



ProCredit
H O L D I N G

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Quarter 1/2016

ProCredit Holding AG & Co. KGaA



Consolidated Statement of Profit or Loss

in '000 EUR	Note	01.01.- 31.03.2016	01.01.- 31.03.2015
Interest and similar income		101,289	108,790
Interest and similar expenses		28,106	32,241
Net interest income	(5)	73,183	76,549
Allowance for losses on loans and advances to customers	(6)	10,494	8,752
Net interest income after allowances		62,690	67,797
Fee and commission income		14,747	14,750
Fee and commission expenses		4,028	3,560
Net fee and commission income	(7)	10,719	11,190
Result from foreign exchange transactions		2,077	2,682
Net result from financial instruments at fair value through profit or loss		-393	1,080
Net result from available-for-sale financial assets		332	-349
Net other operating income		-6,161	-3,193
Operating income		69,264	79,207
Personnel expenses		25,534	29,274
Administrative expenses		29,263	31,743
Operating expenses		54,798	61,018
Profit before tax		14,466	18,190
Income tax expenses	(8)	4,568	5,118
Profit of the period from continuing operations		9,898	13,072
Profit of the period from discontinued operations	(16)	1,150	3,367
Profit of the period		11,048	16,438
Profit attributable to equity holders of the parent company		10,585	16,118
Profit attributable to non-controlling interests		463	320

Consolidated Statement of Other Comprehensive Income

in '000 EUR	Note	01.01.- 31.03.2016	01.01.- 31.03.2015
Profit of the period		11,048	16,438
Items that will not be reclassified to profit or loss*			
Change in revaluation reserve from remeasurements of post employment benefits		0	-69
Change in deferred tax from remeasurements of post employment benefits		0	17
Items that are or may be reclassified to profit or loss			
Change in revaluation reserve from available-for-sale financial assets		-451	530
Change in deferred tax on revaluation reserve from available-for-sale financial assets		78	-56
Change in translation reserve		-9,236	10,287
Other comprehensive income of the period, net of tax continuing operations		-9,608	10,710
Other comprehensive income of the period, net of tax discontinued operations		-574	10,742
Total comprehensive income of the period		865	37,890
Comprehensive income attributable to equity holders of the parent company		1,327	37,960
Comprehensive income attributable to non-controlling interests		-464	-70

*From 2016, recognition of remeasurements of post employment benefits according to IAS 19 are omitted in the Consolidated Statement of Other Comprehensive Income due to insignificance

Consolidated Statement of Financial Position

in '000 EUR

Assets	Note	31.03.2016	31.12.2015
Cash and cash equivalents	(9)	816,127	834,191
Loans and advances to banks		297,490	339,395
Financial assets at fair value through profit or loss		1,495	891
Available-for-sale financial assets		215,027	206,970
Loans and advances to customers		4,041,297	4,104,939
Allowance for losses on loans and advances to customers	(10)	-177,016	-176,608
Property, plant and equipment		170,680	172,211
Investment properties		2,107	2,176
Intangible assets		23,759	23,758
Current tax assets		2,728	3,262
Deferred tax assets		6,020	6,001
Other assets		64,711	63,363
Assets held for sale	(16)	397,863	428,919
Total assets		5,862,287	6,009,469
Liabilities			
Liabilities to banks		369,309	394,244
Financial liabilities at fair value through profit or loss		1,355	2,350
Liabilities to customers		3,700,190	3,792,994
Liabilities to international financial institutions		498,083	509,443
Debt securities	(11)	202,983	205,188
Other liabilities		24,235	27,035
Provisions		17,496	17,923
Current tax liabilities		1,643	1,980
Deferred tax liabilities		4,129	4,251
Subordinated debt		129,612	131,353
Liabilities related to assets held for sale	(16)	306,989	318,709
Total liabilities		5,256,024	5,405,471
Equity			
Subscribed capital		254,123	254,123
Capital reserve		97,178	97,178
Legal reserve		136	136
Retained earnings		296,682	283,908
Translation reserve		-52,572	-43,688
Revaluation reserve		3,376	4,610
Equity attributable to equity holders of the parent company		598,923	596,267
Non-controlling interests		7,340	7,731
Total equity		606,264	603,998
Total equity and liabilities		5,862,287	6,009,469

