



**ProCredit**  
H O L D I N G

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**Quarter 3/2016**

ProCredit Holding AG & Co. KGaA



## Consolidated Statement of Profit or Loss

in '000 EUR		01.07. - 30.09.2016	01.07. - 30.09.2015*	01.01.- 30.09.2016	01.01.- 30.09.2015*
	Note				
Interest and similar income		81,113	92,105	249,017	276,480
Interest and similar expenses		24,414	26,503	73,457	82,350
<b>Net interest income</b>	(6)	<b>56,700</b>	<b>65,602</b>	<b>175,560</b>	<b>194,130</b>
Allowance for losses on loans and advances to customers	(7)	2,912	13,573	16,834	29,081
<b>Net interest income after allowances</b>		<b>53,787</b>	<b>52,030</b>	<b>158,726</b>	<b>165,049</b>
Fee and commission income		14,481	15,809	43,409	45,268
Fee and commission expenses		4,032	4,807	11,333	11,296
<b>Net fee and commission income</b>	(8)	<b>10,450</b>	<b>11,002</b>	<b>32,076</b>	<b>33,973</b>
Result from foreign exchange transactions		3,302	3,515	7,864	10,163
Net result from financial instruments at fair value through profit or loss		-257	68	-703	1,018
Net result from available-for-sale financial assets		220	0	4,593	-134
Net other operating income		-817	-1,398	-10,209	-6,770
<b>Operating income</b>		<b>66,685</b>	<b>65,218</b>	<b>192,346</b>	<b>203,299</b>
Personnel expenses		22,116	24,753	66,071	75,652
Administrative expenses		25,849	26,061	78,396	82,204
<b>Operating expenses</b>		<b>47,964</b>	<b>50,813</b>	<b>144,467</b>	<b>157,856</b>
<b>Profit before tax</b>		<b>18,721</b>	<b>14,404</b>	<b>47,879</b>	<b>45,443</b>
Income tax expenses	(9)	3,869	2,920	11,233	11,973
<b>Profit of the period from continuing operations</b>		<b>14,852</b>	<b>11,484</b>	<b>36,646</b>	<b>33,469</b>
Profit of the period from discontinued operations	(17)	-8,632	10,901	-1,114	22,002
<b>Profit of the period</b>		<b>6,220</b>	<b>22,385</b>	<b>35,532</b>	<b>55,471</b>
Profit attributable to equity holders of the parent company		5,808	21,513	34,354	53,560
Profit attributable to non-controlling interests		412	872	1,178	1,911
Earnings per share (basic; continued operations) in EUR		0.28	0.21	0.70	0.63
Earnings per share (diluted; continued operations) in EUR		0.28	0.21	0.70	0.63

\* Previous years figures were restated. Please also see note 5

## Consolidated Statement of Other Comprehensive Income

in '000 EUR	Note	01.07. - 30.09.2016	01.07. - 30.09.2015	01.01.- 30.09.2016	01.01.- 30.09.2015
<b>Profit of the period</b>		6,220	22,385	35,532	55,471
<b>Items that will not be reclassified to profit or loss</b>					
Change in revaluation reserve from remeasurements of post employment benefits		590	0	-583	0
Change in deferred tax from remeasurements of post employment benefits		-183	0	103	0
<b>Items that are or may be reclassified to profit or loss</b>					
Change in revaluation reserve from available-for-sale financial assets		-51	1	-3,479	224
Change in deferred tax on revaluation reserve from available-for-sale financial assets		-1	39	388	-4
Change in translation reserve		-6,086	-6,661	-795	-4,518
<b>Other comprehensive income of the period, net of tax continuing operations</b>		<b>-5,730</b>	<b>-6,622</b>	<b>-4,365</b>	<b>-4,298</b>
<b>Other comprehensive income of the period, net of tax discontinued operations</b>		<b>2,540</b>	<b>-4,833</b>	<b>-2,351</b>	<b>8,690</b>
<b>Total comprehensive income of the period</b>		<b>3,031</b>	<b>10,931</b>	<b>28,816</b>	<b>59,864</b>
Comprehensive income attributable to equity holders of the parent company		2,403	12,576	24,160	54,071
Comprehensive income attributable to non-controlling interests		628	-1,645	4,656	5,793

