Q1 2018
Quarterly Report

Contents

1. BUSINESS DEVELOPMENT

Strategic orientation

The ProCredit group focuses on banking services for Small and Medium Enterprises (SMEs) in transition economies. We operate in South Eastern Europe, Eastern Europe, South America and Germany. In the countries where we operate, we aim to play a leading role as the "Hausbank" for SMEs. We offer a comprehensive range of banking services in terms of financing, account operations, payments and deposit business. We focus on innovative companies showing dynamic growth and stable, formalised structures. We also place an emphasis on promoting local production, especially in agriculture.

Our direct banking service offers comprehensive account management and savings facilities to private clients. We also provide financing to enable our clients to purchase real estate and make other smaller investments. We do not actively pursue consumer lending.

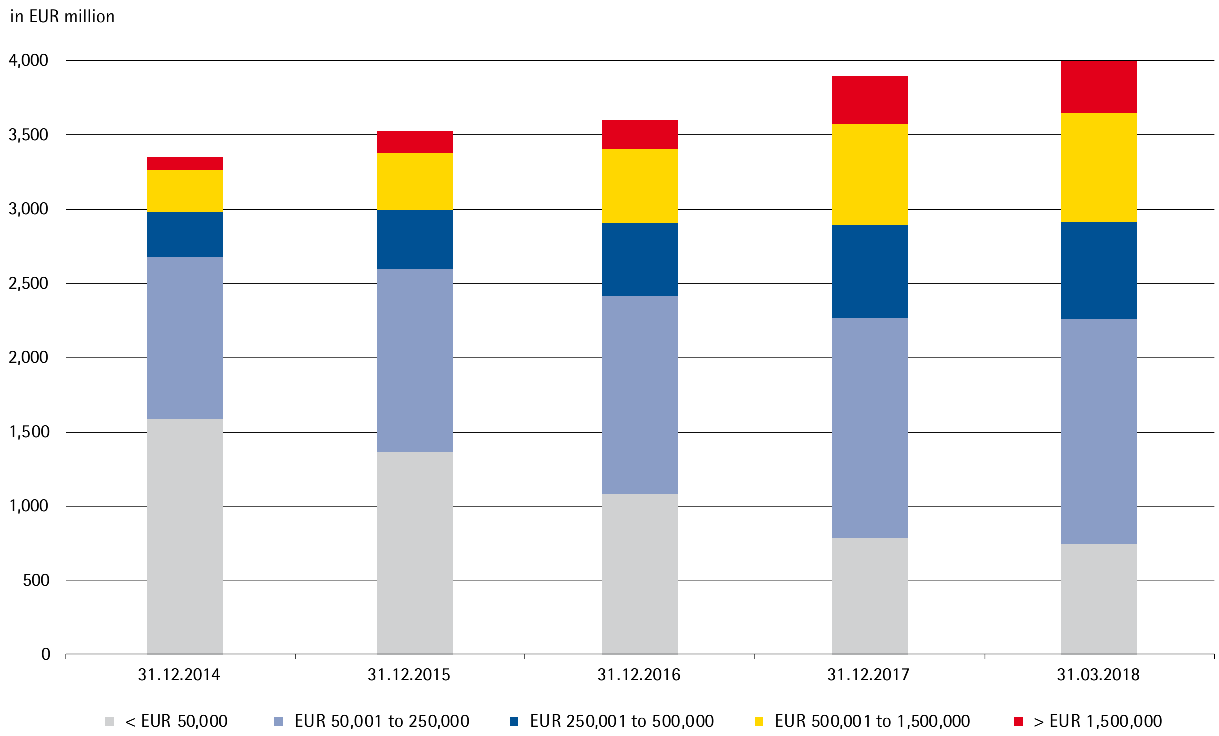
in million EUR			
Statement of Financial Position	**31.03.2018**	**31.12.2017**	**Change**
Customer loan portfolio	4,020.8	3,909.9	110.9
Customer deposits	3,474.4	3,570.9	-96.6
Statement of Profit or Loss	**01.01.-31.03.2018**	**01.01.-31.03.2017**	**Change**
Net interest income after allowances	46.6	48.4	-1.8
Net fee and commission income	11.4	10.7	0.7
Operating expenses	41.7	47.3	-5.6
Profit of the period from continuing operations	14.6	9.5	5.1
Profit after tax	14.6	11.9	2.7
Key performance indicators	**31.03.2018**	**31.03.2017**	**Change**
Change in customer loan portfolio	2.8%	2.5%	0.3 pp
Cost-income ratio	70.2%	73.8%	-3.6 pp
Return on equity (ROE)	8.2%	7.0%	1.2 pp
Tier I Capital Ratio	14.4%	12.4%	2.0 pp
Additional indicators	**31.03.2018**	**31.12.2017**	**Change**
Customer deposits to customer loan portfolio	86.4%	91.3%	-4.9 pp
Net interest margin	3.4%	3.8%	-0.4 pp
Share of credit-impaired loans (Stage 3)	4.4%	4.8%	-0.4 pp
Ratio of allowances to credit-impaired loans (Stage 3)	83.0%	81.3%	1.7 pp
Green loans (million EUR)	530.6	489.1	41.5