Consolidated Statement of Changes in Equity

in '000 EUR

	Subscribed capital	Capital reserve	Legal reserve	Retained earnings	Translation reserve	Revaluation reserve	Equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
Balance at January 1, 2016	254,123	97,178	136	283,908	-43,688	4,610	596,267	7,731	603,998
Change in reserve					-8,884		-8,884	-927	-9,810
Revaluation of afs securities						-373	-373	0	-372
Revaluation of actuarial gains and losses				859		-859	0	0	0
Other comprehensive income of the period, net of tax				859	-8,884	-1,234	-9,259	-926	-10,183
Profit of the period				10,585			10,585	463	11,048
Total comprehensive income of the period				11,444	-8,884	-1,234	1,327	-464	865
Change derived from purchase/sale of shares of subsidiaries				1,209			1,209	-30	1,179
Currency translation differences on retained earnings				35			35		35
Distributed dividends				0			0	-2	-2
Change of non-controlling interests				86			86	105	191
Balance at March 31, 2016	254,123	97,178	136	296,682	-52,572	3,376	598,923	7,340	606,264
Balance at January 1, 2015	254,123	96,529	136	235,237	-48,721	813	538,117	17,264	555,380
Change in reserve					21,428		21,428	-390	21,038
Revaluation of afs securities						466	466	0	466
Revaluation of actuarial gains and losses						-51	-51	0	-51
Other comprehensive income of the period, net of tax					21,428	414	21,842	-390	21,452
Profit of the period				16,118			16,118	320	16,438
Total comprehensive income of the period				16,118	21,428	414	37,960	-70	37,890
Change derived from purchase/sale of shares of subsidiaries				-273			-273	0	-273
Currency translation differences on retained earnings				-267			-267	0	-267
Distributed dividends				0			0	-1	-1
Change of non-controlling interests				-229			-229	-77	-306
Balance at March 31, 2015	254,123	96,529	136	250,585	-27,293	1,227	575,307	17,116	592,423

Consolidated Statement of Cash Flows

in '000 EUR	01.01.- 31.03.2016	01.01.- 31.03.2015
Net profit after tax	11,048	16,438
Income tax expenses	4,568	5,118
Income tax from discontinued operations	136	1,082
Profit before tax	15,752	22,639
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	10,494	8,752
Measurement gains / losses from financial assets / liabilities designated at fair value through profit or loss	0	-1,202
Depreciation	7,203	7,181
Unrealised gains / losses from currency revaluation	242	-605
Addition to / release of provisions	2,480	2,623
Gains / losses from disposal of property, plant and equipment	-342	738
Interest and dividends	-73,183	-77,889
Other non-cash items	-1,716	-2,861
Cash flow from discontinued operations	-880	-11,903
Subtotal	-39,951	-52,526
Increase / decrease of assets and liabilities from operating activities after non-cash items		
Loans and advances to banks	28,781	-3,286
Financial assets at fair value through profit or loss	-604	586
Financial assets available for sale	-8,400	-2,272
Loans and advances to customers	48,100	-90,159
Other assets	-4,357	-3,853
Liabilities to banks	-7,146	9,737
Financial liabilities at fair value through profit or loss	-995	3,707
Liabilities to customers	-55,601	34,255
Other liabilities	-2,621	3,403
Interest received	100,125	106,344
Interest paid	-27,326	-27,555
Income tax paid	-4,497	-4,228
Operating cash flow from discontinued operations	-27,783	11,924
Cash flow from operating activities	-2,275	-13,924
Purchase of / proceeds from:		
Property, plant and equipment	-7,658	-6,626
Subsidiaries	3,644	0
Securities	329	-350
Investing cash flow from discontinued operations	3,916	-906
Cash flow from investing activities	229	-7,882
Purchase of / proceeds from:		
Dividends paid	-2	-1
Acquisition of interest in subsidiaries from non-controlling interest	498	-3,571
Long-term borrowings	-7,952	6,688
Financing cash flow from discontinued operations	-11,437	6,738
Cash flow from financing activities	-18,892	9,848
Cash and cash equivalents at end of previous year	849,124	874,166
Cash flow from operating activities	-2,275	-13,924
Cash flow from investing activities	229	-7,882
Cash flow from financing activities	-18,892	9,848
Effects of exchange rate changes	-13,676	21,528
Cash and cash equivalents at end of period	814,511	883,736

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A. Basis of Preparation

1. Compliance with International Financial Reporting Standards

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

The Condensed Consolidated Interim Financial Statements for the first three months ended 31 March 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 28 April 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 the first quarter of 2016, ProCredit Holding sold all of its shares in ProConfianza Mexico and the entity has been removed from the scope of consolidation (see also note 16).