## Consolidated Statement of Financial Position

in '000 EUR

<b>Assets</b>	<b>Note</b>	<b>30.09.2016</b>	<b>31.12.2015</b>
Cash and cash equivalents	(10)	761,651	834,191
Loans and advances to banks		264,088	339,395
Financial assets at fair value through profit or loss		1,492	891
Available-for-sale financial assets		243,083	206,970
Loans and advances to customers		3,564,766	4,104,939
Allowance for losses on loans and advances to customers	(11)	-157,945	-176,608
Property, plant and equipment		159,601	172,211
Investment properties		1,727	2,176
Intangible assets		21,496	23,758
Current tax assets		4,835	3,262
Deferred tax assets		5,650	6,001
Other assets		57,269	63,363
Assets held for sale	(17)	1,118,565	428,919
<b>Total assets</b>		<b>6,046,276</b>	<b>6,009,469</b>
<b>Liabilities</b>			
Liabilities to banks		281,164	394,244
Financial liabilities at fair value through profit or loss		1,997	2,350
Liabilities to customers		3,338,454	3,792,994
Liabilities to international financial institutions		512,994	509,443
Debt securities	(12)	164,174	205,188
Other liabilities		17,449	27,035
Provisions		12,652	17,923
Current tax liabilities		1,588	1,980
Deferred tax liabilities		2,416	4,251
Subordinated debt		166,576	131,353
Liabilities related to assets held for sale	(17)	936,205	318,709
<b>Total liabilities</b>		<b>5,435,670</b>	<b>5,405,471</b>
<b>Equity</b>			
Subscribed capital		254,123	254,123
Capital reserve		97,178	97,178
Legal reserve		136	136
Retained earnings		300,798	283,908
Translation reserve		-49,930	-43,688
Revaluation reserve		658	4,610
<b>Equity attributable to equity holders of the parent company</b>		<b>602,963</b>	<b>596,267</b>
Non-controlling interests		7,643	7,731
<b>Total equity</b>		<b>610,606</b>	<b>603,998</b>
<b>Total equity and liabilities</b>		<b>6,046,276</b>	<b>6,009,469</b>

## 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
<b>Balance at January 1, 2016</b>	254,123	97,178	136	283,908	-43,688	4,610	596,267	7,731	603,998
Change in reserve					-6,242		-6,242	3,503	-2,739
Revaluation of afs securities						-3,091	-3,091	1	-3,090
Revaluation of actuarial gains and losses						-861	-861	-26	-887
Other comprehensive income of the period, net of tax					-6,242	-3,952	-10,194	3,478	-6,716
<b>Profit of the period</b>				34,354			34,354	1,178	35,532
<b>Total comprehensive income of the period</b>	0	0	0	34,354	-6,242	-3,952	24,160	4,656	28,816
Change derived from purchase/sale of shares of subsidiaries				1,904			1,904	-3,842	-1,938
Change from derecognition of actuarial gains and losses				1,073			1,073		1,073
Currency translation differences on retained earnings				35			35		35
Distributed dividends				-20,331			-20,331	-1	-20,332
Change of non-controlling interests				-144			-144	-901	-1,046
<b>Balance at September 30, 2016</b>	<b>254,123</b>	<b>97,178</b>	<b>136</b>	<b>300,798</b>	<b>-49,930</b>	<b>658</b>	<b>602,963</b>	<b>7,643</b>	<b>610,606</b>
<b>Balance at January 1, 2015</b>	254,123	96,529	136	235,237	-48,721	813	538,117	17,264	555,380
Change in reserve					466		466	3,880	4,346
Revaluation of afs securities						195	195	1	197
Revaluation of actuarial gains and losses						-150	-150	0	-150
Other comprehensive income of the period, net of tax					466	45	511	3,882	4,393
<b>Profit of the period</b>				53,560			53,560	1,911	55,471
<b>Total comprehensive income of the period</b>	0	0	0	53,560	466	45	54,071	5,793	59,864
Change derived from purchase/sale of shares of subsidiaries				-2,514			-2,514	0	-2,514
Currency translation differences on retained earnings				229			229	0	229
Distributed dividends				-10,165			-10,165	-1	-10,166
Change of non-controlling interests				810			810	-14,651	-13,841
<b>Balance at September 30, 2015</b>	<b>254,123</b>	<b>96,529</b>	<b>136</b>	<b>277,157</b>	<b>-48,255</b>	<b>858</b>	<b>580,548</b>	<b>8,404</b>	<b>588,952</b>

