ProCredit HOLDING

Q2 2018 Interim Report

Contents

Interim Group Management Report

1. Business development 3

2. Financial position and financial performance 6

3. Segment performance 7

4. Risk reporting 10

5. Outlook 14

Consolidated Interim Financial Reports 15

1. BUSINESS DEVELOPMENT

Strategic orientation

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

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

in million EUR			
Statement of Financial Position	**30.06.2018**	**31.12.2017**	**Change**
Customer loan portfolio (gross)	4,259.8	3,909.9	349.9
Customer deposits	3,579.6	3,570.9	8.7
Statement of Profit or Loss	**01.01.-30.06.2018**	**01.01.-30.06.2017**	**Change**
Net interest income after allowances	92.7	99.2	-6.5
Net fee and commission income	24.0	21.6	2.4
Operating expenses	83.5	95.2	-11.7
Profit of the period from continuing operations	26.7	20.8	5.9
Profit of the period	26.7	23.6	3.1
Key performance indicators	**30.06.2018**	**30.06.2017**	**Change**
Change in customer loan portfolio	8.9%	4.8%	4.2 pp
Cost-income ratio	71.3%	75.1%	-3.8 pp
Return on equity (ROE)	7.5%	7.0%	0.5 pp
Common equity Tier 1 capital ratio	14.6%	13.0%	1.6 pp
Additional indicators	**30.06.2018**	**31.12.2017**	**Change**
Customer deposits to customer loan portfolio	84.0%	91.3%	-7.3 pp
Net interest margin	3.4%	3.8%	-0.5 pp
Share of credit-impaired loans (Stage 3)	3.7%	4.8%	-1.0 pp
Ratio of allowances to credit-impaired loans (Stage 3)	90.2%	83.3%	6.9 pp
Green customer loan portfolio	590.5	489.1	101.4

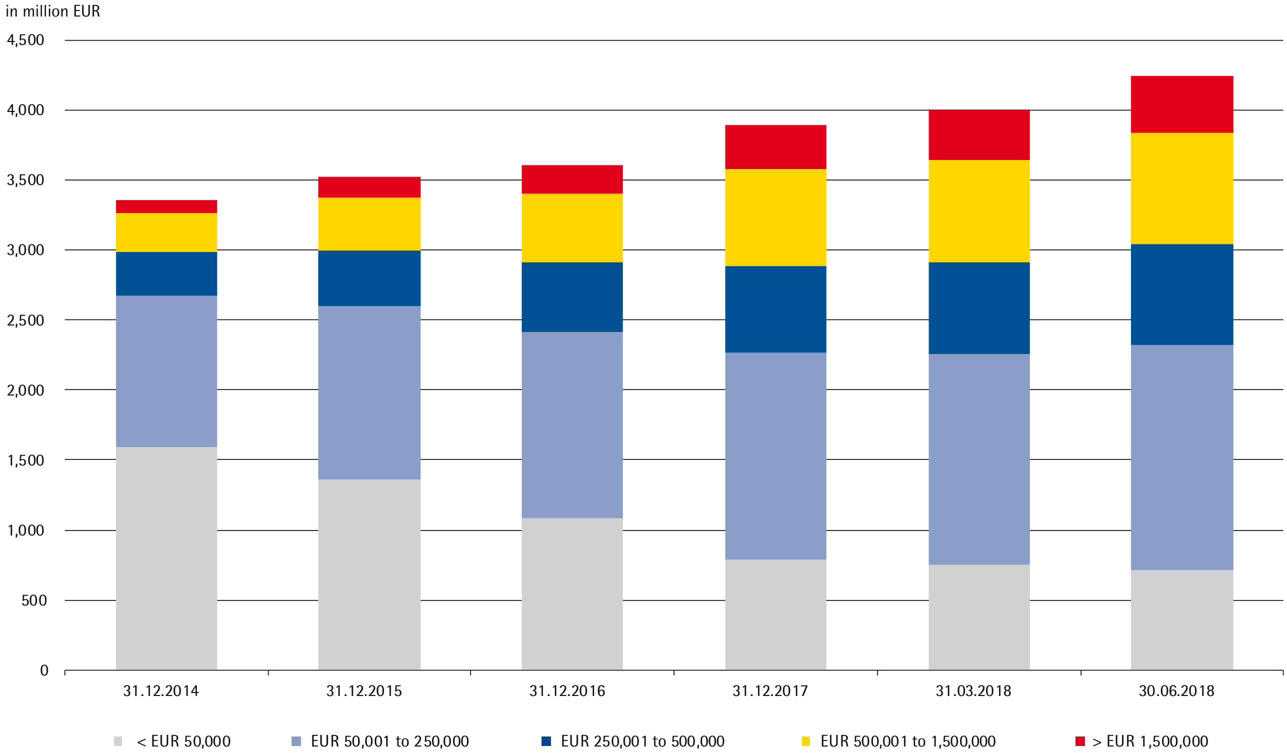
Balance sheet and income statement positions as well as other key figures for the ProCredit group

