ProCredit HOLDING

Q2 2019

Interim Report

Contents

Interim Group Management Report

1. PRINCIPLES OF THE GROUP

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 business clients showing dynamic growth and stable, formalised structures. We also place an emphasis on promoting green finance, local production, and agriculture.

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

2. REPORT ON THE ECONOMIC POSITION OF THE GROUP

in EUR m			
Statement of Financial Position	**30.06.2019**	**31.12.2018**	**Change**
Customer loan portfolio (gross)	4,566.9	4,392.2	174.7
Customer deposits	3,858.6	3,825.9	32.7
Statement of Profit or Loss	**01.01.-30.06.2019**	**01.01.-30.06.2018**	**Change**
Net interest income after allowances*	88.6	92.3	-3.7
Net fee and commission income*	25.8	24.0	1.8
Operating expenses*	83.5	81.4	2.1
Profit of the period from continuing operations*	24.4	28.9	-4.5
Profit of the period	22.9	26.7	-3.8
Key performance indicators	**30.06.2019**	**30.06.2018**	**Change**
Change in customer loan portfolio*	5.0%	8.9%	-3.9 pp
Cost-income ratio*	70.7%	70.2%	0.5 pp
Return on equity (ROE)	6.0%	7.5%	-1.5 pp
Common Equity Tier 1 capital ratio	14.3%	14.6%	-0.3 pp
Additional indicators	**30.06.2019**	**31.12.2018**	**Change**
Customer deposits to customer loan portfolio	84.5%	87.1%	-2.6 pp
Net interest margin*	3.1%	3.3%	-0.2 pp
Share of credit-impaired loans*	2.9%	3.1%	-0.2 pp
Ratio of allowances to credit-impaired loans*	94.9%	90.8%	4.2 pp
Green customer loan portfolio	711.4	677.5	33.9

** For 2019 and 2018 only continuing business operations are presented (excluding ProCredit Bank Colombia and ARDEC Mexico)*

Statement of Financial Position and Profit or Loss positions as well as other key figures for the ProCredit group

Result of operations

In the first half of 2019, the ProCredit group generated a consolidated result of EUR 22.9 million, which is below the result for the same period of the previous year. This development was mainly due to an expected increase in expenses for loan loss provisions and a slight increase in operating expenses. Compared with the end of the previous year, the proportion of non-performing loans decreased and our risk coverage ratio improved. Overall, the result is in line with our expectations.

To facilitate comparability, all other information in this report relates to continuing operations.

Net interest income showed a slight increase over the corresponding period of the previous year. Interest income increased by around EUR 12 million. At the same time, our interest expenses increased due to the growing proportion of long-term liabilities within total liabilities. Expenses for risk provisions have risen by EUR 4.2 million over the course of the current financial year.

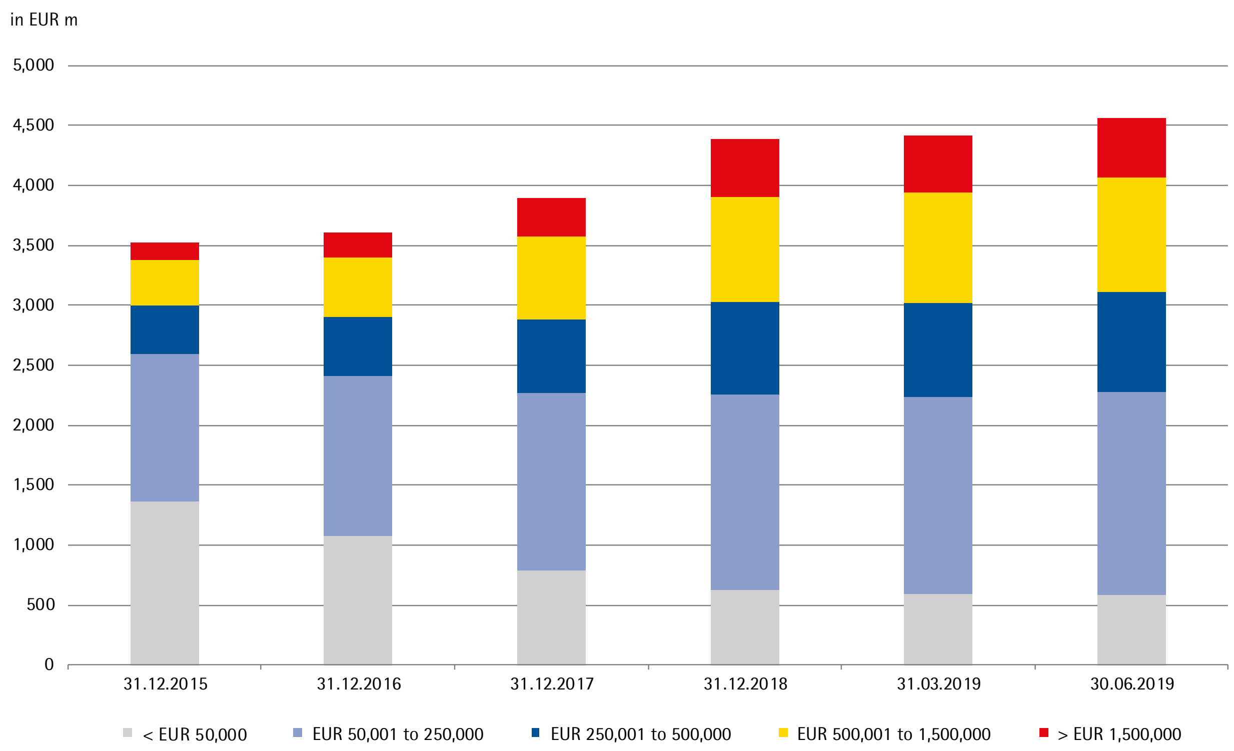
Non-interest income is largely earned from fees and commissions. The EUR 1.8 million rise in net fee and commission income derives mostly from the introduction of our direct banking strategy during the previous year.

Personnel and administrative expenses increased slightly. At just over 70%, the cost-income ratio remained roughly at the previous year's level. The return on equity amounted to 6.0% at the end of the half-year.

The result from discontinued operations primarily includes the expected losses from the planned sale of shares in ProCredit Bank Colombia.