## Consolidated Statement of Cash Flows

in '000 EUR	01.01.- 30.09.2016	01.01.- 30.09.2015
Profit of the period	35,532	55,471
Income tax expenses (continuing operations)	11,233	11,973
Income tax expenses (discontinued operations)	3,134	4,160
<b>Profit before tax</b> (including discontinued operations)	<b>49,899</b>	<b>71,604</b>
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	16,834	29,081
Measurement gains / losses from financial assets / liabilities designated at fair value through profit or loss	0	-1,451
Depreciation	18,473	17,511
Unrealised gains / losses from currency revaluation	615	-451
Addition to / release of provisions	3,353	8,275
Gains / losses from disposal of property, plant and equipment	993	1,772
Interest and dividends	-175,560	-197,754
Other non-cash items	-3,176	-11,571
Cash flow from discontinued operations	13,941	-67,628
<b>Subtotal</b>	<b>-74,629</b>	<b>-150,612</b>
Increase / decrease of assets and liabilities from operating activities after non-cash items		
Loans and advances to banks	-35,120	-11,428
Financial assets at fair value through profit or loss	-600	2,476
Financial assets available for sale	-39,099	-31,646
Loans and advances to customers	-50,413	-161,185
Other assets	383	-11,180
Liabilities to banks	-25,586	40,172
Financial liabilities at fair value through profit or loss	-353	-1,513
Liabilities to customers	106,423	125,039
Other liabilities	-7,573	1,921
Interest received	249,878	273,381
Interest paid	-74,329	-82,456
Income tax paid	-12,869	-12,935
Operating cash flow from discontinued operations after non-cash items	-36,057	13,934
<b>Cash flow from operating activities*</b>	<b>55</b>	<b>-6,033</b>
Purchase of / proceeds from:		
Property, plant and equipment	-23,417	-31,190
Subsidiaries	3,644	-14,361
Securities	-280	-344
Investing cash flow from discontinued operations	643	-7,677
<b>Cash flow from investing activities</b>	<b>-19,410</b>	<b>-53,573</b>
Purchase of / proceeds from:		
Dividends paid	-20,332	-10,165
Acquisition of interest in subsidiaries from non-controlling interest	-190	-7,534
Long-term borrowings	23,946	-89,575
Financing cash flow from discontinued operations	-11,398	21,154
<b>Cash flow from financing activities</b>	<b>-7,974</b>	<b>-86,120</b>
<b>Cash and cash equivalents at end of previous year</b>	<b>849,124</b>	<b>874,166</b>
Cash flow from operating activities	55	-6,033
Cash flow from investing activities	-19,410	-53,573
Cash flow from financing activities	-7,974	-86,120
Effects of exchange rate changes	-10,652	2,082
<b>Cash and cash equivalents at end of period</b>	<b>811,143</b>	<b>730,522</b>

\*Operating cash flow from discontinued operations amounts to EUR -20.1 million (previous year: EUR -27.5 million)

## Notes to the Condensed Consolidated Interim Financial Statements

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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 nine months ended 30 September 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 31 October 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 17). There were no further changes in the group composition during the period 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.

#### 5. Accounting policies, changes in accounting estimates and errors

In prior periods measurement effects and gains or losses from the sale of institutions that were classified as discontinued operations were presented within the positions "Net other operating income" and "Income tax expenses" as recognised for ProCredit Holding and therefore as continuing operations. These effects were corrected in accordance with IAS 8.41 ff. (restatement) in order to show the gains and losses within the position "Profit of the period from discontinued operations". Profit of the period was unaffected by this restatement. The following tables show the retrospective application of the respective items:

in '000 EUR	01.07.-30.09.2015*			01.01.-30.09.2015*		
	former	change	restated	former	change	restated
Net other operating income	8,376	-10,472	-2,096	1,970	-10,472	-8,502
<b>Operating income</b>	<b>87,255</b>	<b>-10,472</b>	<b>76,783</b>	<b>248,413</b>	<b>-10,472</b>	<b>237,940</b>
<b>Profit before tax</b>	<b>27,920</b>	<b>-10,472</b>	<b>17,448</b>	<b>64,352</b>	<b>-10,472</b>	<b>53,879</b>
Income tax expenses	3,308	0	3,308	13,386	0	13,386
<b>Profit of the period from continuing operations</b>	<b>24,612</b>	<b>-10,472</b>	<b>14,140</b>	<b>50,966</b>	<b>-10,472</b>	<b>40,494</b>
Profit of the period from discontinued operations	-2,227	10,472	8,245	4,505	10,472	14,977
<b>Profit of the period</b>	<b>22,385</b>	<b>0</b>	<b>22,385</b>	<b>55,471</b>	<b>0</b>	<b>55,471</b>

in '000 EUR	01.01.-31.12.2015*			01.01.-31.12.2014		
	former	change	restated	former	change	restated
Net other operating income	-11,637	-3,786	-15,423	-13,699	4,665	-9,034
<b>Operating income</b>	<b>317,104</b>	<b>-3,786</b>	<b>313,318</b>	<b>328,234</b>	<b>4,665</b>	<b>332,899</b>
<b>Profit before tax</b>	<b>70,994</b>	<b>-3,786</b>	<b>67,209</b>	<b>58,297</b>	<b>4,665</b>	<b>62,961</b>
Income tax expenses	17,731	0	17,731	19,468	-768	18,700
<b>Profit of the period from continuing operations</b>	<b>53,264</b>	<b>-3,786</b>	<b>49,478</b>	<b>38,829</b>	<b>5,433</b>	<b>44,262</b>
Profit of the period from discontinued operations	8,071	3,786	11,857	11,388	-5,433	5,955
<b>Profit of the period</b>	<b>61,335</b>	<b>0</b>	<b>61,335</b>	<b>50,217</b>	<b>0</b>	<b>50,217</b>

\* Restatement before the first-time reclassification of Banco Pyme Los Andes ProCredit Bolivia as discontinued operations as of September 30, 2016 (see also note 17)

Furthermore, notes 14 and 17 contain enhanced disclosures relevant for previous financial statements.