Course of business operations

The first half of 2018 was characterised by very strong growth in our customer loan portfolio as well as a substantial increase in our consolidated result. The customer loan portfolio growth recorded for the first half of the year was above the level achieved in the entire previous financial year. Customer deposits have remained stable, despite comprehensive restructuring measures in private client business and streamlining in the branch network. The positive result at group level can be mainly attributed to a reduction in operating expenses. Portfolio quality improved at the same time, with a lower share of credit-impaired loans and a higher level of risk coverage.

Loan portfolio development, by loan volume

Our customer loan portfolio grew by 8.9% or EUR 350 million in the first half of the year. This particularly dynamic growth is a consequence of our focus on financing larger and more established medium-sized companies. The resulting portfolio had a positive effect on our risk profile, but at the same time reduces the interest margin. The strong growth figures are evidence of the success of our "Hausbank" concept and of our position as a specialist in SME financing.

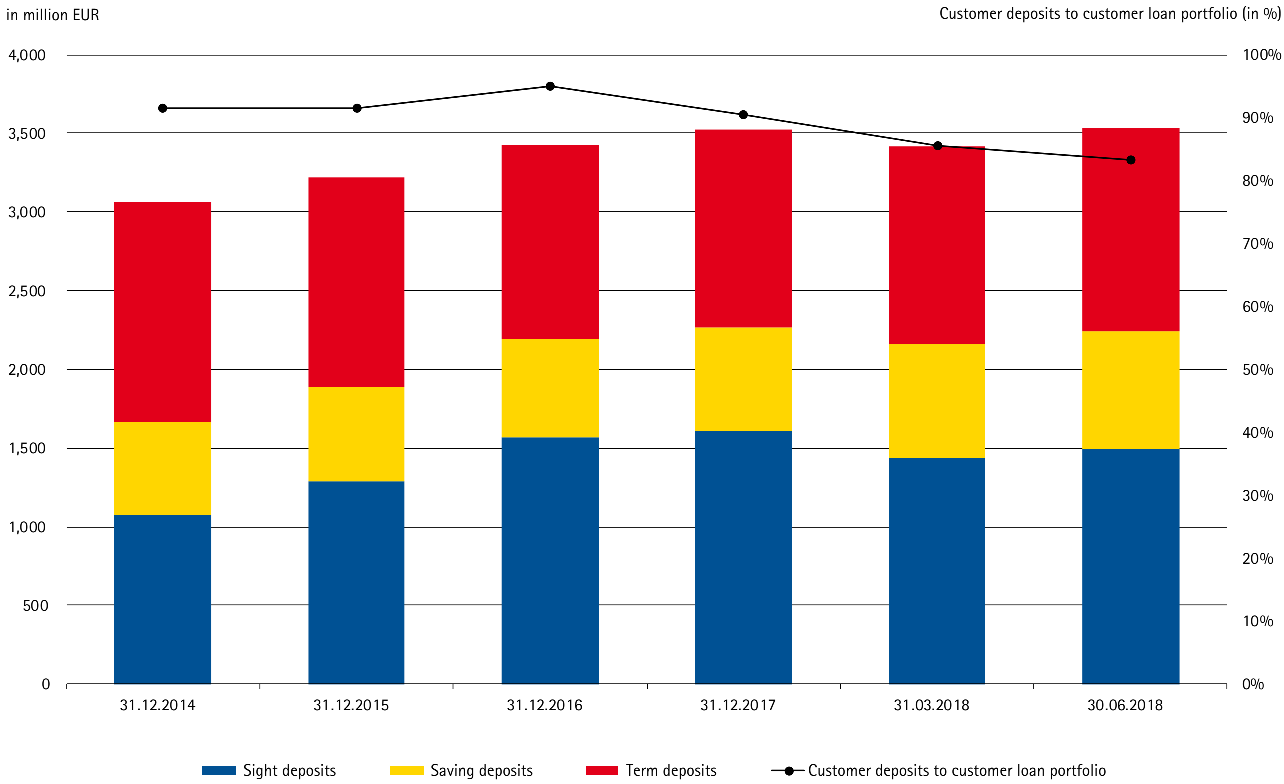


Loan portfolio development, by loan volume

Development of deposits and other banking services

Customer deposits constitute the most important source of funding. Customer deposits amounted to EUR 3.6 billion at the end of the first half of the year.

We were able to significantly streamline our branch network in the framework of implementing our direct banking strategy for private client business. These measures resulted in a decrease in smaller deposit volumes from private clients, which was offset by higher deposits from business clients. Overall, the trend in client deposits is highly stable, despite these wide-ranging changes.



Customer deposits

2. FINANCIAL POSITION AND FINANCIAL PERFORMANCE

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

Financial position

The customer loan portfolio increased by EUR 350 million in the first half of 2018. All banks achieved strong growth, which was in part enhanced by currency effects.

Customer deposits remained at the level recorded at the end of 2017. Furthermore, additional debt securities and liabilities to international financial institutions were obtained.

The change in equity was mainly due to the capital increase, the current consolidated result less dividend payment and the transition to IFRS 9.