Balance sheet and income statement positions as well as other key figures for the ProCredit group

Course of business operations

The first quarter of 2018 was characterised by dynamic growth in our customer loan portfolio and a seasonal decline in business client deposits. The consolidated result for the first quarter was significantly higher than in the previous year. This result was mainly due to a reduction in operating expenses, which was facilitated by the efficiency improvement measures implemented in the previous year, but also to a further improvement in portfolio quality and the associated lower expenses for risk provisioning. This has compensated for a decline in the interest margin.

The group's capital base was strengthened by a capital increase of around EUR 61 million. On this basis, we will be able to continue our growth course.



Loan portfolio development, by loan volume

Our customer loan portfolio grew by 2.8% to more than EUR 4 billion in the first three months. This dynamic growth is a consequence of our focus on financing larger and more established medium-sized companies. This has had a positive effect on our risk profile, but at the same time has had a negative effect on the interest margin.

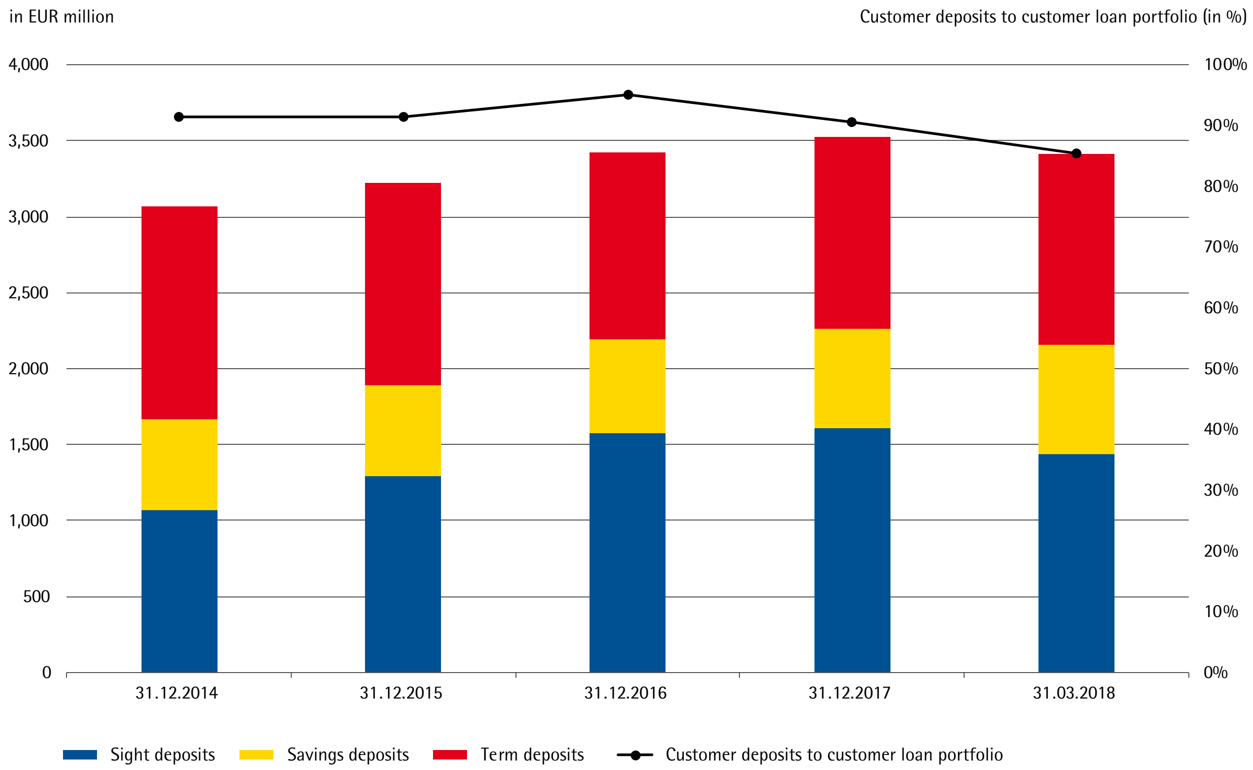
The loan portfolio of the ProCredit group is highly diversified. The ten largest exposures represent less than 2% of the customer loan portfolio.

Development of deposits and other banking services

Customer deposits constitute the most important source of funding for our banks. Customer deposits amounted to EUR 3.5 billion at the end of the quarter.

The implementation of our direct banking strategy for private clients was accompanied by a significant reduction in the branch network and in the number of staff. These measures will translate into significant cost savings.