## B. Notes to the Consolidated Statement of Profit or Loss

### 6. Net interest income

in '000 EUR	01.07. - 30.09.2016	01.07. - 30.09.2015	01.01.- 30.09.2016	01.01.- 30.09.2015
Interest and similar income from*				
Cash and cash equivalents	2,493	1,977	7,803	4,150
Loans and advances to banks	789	330	2,212	948
Available-for-sale assets	93	519	724	1,650
Loans and advances to customers	76,249	87,479	233,140	263,665
Unwinding	1,329	1,567	4,601	5,183
Early closure of TDA's	161	232	536	885
<b>Interest and similar income</b>	<b>81,113</b>	<b>92,105</b>	<b>249,017</b>	<b>276,480</b>
Interest and similar expenses on				
Liabilities to banks	2,564	2,312	8,010	7,782
Liabilities to customers	13,283	14,736	40,714	45,064
Liabilities to international financial institutions	4,481	4,237	12,866	12,347
Subordinated debt	2,309	2,616	6,257	7,526
Debt securities and hybrid capital	1,747	2,571	5,521	9,530
Option agreements	30	32	88	102
<b>Interest and similar expenses</b>	<b>24,414</b>	<b>26,503</b>	<b>73,457</b>	<b>82,350</b>
<b>Net interest income</b>	<b>56,700</b>	<b>65,602</b>	<b>175,560</b>	<b>194,130</b>

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

### 7. Allowance for losses on loans and advances to customers

in '000 EUR	01.07. - 30.09.2016	01.07. - 30.09.2015	01.01.- 30.09.2016	01.01.- 30.09.2015
Increase of impairment charge	33,936	46,882	120,779	136,843
Release of impairment charge	-27,925	-30,504	-92,353	-97,331
Recovery of written-off loans	-3,660	-5,164	-12,489	-14,484
Direct write-offs	561	2,359	896	4,054
<b>Allowance for losses on loans and advances to customers</b>	<b>2,912</b>	<b>13,573</b>	<b>16,834</b>	<b>29,081</b>

### 8. Net fee and commission income

in '000 EUR	01.07. - 30.09.2016	01.07. - 30.09.2015	01.01.- 30.09.2016	01.01.- 30.09.2015
Fee and commission income from				
Payment services	6,081	7,184	18,661	20,494
Debit/credit cards	3,197	3,076	8,735	8,400
Account maintenance fee	2,910	2,787	8,781	8,520
Letters of credit and guarantees	1,135	1,267	3,372	3,312
Other fee and commission income	1,158	1,495	3,861	4,542
<b>Fee and commission income</b>	<b>14,481</b>	<b>15,809</b>	<b>43,409</b>	<b>45,268</b>
Fee and commission expenses on				
Payment services	1,056	1,997	3,096	4,071
Debit/credit cards	2,278	2,079	5,788	5,143
Account maintenance fee	501	423	1,495	1,212
Letters of credit and guarantees	114	167	547	523
Other fee and commission expenses	83	141	407	347
<b>Fee and commission expenses</b>	<b>4,032</b>	<b>4,807</b>	<b>11,333</b>	<b>11,296</b>
<b>Net fee and commission income</b>	<b>10,450</b>	<b>11,002</b>	<b>32,076</b>	<b>33,973</b>

### 9. 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 nine months ended 30 September 2016 was 14.3%).

## C. Notes to the Consolidated Statement of Financial Position

### 10. Cash and cash equivalents

in '000 EUR	30.09.2016	31.12.2015
Cash in hand	181,124	217,920
Balances at central banks excluding mandatory reserves	141,677	163,743
Money market instruments	116,158	137,934
Mandatory reserve deposits	322,691	314,593
<b>Cash and cash equivalents</b>	<b>761,651</b>	<b>834,191</b>
Cash from discontinuing operations	171,824	68,450
Loans and advances to banks with a maturity up to 3 months	265,623	332,305
Minimum reserve, which does not qualify as cash for the statement of cash flows	-387,956	-385,822
<b>Cash and cash equivalents for the statement of cash flows</b>	<b>811,143</b>	<b>849,124</b>

### 11. Allowance for losses on loans and advances to customers

in '000 EUR	30.09.2016	31.12.2015
Specific impairment	65,865	70,249
Allowance for individually insignificant impaired loans	41,638	50,226
Allowance for collectively assessed loans	50,442	56,132
<b>Allowance for losses on loans and advances to customers</b>	<b>157,945</b>	<b>176,608</b>

### 12. Debt securities

In 2016, debt securities from continuing operations totalling EUR 22,265 thousand were repaid.