Result of operations

At EUR 26.7 million, the consolidated result was significantly higher than in the previous period. The result from continuing business operations increased by EUR 5.9 million overall. This positive development was mainly due to a significant reduction in operating expenses, which more than compensated for the decline in net interest income. A further improvement in portfolio quality also led to a reduction in provisioning expenses. At 7.5%, the return on equity was higher than in the previous year, despite the increase of the capital base.

Net interest income fell by around EUR 9 million compared with the same period of the previous year. Lower interest rates in the markets where we operate and the strategic discontinuation of small-volume loans contributed to this development.

Lower expenses for loan loss provisions were achieved through repayments of Stage 3 loans as well as recoveries of written off loans. As a result of the improvement in portfolio quality, the risk coverage ratio for Stage 3 loans increased despite lower expenses.

Non-interest income is largely earned from fees and commissions. The improvement in net fee and commission income is mainly due to innovations in our range of banking services for private and business clients as well as the associated adjustment of fees.

Personnel and administrative costs decreased by more than EUR 11 million year-on-year. This development is a consequence of the efficiency improvement measures taken in previous years, the extensive digitisation of our private client business and the reduction in staff numbers. The cost-income ratio has improved and stands at 71%.

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.-30.06.2018	01.01.-30.06.2017
South Eastern Europe	20,582	25,842
Eastern Europe	15,933	8,679
South America	-2,777	-1,788
Germany*	-7,068	-11,935
Discontinued Operations**	0	2,793
Profit of the period	**26,671**	**23,590**

* *Segment Germany includes consolidation effects*
** *Banco ProCredit El Salvador and Banco ProCredit Nicaragua are shown as discontinued operations*

a. South Eastern Europe

in million EUR			
Statement of Financial Position	**30.06.2018**	**31.12.2017**	**Change**
Customer loan portfolio (gross)	2,934.1	2,759.1	175.0
Customer deposits	2,517.4	2,518.8	-1.4

Statement of Profit or Loss	**01.01.-30.06.2018**	**01.01.-30.06.2017**	**Change**
Net interest income after allowances	58.2	68.5	-10.3
Net fee and commission income	16.6	14.7	1.9
Operating expenses	49.4	53.5	-4.1
Profit of the period	20.6	25.8	-5.2

