30.06.2015
Interest and similar income		98,562	108,101	199,851	216,892
Interest and similar expenses		28,243	31,518	56,349	63,759
Net interest income	(5)	70,319	76,583	143,502	153,132
Allowance for losses on loans and advances to customers	(6)	5,224	7,652	15,717	16,404
Net interest income after allowances		65,096	68,931	127,785	136,728
Fee and commission income		15,333	15,940	30,081	30,690
Fee and commission expenses		4,432	3,969	8,460	7,529
Net fee and commission income	(7)	10,901	11,971	21,621	23,161
Result from foreign exchange transactions		2,675	4,176	4,752	6,858
Net result from financial instruments at fair value through profit or loss		-53	-130	-447	950
Net result from available-for-sale financial assets		4,043	216	4,375	-134
Net other operating income		-4,391	-3,213	-10,552	-6,406
Operating income		78,271	81,950	147,534	161,158
Personnel expenses		25,782	29,557	51,317	58,831
Administrative expenses		30,747	34,152	60,010	65,895
Operating expenses		56,529	63,708	111,327	124,726
Profit before tax		21,742	18,242	36,208	36,432
Income tax expenses	(8)	4,378	4,960	8,947	10,078
Profit of the period from continuing operations		17,364	13,282	27,261	26,354
Profit of the period from discontinued operations	(16)	900	3,366	2,051	6,732
Profit of the period		18,264	16,648	29,312	33,086
Profit attributable to equity holders of the parent company		17,960	15,929	28,545	32,047
Profit attributable to non-controlling interests		304	718	767	1,039

Consolidated Statement of Other Comprehensive Income

in '000 EUR	Note	01.04. - 30.06.2016	01.04. - 30.06.2015	01.01.- 30.06.2016	01.01.- 30.06.2015
Profit of the period		18,264	16,648	29,312	33,086
Items that will not be reclassified to profit or loss					
Change in revaluation reserve from remeasurements of post employment benefits		-466	-64	-469	-133
Change in deferred tax from remeasurements of post employment benefits		74	16	75	33
Items that are or may be reclassified to profit or loss					
Change in revaluation reserve from available-for-sale financial assets		-2,998	-312	-3,448	218
Change in deferred tax on revaluation reserve from available-for-sale financial assets		304	14	383	-42
Change in translation reserve		9,265	-1,663	29	8,624
Other comprehensive income of the period, net of tax continuing operations		6,180	-2,009	-3,431	8,701
Other comprehensive income of the period, net of tax discontinued operations		478	-3,596	-96	7,146
Total comprehensive income of the period		24,922	11,043	25,785	48,933
Comprehensive income attributable to equity holders of the parent company		20,430	3,535	21,757	41,495
Comprehensive income attributable to non-controlling interests		4,492	7,508	4,028	7,438

Consolidated Statement of Financial Position

in '000 EUR

Assets	Note	30.06.2016	31.12.2015
Cash and cash equivalents	(9)	871,648	834,191
Loans and advances to banks		295,506	339,395
Financial assets at fair value through profit or loss		268	891
Available-for-sale financial assets		202,510	206,970
Loans and advances to customers		4,142,563	4,104,939
Allowance for losses on loans and advances to customers	(10)	-178,039	-176,608
Property, plant and equipment		173,441	172,211
Investment properties		2,106	2,176
Intangible assets		23,843	23,758
Current tax assets		3,149	3,262
Deferred tax assets		6,029	6,001
Other assets		68,147	63,363
Assets held for sale	(16)	423,690	428,919
Total assets		6,034,859	6,009,469
Liabilities			
Liabilities to banks		358,363	394,244
Financial liabilities at fair value through profit or loss		1,921	2,350
Liabilities to customers		3,812,757	3,792,994
Liabilities to international financial institutions		517,811	509,443
Debt securities	(11)	202,434	205,188
Other liabilities		22,631	27,035
Provisions		17,008	17,923
Current tax liabilities		1,365	1,980
Deferred tax liabilities		4,125	4,251
Subordinated debt		165,472	131,353
Liabilities related to assets held for sale	(16)	322,927	318,709
Total liabilities		5,426,814	5,405,471
Equity			
Subscribed capital		254,123	254,123
Capital reserve		97,178	97,178
Legal reserve		136	136
Retained earnings		294,850	283,908
Translation reserve		-46,550	-43,688
Revaluation reserve		683	4,610
Equity attributable to equity holders of the parent company		600,420	596,267
Non-controlling interests		7,626	7,731
Total equity		608,046	603,998
Total equity and liabilities		6,034,859	6,009,469