### 13. Fair value of financial instruments

in '000 EUR		30.09.2016				
	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Cash and cash equivalents	AFV/LaR/AfS	761,651	761,651	181,124	580,527	0
Loans and advances to banks	LaR	264,088	264,088	0	264,088	0
Financial assets at fair value through profit or loss						
Available-for-sale financial assets	AfS	243,083	243,083	168,057	74,240	786
Loans and advances to customers	LaR	3,406,821	3,419,291	0	0	3,419,291
<b>Total</b>		<b>4,677,135</b>	<b>4,689,604</b>	<b>349,182</b>	<b>920,346</b>	<b>3,420,077</b>
<b>Financial liabilities</b>						
Liabilities to banks	AC	281,164	297,258	0	42,745	254,513
Financial liabilities at fair value through profit or loss						
Liabilities to customers	AC	3,338,454	3,340,766	0	2,203,184	1,137,582
Liabilities to international financial institutions	AC	512,994	505,149	0	18,370	486,779
Debt securities	AC	164,174	185,255	21,405	0	163,850
Subordinated debt	AC	166,576	164,473	0	0	164,473
<b>Total</b>		<b>4,465,360</b>	<b>4,494,899</b>	<b>21,405</b>	<b>2,266,296</b>	<b>2,207,197</b>
<b>Contingent liabilities</b>						
Contingent liabilities and commitments	n/a	0	1,155	0	0	1,155

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

in '000 EUR

31.12.2015

<b>Financial assets</b>	<b>Category</b>	<b>Carrying value</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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
<b>Financial assets at fair value through profit or loss</b>	<b>AFV</b>	<b>891</b>	<b>891</b>	<b>0</b>	<b>891</b>	<b>0</b>
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
<b>Total</b>		<b>5,309,778</b>	<b>5,362,322</b>	<b>352,743</b>	<b>1,027,857</b>	<b>3,981,722</b>
<b>Financial liabilities</b>	<b>Category</b>	<b>Carrying value</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Liabilities to banks	AC	394,244	405,672	0	88,539	317,132
<b>Financial liabilities at fair value through profit or loss</b>	<b>AFV</b>	<b>2,350</b>	<b>2,350</b>	<b>0</b>	<b>2,350</b>	<b>0</b>
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
<b>Total</b>		<b>5,035,573</b>	<b>5,054,001</b>	<b>50,144</b>	<b>2,290,222</b>	<b>2,713,634</b>
<b>Contingent liabilities</b>	<b>Category</b>	<b>Carrying value</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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

### 14. Segment reporting

in '000 EUR

	<b>Total assets excl. taxes</b>	<b>Total liabilities excl. taxes</b>	<b>Contingent liabilities and commitments</b>
<b>30 September 2016</b>			
Germany	1,377,793	829,946	8,560
Eastern Europe	1,008,338	872,748	76,651
South Eastern Europe	3,423,211	2,983,080	486,131
South America	439,861	379,308	12,100
Discontinued Operations*	1,130,025	1,000,643	0
Consolidation	-1,343,436	-634,060	0
<b>Total</b>	<b>6,035,792</b>	<b>5,431,666</b>	<b>583,442</b>

\*Banco Pyme Los Andes ProCredit Bolivia, Banco ProCredit El Salvador, ProConfianza Mexico, and Banco ProCredit Nicaragua are shown as discontinued operations

in '000 EUR

	<b>Total assets excl. taxes</b>	<b>Total liabilities excl. taxes</b>	<b>Contingent liabilities and commitments</b>
<b>31 December 2015</b>			
Germany	1,294,642	737,760	21,393
Eastern Europe	937,606	828,574	81,009
South Eastern Europe	3,358,291	2,932,279	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
<b>Total</b>	<b>6,000,205</b>	<b>5,399,239</b>	<b>559,464</b>

\*ProCredit Bank Armenia, Banco Pyme Los Andes ProCredit Bolivia, ProCredit Bank Congo, Banco ProCredit El Salvador, ProConfianza Mexico, and Banco ProCredit Nicaragua are shown as discontinued operations

As in previous years, the group aggregates its operating segments per country into reporting 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 providing other banking services.