Key performance indicators	**30.06.2018**	**30.06.2017**	**Change**
Change in customer loan portfolio	6.3%	5.4%	0.9 pp
Cost-income ratio	68.5%	66.0%	2.5 pp
Return on equity (ROE)	8.6%	11.3%	-2.7 pp

Additional indicators	**30.06.2018**	**31.12.2017**	**Change**
Customer deposits to customer loan portfolio	85.8%	91.3%	-5.5 pp
Net interest margin	3.0%	3.6%	-0.6 pp
Share of credit-impaired loans (Stage 3)	3.7%	4.5%	-0.8 pp
Ratio of allowances to credit-impaired loans (Stage 3)	89.1%	83.3%	5.8 pp
Green customer loan portfolio	394.8	326.9	67.9

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

South Eastern Europe is the group's largest segment. The customer loan portfolio for the segment increased by EUR 175 million to EUR 2.9 billion. Particularly strong growth was recorded for our banks in Bulgaria, Serbia and Romania. At the same time, the proportion of credit-impaired loans decreased significantly.

Customer deposits amounted to EUR 2.5 billion at the end of the half-year and are thus at the level recorded at the end of 2017.

The profit after tax declined, in particular due to the decrease in net interest income. On the other hand, operating expenses were lower than in the same period of the previous year.

b. Eastern Europe

in million EUR			
Statement of Financial Position	**30.06.2018**	**31.12.2017**	**Change**
Customer loan portfolio (gross)	966.3	823.4	142.9
Customer deposits	619.2	634.6	-15.4
Statement of Profit or Loss	**01.01.-30.06.2018**	**01.01.-30.06.2017**	**Change**
Net interest income after allowances	28.0	21.2	6.8
Net fee and commission income	4.3	4.3	0.0
Operating expenses	14.4	16.2	-1.8
Profit of the period	15.9	8.7	7.3
Key performance indicators	**30.06.2018**	**30.06.2017**	**Change**
Change in customer loan portfolio	17.4%	11.8%	5.6 pp
Cost-income ratio	42.8%	48.7%	-6.0 pp
Return on equity (ROE)	19.8%	12.6%	7.2 pp
Additional indicators	**30.06.2018**	**31.12.2017**	**Change**
Customer deposits to customer loan portfolio	64.1%	77.1%	-13.0 pp
Net interest margin	4.7%	5.1%	-0.4 pp
Share of credit-impaired loans (Stage 3)	3.0%	4.4%	-1.4 pp
Ratio of allowances to credit-impaired loans (Stage 3)	98.3%	87.7%	10.6 pp
Green customer loan portfolio	133.3	110.6	22.7

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

In the Eastern Europe segment, the strong growth continued. The loan portfolio increased by EUR 143 million, the main contributor being ProCredit Bank Ukraine. At the same time, the share of credit-impaired loans decreased significantly. The strong growth was partly enhanced by positive currency effects.

Customer deposits decreased slightly year-on-year.

The profit after tax showed a strong increase compared to the same period of the previous year, with all banks in the region contributing. While net interest income remained stable, expenses for loan loss provisions and operating expenses declined in particular.

c. South America

in million EUR			
Statement of Financial Position	**30.06.2018**	**31.12.2017**	**Change**
Customer loan portfolio (gross)	254.5	238.9	15.6
Customer deposits	163.0	161.2	1.8
Statement of Profit or Loss	**01.01.-30.06.2018**	**01.01.-30.06.2017**	**Change**
Net interest income after allowances	6.9	11.8	-4.9
Net fee and commission income	-0.3	0.0	-0.3
Operating expenses	10.3	13.6	-3.3
Profit of the period	-2.8	-1.8	-1.0
Key performance indicators	**30.06.2018**	**30.06.2017**	**Change**
Change in customer loan portfolio	6.5%	-17.8%	24.3 pp
Cost-income ratio	116.0%	124.0%	-8.0 pp
Return on equity (ROE)	-9.5%	-5.5%	-4.0 pp
Additional indicators	**30.06.2018**	**31.12.2017**	**Change**
Customer deposits to customer loan portfolio	64.1%	67.5%	-3.4 pp
Net interest margin	4.4%	4.6%	-0.2 pp
Share of credit-impaired loans (Stage 3)	8.2%	10.7%	-2.5 pp
Ratio of allowances to credit-impaired loans (Stage 3)	81.9%	75.7%	6.2 pp
Green customer loan portfolio	24.8	20.2	4.6

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

The gross customer loan portfolio in the South America segment increased by approximately EUR 16 million. A decline in the portfolio of small loans was offset by solid growth in the core segment. Growth was partly enhanced by positive currency effects. Portfolio quality also improved, with a lower share of credit-impaired loans and a higher level of risk coverage. Customer deposits were at the level recorded at the end of 2017.