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

4. Use of assumptions and estimates

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

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, are based on past experience and other factors, including expectations with regard to future events and are considered appropriate under the given circumstances. There were no material changes in estimates and assumptions during the first three months of 2016.

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

B. Notes to the Consolidated Statement of Profit or Loss

5. Net interest income

in '000 EUR	01.01.- 31.03.2016	01.01.- 31.03.2015
Interest and similar income from		
Cash and cash equivalents	3,203	1,165
Loans and advances to banks	755	388
Available-for-sale assets	394	591
Loans and advances to customers	94,951	104,415
Unwinding	1,825	1,809
Early closure of TDA's	160	423
Interest and similar income	101,289	108,790
Interest and similar expenses on		
Liabilities to banks	3,038	3,334
Liabilities to customers	16,907	18,733
Liabilities to international financial institutions	4,289	3,963
Subordinated debt	1,826	2,490
Debt securities and hybrid capital	2,016	3,684
Option agreements	29	36
Interest and similar expenses	28,106	32,241
Net interest income	73,183	76,549

6. Allowance for losses on loans and advances to customers

in '000 EUR	01.01.- 31.03.2016	01.01.- 31.03.2015
Increase of impairment charge	50,413	51,253
Release of impairment charge	-36,659	-37,400
Recovery of written-off loans	-3,375	-5,867
Direct write-offs	115	765
Allowance for losses on loans and advances to customers	10,494	8,752

7. Net fee and commission income

in '000 EUR	01.01.- 31.03.2016	01.01.- 31.03.2015
Fee and commission income from		
Payment services	6,458	6,640
Debit/credit cards	2,684	2,934
Account maintenance fee	2,959	2,542
Letters of credit and guarantees	1,124	951
Other fee and commission income	1,522	1,683
Fee and commission income	14,747	14,750
Fee and commission expenses on		
Payment services	1,213	1,180
Debit/credit cards	1,765	1,570
Account maintenance fee	462	377
Letters of credit and guarantees	303	168
Other fee and commission expenses	285	265
Fee and commission expenses	4,028	3,560
Net fee and commission income	10,719	11,190

8. Income tax expenses

Income tax expenses are recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual income tax rate used for the year 2016 is 13.7% (the income tax rate for the three months ended 31 March 2016 was 18.7%).

C. Notes to the Consolidated Statement of Financial Position

9. Cash and cash equivalents

in '000 EUR	31.03.2016	31.12.2015
Cash in hand	212,279	217,920
Balances at central banks excluding mandatory reserves	179,979	163,743
Money market instruments	127,130	137,934
Mandatory reserve deposits	296,740	314,593
Cash and cash equivalents	816,127	834,191
Cash from discontinuing operations	64,359	68,450
Loans and advances to banks with a maturity up to 3 months	272,330	332,305
Minimum reserve, which does not qualify as cash for the statement of cash flows	-338,304	-385,822
Cash and cash equivalents for the statement of cash flows	814,511	849,124

10. Allowance for losses on loans and advances to customers

in '000 EUR	31.03.2016	31.12.2015
Specific impairment	71,733	70,249
Allowance for individually insignificant impaired loans	50,427	50,226
Allowance for collectively assessed loans	54,857	56,132
Allowance for losses on loans and advances to customers	177,016	176,608

11. Debt securities

In 2016, debt securities totalling EUR 1,271 thousand were repaid.