Consolidated Statement of Changes in Equity

in '000 EUR

	Subscribed capital	Capital reserve	Legal reserve	Retained earnings	Translation reserve	Revaluation reserve	Equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
Balance at January 1, 2016	254,123	97,178	136	283,908	-43,688	4,610	596,267	7,731	603,998
Change in reserve					-2,862		-2,862	3,288	426
Revaluation of afs securities						-3,066	-3,066	0	-3,066
Revaluation of actuarial gains and losses						-861	-861	-26	-887
Other comprehensive income of the period, net of tax					-2,862	-3,927	-6,788	3,262	-3,527
Profit of the period				28,545			28,545	767	29,312
Total comprehensive income of the period				28,545	-2,862	-3,927	21,757	4,028	25,785
Change derived from purchase/sale of shares of subsidiaries				1,792			1,792	-3,392	-1,600
Change from derecognition of actuarial gains and losses				1,073			1,073	0	1,073
Currency translation differences on retained earnings				7			7		7
Distributed dividends				-20,331			-20,331	-1	-20,332
Change of non-controlling interests				-145			-145	-741	-886
Balance at June 30, 2016	254,123	97,178	136	294,850	-46,550	683	600,420	7,626	608,046
Balance at January 1, 2015	254,123	96,529	136	235,237	-48,721	813	538,117	17,264	555,380
Change in reserve					9,372		9,372	6,398	15,770
Revaluation of afs securities						176	176	0	176
Revaluation of actuarial gains and losses						-100	-100	0	-100
Other comprehensive income of the period, net of tax					9,372	76	9,448	6,399	15,847
Profit of the period				32,047			32,047	1,039	33,086
Total comprehensive income of the period				32,047	9,372	76	41,495	7,438	48,933
Change derived from purchase/sale of shares of subsidiaries				-2,455			-2,455	0	-2,455
Currency translation differences on retained earnings				-24			-24	0	-24
Distributed dividends				-10,165			-10,165	-1	-10,166
Change of non-controlling interests				809			809	-7,195	-6,386
Balance at June 30, 2015	254,123	96,529	136	255,449	-39,349	889	567,777	17,505	585,282

Consolidated Statement of Cash Flows

in '000 EUR	01.01.- 30.06.2016	01.01.- 30.06.2015
Net profit after tax	29,312	33,086
Income tax expenses	8,947	10,078
Income tax from discontinued operations	277	2,061
Profit before tax	38,535	45,225
Non-cash items included in the profit of the period and transition to the cash flow from operating activities		
Allowance for losses on loans and advances to customers	15,717	16,404
Measurement gains / losses from financial assets / liabilities designated at fair value through profit or loss	0	-1,201
Depreciation	14,457	14,114
Unrealised gains / losses from currency revaluation	-29	-842
Addition to / release of provisions	3,929	6,400
Gains / losses from disposal of property, plant and equipment	174	1,016
Interest and dividends	-143,502	-155,750
Other non-cash items	-3,590	-3,670
Cash flow from discontinued operations	638	-23,671
Subtotal	-73,671	-101,975
Increase / decrease of assets and liabilities from operating activities after non-cash items		
Loans and advances to banks	-1,003	12,990
Financial assets at fair value through profit or loss	624	-1,148
Financial assets available for sale	1,595	-1,407
Loans and advances to customers	-57,307	-167,222
Other assets	-7,802	-7,615
Liabilities to banks	-17,348	10,986
Financial liabilities at fair value through profit or loss	-429	-1,940
Liabilities to customers	55,522	55,840
Other liabilities	-4,720	1,909
Interest received	197,334	211,557
Interest paid	-56,791	-59,695
Income tax paid	-9,087	-13,470
Operating cash flow from discontinued operations	-40,516	22,313
Cash flow from operating activities	-13,600	-38,877
Purchase of / proceeds from:		
Property, plant and equipment	-16,473	-18,536
Subsidiaries	3,644	0
Securities	-240	-344
Investing cash flow from discontinued operations	2,222	-3,226
Cash flow from investing activities	-10,847	-22,106
Purchase of / proceeds from:		
Dividends paid	-20,332	-10,166
Acquisition of interest in subsidiaries from non-controlling interest*	-173	-7,533
Long-term borrowings	48,917	-17,072
Financing cash flow from discontinued operations	-2,151	2,855
Cash flow from financing activities	26,261	-31,917
Cash and cash equivalents at end of previous year	849,124	874,166
Cash flow from operating activities	-13,600	-38,877
Cash flow from investing activities	-10,847	-22,106
Cash flow from financing activities	26,261	-31,917
Effects of exchange rate changes	-6,064	10,672
Cash and cash equivalents at end of period	844,875	791,937

* The breakdown of the previous year's figures has also been adapted to the current disclosure structure

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A. Basis of Preparation

1. Compliance with International Financial Reporting Standards

The ProCredit group (the group) prepares its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and adopted by the European Union (EU).