The result for the segment decreased by around EUR 1 million compared with the same period of the previous year, in particular due to the decline in net interest income and increased provisioning expenses. Operating expenses fell by EUR 3.3 million compared to the previous period.

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 risk-bearing capacity 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 2017 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. The capital ratios climbed in the first half of 2018, due to an increase in own funds. The increase in Common Equity Tier 1 capital by EUR 70 million is largely due to the capital increase carried out in February 2018 and to the inclusion of the profit achieved in the fourth quarter of 2017. The transition to IFRS 9 at the beginning of 2018 had an offsetting effect. The resulting amount has been incorporated in its entirety in the calculation of capital ratios, thereby reducing capital.

Capital requirements increased by EUR 234 million in the first half of 2018, mainly due to the growth of the customer loan portfolio.

As of 30 June 2018, the CET1 and T1 capital ratios of the ProCredit group stood at 14.6%, and the total capital ratio was 17.4%. A capital add-on pursuant to the Supervisory Review and Evaluation Process (SREP) was set for the ProCredit group for the first time in the first half of the year. The total capital add-on is 3.0 p.p., which results in a minimum capital requirement of 8.1% for the CET1 capital ratio, 10.1% for the T1 capital ratio and 12.9% for the total capital ratio, taking into account the capital buffers. The ProCredit group's capital base is thereby comfortably above the current regulatory requirements.

in million EUR	30.06.2018	31.12.2017
Common equity (net of deductions)	665	595
Additional Tier 1 (net of deductions)	0	0
Tier 2 capital	130	130
Total capital	795	725
RWA total	4,564	4,330
o/w Credit risk	3,613	3,341
o/w Market risk (currency risk)	482	439
o/w Operational risk	467	549
o/w CVA risk	2	2
Common equity Tier 1 capital ratio	14.6%	13.7%
Total capital ratio	17.4%	16.7%
Leverage ratio (CRR)	11.3%	10.5%

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 with the aid of performance indicators. These include, among other items, past due credit exposures (PAR 30 and PAR 90), restructured credit exposures, written-off credit exposures, impaired exposures, allowances for impairment on the loan portfolio and risk concentrations towards single counterparties.

The positive development of portfolio quality was based on our clear focus on small and medium-sized businesses, as well as careful credit analysis and customer service. As at 30 June 2018, 3.7% of the loan portfolio was in Stage 3 and thus, thanks to the repayment of credit-impaired, below the year-end level (4.8%). The level of risk coverage for credit-impaired loans increased to over 90%. At the end of the first six months of 2018, the share of the portfolio past due by more than 30 days (PAR 30) was 2.6%, compared with 3.3% as at 31 December 2017[1].

in '000 EUR	Stage 1	Stage 2		Stage 3						
As of June 30, 2018	**12-month ECL**	**Lifetime ECL - not credit-impaired loans**		**Lifetime ECL - credit-impaired loans**			**Purchased or originated credit-impaired loans (POCI)**			**Total**
		0–30 days	**31-90 days**	**0–30 days**	**31-90 days**	**> 90 days**	**0–30 days**	**31-90 days**	**> 90 days**	
Germany										
Gross outstanding amount	104,859	0	0	0	0	0	0	0	0	**104,859**
Loss allowances	-548	0	0	0	0	0	0	0	0	**-548**
Carrying amount	104,310	0	0	0	0	0	0	0	0	**104,310**
South Eastern Europe										
Gross outstanding amount	2,741,310	74,633	8,546	39,176	4,114	65,193	1,123	0	0	**2,934,094**
Loss allowances	-23,559	-12,003	-1,321	-13,677	-1,719	-45,237	-39	0	0	**-97,554**
Carrying amount	2,717,751	62,629	7,226	25,499	2,395	19,956	1,084	0	0	**2,836,540**
Eastern Europe										
Gross outstanding amount	919,258	16,363	1,685	13,631	3,297	10,669	639	17	784	**966,343**
Loss allowances	-10,293	-2,296	-226	-6,023	-1,952	-7,646	0	-6	-98	**-28,541**
Carrying amount	908,965	14,068	1,459	7,608	1,345	3,023	639	11	687	**937,803**
South America										
Gross outstanding amount	218,644	13,713	1,285	5,175	371	15,137	61	23	46	**254,455**
Loss allowances	-2,450	-1,042	-57	-2,324	-170	-10,994	0	-1	-6	**-17,044**
Carrying amount	216,193	12,671	1,227	2,851	201	4,143	61	23	41	**237,412**