The volume of deposits fell by 2.7% compared with the end of last year. This development is influenced by a seasonal decline in deposits from business clients, as was the case in previous years. Moreover, our strategic reorientation with regard to private clients has also resulted in the outflow of smaller deposit volumes.



Customer deposits

2. MATERIAL EVENTS

ProCredit Holding carried out a capital increase in February 2018. The issue of 5,354,408 new shares at a placement price of EUR 11.40 yielded gross proceeds of around EUR 61 million for ProCredit. After the capital increase, our subscribed capital amounts to EUR 294.5 million and is divided into 58,898,492 non-par value shares. The newly issued shares carry dividend rights as of 1 January 2017.

The European Bank for Reconstruction and Development (EBRD) subscribed for 40% of the new shares. After the capital increase, this represents 3.6% of ProCredit Holding's total share capital.

3. FINANCIAL POSITION AND FINANCIAL PERFORMANCE

The financial position and financial performance of the group remain solid and are in line with expectations.

Financial position

The customer loan portfolio increased by EUR 110 million; however, the balance sheet total decreased due to a reduction in the excess liquidity available at the end of last year.

Liabilities decreased by around EUR 150 million. Some of this decrease is attributable to the decline in customer deposits, partially due to seasonal factors. Bonds and liabilities to banks and international financial institutions were also repaid according to schedule.

The change in shareholders' equity was mainly due to the capital increase, the current consolidated result and the transition to IFRS 9. The negative amount from the IFRS 9 conversion is fully considered in the calculation of the capital ratios. The Common Equity Tier 1 capital ratio had increased to 14.4% as at 31 March 2018. The capital raised will be utilised to continue our growth course and expand our customer business with small and medium-sized enterprises, especially in South Eastern and Eastern Europe.