Assets position

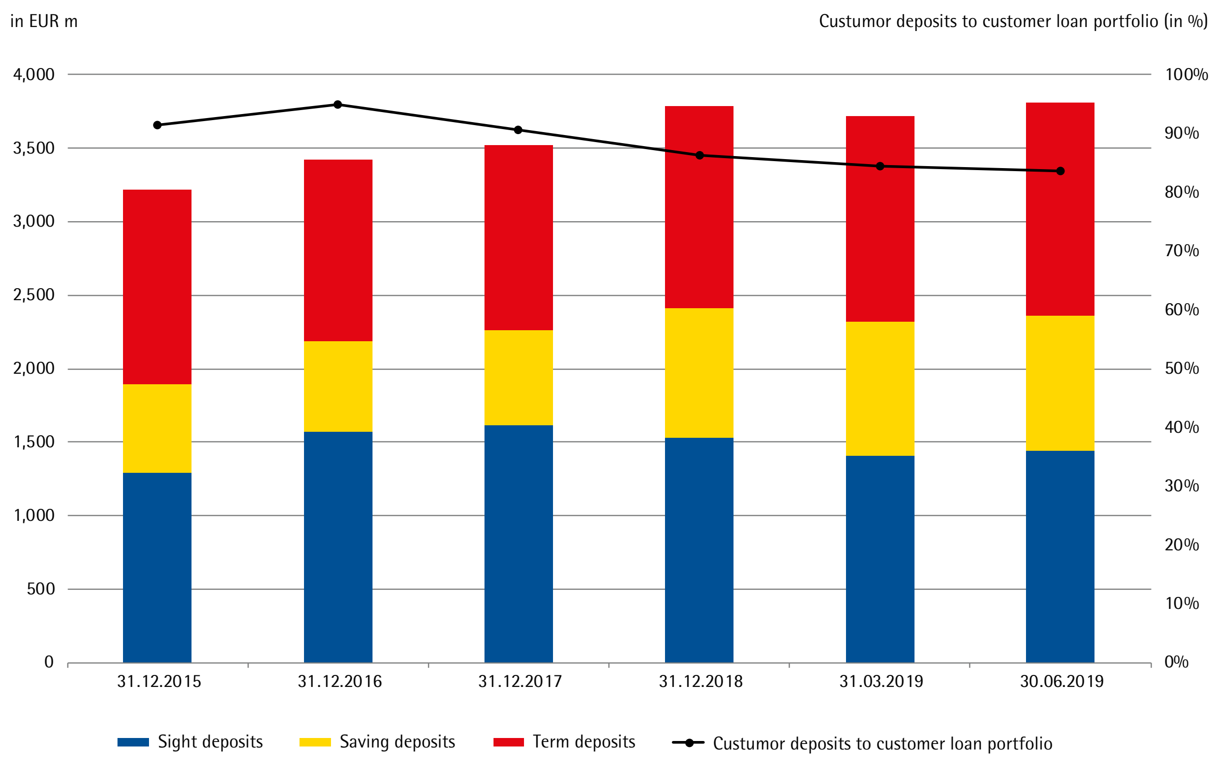
The customer loan portfolio of the group's continuing operations rose by 5.0% or EUR 217 million. Growth was particularly strong in the segment of loans between EUR 50,000 and EUR 1.5 million. At EUR 32 million, the decline in loans of less than EUR 50,000 was slight compared with the previous year. The majority of the remaining business clients in the segment show a high level of formality and digitisation, thus representing a promising target group for us.



Loan portfolio development, by loan volume

Financial position

Customer deposits constitute the most important source of funding. The volume of customer deposits amounted to EUR 3.9 billion at the end of Q2.



Customer deposits

Growth in customer deposits of EUR 63 million was higher than in the same period of the previous year, mainly due to an increase in the private client segment. Sight deposits declined slightly in the first half of the year, while savings deposits showed strong growth due to our direct banking services.

Moreover, additional bonds were issued and liabilities towards banks taken up. Of particular note was the agreement to place USD 90 million in green bonds with the International Financial Corporation, a member of the World Bank Group. Provisions are virtually unchanged compared with the previous year-end.

The ProCredit group also works closely with other international financial institutions such as the European Investment Bank (EIB) and the European Investment Fund (EIF). One of the most noteworthy examples is the agreement with the EIF for the InnovFin guarantee programme, which facilitates lending to innovative SMEs in Eastern and South-Eastern Europe through the provision of guarantees. The programme was expanded by an additional EUR 800 million in July 2019, bringing the total available volume to EUR 1.6 billions.

The increase of almost EUR 7 million in equity is mainly due to the current consolidated result and a slight improvement in the currency translation reserve.

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

3. SEGMENT PERFORMANCE

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.

in '000 EUR	01.01.-30.06.2019	01.01.-30.06.2018
South Eastern Europe	16,253	20,582
Eastern Europe	15,793	15,933
South America	-560	262
Germany*	-7,116	-7,906
Discontinued Operations**	-1,462	-2,200
Profit of the period	**22,908**	**26,671**

** Segment Germany includes consolidation effects*
*** ProCredit Bank Colombia and ARDEC Mexico are shown as discontinued operations*

South Eastern Europe

in EUR m			
Statement of Financial Position	**30.06.2019**	**31.12.2018**	**Change**
Customer loan portfolio (gross)	3,224.1	3,058.9	165.3
Customer deposits	2,732.0	2,705.7	26.3
Statement of Profit or Loss	**01.01.-30.06.2019**	**01.01.-30.06.2018**	**Change**
Net interest income after allowances	51.4	58.2	-6.8
Net fee and commission income	18.1	16.6	1.5
Operating expenses	48.5	49.4	-0.9
Profit of the period	16.3	20.6	-4.3
Key performance indicators	**30.06.2019**	**30.06.2018**	**Change**
Change in customer loan portfolio	5.4%	6.3%	-0.9 pp
Cost-income ratio	69.1%	68.5%	0.6 pp
Return on equity (ROE)	6.6%	8.6%	-1.9 pp
Additional indicators	**30.06.2019**	**31.12.2018**	**Change**
Customer deposits to customer loan portfolio	84.7%	88.5%	-3.7 pp
Net interest margin	2.6%	2.9%	-0.3 pp
Share of credit-impaired loans	2.8%	3.1%	-0.3 pp
Ratio of allowances to credit-impaired loans	97.6%	93.0%	4.6 pp
Green customer loan portfolio	515.7	479.7	36.1

Statement of Financial Position and Profit or Loss 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 165 million to EUR 3.2 billion. Particularly strong growth was recorded for our banks in Bulgaria, Serbia and Romania. The proportion of non-performing loans decreased significantly, while the risk coverage ratio improved by 4.6 percentage points to 97.6%.

Customer deposits recorded a slight increase of EUR 26 million. The growth of customer deposits in this segment has been temporarily negatively impacted by branch closures in some countries as a result of the digitalisation of our banking operations. In particular, ProCredit Kosovo's customer deposits decreased by more than EUR 50 million as planned.

Profit after tax decreased by EUR 4.3 million, primarily due to a decline in net interest income and an increase in the previous year's very low risk provisioning expenses. On the other hand, higher net commission income was achieved in this segment and operating expenses were reduced further.

Eastern Europe

in EUR m			
Statement of Financial Position	**30.06.2019**	**31.12.2018**	**Change**
Customer loan portfolio (gross)	1,030.7	986.7	44.0
Customer deposits	722.6	701.7	20.9
Statement of Profit or Loss	**01.01.-30.06.2019**	**01.01.-30.06.2018**	**Change**
Net interest income after allowances	28.3	28.0	0.4
Net fee and commission income	4.7	4.3	0.3
Operating expenses	16.2	14.4	1.8
Profit of the period	15.8	15.9	-0.1
Key performance indicators	**30.06.2019**	**30.06.2018**	**Change**
Change in customer loan portfolio	4.5%	17.4%	-12.9 pp
Cost-income ratio	44.0%	42.8%	1.2 pp
Return on equity (ROE)	16.5%	19.8%	-3.3 pp
Additional indicators	**30.06.2019**	**31.12.2018**	**Change**
Customer deposits to customer loan portfolio	70.1%	71.1%	-1.0 pp
Net interest margin	4.5%	4.6%	-0.1 pp
Share of credit-impaired loans	3.4%	3.3%	0.1 pp
Ratio of allowances to credit-impaired loans	84.7%	81.5%	3.2 pp
Green customer loan portfolio	162.7	148.8	13.9

Statement of Financial Position and Profit or Loss positions as well as other key figures for the Eastern Europe segment

The customer loan portfolio for the Eastern Europe segment increased by EUR 44 million, with ProCredit Bank Ukraine reporting the strongest rise. The growth was slightly enhanced by positive currency effects. The proportion of non-performing loans and their coverage ratio increased slightly.