[1] This figure has been adjusted in accordance with IFRS 9.

in '000 EUR As of January 1, 2018	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired loans		Stage 3 Lifetime ECL – credit-impaired loans			Purchased or originated credit-impaired loans (POCI)			Total
		0–30 days	31–90 days	0–30 days	31–90 days	> 90 days	0–30 days	31–90 days	> 90 days	
Germany										
Gross outstanding amount	88,452	0	0	0	0	0	0	0	0	**88,452**
Loss allowances	-459	0	0	0	0	0	0	0	0	**-459**
Carrying amount	87,992	0	0	0	0	0	0	0	0	**87,992**
South Eastern Europe										
Gross outstanding amount	2,549,187	73,990	6,783	45,416	16,538	61,187	1,079	0	50	**2,754,231**
Loss allowances	-22,613	-12,377	-1,049	-15,885	-11,248	-40,377	0	0	0	**-103,548**
Carrying amount	2,526,574	61,614	5,734	29,532	5,290	20,810	1,079	0	50	**2,650,683**
Eastern Europe										
Gross outstanding amount	769,538	18,426	356	16,220	3,551	16,049	530	16	25	**824,711**
Loss allowances	-8,802	-2,749	-50	-7,706	-1,711	-10,887	0	0	0	**-31,904**
Carrying amount	760,736	15,678	306	8,514	1,840	5,162	530	16	25	**792,808**
South America										
Gross outstanding amount	205,338	12,101	1,462	4,964	473	20,732	73	35	0	**245,177**
Loss allowances	-2,364	-751	-69	-2,305	-166	-14,229	0	0	0	**-19,884**
Carrying amount	202,974	11,349	1,393	2,658	307	6,503	73	35	0	**225,293**

Risk provisioning in customer lending activities

Concentration risk in the customer loan portfolio is effectively limited by a high degree of diversification. This diversification is a consequence of lending to small and medium-sized businesses in various economic sectors and the distribution of the loan portfolio across all the ProCredit banks.

in '000 EUR **As of June 30, 2018**	**EUR/USD < 50.000**	**EUR/USD 50.000 – 250.000**	**EUR/USD > 250.000**	**Total**
Germany	109	2,434	102,315	104,859
South Eastern Europe	563,997	1,080,357	1,289,740	2,934,094
Eastern Europe	73,568	411,789	480,986	966,343
South America	79,214	118,571	56,670	254,455
Customer loan portfolio (gross)	**716,888**	**1,613,152**	**1,929,711**	**4,259,751**

in '000 EUR **As of January 1, 2018**	**EUR/USD < 50.000**	**EUR/USD 50.000 – 250.000**	**EUR/USD > 250.000**	**Total**
Germany	155	1,810	86,487	88,452
South Eastern Europe	626,083	1,034,908	1,093,240	2,754,231
Eastern Europe	77,999	339,610	407,103	824,712
South America	95,912	106,122	43,144	245,177
Customer loan portfolio (gross)	**800,149**	**1,482,449**	**1,629,973**	**3,912,572**

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 2018, particularly in production, agriculture and trade.