in million EUR	**31.03.2018**	**31.12.2017**
Common equity (net of deductions)	640	595
Additional Tier 1 (net of deductions)	-	-
Tier 2 capital	128	130
Total capital	768	725
RWA total	4,430	4,330
o/w Credit risk	3,426	3,341
o/w Market risk (currency risk)	452	439
o/w Operational risk	549	549
o/w CVA risk	2	2
Common equity Tier 1 capital ratio	14.4%	13.7%
Total capital ratio	17.3%	16.7%
Leverage ratio (CRR)	11.4%	10.5%

Own Funds, Risk-weighted assets and Capital Ratios

Result of operations

At EUR 14.6 million, the consolidated result was significantly higher than in the previous year, driven by a reduction in operating expenses of EUR 5.6 million. This development is a result of the efficiency improvement measures implemented last year. Earnings were impacted by a decline in net interest income, but augmented by lower risk provisioning expenses. The return on average equity in the first quarter of 2018 was 8.2%.

Net interest income fell by around EUR 4.7 million compared with the same period of the previous year. Lower interest rates and the strategic discontinuation of small-volume loans contributed to this development.

The need for additional loan loss provision was low in the first quarter. Expenses for loan loss provisions benefited from repayments of Stage 3 loans as well as from recoveries of written off loans. As a result of the improvement in portfolio quality, the risk coverage ratio for Stage 3 loans increased – notwithstanding the lower expenses.

Non-interest income is largely earned from fees and commissions. The improvement in net fee and commission income compared with the same period last year is due to innovations in our range of personal banking services as well as the associated adjustment of fees.

Personnel and administrative costs decreased by around EUR 5.6 million year-on-year. This development is a consequence of the efficiency improvement measures taken in previous years, the extensive digitialisation of our private client business and a reduction in staff numbers.

The cost-income ratio is currently 70.2%, significantly lower than in the same period of the previous year (73.8%). This improvement is primarily due to our efficiency measures.

4. RISK REPORTING

The risk management procedures are appropriate in view of the nature, scale, complexity and riskiness of the business activities as well as the orientation of the business and risk strategies. The overall risk profile of the group is adequate and stable, the internal capital adequacy and stress resistance was ensured at all times. In general, the details given in the 2017 management report are still valid.

Credit risk is the most significant risk facing the ProCredit group. Within credit risk we distinguish between customer credit risk, counterparty risk (including issuer risk) and country risk. The customer loan portfolio accounts for the largest share of these risks.

The clear focus on small and medium-sized businesses led to positive developments in the portfolio quality. As at 31 March 2018, 4.4% of the loan portfolio was in Stage 3 and thus, thanks to the repayment of credit-impaired loans, below the year-end level (4.8%). The level of risk coverage for credit-impaired loans slightly increased to 83.0%. As at 31 March 2018, the share of the portfolio past due more than 30 days (PAR 30) stood at 3.1%, down from 3.3% as of 31 December 2017[1].

[1] The figure has been restated according to IFRS 9.

in '000 EUR	Stage 1	Stage 2		Stage 3			Total
	12-month ECL	Lifetime ECL – not credit-impaired loans		Lifetime ECL – credit-impaired loans			
As at March 31, 2018		0-30 days	31-90 days	0-30 days	31-90 days	over 90 days	
Germany							
Gross outstanding amount	**99,001**	**0**	**0**	**0**	**0**	**0**	**99,001**
Loss allowances	-499	0	0	0	0	0	-499
Carrying amount	**98,502**	**0**	**0**	**0**	**0**	**0**	**98,502**
South Eastern Europe							
Gross outstanding amount	**2,622,233**	**75,431**	**8,627**	**40,532**	**6,878**	**71,144**	**2,824,845**
Loss allowances	-23,004	-11,877	-1,226	-13,047	-2,766	-47,034	-98,954
Carrying amount	**2,599,229**	**63,554**	**7,401**	**27,485**	**4,112**	**24,111**	**2,725,891**
Eastern Europe							
Gross outstanding amount	**807,842**	**15,898**	**661**	**16,318**	**1,539**	**15,896**	**858,153**
Loss allowances	-9,113	-2,152	-84	-7,854	-635	-10,998	-30,835
Carrying amount	**798,729**	**13,746**	**576**	**8,464**	**903**	**4,898**	**827,317**
South America							
Gross outstanding amount	**200,795**	**12,079**	**1,799**	**6,201**	**517**	**17,443**	**238,833**
Loss allowances	-2,348	-687	-132	-2,880	-288	-9,945	-16,280
Carrying amount	**198,447**	**11,391**	**1,666**	**3,321**	**229**	**7,498**	**222,553**