Customer deposits recorded a slight increase of EUR 21 million, mainly due to the growing volume of savings and term deposits from private clients.

Profit after tax remained stable despite increased risk provisioning expenses. Net interest and commission income developed positively. The increase in operating expenses was based largely on higher personnel and IT expenditures and more intensive marketing activities.

South America

in EUR m			
Statement of Financial Position	**30.06.2019**	**31.12.2018**	**Change**
Customer loan portfolio (gross)	253.9	270.6	-16.7
Customer deposits	120.3	146.9	-26.5
Statement of Profit or Loss	**01.01.-30.06.2019**	**01.01.-30.06.2018**	**Change**
Net interest income after allowances*	8.5	7.2	1.3
Net fee and commission income*	-0.1	-0.2	0.1
Operating expenses*	7.9	7.9	-0.1
Profit of the period*	-0.6	0.3	-0.8
Key performance indicators	**30.06.2019**	**30.06.2018**	**Change**
Change in customer loan portfolio*	11.4%	5.1%	6.2 pp
Cost-income ratio*	109.0%	95.0%	14.1 pp
Return on equity (ROE)*	-2.2%	1.0%	-3.2 pp
Additional indicators	**30.06.2019**	**31.12.2018**	**Change**
Customer deposits to customer loan portfolio	47.4%	54.3%	-6.9 pp
Net interest margin*	5.3%	5.0%	0.3 pp
Share of credit-impaired loans*	2.0%	2.5%	-0.5 pp
Ratio of allowances to credit-impaired loans*	110.2%	98.8%	11.5 pp
Green customer loan portfolio	29.4	29.7	-0.3

** For 2019 and 2018, only continuing business operations are presented (excluding ProCredit Bank Colombia and ARDEC Mexico)*

Statement of Financial Position and Profit or Loss positions as well as other key figures for the South America segment

The segment reported an overall reduction in the customer loan portfolio and customer deposits, which is attributable in particular to the reclassification of discontinued operations. Following the reclassification of ProCredit Bank Colombia as a discontinued operation, ProCredit Bank Ecuador now constitutes the South America segment.

The customer loan portfolio of the bank in Ecuador recorded strong growth of EUR 26 million. Its customer deposits grew by a modest EUR 4 million. The underlying financial development of the bank remains positive. Net interest income increased, whereas risk provisioning expenses decreased due to an improvement in portfolio quality. The decline in the results can be attributed to the elevated net other operating income in the previous year as well as non-recurring tax expenses during the current financial year.

4. RISK REPORTING

In accordance with our simple, transparent and sustainable business strategy, we follow a conservative risk strategy. The aim is to ensure the internal capital adequacy of the group and each individual bank at all times and to achieve stable results, despite volatile external conditions, by following a consistent group-wide approach to managing risks. The overall risk profile of the group is adequate and stable.

In general, the details given in the 2018 management report are still valid. An explanation will be given if there have been any changes in the methodology and processes involved in risk management.

Capital management

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

As of 30 June 2019, the CET1 and T1 capital ratios of the ProCredit group was unchanged at 14.3%. The total capital ratio fell to 16.0% due to the early repayment of supplementary capital instruments.

The capitalisation of the ProCredit group is thus comfortably above the regulatory requirements, which are currently set at 8.4% for the CET1 capital ratio, 10.4% for the T1 capital ratio and 13.0% for the total capital ratio.

in EUR m	**30.06.2019**	**31.12.2018**
Common equity (net of deductions)	696	678
Additional Tier 1 (net of deductions)	0	0
Tier 2 capital	86	130
Total capital	781	808
RWA total	4,870	4,700
o/w Credit risk	3,912	3,720
o/w Market risk (currency risk)	520	511
o/w Operational risk	436	467
o/w CVA risk	1	1
Common Equity Tier 1 capital ratio	14.3%	14.4%
Total capital ratio	16.0%	17.2%
Leverage ratio (CRR)	11.0%	11.0%

Own funds, risk-weighted assets and capital ratios

During the first half of the year, the internal capital adequacy and stress resistance of the ProCredit group was ensured at all times. This is also reflected in the development of the group's individual risks, as briefly described below.

Credit risk

Credit risk is the most significant risk facing the ProCredit group. Within overall credit risk we distinguish between customer credit risk, counterparty risk (including issuer risk) and country risk. Customer credit exposures account for the largest share. At group and bank level, the customer loan portfolio is monitored continuously for possible risk-relevant developments. The riskiness of a client is determined using a range of indicators, including the risk classification, restructuring status and client compliance with contractual payment requirements. Loss allowances are established in line with the defined group standards, which are based on IFRS 9. The forward-looking expected credit loss (ECL) model is the central element of the approach to quantifying loss allowances. Accordingly, all credit exposures to customers are allocated among three stages, with a distinct provisioning methodology applied to each group. Stage 1 risk provisioning has essentially remained at the previous year-end level during the current financial year; however, Stage 2 risk provisioning has increased by EUR 3.3 million and Stage 3 risk provisioning has decreased by EUR 3.5 million, due among other things to the utilisation of risk provisioning and the reclassification of discontinued operations.

in '000 EUR	Stage 1	Stage 2	Stage 3		
As of 30 June 2019	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**POCI**	**Total**
Germany					
Gross outstanding amount	58,145	0	0	0	**58,145**
Loss allowances	-364	0	0	0	**-364**
Carrying amount	57,782	0	0	0	**57,782**
South Eastern Europe					
Gross outstanding amount	3,056,397	76,963	89,043	1,725	**3,224,127**
Loss allowances	-23,600	-11,793	-52,884	-341	**-88,618**
Carrying amount	3,032,796	65,170	36,159	1,384	**3,135,509**
Eastern Europe					
Gross outstanding amount	967,783	28,137	33,890	929	**1,030,739**
Loss allowances	-8,704	-4,294	-16,113	-371	**-29,482**
Carrying amount	959,079	23,843	17,776	558	**1,001,256**
South America					
Gross outstanding amount	231,117	17,718	5,060	0	**253,894**
Loss allowances	-1,970	-678	-2,929	0	**-5,576**
Carrying amount	229,147	17,040	2,131	0	**248,317**

in '000 EUR As of 31 December 2018	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Germany					
Gross outstanding amount	75,987	0	0	0	**75,987**
Loss allowances	-432	0	0	0	**-432**
Carrying amount	75,555	0	0	0	**75,555**
South Eastern Europe					
Gross outstanding amount	2,899,888	64,550	93,087	1,343	**3,058,869**
Loss allowances	-23,376	-10,061	-54,223	-178	**-87,837**
Carrying amount	2,876,512	54,490	38,864	1,165	**2,971,032**
Eastern Europe					
Gross outstanding amount	934,423	19,638	31,622	1,014	**986,697**
Loss allowances	-8,470	-2,538	-15,274	-308	**-26,591**
Carrying amount	925,953	17,100	16,348	706	**960,106**
South America					
Gross outstanding amount	245,129	15,659	9,620	212	**270,620**
Loss allowances	-2,703	-854	-5,920	-7	**-9,484**
Carrying amount	242,426	14,804	3,700	205	**261,136**