in '000 EUR As of June 30, 2018	EUR/USD < 50.000	EUR/USD 50.000 – 250.000	EUR/USD > 250.000	Total
Business loans	**482,404**	**1,493,165**	**1,921,251**	**3,896,820**
Wholesale and retail trade	134,549	467,503	564,464	1,166,515
Agriculture, forestry and fishing	157,071	363,707	354,973	875,751
Production	70,228	300,654	553,660	924,542
Transportation and storage	45,533	109,158	77,328	232,019
Other economic activities	75,023	252,142	370,827	697,992
Private loans	**234,484**	**119,987**	**8,460**	**362,932**
Housing	196,169	116,410	6,979	319,558
Investment loans and OVDs	31,022	3,149	822	34,992
Others	7,293	429	659	8,382
Customer loan portfolio (gross)	**716,888**	**1,613,152**	**1,929,711**	**4,259,751**

in '000 EUR As of January 1, 2018	EUR/USD < 50.000	EUR/USD 50.000 – 250.000	EUR/USD > 250.000	Total
Business loans	**545,035**	**1,364,930**	**1,603,551**	**3,513,516**
Wholesale and retail trade	153,030	444,624	478,747	1,076,402
Agriculture, forestry and fishing	176,280	318,384	294,712	789,376
Production	77,074	266,905	457,282	801,261
Transportation and storage	52,294	103,426	65,525	221,245
Other economic activities	86,357	231,592	307,285	625,233
Private loans	**255,114**	**117,519**	**26,422**	**399,055**
Housing	118,337	91,818	5,097	215,251
Investment loans and OVDs	120,709	3,893	451	125,053
Others	16,068	21,809	20,874	58,751
Customer loan portfolio (gross)	**800,149**	**1,482,449**	**1,629,973**	**3,912,572**

Portfolio diversification: Business areas, by loan size

Foreign currency risk

Foreign currency risk at group level arises as a result of the equity holdings that ProCredit Holding maintains in its foreign subordinated companies. The group's regulatory capital and risk-taking potential are exposed to fluctuations caused by changes in the exchange rates between EUR and the domestic currencies in which the majority of our banks hold their equity. These differences are included in the translation reserve in the consolidated equity. This increased by EUR 16 million at the end of the first half of the year. This development was primarily due to the appreciation of the USD and other local currencies, particularly in Eastern Europe.

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 2018, this indicator remained comfortably below the limit assigned to it in the Internal Capital Adequacy Assessment Process (ICAAP).

Liquidity and funding risk

We measure our liquidity risk using a maturity gap analysis and monitor this risk based on a 30-day liquidity indicator (Sufficient Liquidity Indicator, SLI), as well as in accordance with the minimum liquidity ratio (Liquidity Coverage Ratio, LCR) stipulated by the Capital Requirements Regulation (CRR) and by performing liquidity stress tests. At the end of the first half of 2018, the LCR was 170% at group level, and thus comfortably above the regulatory requirement of 100%. The ratio of highly liquid assets to customer deposits was 24%. Therefore, all ProCredit banks complied with the liquidity ratio requirements at all times and always had sufficient liquidity available to meet all financial obligations in a timely manner.

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, therefore, the statements from the 2017 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 2017 concerning opportunities, risks and forecasts remain valid.

Consolidated Interim Financial Reports of ProCredit Group

Auditor's Report

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

We have performed an audit review of the condensed Consolidated Interim Financial Statements – consisting of the Consolidated Statement of Profit or Loss, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, condensed Consolidated Statement of Cash Flows as well as selected explanations (Consolidated Notes to the Financial Statements) – and the Consolidated Interim Management Report for ProCredit Holding AG & Co. KGaA, Frankfurt am Main, for the period from 1 January to 30 June 2018, representing the components of a half-yearly financial report pursuant to section 115 of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The Management of the Company is responsible for the preparation of the condensed consolidated interim financial statements in accordance with IFRS for interim reporting as applicable in the European Union, and of the consolidated interim management report in accordance with the requirements of the WpHG applicable to consolidated interim management reports. Our duty is to issue a statement on the condensed Consolidated Interim Financial Statements and the Consolidated Interim Management Report on the basis of our audit review.