in '000 EUR	Stage 1	Stage 2		Stage 3			Total
	12-month ECL	Lifetime ECL – not credit-impaired loans		Lifetime ECL – credit-impaired loans			
As at December 31, 2017		0-30 days	31-90 days	0-30 days	31-90 days	over 90 days	
Germany							
Gross outstanding amount	**88,452**	**0**	**0**	**0**	**0**	**0**	**88,452**
Loss allowances	-459	0	0	0	0	0	-459
Carrying amount	**87,992**	**0**	**0**	**0**	**0**	**0**	**87,992**
South Eastern Europe							
Gross outstanding amount	**2,549,187**	**73,990**	**6,783**	**46,823**	**16,538**	**61,335**	**2,754,656**
Loss allowances	-22,613	-12,375	-1,049	-16,211	-11,248	-38,284	-101,781
Carrying amount	**2,526,574**	**61,615**	**5,734**	**30,611**	**5,290**	**23,050**	**2,652,875**
Eastern Europe							
Gross outstanding amount	**769,538**	**18,426**	**356**	**17,361**	**3,583**	**16,524**	**825,788**
Loss allowances	-8,802	-2,749	-50	-8,317	-1,727	-11,033	-32,677
Carrying amount	**760,736**	**15,678**	**306**	**9,045**	**1,856**	**5,491**	**793,111**
South America							
Gross outstanding amount	**205,338**	**12,101**	**1,462**	**5,148**	**565**	**20,732**	**245,346**
Loss allowances	-2,364	-751	-69	-2,417	-222	-12,525	-18,349
Carrying amount	**202,974**	**11,349**	**1,393**	**2,732**	**343**	**8,206**	**226,997**

Risk provisioning in lending

In addition to counterparty risk, foreign currency risk, interest rate risk, liquidity and funding risk, operational risk, business risk and model risk are significant for the ProCredit group. There have been no substantial changes to any of these risks; therefore, the statements from the 2017 management report still apply.

5. SEGMENT REPORTING

Developments in the geographic segments South Eastern Europe, Eastern Europe and South America are presented below. The Germany segment is not shown separately. It essentially comprises the activities of ProCredit Holding, ProCredit Bank Germany and Quipu, which mainly perform supporting functions for the ProCredit banks.

a. South Eastern Europe

in million EUR			
Statement of Financial Position	**31.03.2018**	**31.12.2017**	**Change**
Customer loan portfolio	2,824.8	2,759.1	65.7
Customer deposits	2,461.0	2,518.8	-57.8
Statement of Profit or Loss	**01.01.-31.03.2018**	**01.01.-31.03.2017**	**Change**
Net interest income after allowances	29.9	33.2	-3.3
Net fee and commission income	8.0	7.4	0.6
Operating expenses	25.0	25.8	-0.8
Profit after tax	12.8	13.2	-0.4
Key performance indicators	**31.03.2018**	**31.03.2017**	**Change**
Change in loan portfolio	2.4%	2.5%	0.0 pp
Cost-income ratio	67.1%	63.0%	4.1 pp
Return on equity (ROE)	10.7%	11.4%	-0.7 Pp
Additional indicators	**31.03.2018**	**31.12.2017**	**Change**
Customer deposits to customer loan portfolio	87.1%	91.3%	-4.2 pp
Net interest margin	3.0%	3.6%	-0.6 pp
Share of credit-impaired loans (Stage 3)	4.2%	4.5%	-0.3 pp
Ratio of allowances to credit-impaired loans (Stage 3)	83.5%	81.6%	1.9 pp
Green loans (million EUR)	356.0	326.9	29.1

