



The group of ProCredit banks continues to grow in financial year 2016 and achieve good financial results

- **Successful strategic positioning as the “Hausbank” for small and medium-sized businesses.**
- **The gross loan portfolio in the target category of loans above EUR 30,000 grew by 13% over the previous year.**
- **The gross loan portfolio in our core segments in South Eastern and Eastern Europe increased by 3.2% and 4.0% over the previous year.**
- **Profit after tax for the continuing business operations stood at EUR 47.0 million, up 22.6% from the previous year (2015: EUR 38.4 million).**
- **Consolidated profit after tax of EUR 61.0 million, at approximately the same level as the previous year (2015: EUR 61.3 million).**

Frankfurt am Main, 29 March 2017 – ProCredit Holding AG & Co. KGaA (ProCredit Holding), the parent company of the international ProCredit group, had a successful 2016 financial year. The result for continuing business operations reflects the success of the company’s strategic positioning as the “Hausbank” for small and medium-sized businesses (SMEs), with a focus on emerging economies in South Eastern and Eastern Europe.

Growth in the target category of loan amounts above EUR 30,000

The development-oriented business model of the ProCredit group employs a long-term strategy that focuses on SMEs in South Eastern and Eastern Europe, as these businesses contribute to the economic development of these countries and create jobs. The financial needs of these businesses with formalised structures and commensurate sizes generally call for loan amounts between EUR 30,000 and EUR 3 million. In this loan size range, the group registered an increase in 2016 of 13% in its gross loan portfolio, which at year-end stood at EUR 2.9 billion (2015: EUR 2.6 billion).

In 2017 the process of withdrawing from lending to very small businesses needing loans in amounts under EUR 30,000 should be complete – a consequence of our strategic focus on SMEs with good development and growth prospects. Accordingly, 2016 was characterised by the planned reduction of the portfolio of loans under EUR 30,000. The growth of the overall gross loan portfolio in the continuing business operations stood at 2.4% relative to 2015 (31.12.2016: EUR 3.63 billion).

Growth in our South Eastern and Eastern Europe segments

The South Eastern Europe segment includes the ProCredit banks in Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, Macedonia, Romania and Serbia. In terms of assets, this is the ProCredit group’s largest regional segment. In the previous financial year, the gross loan portfolio for the segment grew by 3.2% to EUR 2.53 billion (2015: EUR 2.46 billion). In the Eastern Europe segment, to which the ProCredit banks in Georgia, Moldova and Ukraine belong, the gross loan portfolio in 2016 grew by 4.0% to EUR 0.71 billion (2015: EUR 0.68 billion). In our South America segment, comprising banks in

Colombia and Ecuador, the SME loan portfolio grew in 2016 by a strong 13%, but this result was outweighed by the decline in the portfolio of loans under EUR 30,000.

Borislav Kostadinov, Member of the Management Board of ProCredit General Partner AG (personally liable managing partner of ProCredit Holding AG & Co. KGaA), was pleased to announce: *“We want to be a competent and responsible partner to small and medium-sized businesses. We grew our target loan portfolio in our Eastern Europe segment by 18%, which shows we are meeting a real need – this is particularly satisfying given the value of positive developments in the countries in which we operate.”*

Careful client selection and administrative efficiency support the positive result

Influenced by the ongoing low interest rate environment, in 2016 the net interest income in the ProCredit group’s continuing business operations fell by 11.5% relative to the previous year to EUR 230.8 million (2015: EUR 260.7 million). At the same time, the profit after tax from continuing business operations improved, reaching EUR 47.0 million, up 22.6% from the previous year (2015: EUR 38.4 million). On the one hand, this was made possible by a decrease in the amount required for credit risk provisioning. The increased lending to established SMEs, coupled with the simultaneous reduction in the disbursement of loans below EUR 30,000, made a significant contribution to the improved loan portfolio quality. On the other hand, the increasing shift from conventional cash transactions and services to e-Banking offers and the 24/7 self-service zones led to efficiency gains in the administrative area, while also supporting the modernisation of the SMEs and the banking sectors we work with.