The Condensed Consolidated Interim Financial Statements for the first six months ended 30 June 2016 have been prepared in accordance with IAS 34, "Interim Financial Reporting". The preparation of these Condensed Consolidated Interim Financial Statements follows the same accounting policies and methods of computation as were used for the group's Consolidated Financial Statements for the financial year 2015. The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the financial year 2015.

All amounts are presented in thousands of euros, unless otherwise stated. For computational reasons, the figures in the tables may exhibit rounding differences of \pm one unit (EUR, %, etc.).

2. Compliance with German law

ProCredit Holding AG & Co. KGaA (ProCredit Holding), Frankfurt am Main, and its subsidiaries together form a financial holding group according to section 10a (3) of the German Banking Act (KWG). As the parent company of subsidiaries of which a majority are banks or financial institutions, ProCredit Holding presents the group's Consolidated Financial Statements.

The ProCredit group's Consolidated Financial Statements have been prepared in accordance with IFRS, as adopted by the EU, and the additional requirements established under section 340i of the German Commercial Code (HGB) in conjunction with section 315a (1) HGB. The Consolidated Financial Statements according to IFRS were prepared in accordance with section 315a (3) HGB in conjunction with section 315a (1) HGB on a voluntary basis.

ProCredit Holding is not a capital market-oriented parent company.

These Condensed Consolidated Interim Financial Statements of the ProCredit group were approved for issue by the Management Board of ProCredit General Partner AG, Frankfurt am Main, representing ProCredit Holding, on 29 July 2016.

3. Consolidation

The Condensed Consolidated Interim Financial Statements comprise the Financial Statements of ProCredit Holding and its subsidiaries. Subsidiaries are all companies which are controlled by the group, i.e. for which the group can determine the financial and operating policies. For the ProCredit group, control over a subsidiary is achieved when ProCredit Holding is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

In 2016, ProCredit Holding sold all of its shares in ProConfianza Mexico and the entity has been removed from the scope of consolidation (see also note 16).

There were no further changes in the group composition during the first six months of 2016 as compared to the Consolidated Financial Statements as of 31 December 2015.

4. Use of assumptions and estimates

The group's financial reporting and its financial result are influenced by assumptions, estimates, and management judgements which necessarily have to be made in the preparation of the Condensed Consolidated Interim Financial Statements.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, are based on past experience and other factors, including expectations with regard to future events and are considered appropriate under the given circumstances. There were no material changes in estimates and assumptions in the current year.

Taxes on income in the interim period are accrued using the local tax rates that would be applicable to expected total annual earnings.

B. Notes to the Consolidated Statement of Profit or Loss

5. Net interest income

in '000 EUR	01.04. - 30.06.2016	01.04. - 30.06.2015	01.01.- 30.06.2016	01.01.- 30.06.2015
Interest and similar income from*				
Cash and cash equivalents	2,576	1,772	5,780	2,938
Loans and advances to banks	725	445	1,481	833
Available-for-sale assets	237	540	631	1,131
Loans and advances to customers	92,995	103,237	187,946	207,652
Unwinding	1,812	1,877	3,638	3,685
Early closure of TDA's	216	230	376	653
Interest and similar income	98,562	108,101	199,851	216,892
Interest and similar expenses on				
Liabilities to banks	3,013	2,903	6,051	6,237
Liabilities to customers	17,013	18,339	33,921	37,072
Liabilities to international financial institutions	4,108	4,221	8,397	8,184
Subordinated debt	2,123	2,419	3,949	4,910
Debt securities and hybrid capital	1,956	3,602	3,972	7,286
Option agreements	30	34	59	70
Interest and similar expenses	28,243	31,518	56,349	63,759
Net interest income	70,319	76,583	143,502	153,132

* The breakdown of the previous year's figures has also been adapted to the current disclosure structure

6. Allowance for losses on loans and advances to customers

in '000 EUR	01.04. - 30.06.2016	01.04. - 30.06.2015	01.01.- 30.06.2016	01.01.- 30.06.2015
Increase of impairment charge	44,863	47,652	95,276	98,905
Release of impairment charge	-34,103	-37,029	-70,763	-74,429
Recovery of written-off loans	-5,757	-3,900	-9,131	-9,767
Direct write-offs	220	930	335	1,695
Allowance for losses on loans and advances to customers	5,224	7,652	15,717	16,404