Balance sheet and income statement positions as well as other key figures for the South Eastern Europe segment

South Eastern Europe is the group's largest segment. The customer loan portfolio for the segment increased by EUR 66 million to EUR 2.8 billion. Particularly strong growth was recorded for our banks in Bulgaria, Serbia and Romania. At the same time, the proportion of credit-impaired loans decreased.

Customer deposits totalled EUR 2.5 billion at the end of the first quarter, a decrease of approximately EUR 60 million since the end of last year. Deposits from both private and business clients declined. The decline in business client deposits was more pronounced, while private deposits decreased with the implementation of the new strategy towards private clients.

The profit after tax was slightly down. The net interest margin declined by 0.6 pp due to strategic measures and market factors. However, this drop in interest income was partially offset by the reduction in interest expenses.

Our banks in the Balkans have a very high portfolio quality in comparison to other banks in the region. In the first quarter of 2018, repayments of Stage 3 loans and proceeds from written-off loans led to lower risk provisioning expenses and made a positive contribution to the result.

Operating expenses were slightly lower than in the same period of the previous year. This is mainly due to the efficiency improvement measures implemented in previous years and the resulting cost savings.

b. Eastern Europe

in million EUR			
Statement of Financial Position	**31.03.2018**	**31.12.2017**	**Change**
Customer loan portfolio	858.2	823.4	34.8
Customer deposits	587.5	634.6	-47.1
Statement of Profit or Loss	**01.01.-31.03.2018**	**01.01.-31.03.2017**	**Change**
Net interest income after allowances	14.4	10.2	4.2
Net fee and commission income	2.0	2.1	-0.1
Operating expenses	6.9	7.8	-0.9
Profit after tax	8.5	4.3	4.2
Key performance indicators	**31.03.2018**	**31.03.2017**	**Change**
Change in loan portfolio	4.2%	5.3%	-1.1 pp
Cost-income ratio	41.6%	48.4%	-6.8 pp
Return on equity (ROE)	22.0%	12.0%	10.0 pp
Additional indicators	**31.03.2018**	**31.12.2017**	**Change**
Customer deposits to customer loan portfolio	68.5%	77.1%	-8.6 pp
Net interest margin	5.1%	5.1%	0.0 pp
Share of credit-impaired loans (Stage 3)	3.9%	4.5%	-0.6 pp
Ratio of allowances to credit-impaired loans (Stage 3)	91.4%	87.2%	4.2 pp
Green loans (million EUR)	115.2	110.6	4.7

Balance sheet and income statement positions as well as other key figures for the Eastern Europe segment

In the Eastern Europe segment, the strong growth of the previous year continued. The loan portfolio increased by EUR 35 million, the main contributor being Ukraine. At the same time, the size of the credit-impaired loan portfolio decreased significantly.

Customer deposits in the Eastern Europe segment decreased by around EUR 50 million, particularly in Georgia and the Ukraine. This decrease is almost entirely due to a seasonal decline in business client deposits.

The profit after tax showed a strong increase compared to the previous year, to which all banks in the region contributed. This result was mainly due to a reduction in expenses for loan loss provisions and a slight increase in the net interest income after allowances. Operating expenses were also reduced thanks to efficiency improvement measures.

c. South America

in million EUR			
Statement of Financial Position	**31.03.2018**	**31.12.2017**	**Change**
Customer loan portfolio	238.8	238.9	-0.1
Customer deposits	155.9	161.2	-5.3