Including the discontinued business operations, the consolidated profit after tax of EUR 61.0 million was similar to the previous year’s result (2015: EUR 61.3 million). This represents a post-tax return on average equity (RoAE) of 9.6% (2015: 10.5%).

Strengthening of the equity base in 2016

The Common Equity Tier 1 capital ratio (fully loaded CET1) had grown by 2.3 percentage points over the previous year to 12.4% as of the balance sheet date of 31 December 2016 (2015: 10.1%). The leverage ratio is a comfortable 9.9%. This development was supported by the capital increase on 3 November 2016 from existing shareholders and the sale of the institutions Banco PyME Los Andes ProCredit in Bolivia and ProConfianza Mexico, which was carried out in the context of the group’s strategic focus on the core markets of South Eastern and Eastern Europe.

Positive outlook for continued growth in 2017

In 2017 the Management of ProCredit Holding expects the group’s gross loan portfolio to experience net growth of between 5% and 8%. The RoAE is expected to be between 7% and 9%. After the transactions concerning the discontinued business operations have been concluded, the CET1 capital ratio is expected to exceed 13%.

In the medium term, the group sees the potential for annual net growth of the gross loan portfolio of 10% as well as a return on average equity of around 10%.

Mr Kostadinov elaborated: *“In 2017 we want to make an important step towards further strengthening our positioning as the “Hausbank” for SMEs by completing the exit from the category of loans under EUR 30,000 to the fullest extent possible. We see the need for a specialist SME bank everywhere. We therefore expect higher net growth of our loan portfolio in the future.”*

The 2016 Annual Report of ProCredit Holding, available in the German and English languages, as well as the 2016 Disclosure Report, available in the German language, are accessible as of today on the ProCredit Holding website (<http://www.procredit-holding.com/en/investor-relations/reports-publications.html>) under Investor Relations.

Changes in the Management Board

Sandrine Massiani was appointed to the Management Board of ProCredit General Partner and to the Management of ProCredit Holding, effective as of 1 March 2017. Ms Massiani holds a master's degree in financial management and international relations and has been working for the ProCredit group since 2007. Before she came to ProCredit, she spent seven years in financial management at BNP Paribas. At ProCredit Holding her main areas of responsibility include HR and IT.

Helen Alexander's term as a member of the Management Board ends as planned on 31 March 2017 on the best of terms and under mutual agreement. Dr Claus-Peter Zeitinger, Chairman of ProCredit Holding's Supervisory Board, thanks Ms Alexander for her many years of dedicated service to the company and gratefully acknowledges her role in the development of the group over the last 15 years. Ms Alexander will continue to be an active employee of the ProCredit group. With her many years of experience and her extensive expertise, she will continue to contribute to the success of the ProCredit group in the future as well.

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About the ProCredit group

ProCredit Holding AG & Co. KGaA, based in Frankfurt am Main, Germany, is the parent company of the international ProCredit group, which consists of banks for small and medium enterprises (SMEs) and whose operational focus is on South Eastern and Eastern Europe. In addition to this regional focus, the ProCredit group is also active in South America and Germany. The company's shares are traded on the Prime Standard segment of the Frankfurt Stock Exchange. The anchor shareholders of ProCredit Holding AG & Co. KGaA include the strategic investors Zeitinger Invest and ProCredit Staff Invest (comprising the investment vehicles for ProCredit staff), the Dutch DOEN Participaties BV, KfW and the IFC (part of the World Bank Group). As the group's superordinated company according to the German Banking Act, ProCredit Holding AG & Co. KGaA is supervised on a consolidated level by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and the German Bundesbank. More information can be found on the company's website at www.procredit-holding.com.

Forward-looking statements

This press release 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 the 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. Such factors 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.