Risk provisioning in customer lending activities

The positive long-term development of portfolio quality is based on our clear focus on small and medium-sized businesses, as well as careful credit analysis and customer service. At the end of Q2 2019, the share of credit-impaired loans stood at 2.9%, which was below the level of 3.1% reported at the previous year-end. The level of risk coverage for non-performing loans rose from 90.8% to 94.9%.

in '000 EUR As of 30 June 2019	EUR/USD < 50,000	EUR/USD 50,000 - 250,000	EUR/USD > 250,000	Total
Germany	94	1,339	56,712	58,145
South Eastern Europe	463,670	1,147,609	1,612,848	3,224,127
Eastern Europe	62,955	447,923	519,861	1,030,739
South America	57,947	102,888	93,059	253,894
Customer loan portfolio (gross)	**584,665**	**1,699,759**	**2,282,481**	**4,566,905**

in '000 EUR As of 31 December 2018	EUR/USD < 50,000	EUR/USD 50,000 - 250,000	EUR/USD > 250,000	Total
Germany	101	1,667	74,219	75,987
South Eastern Europe	502,839	1,098,850	1,457,180	3,058,869
Eastern Europe	63,486	413,238	509,974	986,697
South America	67,092	123,023	80,505	270,620
Customer loan portfolio (gross)	**633,518**	**1,636,778**	**2,121,877**	**4,392,173**

Portfolio diversification: Loan size, by region

The distribution of exposures across the different areas of business showed strong growth in business loans in the first half of 2019, particularly in trade, agriculture and production.

in '000 EUR As of 30 June 2019	EUR/USD < 50,000	EUR/USD 50,000 - 250,000	EUR/USD > 250,000	Total
Business loans	**395,278**	**1,565,981**	**2,272,253**	**4,233,512**
Wholesale and retail trade	110,555	474,184	645,655	1,230,394
Agriculture, forestry and fishing	124,629	409,024	407,033	940,685
Production	62,094	326,087	661,961	1,050,141
Transportation and storage	37,158	108,456	93,728	239,342
Other economic activities	60,842	248,230	463,878	772,950
Private loans	**189,388**	**133,779**	**10,227**	**333,394**
Housing	153,913	130,079	9,154	293,146
Investment loans	27,054	2,367	542	29,963
Others	8,421	1,332	531	10,284
Customer loan portfolio (gross)	**584,665**	**1,699,759**	**2,282,481**	**4,566,905**

in '000 EUR As of 31 December 2018	EUR/USD < 50,000	EUR/USD 50,000 - 250,000	EUR/USD > 250,000	Total
Business loans	**422,495**	**1,510,770**	**2,114,066**	**4,047,332**
Wholesale and retail trade	119,667	469,688	604,739	1,194,094
Agriculture, forestry and fishing	131,950	363,187	380,812	875,949
Production	65,234	317,686	627,519	1,010,439
Transportation and storage	38,680	109,661	89,962	238,303
Other economic activities	66,964	250,549	411,034	728,547
Private loans	**211,022**	**126,008**	**7,811**	**344,842**
Housing	178,050	123,426	7,413	308,889
Investment loans	26,765	1,473	398	28,636
Others	6,207	1,110	0	7,317
Customer loan portfolio (gross)	**633,518**	**1,636,778**	**2,121,877**	**4,392,173**

Portfolio diversification: Business areas, by loan size

Foreign currency risk

Foreign currency risk at group level arises as a result of the equity investments that ProCredit Holding maintains in its subordinated companies in countries which do not have the euro as the domestic currency. The group's regulatory capital and risk-taking potential are exposed to fluctuations due to changes in the exchange rates of domestic currencies against the euro, as most banks hold their capital in the local currency. These differences are included in the translation reserve in the consolidated equity and had shown a slight improvement of EUR 1 million by the end of Q2.

Interest rate risk in the banking book

At the group level, interest rate risk is quantified on the basis of economic value impact and on the basis of the 12-month P&L effect; limits are set for this risk on the basis of economic value impact. At the end of June 2019, this indicator remained comfortably below the limit assigned to it in the Internal Capital Adequacy Assessment Process (ICAAP).

Liquidity and funding risk

We evaluate the short-term liquidity risk of the ProCredit banks using a maturity gap analysis and monitor this risk on the basis of a 30-day sufficient liquidity indicator (SLI), the survival period and the minimum liquidity coverage ratio (LCR) prescribed by the Capital Requirements Regulation (CRR) as well as by means of liquidity stress tests. At the end of the first half of 2019, the LCR was 151% at group level, and thus comfortably above the regulatory requirement of 100%. All of the ProCredit banks had sufficient liquidity available to meet all financial obligations in a timely manner at all times.

ProCredit Holding keeps an adequate liquidity reserve available for the group. The amount of the liquidity reserve is determined on the basis of group stress tests and monitored on a regular basis.

Other material risk

For us, other material risks include operational risk and fraud risk as well as business risk and model risk. The prevention of money laundering, terrorist financing and fraud is also a key component of our risk management. There have been no substantial changes to any of these risks, so the statements from the 2018 management report still apply.

5. OUTLOOK

Based on the information available at the time of publication, we assume that the statements made in the Annual Report of 31 December 2018 concerning opportunities, risks and forecasts remain valid.

ProCredit group – Condensed Consolidated Interim Financial Statements as of 30 June 2019

Consolidated Statement of Profit or Loss

in '000 EUR	Note	01.01.–30.06.2019	01.01.–30.06.2018
Interest income		144,758	132,878
Interest expenses		52,084	40,729
Net interest income	(5)	**92,674**	**92,149**
Loss allowance	(6)	4,109	–118
Net interest income after allowances		**88,564**	**92,267**
Fee and commission income		33,941	31,319
Fee and commission expenses		8,134	7,288
Net fee and commission income	(7)	**25,806**	**24,031**
Result from foreign exchange transactions		7,021	3,900
Result from derivative financial instruments		–191	–11
Result from investment securities		0	21
Result on derecognition of financial assets measured at amortised cost		182	89
Net other operating income		–7,416	–4,203
Operating income		**113,967**	**116,093**
Personnel expenses		38,647	37,977
Administrative expenses		44,832	43,397
Operating expenses		**83,479**	**81,374**
Profit before tax		**30,489**	**34,719**
Income tax expenses		6,119	5,848
Profit of the period from continuing operations		**24,370**	**28,871**
Profit of the period from discontinued operations	(15)	–1,462	–2,200
Profit of the period		**22,908**	**26,671**
Profit attributable to ProCredit shareholders		22,038	25,634
from continuing operations		*23,432*	*27,779*
from discontinued operations		*–1,394*	*–2,144*
Profit attributable to non-controlling interests		870	1,037
from continuing operations		*938*	*1,092*
from discontinued operations		*–69*	*–56*
Earnings per share* in EUR		0.37	0.44
from continuing operations		*0.40*	*0.47*
from discontinued operations		*–0.02*	*–0.04*