Statement of Profit or Loss	**01.01.-31.03.2018**	**01.01.-31.03.2017**	**Change**
Net interest income after allowances	2.6	6.0	-3.4
Net fee and commission income	-0.2	0.0	-0.2
Operating expenses	4.9	7.0	-2.1
Profit after tax	-1.1	-1.1	0.0

Key performance indicators	**31.03.2018**	**31.03.2017**	**Change**
Change in loan portfolio	0.0%	-4.3%	4.3 pp
Cost-income ratio	99.3%	122.3%	-23.0 pp
Return on equity (ROE)	-7.6%	-6.6%	-1.0 pp

Additional indicators	**31.03.2018**	**31.12.2017**	**Change**
Customer deposits to customer loan portfolio	65.3%	67.5%	-2.2 pp
Net interest margin	4.2%	4.6%	-0.4 pp
Share of credit-impaired loans (Stage 3)	10.1%	10.8%	-0.7 pp
Ratio of allowances to credit-impaired loans (Stage 3)	67.4%	69.4%	-2.0 pp
Green loans (million EUR)	21.2	20.2	1.0

Balance sheet and income statement positions as well as other key figures for the South America segment

The gross customer loan portfolio in the South America segment remained almost unchanged. A further decline in the portfolio of very small loans in Ecuador was largely offset by solid growth in the core segment. Portfolio quality also improved, with a lower share of credit-impaired loans than at year-end. Customer deposits declined slightly.

The result for the segment was stable compared with the same period of the previous year.

Net interest income after risk provisioning fell comparatively sharply. This development is mainly due to the continuing sharp decline in the portfolio of loans with very small volumes. It was possible to reduce operating expenses significantly thanks to the efficiency improvement measures of the previous year, which compensated for the decline in net interest income.

6. OUTLOOK

Based on the information available at the time of publication, we assume that the statements made in the Annual Report of 31 December 2017 concerning opportunities, risks and forecasts remain valid.

7. REPORT ON POST BALANCE SHEET

Acquisition of non-controlling interests

In April 2018, ProCredit Holding acquired 17.9% of the issued capital of ProCredit Bank Moldova, thus bringing its total shareholding in the bank to 100%.

8. SELECTED FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss

in '000 EUR	01.01.-31.03.2018	01.01.-31.03.2017
Interest income	66,725	73,026
Interest expenses	20,101	21,682
Net interest income	**46,624**	**51,345**
Loss allowance	67	2,971
Net interest income after allowances	**46,556**	**48,374**
Fee and commission income	14,922	14,124
Fee and commission expenses	3,486	3,413
Net fee and commission income	**11,436**	**10,711**
Net result from foreign exchange transactions	2,271	2,665
Net result from derivative financial instruments (2017: financial instruments at fair value through profit or loss)	65	-27
Net result from investment securities (2017: available-for-sale financial assets)	0	-34
Net result on derecognition of financial assets measured at amortised cost	0	n/a
Net other operating income	-960	-588
Operating income	**59,369**	**61,102**
Personnel expenses	19,487	21,737
Administrative expenses	22,220	25,551
Operating expenses	**41,707**	**47,289**
Profit before tax	**17,662**	**13,813**
Income tax expenses	3,092	4,289
Profit of the period from continuing operations	**14,570**	**9,525**
Profit of the period from discontinued operations	0	2,350
Profit of the period	**14,570**	**11,874**
Profit attributable to ProCredit shareholders	14,001	11,418
from continuing operations	*14,001*	*9,106*
from discontinued operations	*0*	*2,312*
Profit attributable to non-controlling interests	569	456
from continuing operations	*569*	*418*
from discontinued operations	*0*	*38*
Earnings per share* in EUR	0.24	0.21
from continuing operations	*0.24*	*0.17*
from discontinued operations	*0.00*	*0.04*