7. Net fee and commission income

in '000 EUR	01.04. - 30.06.2016	01.04. - 30.06.2015	01.01.- 30.06.2016	01.01.- 30.06.2015
Fee and commission income from				
Payment services	6,735	7,374	13,193	14,014
Debit/credit cards	2,928	2,452	5,611	5,386
Account maintenance fee	2,912	3,191	5,871	5,733
Letters of credit and guarantees	1,135	1,170	2,259	2,121
Other fee and commission income	1,625	1,753	3,147	3,436
Fee and commission income	15,333	15,940	30,081	30,690
Fee and commission expenses on				
Payment services	1,492	1,408	2,704	2,588
Debit/credit cards	2,043	1,707	3,808	3,277
Account maintenance fee	532	412	994	789
Letters of credit and guarantees	130	189	433	356
Other fee and commission expenses	235	253	520	518
Fee and commission expenses	4,432	3,969	8,460	7,529
Net fee and commission income	10,901	11,971	21,621	23,161

8. Income tax expenses

Income tax expenses are recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual income tax rate used for the year 2016 is 13.7% (the income tax rate for the six months ended 30 June 2016 was 10.6%).

C. Notes to the Consolidated Statement of Financial Position

9. Cash and cash equivalents

in '000 EUR	30.06.2016	31.12.2015
Cash in hand	222,990	217,920
Balances at central banks excluding mandatory reserves	182,156	163,743
Money market instruments	138,689	137,934
Mandatory reserve deposits	327,813	314,593
Cash and cash equivalents	871,648	834,191
Cash from discontinuing operations	70,765	68,450
Loans and advances to banks with a maturity up to 3 months	269,951	332,305
Minimum reserve, which does not qualify as cash for the statement of cash flows	-367,490	-385,822
Cash and cash equivalents for the statement of cash flows	844,875	849,124

10. Allowance for losses on loans and advances to customers

in '000 EUR	30.06.2016	31.12.2015
Specific impairment	70,978	70,249
Allowance for individually insignificant impaired loans	49,990	50,226
Allowance for collectively assessed loans	57,072	56,132
Allowance for losses on loans and advances to customers	178,039	176,608

11. Debt securities

In 2016, debt securities totalling EUR 2,607 thousand were repaid.

12. Fair value of financial instruments

in '000 EUR		30.06.2016				
	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets						
Cash and cash equivalents	AFV/LaR/AFS	871,648	871,648	222,990	648,658	0
Loans and advances to banks	LaR	295,506	295,460	0	295,460	0
Financial assets at fair value through profit or loss						
Available-for-sale financial assets	AFS	202,510	202,510	140,774	60,858	878
Loans and advances to customers	LaR	3,964,523	4,006,657	0	0	4,006,657
Total		5,334,455	5,376,542	363,764	1,005,244	4,007,535
Financial liabilities						
Liabilities to banks	AC	358,363	372,858	0	69,743	303,115
Financial liabilities at fair value through profit or loss						
Liabilities to customers	AC	3,812,757	3,816,695	0	2,224,159	1,592,536
Liabilities to international financial institutions	AC	517,811	507,872	0	7,839	500,033
Debt securities	AC	202,434	219,024	46,484	0	172,540
Subordinated debt	AC	165,472	162,754	0	0	162,754
Total		5,058,756	5,081,123	46,484	2,303,662	2,730,977
Contingent liabilities						
Contingent liabilities and commitments	n/a	0	1,294	0	0	1,294

in '000 EUR

31.12.2015

Financial assets	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	AFV/LaR/AfS	834,191	834,191	217,920	616,271	0
Loans and advances to banks	LaR	339,395	339,412	0	339,412	0
Financial assets at fair value through profit or loss	AFV	891	891	0	891	0
Available-for-sale financial assets	AfS	206,970	206,970	134,823	71,282	864
Loans and advances to customers	LaR	3,928,332	3,980,859	0	0	3,980,859
Total		5,309,778	5,362,322	352,743	1,027,857	3,981,722
Financial liabilities	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
Liabilities to banks	AC	394,244	405,672	0	88,539	317,132
Financial liabilities at fair value through profit or loss	AFV	2,350	2,350	0	2,350	0
Liabilities to customers	AC	3,792,994	3,793,195	0	2,188,680	1,604,515
Liabilities to international financial institutions	AC	509,443	506,221	0	10,653	495,568
Debt securities	AC	205,188	220,878	50,144	0	170,733
Subordinated debt	AC	131,353	125,685	0	0	125,685
Total		5,035,573	5,054,001	50,144	2,290,222	2,713,634
Contingent liabilities	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
Contingent liabilities and commitments	n/a	0	1,172	0	0	1,172

Categories: AFV - At Fair value; LaR - Loans and Receivables; AfS - Available-for-sale; AC - Amortised cost

ProCredit's fair value determination gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The ProCredit group has no fair value financial instruments with Level 3 inputs, with the exception of an insignificant amount of available-for-sale shares. For short-term financial instruments carried at amortised costs, the carrying value represents a reasonable estimate of fair value.