12. Fair value of financial instruments

in '000 EUR		31.03.2016				
	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets						
Cash and cash equivalents	AFV/LaR/AFS	816,127	816,127	212,279	603,848	0
Loans and advances to banks	LaR	297,490	297,490	0	297,490	0
Financial assets						
at fair value through profit or loss	AFV	1,495	1,495	0	1,495	0
Available-for-sale financial assets	AFS	215,027	215,027	153,138	61,015	873
Loans and advances to customers	LaR	3,864,281	3,891,429	0	0	3,891,429
Total		5,194,419	5,221,567	365,417	963,848	3,892,302
Financial liabilities						
Liabilities to banks	AC	369,309	381,308	0	67,478	313,831
Financial liabilities						
at fair value through profit or loss	AFV	1,355	1,355	0	1,355	0
Liabilities to customers	AC	3,700,190	3,701,299	0	2,119,698	1,581,601
Liabilities to international financial institutions	AC	498,083	491,464	0	6,126	485,337
Debt securities	AC	202,983	219,861	46,897	0	172,965
Subordinated debt	AC	129,612	124,971	0	0	124,971
Total		4,901,532	4,920,258	46,897	2,194,657	2,678,704
Contingent liabilities						
Contingent liabilities and commitments	n/a	0	1,376	0	0	1,376

in '000 EUR

31.12.2015

Financial assets	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	AFV/LaR/AfS	834,191	834,191	217,920	616,271	0
Loans and advances to banks	LaR	339,395	339,412	0	339,412	0
Financial assets at fair value through profit or loss	AFV	891	891	0	891	0
Available-for-sale financial assets	AfS	206,970	206,970	134,823	71,282	864
Loans and advances to customers	LaR	3,928,332	3,980,859	0	0	3,980,859
Total		5,309,778	5,362,322	352,743	1,027,857	3,981,722
Financial liabilities	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
Liabilities to banks	AC	394,244	405,672	0	88,539	317,132
Financial liabilities at fair value through profit or loss	AFV	2,350	2,350	0	2,350	0
Liabilities to customers	AC	3,792,994	3,797,105	0	2,188,680	1,608,425
Liabilities to international financial institutions	AC	509,443	506,221	0	10,653	495,568
Debt securities	AC	205,188	220,878	50,144	0	170,733
Subordinated debt	AC	131,353	125,685	0	0	125,685
Total		5,035,573	5,057,911	50,144	2,290,222	2,717,544
Contingent liabilities	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
Contingent liabilities and commitments	n/a	0	1,172	0	0	1,172

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

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

D. Additional Notes

13. Segment reporting

in '000 EUR

	Total assets excl. taxes	Total liabilities excl. taxes	Contingent liabilities and commitments
31 March 2016			
Germany	1,312,459	774,986	11,991
Eastern Europe	908,669	799,266	69,399
South Eastern Europe	3,286,275	2,848,597	429,971
South America	1,140,179	991,943	29,564
Discontinued Operations	409,210	365,831	0
Consolidation	-1,203,252	-530,371	0
Total	5,853,539	5,250,252	540,925

in '000 EUR

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

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

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

in '000 EUR

			South			
	Germany	Eastern Europe	Eastern Europe	South America	Consolidation	Group
01.01.-31.03.2016						
Interest and similar income	4,946	26,738	47,416	26,267	-4,078	101,289
<i>of which inter-segment</i>	4,041	10	22	4		
Interest and similar expenses	5,146	11,693	7,372	7,497	-3,603	28,106
<i>of which inter-segment</i>	46	943	1,707	907		
Net interest income	-201	15,045	40,044	18,770	-475	73,183
Allowance for losses on loans and advances to customers	-46	3,974	4,895	1,670	0	10,494
Net interest income after allowances	-155	11,071	35,148	17,100	-475	62,690
Fee and commission income	1,930	2,872	10,893	978	-1,925	14,747
<i>of which inter-segment</i>	1,661	0	264	0		
Fee and commission expenses	557	774	3,431	1,036	-1,769	4,028
<i>of which inter-segment</i>	6	257	1,244	263		
Net fee and commission income	1,373	2,098	7,462	-58	-156	10,719
Result from foreign exchange transactions	-457	171	2,159	97	106	2,077
Net result from financial instruments at fair value through profit or loss	-45	-44	-304	0	0	-393
Net result from available-for-sale financial assets	0	2	329	1	0	332
Net other operating income	12,625	-408	-2,274	5	-16,109	-6,161
<i>of which inter-segment</i>	15,067	0	244	797		
Operating income	13,342	12,890	42,520	17,146	-16,634	69,264
Personnel expenses	5,207	3,076	10,998	6,253	0	25,534
Administrative expenses	6,225	4,972	16,094	8,644	-6,672	29,263
<i>of which inter-segment</i>	1,051	1,157	2,643	1,822		
Operating expenses	11,432	8,048	27,092	14,897	-6,672	54,798
Profit before tax	1,910	4,842	15,428	2,249	-9,962	14,466
Income tax expenses	817	1,176	1,840	736		4,568
Profit of the period from continuing operations	1,093	3,666	13,588	1,513	-9,962	9,898
Profit of the period from discontinued operations*						1,150
Profit of the period	1,093	3,666	13,588	1,513	-9,962	11,048
<i>Profit attributable to equity holders of the parent company</i>						10,585
<i>Profit attributable to non-controlling interests</i>						463