** Basic earnings per share were identical to diluted earnings per share*

Consolidated Statement of Other Comprehensive Income

in '000 EUR	01.01.-31.03.2018	01.01.-31.03.2017
Profit of the period	**14,570**	**11,874**
Items that are or may be reclassified to profit or loss		
Change in revaluation reserve from investment securities (2017: available-for-sale financial assets)	98	566
Reclasified to profit or loss	*0*	*37*
Change in value not recognised in profit or loss	*133*	*529*
Change in loss allowance	*-35*	*n/a*
Change in deferred tax on revaluation reserve from investment securities	-2	-55
Change in translation reserve	4,857	-212
Change in value not recognised in profit or loss	*4,857*	*-212*
Other comprehensive income of the period, net of tax continuing operations	**4,953**	**299**
Other comprehensive income of the period, net of tax discontinued operations	**0**	**3,446**
Total comprehensive income of the period	**19,523**	**15,619**
Profit attributable to ProCredit shareholders	18,654	15,219
from continuing operations	*18,654*	*9,493*
from discontinued operations	*0*	*5,726*
Profit attributable to non-controlling interests	870	400
from continuing operations	*870*	*330*
from discontinued operations	*0*	*70*

Consolidated Statement of Financial Position

in '000 EUR	31.03.2018	31.12.2017
Assets		
Cash and central bank balances	810,108	0
Cash and cash equivalents	0	1,076,616
Loans and advances to banks	197,276	196,243
Investment securities	285,141	0
Available-for-sale financial assets	0	214,701
Loans and advances to customers	3,874,278	3,909,911
Allowance for losses on loans and advances to customers	0	-128,527
Derivative financial assets	165	0
Financial assets at fair value through profit or loss	0	1,074
Property, plant and equipment and investment properties	140,065	142,347
Intangible assets	21,519	21,153
Current tax assets	3,964	3,541
Deferred tax assets	4,765	4,745
Other assets	71,821	57,574
Total assets	**5,409,103**	**5,499,378**
Liabilities		
Liabilities to banks	207,286	359,477
Liabilities to customers	3,474,352	3,570,932
Liabilities to international financial institutions	670,576	549,598
Derivative financial liabilities	867	0
Financial liabilities at fair value through profit or loss	0	174
Debt securities	152,644	183,145
Other liabilities	22,678	19,996
Provisions	17,043	13,976
Current tax liabilities	2,022	1,718
Deferred tax liabilities	319	1,040
Subordinated debt	140,432	140,788
Total liabilities	**4,688,220**	**4,840,845**
Equity		
Subscribed capital	294,492	267,720
Capital reserve	146,784	115,253
Retained earnings*	347,714	351,290
Translation reserve	-79,492	-84,007
Revaluation reserve	3,286	934
Equity attributable to ProCredit shareholders	**712,785**	**651,190**
Non-controlling interests	8,098	7,343
Total equity	**720,883**	**658,533**
Total equity and liabilities	**5,409,103**	**5,499,378**

** including legal reserve*

9. FURTHER INFORMATION

Contact
ProCredit Holding AG & Co. KGaA
Rohmerplatz 33-37
60486 Frankfurt am Main
Germany

Tel. +49 69 951 437 – 0
Fax +49 69 951 437 – 168
E-mail: PCH.info@procredit-group.com

Forward-looking statements and forecasts

This report contains forward-looking statements. Forward-looking statements are statements that do not describe past events. They include statements on the assumptions and expectations of ProCredit Holding as well as underlying assumptions. These statements are based on the plans, estimates and forecasts currently available to the Management of ProCredit Holding. Forward-looking statements therefore pertain solely to the date on which they are made. ProCredit Holding 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. Should any of these factors arise, the impact could be manifested in decreased loan portfolio growth and an increase in past-due loans, and thus result in lower profitability.

ProCredit Holding AG & Co. KGaA
Rohmerplatz 33-37
60486 Frankfurt am Main, Germany
Tel. +49-(0)69 - 95 14 37-0
Fax +49-(0)69 - 95 14 37-168
www.procredit-holding.com