D. Additional Notes

13. Segment reporting

in '000 EUR

	Total assets excl. taxes	Total liabilities excl. taxes	Contingent liabilities and commitments
30 June 2016			
Germany	1,392,974	840,992	7,872
Eastern Europe	1,025,162	894,398	78,033
South Eastern Europe	3,339,850	2,913,885	447,751
South America	1,152,223	999,571	49,705
Discontinued Operations*	434,728	390,505	0
Consolidation	-1,319,255	-618,028	0
Total	6,025,682	5,421,323	583,362

*Banco ProCredit El Salvador, ProConfianza Mexico, and Banco ProCredit Nicaragua are shown as discontinued operations

in '000 EUR

	Total assets excl. taxes	Total liabilities excl. taxes	Contingent liabilities and commitments
31 December 2015			
Germany	1,294,642	737,760	21,393
Eastern Europe	937,606	828,574	81,009
South Eastern Europe	3,358,108	2,932,087	426,028
South America	1,168,784	1,015,307	31,033
Discontinued Operations*	740,894	652,354	0
Consolidation	-1,500,012	-767,036	0
Total	6,000,022	5,399,047	559,464

*ProCredit Bank Armenia, ProCredit Bank Congo, Banco ProCredit El Salvador, ProConfianza Mexico, and Banco ProCredit Nicaragua are shown as discontinued operations

The group divides its operations into segments according to geographical regions. It carries out its business activities in the regions Germany, Eastern Europe, South Eastern Europe and South America.

With the exception of the relationship between the segment Germany and the individual subsidiaries, business activities in all countries are usually carried out with local customers, and all items are allocated to the country in which the respective subsidiary is based. In all countries, the core business consists of lending to small and medium enterprises and the provision of other banking services.

in '000 EUR

	Germany	Eastern Europe	South Eastern Europe	South America	Consolidation	Group
01.01.-30.06.2016						
Interest and similar income	10,028	53,798	92,686	51,646	-8,307	199,851
<i>of which inter-segment</i>	8,252	31	18	6		
Interest and similar expenses	10,557	23,899	14,305	14,986	-7,398	56,349
<i>of which inter-segment</i>	80	1,980	3,503	1,836		
Net interest income	-528	29,899	78,381	36,660	-910	143,502
Allowance for losses on loans and advances to customers	-94	6,659	6,717	2,435	0	15,717
Net interest income after allowances	-434	23,240	71,664	34,225	-910	127,785
Fee and commission income	4,070	6,048	22,050	2,052	-4,140	30,081
<i>of which inter-segment</i>	3,488	0	651	0		
Fee and commission expenses	1,006	1,751	7,106	2,270	-3,674	8,460
<i>of which inter-segment</i>	24	568	2,549	533		
Net fee and commission income	3,064	4,296	14,944	-218	-466	21,621
Result from foreign exchange transactions	-751	1,756	3,571	165	11	4,752
Net result from financial instruments at fair value through profit or loss	-350	-66	-30	0	0	-447
Net result from available-for-sale financial assets	-186	317	3,957	287	0	4,375
Net other operating income	59,981	-683	-6,673	251	-63,427	-10,552
<i>of which inter-segment</i>	61,359	0	437	1,631		
Operating income	61,324	28,859	87,433	34,710	-64,792	147,534
Personnel expenses	10,737	6,143	21,984	12,453	0	51,317
Administrative expenses	13,673	10,352	32,389	17,565	-13,969	60,010
<i>of which inter-segment</i>	2,857	2,231	5,230	3,652		
Operating expenses	24,410	16,495	54,373	30,018	-13,969	111,327
Profit before tax	36,914	12,365	33,060	4,692	-50,823	36,208
Income tax expenses	1,044	2,458	3,579	1,865		8,947
Profit of the period from continuing operations	35,869	9,907	29,481	2,827	-50,823	27,261
Profit of the period from discontinued operations*						2,051
Profit of the period	35,869	9,907	29,481	2,827	-50,823	29,312
<i>Profit attributable to equity holders of the parent company</i>						28,545
<i>Profit attributable to non-controlling interests</i>						767