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

in '000 EUR

	Germany	Eastern Europe	South Eastern Europe	South America	Consolidation	Group
01.01.-31.03.2015						
Interest and similar income	7,794	22,736	55,665	29,822	-7,227	108,790
<i>of which inter-segment</i>	7,170	10	39	7		
Interest and similar expenses	8,762	9,183	12,196	8,097	-5,998	32,241
<i>of which inter-segment</i>	2,480	1,053	1,959	505		
Net interest income	-968	13,553	43,469	21,725	-1,230	76,549
Allowance for losses on loans and advances to customers	78	3,814	2,433	2,427	0	8,752
Net interest income after allowances	-1,047	9,739	41,037	19,298	-1,230	67,797
Fee and commission income	1,359	2,793	11,096	1,049	-1,548	14,750
<i>of which inter-segment</i>	1,321	0	226	0		
Fee and commission expenses	100	788	3,032	806	-1,166	3,560
<i>of which inter-segment</i>	10	154	898	103		
Net fee and commission income	1,259	2,005	8,064	244	-382	11,190
Result from foreign exchange transactions	389	1,125	1,226	90	-148	2,682
Net result from financial instruments at fair value through profit or loss	-794	1,396	478	0	0	1,080
Net result from available-for-sale financial assets	0	0	-348	-2	0	-349
<i>of which inter-segment</i>	0					
Net other operating income	15,587	11	-1,852	252	-17,191	-3,193
<i>of which inter-segment</i>	15,713	1	181	1,297		
Operating income	15,395	14,276	48,604	19,882	-18,950	79,207
Personnel expenses	5,292	3,801	13,621	6,560	0	29,274
Administrative expenses	6,445	5,303	16,822	10,428	-7,254	31,743
<i>of which inter-segment</i>	1,093	1,203	2,583	2,375		
Operating expenses	11,736	9,105	30,444	16,988	-7,254	61,018
Profit before tax	3,659	5,171	18,161	2,894	-11,696	18,190
Income tax expenses	1,207	770	2,101	1,039		5,118
Profit of the period from continuing operations	2,452	4,401	16,059	1,855	-11,696	13,072
Profit of the period from discontinued operations*						3,367
Profit of the period	2,452	4,401	16,059	1,855	-11,696	16,438
<i>Profit attributable to equity holders of the parent company</i>						16,118
<i>Profit attributable to non-controlling interests</i>						320

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

14. Risk management

Capital management

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

The capital management of the group has the following objectives:

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

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

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

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

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

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

in '000 EUR	31.03.2016	31.12.2015
Common Equity Tier 1 capital	524,429	535,396
Additional Tier 1 capital	0	0
Tier 2 capital	98,016	103,325
Total capital	622,444	638,721
Risk weighted assets	5,074,683	5,258,041
Common Equity Tier 1 capital ratio	10.3%	10.2%
Tier 1 capital ratio	10.3%	10.2%
Total capital ratio	12.3%	12.1%

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

in '000 EUR	31.03.2016	31.12.2015
Credit risk	3,786,411	3,950,318
Market risk (currency risk)	486,093	505,084
Operational risk	800,719	800,719
CVA risk	1,460	1,919
Total Risk Weighted Assets	5,074,683	5,258,041

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

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

With a Common Equity Tier 1 capital ratio of 10.3%, a Tier 1 capital ratio of 10.3% and a total capital ratio of 12.3% as of 31 March 2016, the ProCredit group's ratios exceed regulatory requirements and are in line with internal targets.