in '000 EUR

	Germany	Eastern Europe	South Eastern Europe	South America	Consolidation	Group
<b>01.01.-30.09.2016</b>						
Interest and similar income	15,344	81,540	135,861	29,253	-12,982	249,017
of which inter-segment	12,903	60	12	7		
Interest and similar expenses	16,275	36,462	20,861	11,344	-11,485	73,457
of which inter-segment	137	3,287	5,404	2,658		
<b>Net interest income</b>	<b>-931</b>	<b>45,079</b>	<b>115,000</b>	<b>17,909</b>	<b>-1,496</b>	<b>175,560</b>
Allowance for losses on loans and advances to customers	-123	9,707	7,779	-529	0	16,834
<b>Net interest income after allowances</b>	<b>-808</b>	<b>35,372</b>	<b>107,221</b>	<b>18,438</b>	<b>-1,496</b>	<b>158,726</b>
Fee and commission income	6,395	9,191	32,958	1,370	-6,505	43,409
of which inter-segment	5,463	0	1,042	0		
Fee and commission expenses	1,392	2,754	11,233	1,490	-5,536	11,333
of which inter-segment	29	927	3,927	652		
<b>Net fee and commission income</b>	<b>5,003</b>	<b>6,437</b>	<b>21,725</b>	<b>-120</b>	<b>-969</b>	<b>32,076</b>
Result from foreign exchange transactions	-476	2,907	5,416	-25	42	7,864
Net result from financial instruments at fair value through profit or loss	-759	-92	147	0	0	-703
Net result from available-for-sale financial assets	-227	318	4,211	291	0	4,593
Net other operating income	67,615	-1,031	-8,598	1,432	-69,627	-10,209
of which inter-segment	66,248	1	1,015	2,364		
<b>Operating income</b>	<b>70,348</b>	<b>43,911</b>	<b>130,122</b>	<b>20,015</b>	<b>-72,050</b>	<b>192,346</b>
Personnel expenses	16,108	9,311	32,873	7,779	0	66,071
Administrative expenses	20,012	16,025	48,506	13,323	-19,471	78,396
of which inter-segment	3,936	3,503	8,481	3,552		
<b>Operating expenses</b>	<b>36,120</b>	<b>25,336</b>	<b>81,380</b>	<b>21,102</b>	<b>-19,471</b>	<b>144,467</b>
<b>Profit before tax</b>	<b>34,228</b>	<b>18,575</b>	<b>48,742</b>	<b>-1,087</b>	<b>-52,579</b>	<b>47,879</b>
Income tax expenses	1,822	3,340	5,257	814		11,233
<b>Profit of the period from continuing operations</b>	<b>32,406</b>	<b>15,235</b>	<b>43,485</b>	<b>-1,901</b>	<b>-52,579</b>	<b>36,646</b>
Profit of the period from discontinued operations*						-1,114
<b>Profit of the period</b>	<b>32,406</b>	<b>15,235</b>	<b>43,485</b>	<b>-1,901</b>	<b>-52,579</b>	<b>35,532</b>
Profit attributable to equity holders of the parent company						34,354
Profit attributable to non-controlling interests						1,178

\*Banco Pyme Los Andes ProCredit Bolivia, Banco ProCredit El Salvador, ProConfianza Mexico, and Banco ProCredit Nicaragua are shown as discontinued operations

in '000 EUR

		Eastern Europe	South Eastern Europe	South America	Consoli- dation*	Group*
<b>01.01.-30.09.2015</b>						
Interest and similar income	21,401	73,009	164,283	37,183	-19,396	276,480
of which inter-segment	19,245	20	116	15		
Interest and similar expenses	23,934	29,581	33,106	11,862	-16,133	82,350
of which inter-segment	5,826	2,961	5,507	1,839		
<b>Net interest income</b>	<b>-2,533</b>	<b>43,427</b>	<b>131,177</b>	<b>25,321</b>	<b>-3,263</b>	<b>194,130</b>
Allowance for losses on loans and advances to customers	200	13,805	12,044	3,032	0	29,081
<b>Net interest income after allowances</b>	<b>-2,733</b>	<b>29,623</b>	<b>119,133</b>	<b>22,289</b>	<b>-3,263</b>	<b>165,049</b>
Fee and commission income	4,587	9,088	35,128	1,438	-4,973	45,268
of which inter-segment	4,185	0	787	0		
Fee and commission expenses	1,327	2,770	10,032	1,143	-3,975	11,296
of which inter-segment	43	520	3,161	251		
<b>Net fee and commission income</b>	<b>3,260</b>	<b>6,318</b>	<b>25,097</b>	<b>296</b>	<b>-998</b>	<b>33,973</b>
Result from foreign exchange transactions	-305	6,160	4,515	24	-231	10,163
Net result from financial instruments at fair value through profit or loss	-913	1,720	223	0	-11	1,018
Net result from available-for-sale financial assets	0	175	-314	5	0	-134
of which inter-segment	0					
Net other operating income	93,034	-572	-6,495	3,185	-95,923	-6,770
of which inter-segment	90,876	41	891	4,115		
<b>Operating income</b>	<b>92,343</b>	<b>43,424</b>	<b>142,159</b>	<b>25,799</b>	<b>-100,426</b>	<b>203,299</b>
Personnel expenses	16,460	10,935	40,009	8,248	0	75,652
Administrative expenses	18,299	15,962	51,446	16,197	-19,700	82,204
of which inter-segment	3,137	3,548	7,610	5,406		
<b>Operating expenses</b>	<b>34,759</b>	<b>26,897</b>	<b>91,455</b>	<b>24,445</b>	<b>-19,700</b>	<b>157,856</b>
<b>Profit before tax</b>	<b>57,584</b>	<b>16,526</b>	<b>50,704</b>	<b>1,354</b>	<b>-80,726</b>	<b>45,443</b>
Income tax expenses	2,555	2,657	5,713	1,048		11,973
<b>Profit of the period from continuing operations</b>	<b>55,029</b>	<b>13,869</b>	<b>44,991</b>	<b>306</b>	<b>-80,726</b>	<b>33,469</b>
Profit of the period from discontinued operations**						22,002
<b>Profit of the period</b>	<b>55,029</b>	<b>13,869</b>	<b>44,991</b>	<b>306</b>	<b>-80,726</b>	<b>55,471</b>
Profit attributable to equity holders of the parent company						53,560
Profit attributable to non-controlling interests						1,911