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

Consolidated Statement of Other Comprehensive Income

in '000 EUR	01.01.–30.06.2019	01.01.–30.06.2018
Profit of the period	**22,908**	**26,671**
Items that are or may be reclassified to profit or loss		
Change in revaluation reserve	202	–14
Reclassified to profit or loss	*0*	*–21*
Change in value not recognised in profit or loss	*335*	*445*
Change in loss allowance (recognised in profit or loss)	*–133*	*–438*
Change in deferred tax on revaluation reserve	4	–52
Change in translation reserve	1,781	17,263
Reclassified to profit or loss	*92*	*0*
Change in value not recognised in profit or loss	*1,689*	*17,263*
Other comprehensive income of the period, net of tax	**1,986**	**17,198**
Total comprehensive income of the period	**24,894**	**43,868**
Profit attributable to ProCredit shareholders	23,477	41,511
from continuing operations	*24,783*	*46,283*
from discontinued operations	*–1,306*	*–4,772*
Profit attributable to non-controlling interests	1,417	2,357
from continuing operations	*1,480*	*2,504*
from discontinued operations	*–63*	*–147*

Consolidated Statement of Financial Position

in '000 EUR	Note	30.06.2019	31.12.2018
Assets			
Cash	(8)	129,919	157,945
Central bank balances	(9)	814,816	805,769
Loans and advances to banks	(9)	191,084	211,592
Derivative financial assets		903	1,307
Investment securities	(9)	256,315	297,308
Loans and advances to customers	(9)	4,442,865	4,267,829
Property, plant and equipment and investment properties		149,456	135,818
Intangible assets		21,801	22,191
Current tax assets		5,364	4,344
Deferred tax assets		998	1,405
Other assets	(9)	57,537	59,529
Assets held for sale	(15)	50,450	1,145
Total assets		**6,121,507**	**5,966,184**
Liabilities			
Liabilities to banks		222,929	200,813
Derivative financial liabilities		1,315	998
Liabilities to customers		3,858,613	3,825,938
Liabilities to international financial institutions		808,589	813,369
Debt securities	(10)	270,878	206,212
Other liabilities		39,836	18,448
Provisions		12,110	10,534
Current tax liabilities		1,583	2,483
Deferred tax liabilities		385	282
Subordinated debt		122,890	143,140
Liabilities related to assets held for sale	(15)	31,574	331
Total liabilities		**5,370,703**	**5,222,549**
Equity			
Subscribed capital and capital reserve		441,277	441,277
Retained earnings		372,623	368,303
Translation reserve		-74,161	-75,392
Revaluation reserve		1,892	1,684
Equity attributable to ProCredit shareholders		**741,631**	**735,872**
Non-controlling interests		9,173	7,762
Total equity		**750,804**	**743,634**
Total equity and liabilities		**6,121,507**	**5,966,184**

Consolidated Statement of Changes in Equity

in '000 EUR	Subscribed capital and capital reserve	Retained earnings	Translation reserve	Revaluation reserve	Equity attributable to ProCredit shareholders	Non-controlling interests	Total equity
Balance as of 1 January 2019	**441,277**	**368,303**	**-75,392**	**1,684**	**735,872**	**7,762**	**743,634**
Change in translation reserve			1,231		1,231	549	1,781
Change in revaluation reserve				208	208	-2	205
Other comprehensive income of the period, net of tax			1,231	208	1,439	547	1,986
Profit of the period		22,038			22,038	870	22,908
Total comprehensive income of the period		22,038	1,231	208	23,477	1,417	24,894
Distributed dividends		-17,670			-17,670		-17,670
Change of ownership interests		-49			-49	-5	-54
Balance as of 30 June 2019	**441,277**	**372,623**	**-74,161**	**1,892**	**741,631**	**9,173**	**750,804**

in '000 EUR	Subscribed capital and capital reserve	Retained earnings	Translation reserve	Revaluation reserve	Equity attributable to ProCredit shareholders	Non-controlling interests	Total equity
Balance as of 1 January 2018	**382,973**	**351,289**	**-84,007**	**934**	**651,189**	**7,343**	**658,532**
Change on initial application of IFRS 9	**0**	**-20,458**	**0**	**2,218**	**-18,241**	**-452**	**-18,693**
Restated balance at 1 January 2018	**382,973**	**330,830**	**-84,007**	**3,151**	**632,948**	**6,891**	**639,839**
Change in translation reserve			15,747		15,747	1,516	17,263
Change in revaluation reserve				130	130	-195	-65
Other comprehensive income of the period, net of tax			15,747	130	15,877	1,321	17,198
Profit of the period		25,634			25,634	1,037	26,671
Total comprehensive income of the period		25,634	15,747	130	41,511	2,357	43,868
Distributed dividends		-15,903			-15,903	0	-15,903
Capital increase	58,303				58,303	0	58,303
Change of ownership interests		-993			-993	-1,169	-2,162
Balance as of 30 June 2018	**441,277**	**339,569**	**-68,259**	**3,281**	**715,867**	**8,079**	**723,946**

Consolidated Statement of Cash Flows (condensed)

in '000 EUR	01.01.–30.06.2019	01.01.–30.06.2018
Cash and cash equivalents at end of previous year	**1,011,586**	**951,722**
Cash flow from operating activities	–173,079	–186,356
of which discontinued operations	*5,273*	*0*
Cash flow from investing activities	–2,813	–7,382
of which discontinued operations	*–708*	*0*
Cash flow from financing activities	–16,932	41,612
of which discontinued operations	*0*	*0*
Effects of exchange rate changes	3,182	16,605
Cash and cash equivalents at end of period	**821,943**	**816,202**

Notes to the Condensed Consolidated Interim Financial Statements

A. Significant accounting principles

(1) Basis of accounting

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 (IASB) and endorsed by the European Union (EU). These financial statements have been prepared on the basis of the going concern assumption.

The Condensed Consolidated Interim Financial Statements as at 30 June 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The group first started to apply IFRS 16 "Leases" and IFRS 9 "Prepayment Features with Negative Compensation" on 1 January 2019. With the application of IFRS 16, approximately EUR 23 million is recognised in the balance sheet as right-of-use assets and leasing liabilities. Excepting the modifications described herein, the preparation of these Condensed Consolidated Interim Financial Statements follows the same recognition and measurement principles as were applied for the Consolidated Financial Statements for the 2018 financial year. Moreover, the German Accounting Standards (DRS) were taken into account insofar as these were not contrary to IFRS. Disclosures with regard to the financial position and financial performance as well as the nature and extent of risks arising from financial instruments are presented in the interim management report. The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the 2018 financial year.