Credit risk

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

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

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

in '000 EUR	Loan portfolio	Allowance for impairment	PAR (> 30 days)	PAR as % of loan portfolio	Coverage ratio	Restructured loans	Restructured loans as % of loan portfolio
As at March 31, 2016							
Germany	79,787	-742	0	-	-	0	0.0%
South Eastern Europe	2,459,712	-111,243	121,143	4.9%	91.8%	31,940	1.3%
Eastern Europe	661,021	-33,007	37,754	5.7%	87.4%	14,675	2.2%
South America	840,776	-32,024	40,453	4.8%	79.2%	4,859	0.6%
Total	4,041,297	-177,016	199,349	4.9%	88.8%	51,474	1.3%

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

Liquidity risk

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

15. Contingent liabilities and commitments

in '000 EUR	31.03.2016	31.12.2015
Credit commitments (revocable)	374,204	384,591
Guarantees	150,580	158,437
Credit commitments (irrevocable)	11,974	10,084
Letters of credit	4,166	6,353
Contingent liabilities and commitments	540,925	559,464

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

16. Discontinued operations held for sale

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

in '000 EUR

	sold	held for sale	
	Mexico	El Salvador	Nicaragua
Assets			
Cash and cash equivalents	2	42,172	22,187
Loans and advances to banks	573	462	816
Financial assets at fair value through profit or loss	0	0	0
Available-for-sale financial assets	0	5,007	220
Loans and advances to customers	10,566	203,344	101,947
Allowance for losses on loans and advances to customers	-381	-5,076	-2,293
Property, plant and equipment	95	7,829	9,523
Investment properties	0	0	1,051
Intangible assets	0	971	495
Current tax assets	85	0	323
Deferred tax assets	2,848	302	0
Other assets	71	5,973	2,611
Assets disposed / held for sale	13,860	260,984	136,879
Liabilities			
Liabilities to banks	9,374	0	12,933
Financial liabilities at fair value through profit or loss	0	0	0
Liabilities to customers	0	153,229	93,509
Liabilities to international financial institutions	35	20,392	0
Debt securities	0	17,617	0
Other liabilities	211	3,256	981
Provisions	44	310	301
Current tax liabilities	0	78	0
Deferred tax liabilities	0	0	1,205
Subordinated debt	0	3,178	0
Liabilities disposed / related to assets held for sale	9,664	198,059	108,930
Net assets disposed	4,196		
Proportion of non-controlling interests	0.8%	0.1%	5.3%
Non-controlling interests	34		
Time of sale	Jan. 16	pending	pending
Consideration received	3,646		
Net assets disposed without non-controlling interests	4,162		
Reclassification of translation reserve	-1,399		
Reclassification of capital reserves	-864		
Result on disposal	-2,781		

in '000 EUR

	01.01.- 31.03.2016	01.01.- 31.03.2015
Results of discontinued operations		
Income	11,229	22,113
Expenses	9,943	17,664
Profit before tax	1,286	4,449
Income tax expenses	136	1,082
Profit of the period	1,150	3,367
Profit attributable to equity holders of the parent company	1,137	3,186
Profit attributable to non-controlling interests	13	181

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.

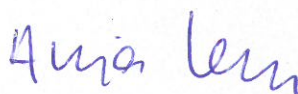
Frankfurt, 28 April 2016

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

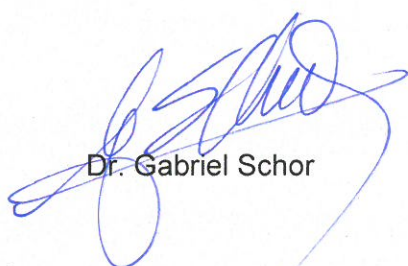
Board of Management



Helen Alexander



Dr. Anja Lepp



Dr. Gabriel Schor



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