*Banco ProCredit El Salvador, ProConfianza Mexico, and Banco ProCredit Nicaragua are shown as discontinued operations

in '000 EUR

	Germany	Eastern Europe	South Eastern Europe	South America	Consolidation	Group
01.01.-30.06.2015						
Interest and similar income	15,420	46,538	110,769	58,377	-14,213	216,892
<i>of which inter-segment</i>	14,108	14	79	12		
Interest and similar expenses	17,481	18,934	23,136	16,062	-11,855	63,759
<i>of which inter-segment</i>	4,983	2,010	3,733	1,129		
Net interest income	-2,061	27,603	87,633	42,315	-2,358	153,132
Allowance for losses on loans and advances to customers	135	8,267	5,131	2,870	0	16,404
Net interest income after allowances	-2,196	19,336	82,502	39,445	-2,358	136,728
Fee and commission income	3,063	5,818	22,999	2,182	-3,373	30,690
<i>of which inter-segment</i>	2,878	0	495	0		
Fee and commission expenses	282	1,720	6,274	1,775	-2,523	7,529
<i>of which inter-segment</i>	25	301	1,984	213		
Net fee and commission income	2,782	4,098	16,725	407	-850	23,161
Result from foreign exchange transactions	-80	4,010	2,925	244	-240	6,858
Net result from financial instruments at fair value through profit or loss	-747	1,450	260	0	-13	950
Net result from available-for-sale financial assets	0	178	-314	2	0	-134
<i>of which inter-segment</i>	0					
Net other operating income	69,771	-404	-4,893	978	-71,858	-6,406
<i>of which inter-segment</i>	68,518	1	515	2,824		
Operating income	69,530	28,667	97,204	41,076	-75,319	161,158
Personnel expenses	10,634	7,538	27,123	13,536	0	58,831
Administrative expenses	13,037	10,728	34,389	22,126	-14,385	65,895
<i>of which inter-segment</i>	2,009	2,365	4,997	5,014		
Operating expenses	23,672	18,266	61,512	35,662	-14,385	124,726
Profit before tax	45,858	10,401	35,693	5,414	-60,934	36,432
Income tax expenses	2,530	1,587	4,116	1,845		10,078
Profit of the period from continuing operations	43,328	8,814	31,577	3,569	-60,934	26,354
Profit of the period from discontinued operations*						6,732
Profit of the period	43,328	8,814	31,577	3,569	-60,934	33,086
<i>Profit attributable to equity holders of the parent company</i>						32,047
<i>Profit attributable to non-controlling interests</i>						1,039

*ProCredit Bank Armenia, ProCredit Bank Congo, Banco ProCredit El Salvador, ProConfianza Mexico, and Banco ProCredit Nicaragua are shown as discontinued operations

14. Risk management

Capital management

At no point may either a ProCredit bank or the ProCredit group as a whole incur greater risks than they are able to bear. This principle is implemented using different indicators, for which early warning indicators and limits have been established. The indicators for each individual ProCredit bank and the group as a whole include, in addition to local regulatory standards, a Basel capital adequacy calculation, a Tier 1 leverage ratio and a risk-bearing capacity calculation.

The capital management of the group has the following objectives:

- compliance with external capital requirements
- compliance with the internally defined minimum capital adequacy requirements
- support for the group in implementing its plans for continued growth while following its business strategy as a “house bank for small and medium-sized businesses”

The capital management of the ProCredit banks and the group as a whole is governed by group policies and monitored on a monthly basis by the Group Risk Management Committee.

Whereas the external minimum capital requirements for the ProCredit group are imposed and monitored by the German Federal Financial Supervisory Authority (BaFin) and the Supervisory College for the group, the individual ProCredit banks are subject to the minimum capital requirements imposed and monitored by the local banking supervisory authorities.

Methods for the calculation of capital adequacy vary between countries, but an increasing number of jurisdictions where the ProCredit banks operate base their calculation methods on the recommendations of the Basel Committee on Banking Supervision. Compliance with local supervisory requirements is monitored for each ProCredit institution on the basis of the respective local accounting rules, and all group banks have to ensure that they comply with their respective regulatory requirements regarding capitalisation.

During the reporting period, all regulatory capital requirements were met at all times.