All amounts are presented in thousands of euros, unless otherwise stated. For computational reasons, the figures in the tables may exhibit rounding differences of ± maximum two units (EUR, %, etc.).

(2) Principles of consolidation

During the reporting period, all shares in the Mexican special purpose vehicle "Administración y Recuperación de Cartera Michoacán S. A. de C. V., SOFOM, E. N. R" (ARDEC Mexico) were sold and the company deconsolidated. Moreover, ProCredit Bank Colombia was classified as a discontinued operation (see note 15). There were no other changes in the composition of the group compared with the consolidated financial statements as at 31 December 2018.

(3) Use of assumptions and estimates

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

Taxes on income incurred in the interim period are calculated for the expected full-year result using local tax rates. The estimated average annual income tax rate for the year 2019 is 17.6% (the income tax rate for the six months ended 30 June 2019 was 27.4%; for the six months ended 30 June 2018 it was 17.9%).

(4) Measurement basis

Upon acquisition, financial instruments are measured at fair value. In principle, this is the transaction price at the time they are acquired. Depending on their respective category, financial instruments are subsequently recognised either at fair value or at (amortised) cost. In general, financial instruments at fair value are measured on a recurring basis in the financial statements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date.

The ProCredit group applies the IFRS hierarchy to measure fair value. The hierarchy categorises the inputs used in the valuation techniques to measure fair value into three levels:

(a) Level 1 Inputs

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(b) Level 2 Inputs

Other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation techniques applied refer to the current fair value of similar instruments and discounted cash flow analysis using observable market parameters. Each subsidiary applies individual observable interest and exchange rates, predominantly from local central banks.

(c) Level 3 Inputs

Unobservable inputs for the asset or liability. If observable market interest rates are not available, internal rates are used as an input for a discounted cash flow model. Internal rates reflect the cost of funds, taking into account foreign currency effects and maturities as well as a risk margin, e.g. ProCredit Group Funding interest rates. Internal rates are regularly compared to those applied for third-party transactions and are consistent with the parameters of an orderly transaction between market participants under market conditions at the measurement date.

B. Notes to the Consolidated Statement of Profit or Loss

(5) Net interest income

in '000 EUR	01.01.–30.06.2019	01.01.–30.06.2018
Interest income from		
Cash and central bank balances	97	183
Loans and advances to banks	894	775
Derivatives	73	193
Investment securities	5,371	4,256
Loans and advances to customers	136,798	126,362
Unwinding	1,336	953
Prepayment penalty	190	157
Interest income	**144,758**	**132,878**
Interest expenses on		
Liabilities to banks	2,034	1,956
Derivatives	271	373
Liabilities to customers	25,869	18,939
Liabilities to international financial institutions	17,040	12,808
Debt securities	2,427	2,504
Subordinated debt	4,443	4,151
Interest expenses	**52,084**	**40,729**
Net interest income	**92,674**	**92,149**

(6) Loss allowances

in '000 EUR	01.01.–30.06.2019	01.01.–30.06.2018
Increase of loss allowances	46,344	71,411
Release of loss allowances	-36,399	-66,262
Recovery of written-off loans	-5,921	-5,954
Direct write-offs	86	687
Loss allowance	**4,109**	**-118**

(7) Net fee and commission income

in '000 EUR	01.01.–30.06.2019	01.01.–30.06.2018
Fee and commission income from		
Payment services	10,937	10,652
Debit/credit cards	5,199	5,010
Account maintenance fee	13,139	11,324
Letters of credit and guarantees	2,315	2,194
Other fee and commission income	2,350	2,140
Fee and commission income	**33,941**	**31,319**
Fee and commission expenses on		
Payment services	1,830	1,654
Debit/credit cards	4,456	4,001
Account maintenance fee	1,122	1,001
Letters of credit and guarantees	500	373
Other fee and commission expenses	226	259
Fee and commission expenses	**8,134**	**7,288**
Net fee and commission income	**25,806**	**24,031**

C. Notes to the Consolidated Statement of Financial Position

(8) Cash and central bank balances

in '000 EUR	30.06.2019	31.12.2018
Cash in hand	129,919	157,945
Balances at central banks	815,497	806,387
Loss allowances for central bank balances	-682	-618
Cash and central bank balances	**944,734**	**963,714**
Cash from discontinuing operations	3,154	0
Loss allowances for central bank balances	682	618
Loans and advances to banks with a maturity up to 3 months	183,242	205,035
Investment securities with a maturity up to 3 months	100,280	226,253
Minimum reserve, which does not qualify as cash for the statement of cash flows	-410,148	-384,035
Cash and central bank balances for the statement of cash flows	**821,943**	**1,011,586**

(9) Financial assets and contingent liabilities by stages

	30.06.2019					31.12.2018
in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total	Total
Central bank balances						
Gross outstanding amount	815,497	0	0	0	**815,497**	**806,387**
Loss allowances	-682	0	0	0	**-682**	**-618**
Carrying amount	814,816	0	0	0	**814,816**	**805,769**
Loans and advances to banks						
Gross outstanding amount	191,280	0	0	0	**191,280**	**211,763**
Loss allowances	-196	0	0	0	**-196**	**-170**
Carrying amount	191,084	0	0	0	**191,084**	**211,592**
Investment securities						
Gross outstanding amount	256,315	0	0	0	**256,315**	**297,308**
Loss allowances	-335	0	0	0	**-335**	**-466**
Carrying amount	255,980	0	0	0	**255,980**	**296,842**
Loans and advances to customers						
Gross outstanding amount	4,313,442	122,817	127,992	2,654	**4,566,905**	**4,392,173**
Loss allowances	-34,638	-16,764	-71,926	-712	**-124,041**	**-124,344**
Carrying amount	4,278,803	106,053	56,066	1,942	**4,442,865**	**4,267,829**
Other assets (Financial Instruments)						
Gross outstanding amount	37,563	0	0	0	**37,563**	**36,440**
Loss allowances	-590	0	0	0	**-590**	**-691**
Carrying amount	36,972	0	0	0	**36,972**	**35,749**
Contingent liabilities						
Loss allowances	-2,237	0	0	0	**-2,237**	**-2,114**

(10) Debt securities

In the first half of 2019, new bonds amounting to EUR 70 million (Dec. 2018: EUR 132 million) were issued and EUR 5 million (Dec. 2018: EUR 109 million) repaid.

(11) Equity

As of 30 June 2019, the CET1 and T1 capital ratios of the ProCredit group was unchanged at 14.3%. The total capital ratio fell to 16.0% due to the early repayment of supplementary capital instruments.

The capitalisation of the ProCredit group is thus comfortably above the regulatory requirements, which are currently set at 8.4% for the CET1 capital ratio, 10.4% for the T1 capital ratio and 13.0% for the total capital ratio.