\* Previous years figures were restated. Please also see note 5

\*\* ProCredit Bank Armenia, Banco Pyme Los Andes ProCredit Bolivia, ProCredit Bank Congo, Banco ProCredit El Salvador, ProConfianza Mexico, and Banco ProCredit Nicaragua are shown as discontinued operations

## 15. 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

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.

The methods used to calculate capital adequacy indicators 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	30.09.2016	31.12.2015
Common Equity Tier 1 capital	546.496	535.396
Additional Tier 1 capital	0	0
Tier 2 capital	147.719	103.325
<b>Total capital</b>	<b>694.215</b>	<b>638.721</b>
<b>Risk weighted assets</b>	<b>5.146.783</b>	<b>5.258.041</b>
<b>Common Equity Tier 1 capital ratio</b>	<b>10,6%</b>	<b>10,2%</b>
<b>Tier 1 capital ratio</b>	<b>10,6%</b>	<b>10,2%</b>
<b>Total capital ratio</b>	<b>13,5%</b>	<b>12,1%</b>

The credit risk standardised approach (CRSA) is used to calculate the risk-weighted exposure amounts for all exposure types. 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	30.09.2016	31.12.2015
Credit risk	3.861.180	3.950.318
Market risk (currency risk)	536.707	505.084
Operational risk	747.547	800.719
CVA risk	1.349	1.919
<b>Total Risk Weighted Assets</b>	<b>5.146.783</b>	<b>5.258.041</b>

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 balance sheet positions that are measured at fair value.

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 10.6%, a Tier 1 capital ratio of 10.6% and a total capital ratio of 13.5% as of 30 September 2016, the ProCredit group's ratios exceed both regulatory requirements and internal limits. The fully loaded Common Equity Tier 1 capital ratio stood at 10.6% as of 30 September 2016.

#### 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	PAR	PAR as % of	Coverage	Restructured	Restructured
As at September 30, 2016	Loan portfolio	impairment	(> 30 days)	loan portfolio	ratio	loans	loans as % of loan portfolio
Germany	74,697	-665	0	0.0%	0.0%	0	0.0%
South Eastern Europe	2,491,308	-106,253	110,421	4.4%	96.2%	30,132	1.2%
Eastern Europe	703,414	-34,465	32,375	4.6%	106.5%	13,698	1.9%
South America	295,348	-16,562	26,284	8.9%	63.0%	2,546	0.9%
<b>Total</b>	<b>3,564,766</b>	<b>-157,945</b>	<b>169,080</b>	<b>4.7%</b>	<b>93.4%</b>	<b>46,377</b>	<b>1.3%</b>

in '000 EUR		Allowance for	PAR	PAR as % of	Coverage	Restructured	Restructured
As at December 31, 2015	Loan portfolio	impairment	(> 30 days)	loan portfolio	ratio	loans	loans as % of 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%
<b>Total</b>	<b>4,104,939</b>	<b>-176,608</b>	<b>182,125</b>	<b>4.4%</b>	<b>97.0%</b>	<b>56,899</b>	<b>1.4%</b>

### 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.

## 16. Contingent liabilities and commitments

in '000 EUR	30.09.2016	31.12.2015
Credit commitments (revocable)	409,601	384,591
Guarantees	160,725	158,437
Credit commitments (irrevocable)	8,451	10,084
Letters of credit	4,666	6,353
<b>Contingent liabilities and commitments*</b>	<b>583,442</b>	<b>559,464</b>

\* 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.