In the following table, the group's regulatory capital ratios according to CRR (Capital Requirements Regulation) are presented:

in '000 EUR	30.06.2016	31.12.2015
Common Equity Tier 1 capital	538,520	535,396
Additional Tier 1 capital	0	0
Tier 2 capital	149,425	103,325
Total capital	687,945	638,721
Risk weighted assets	5,182,425	5,258,041
Common Equity Tier 1 capital ratio	10.4%	10.2%
Tier 1 capital ratio	10.4%	10.2%
Total capital ratio	13.3%	12.1%

The credit risk standardised approach (CRSA) is used to assess the exposure towards credit risk for all exposure classes. For calculating the capital requirements to cover credit valuation adjustment risk (CVA risk) the group uses the standardised method. As the ProCredit group consists solely of non-trading book institutions, which moreover do not engage in transactions involving commodities, foreign currency risk is the only market risk to be considered. The determination of the capital requirements for foreign currency risk is based on the aggregation method. The ProCredit group applies the standardised approach to quantify operational risk.

in '000 EUR	30.06.2016	31.12.2015
Credit risk	3,907,743	3,950,318
Market risk (currency risk)	525,342	505,084
Operational risk	747,547	800,719
CVA risk	1,793	1,919
Total Risk Weighted Assets	5,182,425	5,258,041

The Common Equity Tier 1 capital of the ProCredit group is mainly composed of subscribed capital and reserves. Deductions are made for intangible assets, deferred tax assets that rely on future profitability and do not arise from temporary differences, and additional valuation adjustments for fair-valued balance sheet positions.

The Tier 2 capital consists of long-term subordinated loans which in the event of insolvency or liquidation are not repaid until all non-subordinated creditors have been satisfied.

With a Common Equity Tier 1 capital ratio of 10.4%, a Tier 1 capital ratio of 10.4% and a total capital ratio of 13.3% as of 30 June 2016, the ProCredit group's ratios exceed regulatory requirements and are in line with internal targets.

Credit risk

The quality of the loan portfolio is monitored on an ongoing basis. The main indicator for loan portfolio quality is the portfolio at risk (PAR>30), which is defined as all credit exposures with

one or more payment of interest and/or principal in arrears by more than 30 days. This measure was chosen because the vast majority of all credit exposures have fixed instalments with monthly payment of principal and interest. Exceptions are seasonal agricultural loans and investment loans. No collateral is deducted and no other exposure-reducing measures are applied when determining PAR>30.

The quality of credit operations is assured by credit control units at the individual bank level, which are responsible for monitoring the bank's credit operations and compliance with its procedures. These units, made up of experienced lending staff, ensure compliance, in form and substance, with the lending policy and procedures through on-site checks and system screening.

in '000 EUR		Allowance for impairment	PAR (> 30 days)	PAR as % of loan portfolio	Coverage ratio	Restructured loans	Restructured loans as % of loan portfolio
As at June 30, 2016	Loan portfolio						
Germany	75,714	-694	0	0.0%	0.0%	0	0.0%
South Eastern Europe	2,494,825	-110,484	113,686	4.6%	97.2%	31,765	1.3%
Eastern Europe	715,017	-34,176	34,545	4.8%	98.9%	15,709	2.2%
South America	857,006	-32,686	38,684	4.5%	84.5%	5,371	0.6%
Total	4,142,563	-178,039	186,914	4.5%	95.3%	52,844	1.3%

in '000 EUR		Allowance for impairment	PAR (> 30 days)	PAR as % of loan portfolio	Coverage ratio	Restructured loans	Restructured loans as % of loan portfolio
As at December 31, 2015	Loan portfolio						
Germany	81,958	-788	0	0.0%	0.0%	0	0.0%
South Eastern Europe	2,455,817	-108,925	108,636	4.4%	100.3%	36,323	1.5%
Eastern Europe	681,475	-34,994	36,104	5.3%	96.9%	15,648	2.3%
South America	885,690	-31,901	37,385	4.2%	85.3%	4,928	0.6%
Total	4,104,939	-176,608	182,125	4.4%	97.0%	56,899	1.4%

Liquidity risk

Each bank is required to keep sufficient liquidity to enable it to remain liquid in a scenario based on very conservative assumptions, especially with regard to deposit withdrawals. All banks met this requirement at the reporting date.

15. Contingent liabilities and commitments

in '000 EUR	30.06.2016	31.12.2015
Credit commitments (revocable)	415,439	384,591
Guarantees	155,306	158,437
Credit commitments (irrevocable)	8,058	10,084
Letters of credit	4,559	6,353
Contingent liabilities and commitments*	583,362	559,464

* The breakdown of the previous year's figures has also been adapted to the current disclosure structure

The above table discloses the nominal principal amounts of contingent liabilities, commitments and guarantees, i.e. the amounts at risk, should contracts be fully drawn upon and clients default. We expect that a significant portion of guarantees and commitments will expire without being drawn upon; therefore the total of the contractual amounts is not representative of future liquidity requirements.