D. Additional Notes

(12) Segment reporting

in '000 EUR **30.06.2019**	**Total assets excl. taxes**	**Total liabilities excl. taxes**	**Contingent liabilities**
Germany	1,921,718	1,237,472	9,692
Eastern Europe	1,355,380	1,154,301	118,233
South Eastern Europe	4,234,990	3,740,000	512,727
South America	312,389	261,560	7,467
Discontinued Operations*	52,099	45,948	0
Consolidation	-1,761,432	-1,070,546	0
Total	**6,115,145**	**5,368,735**	**648,119**

** ProCredit Bank Colombia and ARDEC Mexico are shown as discontinued operations.*

in '000 EUR **31.12.2018**	**Total assets excl. taxes**	**Total liabilities excl. taxes**	**Contingent liabilities**
Germany	1,976,594	1,259,007	17,710
Eastern Europe	1,340,017	1,155,840	101,991
South Eastern Europe	4,121,240	3,642,210	521,592
South America	330,660	272,062	8,542
Discontinued Operations*	1,145	331	0
Consolidation	-1,809,222	-1,109,666	0
Total	**5,960,435**	**5,219,784**	**649,835**

** ARDEC Mexico is shown as discontinued operations.*

The group aggregates its operating segments per country into reporting segments according to geographical regions. It carries out its business activities in the regions: Eastern Europe, Germany, South America and South Eastern Europe. With the exception of the relationship between the German segment and the individual subsidiaries, there are no significant transactions between the individual segments. These items are allocated to the country in which the respective subsidiary is based.

in '000 EUR **01.01.-30.06.2019**	**Germany**	**Eastern Europe**	**South Eastern Europe**	**South America**	**Consoli-dation**	**Group**
Interest income	10,764	62,055	70,221	12,675	-10,957	144,758
of which inter-segment	*10,582*	*402*	*-29*	*2*		
Interest expenses	11,076	31,890	15,810	4,854	-11,545	52,084
of which inter-segment	*742*	*3,972*	*5,226*	*1,606*		
Net interest income	**-311**	**30,164**	**54,411**	**7,821**	**588**	**92,674**
Loss allowance	-72	1,831	3,002	-652	0	4,109
Net interest income after allowances	**-239**	**28,333**	**51,409**	**8,473**	**588**	**88,564**
Fee and commission income	6,204	6,966	25,790	556	-5,577	33,941
of which inter-segment	*4,803*	*0*	*773*	*0*		
Fee and commission expenses	1,050	2,309	7,708	706	-3,639	8,134
of which inter-segment	*9*	*943*	*2,413*	*274*		
Net fee and commission income	**5,155**	**4,657**	**18,082**	**-150**	**-1,937**	**25,806**
Result from foreign exchange transactions	-631	2,872	4,818	-7	-30	7,021
of which inter-segment	*-267*	*297*	*0*	*0*		
Result from derivative financial instruments	-8	-54	-130	0	1	-191
Result from investment securities	0	0	0	0	0	0
Result on derecognition of financial assets measured at amortised cost	-22	16	189	0	0	182
Net other operating income	16,205	-847	-7,159	-431	-15,183	-7,416
of which inter-segment	*14,271*	*0*	*911*	*2*		
Operating income	**20,459**	**34,978**	**67,208**	**7,884**	**-16,561**	**113,967**
Personnel expenses	12,563	5,837	17,535	2,712	0	38,647
Administrative expenses	14,581	10,344	30,947	5,174	-16,214	44,832
of which inter-segment	*2,696*	*3,261*	*8,507*	*1,750*		
Operating expenses	**27,144**	**16,181**	**48,482**	**7,886**	**-16,214**	**83,479**
Profit before tax	**-6,685**	**18,797**	**18,726**	**-2**	**-347**	**30,489**
Income tax expenses	84	3,005	2,473	558		6,119
Profit of the period from continuing operations	**-6,769**	**15,793**	**16,253**	**-560**	**-347**	**24,370**
Profit of the period from discontinued operations*						-1,462
Profit of the period	**-6,769**	**15,793**	**16,253**	**-560**	**-347**	**22,908**
Profit attributable to ProCredit shareholders						*22,038*
Profit attributable to non-controlling interests						*870*

** ProCredit Bank Colombia and ARDEC Mexico are shown as discontinued operations.*

in '000 EUR **01.01.-30.06.2018**	**Germany**	**Eastern Europe**	**South Eastern Europe**	**South America**	**Consoli-dation**	**Group**
Interest income	9,383	50,665	69,920	11,368	-8,457	132,878
of which inter-segment	*8,454*	*66*	*-65*	*1*		
Interest expenses	10,093	22,882	11,756	4,166	-8,167	40,729
of which inter-segment	*6*	*2,980*	*4,224*	*957*		
Net interest income	**-710**	**27,783**	**58,164**	**7,202**	**-290**	**92,149**
Loss allowance	81	-193	-18	12	0	-118
Net interest income after allowances	**-791**	**27,977**	**58,182**	**7,190**	**-290**	**92,267**
Fee and commission income	5,226	6,300	23,826	564	-4,598	31,319
of which inter-segment	*3,890*	*0*	*708*	*0*		
Fee and commission expenses	895	1,987	7,234	812	-3,639	7,288
of which inter-segment	*23*	*894*	*2,397*	*324*		
Net fee and commission income	**4,331**	**4,313**	**16,592**	**-247**	**-959**	**24,031**
Result from foreign exchange transactions	-965	1,896	2,987	11	-30	3,900
of which inter-segment	*186*	*-157*	*0*	*0*		
Result from derivative financial instruments	222	-9	-224	0	0	-11
Result from investment securities	0	0	21	0	0	21
Result on derecognition of financial assets measured at amortised cost	0	1	87	0	0	89
Net other operating income	15,663	-433	-5,464	1,370	-15,340	-4,203
of which inter-segment	*14,329*	*1*	*819*	*191*		
Operating income	**18,461**	**33,746**	**72,181**	**8,324**	**-16,619**	**116,093**
Personnel expenses	11,814	5,092	18,406	2,665	0	37,977
Administrative expenses	13,569	9,264	30,995	5,250	-15,681	43,397
of which inter-segment	*2,601*	*2,997*	*8,390*	*1,693*		
Operating expenses	**25,383**	**14,355**	**49,401**	**7,915**	**-15,681**	**81,374**
Profit before tax	**-6,922**	**19,390**	**22,780**	**409**	**-938**	**34,719**
Income tax expenses	46	3,457	2,198	147		5,848
Profit of the period from continuing operations	**-6,968**	**15,933**	**20,582**	**262**	**-938**	**28,871**
Profit of the period from discontinued operations*						-2,200
Profit of the period	**-6,968**	**15,933**	**20,582**	**262**	**-938**	**26,671**
Profit attributable to ProCredit shareholders						*25,634*
Profit attributable to non-controlling interests						*1,037*

** ProCredit Bank Colombia and ARDEC Mexico are shown as discontinued operations.*

(13) Fair value of financial instruments

in '000 EUR **30.06.2019**	**Category**	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Cash	FV	129,919	129,919	129,919	0	0
Central bank balances	AC	814,816	814,816	0	814,816	0
Loans and advances to banks	AC	191,084	191,084	0	191,084	0
Investment securities	FVOCI	256,315	256,315	97,558	158,757	0
Loans and advances to customers	AC	4,442,865	4,425,343	0	0	4,425,343
Derivative financial assets	FV	903	903	0	903	0
Other assets (Shares)	FVOCI	5,956	5,956	2,488	1,504	1,964
Other assets (Financial instruments)	AC	36,972	36,972	0	35,721	1,251
Total		**5,878,829**	**5,861,307**	**229,965**	**1,202,784**	**4,428,558**
Financial liabilities						
Liabilities to banks	AC	222,929	222,253	0	62,552	159,701
Liabilities to customers	AC	3,858,613	3,864,104	0	2,584,048	1,280,056
Liabilities to international financial institutions	AC	808,589	804,227	0	4,564	799,663
Derivative financial liabilities	FV	1,315	1,315	0	1,315	0
Debt securities	AC	270,878	287,911	0	0	287,911
Subordinated debt	AC	122,890	128,857	0	0	128,857
Total		**5,285,215**	**5,308,667**	**0**	**2,652,479**	**2,656,187**