## 17. 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 Pyme Los Andes ProCredit Bolivia, 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	<b>held for sale</b>			
	<b>sold</b>	<b>held for sale</b>		
<b>Assets</b>	<b>Mexico</b>	<b>El Salvador</b>	<b>Bolivia</b>	<b>Nicaragua</b>
Cash and cash equivalents	2	44,252	104,199	23,374
Loans and advances to banks	573	526	35,975	4,858
Financial assets at fair value through profit or loss	0	0	0	0
Available-for-sale financial assets	0	5,107	89	224
Loans and advances to customers	10,566	215,640	556,780	111,689
Allowance for losses on loans and advances to customers	-381	-4,965	-23,568	-2,457
Property, plant and equipment	95	7,730	15,575	9,746
Investment properties	0	0	0	1,050
Intangible assets	0	719	787	511
Current tax assets	85	0	0	368
Deferred tax assets	2,848	406	0	0
Other assets	71	5,466	2,584	1,897
<b>Assets disposed / held for sale</b>	<b>13,860</b>	<b>274,883</b>	<b>692,421</b>	<b>151,261</b>
<b>Liabilities</b>	<b>Mexico</b>	<b>El Salvador</b>	<b>Bolivia</b>	<b>Nicaragua</b>
Liabilities to banks	9,374	0	75,081	12,656
Financial liabilities at fair value through profit or loss	0	0	0	0
Liabilities to customers	0	165,087	507,695	99,849
Liabilities to international financial institutions	35	22,970	0	8,122
Debt securities	0	15,275	10,729	0
Other liabilities	211	3,003	3,115	1,057
Provisions	44	181	4,345	385
Current tax liabilities	0	292	856	0
Deferred tax liabilities	0	0	1,721	1,190
Subordinated debt	0	2,594	0	0
<b>Liabilities disposed / related to assets held for sale</b>	<b>9,664</b>	<b>209,402</b>	<b>603,543</b>	<b>123,259</b>
<b>Net assets disposed</b>	<b>4,196</b>			
Proportion of non-controlling interests	0.8%	0.1%	0.0%	5.3%
Non-controlling interests	34			
Time of sale	Jan. 16	pending	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			
<b>Result on disposal</b>	<b>-2,781</b>			

in '000 EUR

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>30.09.2016</b>	<b>30.09.2015*</b>
<b>Results of discontinued operations</b>		
Income	77,206	113,654
Expenses	72,405	97,964
Result on disposal	-2,781	10,472
<b>Profit before tax</b>	<b>2,020</b>	<b>26,162</b>
Income tax expenses	3,134	4,160
<b>Profit of the period</b>	<b>-1,114</b>	<b>22,002</b>
Profit attributable to equity holders of the parent company	-1,148	21,209
Profit attributable to non-controlling interests	35	793
Earnings per share (basic; discontinued operations) in EUR	-0.02	0.42
Earnings per share (diluted; discontinued operations) in EUR	-0.02	0.42
<b>Items that will not be reclassified to profit or loss</b>		
Change in revaluation reserve from remeasurements of post employment benefits (incl deferred taxes)	-407	-150
<b>Items that are or may be reclassified to profit or loss</b>		
Change in revaluation reserve from available-for-sale financial assets (incl deferred taxes)	0	-23
Change in translation reserve	-1,944	8,864
<b>Other comprehensive income of the period, net of tax discontinued operations</b>	<b>-2,351</b>	<b>8,690</b>
<b>Total comprehensive income of the period</b>	<b>-3,465</b>	<b>30,692</b>

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

## 18. Events after the reporting period

In October 2016, ProCredit Holding decided to carry out a capital increase of EUR 13,597,600 through the issuance of 2,719,520 new ordinary shares with a par value of EUR 5 each. ProCredit Holding's capital will raise from EUR 254,122,820 to EUR 267,720,420. In connection with this capital increase, an amount of EUR 18,302,370 will be allocated to the capital reserve.

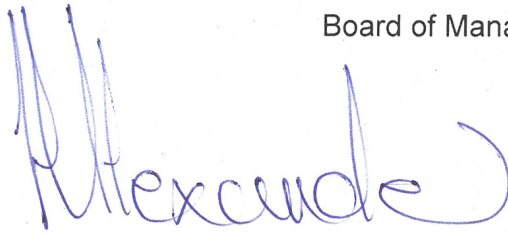
**Address and general information**

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.

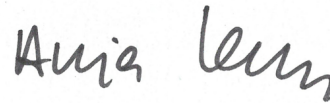
Frankfurt, 31 October 2016

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

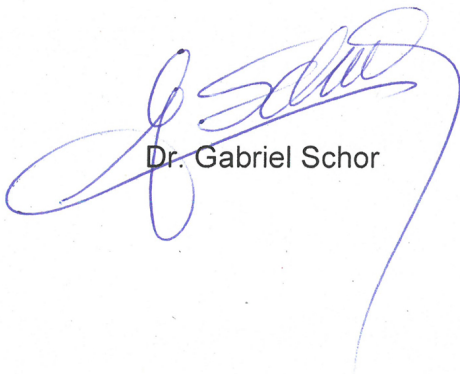
Board of Management



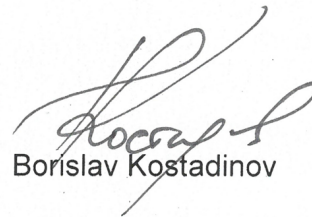
Helen Alexander



Dr. Anja Lepp



Dr. Gabriel Schor



Borislav Kostadinov



*ProCredit*  
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