16. Discontinued operations held for sale

In 2016, ProCredit Holding sold all of its shares in ProConfianza Mexico. Furthermore, ProCredit Holding intends to sell all of its shares in Banco ProCredit El Salvador, and Banco ProCredit Nicaragua. The assets, liabilities, and profit of the period of the discontinued operations are presented as follows:

in '000 EUR

	sold	held for sale	
	Mexico	El Salvador	Nicaragua
Assets			
Cash and cash equivalents	2	49,544	21,221
Loans and advances to banks	573	505	4,238
Financial assets at fair value through profit or loss	0	0	0
Available-for-sale financial assets	0	5,134	225
Loans and advances to customers	10,566	213,559	107,311
Allowance for losses on loans and advances to customers	-381	-5,109	-2,376
Property, plant and equipment	95	7,872	9,603
Investment properties	0	0	1,067
Intangible assets	0	856	528
Current tax assets	85	0	340
Deferred tax assets	2,848	469	0
Other assets	71	6,360	2,342
Assets disposed / held for sale	13,860	279,190	144,499
Liabilities			
Liabilities to banks	9,374	0	12,708
Financial liabilities at fair value through profit or loss	0	0	0
Liabilities to customers	0	157,417	96,742
Liabilities to international financial institutions	35	28,203	3,604
Debt securities	0	15,356	0
Other liabilities	211	2,695	1,116
Provisions	44	112	265
Current tax liabilities	0	188	0
Deferred tax liabilities	0	0	1,211
Subordinated debt	0	3,309	0
Liabilities disposed / related to assets held for sale	9,664	207,281	115,646
Net assets disposed	4,196		
Proportion of non-controlling interests	0.8%	0.1%	5.3%
Non-controlling interests	34		
Time of sale	Jan. 16	pending	pending
Consideration received	3,646		
Net assets disposed without non-controlling interests	4,162		
Reclassification of translation reserve	-1,399		
Reclassification of capital reserves	-864		
Result on disposal	-2,781		

in '000 EUR

	01.01.- 30.06.2016	01.01.- 30.06.2015*
Results of discontinued operations		
Income	21,672	44,930
Expenses	19,344	36,138
Profit before tax	2,328	8,793
Income tax expenses	277	2,061
Profit of the period	2,051	6,732
Profit attributable to equity holders of the parent company	2,022	6,293
Profit attributable to non-controlling interests	29	439

*For 2015, ProCredit Bank Armenia, ProCredit Bank Congo, Banco ProCredit El Salvador, ProConfianza Mexico, and Banco ProCredit Nicaragua are shown as discontinued operations

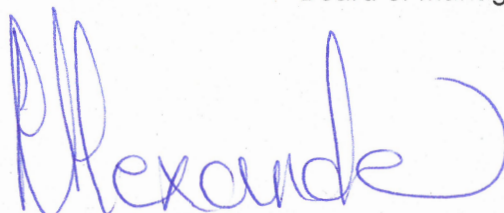
Address and general information

ProCredit Holding AG & Co. KGaA is a partnership limited by shares and is incorporated and domiciled in Germany. The address of its registered office is as follows:
Rohmerplatz 33-37, 60486 Frankfurt, Germany.

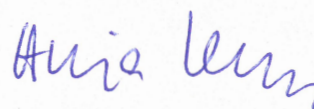
Frankfurt, 29 July 2016

ProCredit Holding AG & Co. KGaA
represented by:
ProCredit General Partner AG

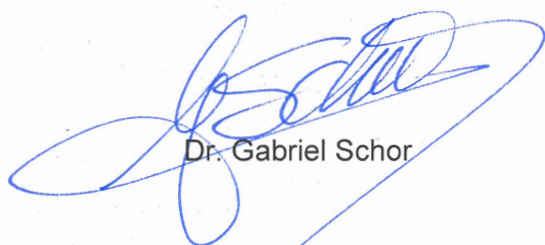
Board of Management



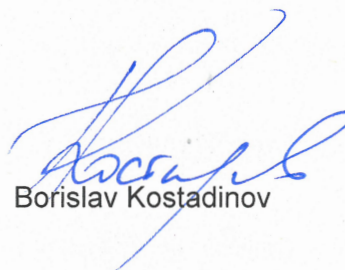
Helen Alexander



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