Categories: FV - at Fair Value; AC - Amortised cost, FVOCI - at Fair Value through other comprehensive income

in '000 EUR **31.12.2018**	**Category**	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Cash	FV	157,945	157,945	157,945	0	0
Central bank balances	AC	805,769	805,769	0	805,769	0
Loans and advances to banks	AC	211,592	211,592	0	211,592	0
Investment securities	FVOCI	297,308	297,308	99,814	197,494	0
Loans and advances to customers	AC	4,267,829	4,247,103	0	0	4,247,103
Derivative financial assets	FV	1,307	1,307	0	1,307	0
Other assets (Shares)	FVOCI	5,510	5,510	1,906	1,498	2,105
Other assets (Financial instruments)	AC	35,058	35,058	0	33,928	1,130
Total		**5,782,319**	**5,761,593**	**259,666**	**1,251,588**	**4,250,339**
Financial liabilities						
Liabilities to banks	AC	200,813	199,866	0	75,913	123,953
Liabilities to customers	AC	3,825,938	3,832,015	0	2,612,497	1,219,518
Liabilities to international financial institutions	AC	813,369	799,527	0	15,969	783,558
Derivative financial liabilities	FV	998	998	0	998	0
Debt securities	AC	206,212	220,128	0	0	220,128
Subordinated debt	AC	143,140	147,393	0	0	147,393
Total		**5,190,470**	**5,199,928**	**0**	**2,705,377**	**2,494,551**

Categories: FV - at Fair Value; AC - Amortised cost, FVOCI - at Fair Value through other comprehensive income

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

(14) Contingent liabilities

in '000 EUR	30.06.2019	31.12.2018
Credit commitments (revocable)	440,578	449,028
Guarantees	194,528	180,516
Credit commitments (irrevocable)	7,248	14,605
Letters of credit	5,765	5,686
Total	**648,119**	**649,835**

The above table discloses the nominal principal amounts of contingent liabilities. We expect that a significant portion of these will expire without being drawn upon.

(15) Discontinued operations

In January 2019, all shares in "Administración y Recuperación de Cartera Michoacán S. A. de C. V., SOFOM, E. N. R" (ARDEC Mexico) were sold and the company deconsolidated. Moreover, ProCredit Holding has negotiated an agreement to sell its shares in ProCredit Bank Colombia. The approval of the Colombian regulator for the proposed transaction is still pending. It is expected that the planned deconsolidation of the bank in Colombia will have an additional negative effect on earnings as a result of the realisation of equity reserves. The current result and the assets and liabilities are shown as discontinued operations.

in '000 EUR	ARDEC Mexico	ProCredit Bank Colombia
Assets		
Central bank balances	0	3,151
Loans and advances to banks	243	2,029
Investment securities	0	1,173
Loans and advances to customers	0	41,390
Others	1,155	2,957
Discontinued operations	**1,398**	**50,701**
Liabilities		
Liabilities to banks	0	14,067
Liabilities to customers	0	30,723
Others	572	586
Discontinued operations	**572**	**45,377**

in '000 EUR	ARDEC Mexico	ProCredit Bank Colombia
Assets	1,398	50,701
Liabilities	572	45,377
Equity	826	5,324
Proportion of non-controlling interests	0.0%	3.3%
Non-controlling interests	0	176
Time of sale	Jan. 19	pending
Consideration received	675	
Net assets disposed without non-controlling interests	826	
Reclassification of translation reserve	92	
Result on disposal	**-60**	

in '000 EUR	01.01.-30.06.2019	01.01.-30.06.2018
Results of discontinued operations		
Income	2,510	2,093
Expenses	3,913	4,293
Result on disposal (exclusive taxes)	-60	0
Profit before tax	**-1,462**	**-2,200**
Income tax expenses	0	0
Profit of the period	**-1,462**	**-2,200**
Profit attributable to ProCredit shareholders	*-1,394*	*-2,144*
Profit attributable to non-controlling interests	*-69*	*-56*
Change in translation reserve	99	-2,733
Reclassified to profit or loss	*92*	*0*
Change in value not recognised in profit or loss	*8*	*-2,733*
Other comprehensive income of the period, net of tax discontinued operations	**94**	**-2,719**
Total comprehensive income of the period	**-1,369**	**-4,920**

(16) Related-party transactions

No significant transactions were carried out with related parties during the first half of 2019. The most relevant expenditures for the ProCredit group arising in connection with related parties were for remuneration of the Management Board of ProCredit General Partner AG in the amount of EUR 302,000 (06.2018: EUR 385,000).

(17) Events after the reporting period

No significant events occurred after 30 June 2019.

Address and general information

ProCredit Holding AG & Co. KGaA is a partnership limited by shares (*Kommanditgesellschaft auf Aktien)* and is incorporated and domiciled in Germany (Commercial Register Frankfurt, Section B No. 91858). The postal address of its registered office is: Rohmerplatz 33-37, 60486 Frankfurt am Main, Germany.

Frankfurt am Main, 05 August 2019

ProCredit Holding AG & Co. KGaA
represented by:
ProCredit General Partner AG (personally liable shareholder)

Management Board

Borislav Kostadinov	Sandrine Massiani	Dr Gabriel Schor

Responsibility of the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, we assert that the interim consolidated financial statements give a true and fair view of the financial position and financial performance of the group, and the consolidated interim management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the significant opportunities and risks associated with the expected development of the group.

Frankfurt am Main, 05 August 2019

ProCredit Holding AG & Co. KGaA
represented by:
ProCredit General Partner AG (personally liable shareholder)

Management Board

Borislav Kostadinov	Sandrine Massiani	Dr Gabriel Schor

Review Report

To ProCredit Holding AG & Co. KGaA, Frankfurt am Main

Introduction

We have reviewed the condensed interim consolidated financial statements of the ProCredit Holding AG & Co. KGaA – comprising the Consolidated Statement of Profit and Loss, Consoli-dated Statement of Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows (condensed) as well as selected explanations (Notes to the Condensed Consolidated Interim Financial Statements) – together with the interim group management report of the ProCredit Holding AG & Co. KGaA for the period from 1 January to 30 June 2019 that are part of the semi-annual according to § 115 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

Scope of Review

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and additionally in accordance with International Standard on Review Engagements 2410 for the review of interim financial information performed by the independent auditor of the entity. Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Conclusion

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main, 12 August 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft

Fox	Zissel
Wirtschaftsprüfer	Wirtschaftsprüfer
German Public Auditor	German Public Auditor

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