We have conducted our audit review of the condensed Consolidated Interim Financial Statements and the Consolidated Interim Management Report in accordance with the generally accepted standards in Germany for the audit review of financial statements as promulgated by the Institute of Public Auditors in Germany [Institut der Wirtschaftsprüfer – IDW]. Accordingly, we are required to plan and perform the audit review to obtain upon critical evaluation reasonable assurance about whether the consolidated interim financial statements have been prepared in a manner consistent in material respects with IFRS for interim financial reporting as applicable in the EU, and whether the consolidated interim management report has been prepared in a manner consistent in material respects with the requirements of the WpHG applicable to consolidated interim management reports. An audit review is limited primarily to discussions with bank staff and analytical evaluations, thus precluding the level of certainty possible by means of auditing financial statements. As the scope of our mandate does not include the performance of an audit of the financial statements, we are unable to issue an audit opinion.

On the basis of our audit review, we did not become aware of any circumstances that led us to assume that the consolidated interim financial statements have not been prepared in a manner consistent in material respects with IFRS for interim financial reporting as applicable in the EU, or that the consolidated interim management report has not been prepared in a manner consistent in material respects with the requirements of the WpHG applicable to consolidated interim management reports.

Frankfurt am Main, 10 August 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Eva Handrick	*ppa. Muriel Atton*
Auditor	*Auditor*

Consolidated Statement of Profit or Loss

in '000 EUR	Note	01.01.–30.06.2018	01.01.–30.06.2017
Interest income		135,299	145,124
Interest expenses		41,559	42,513
Net interest income	(5)	**93,740**	**102,611**
Loss allowance	(6)	1,082	3,437
Net interest income after allowances		**92,658**	**99,174**
Fee and commission income		31,447	29,085
Fee and commission expenses		7,427	7,463
Net fee and commission income	(7)	**24,020**	**21,621**
Result from foreign exchange transactions		3,910	5,326
Result from derivative financial instruments (2017: financial instruments at fair value through profit or loss)		-12	-502
Result from investment securities (2017: available-for-sale financial assets)		21	34
Result on derecognition of financial assets measured at amortised cost		89	n/a
Net other operating income		-4,667	-2,339
Operating income		**116,017**	**123,315**
Personnel expenses		38,841	43,727
Administrative expenses		44,657	51,472
Operating expenses		**83,498**	**95,199**
Profit before tax		**32,519**	**28,116**
Income tax expenses		5,848	7,318
Profit of the period from continuing operations		**26,671**	**20,798**
Profit of the period from discontinued operations		0	2,793
Profit of the period		**26,671**	**23,590**
Profit attributable to ProCredit shareholders		25,634	22,699
from continuing operations		*25,634*	*19,928*
from discontinued operations		*0*	*2,771*
Profit attributable to non-controlling interests		1,037	891
from continuing operations		*1,037*	*870*
from discontinued operations		*0*	*22*
Earnings per share* in EUR		0.44	0.42
from continuing operations		*0.44*	*0.37*
from discontinued operations		*0.00*	*0.05*

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

Consolidated Statement of Other Comprehensive Income

in '000 EUR	01.01.–30.06.2018	01.01.–30.06.2017
Profit of the period	**26,671**	**23,590**
Items that are or may be reclassified to profit or loss		
Change in revaluation reserve*	-14	275
Reclassified to profit or loss	*-21*	*-19*
Change in value not recognised in profit or loss	*445*	*294*
Change in loss allowance	*-438*	*n/a*
Change in deferred tax on revaluation reserve*	-52	-30
Change in translation reserve	17,263	-2,482
Change in value not recognised in profit or loss	*17,263*	*-2,482*
Other comprehensive income of the period, net of tax continuing operations	**17,198**	**-2,236**
Other comprehensive income of the period, net of tax discontinued operations	**0**	**-3,540**
Total comprehensive income of the period	**43,868**	**17,814**
Profit attributable to ProCredit shareholders	41,511	17,272
from continuing operations	*41,511*	*17,952*
from discontinued operations	*0*	*-679*
Profit attributable to non-controlling interests	2,357	542
from continuing operations	*2,357*	*610*
from discontinued operations	*0*	*-68*

* *June 2017: revaluation reserve from available-for-sale financial assets*

Consolidated Statement of Financial Position

in '000 EUR	Note	30.06.2018	IFRS 9 01.01.2018	IAS 39 31.12.2017
Assets				
Cash	(8)	127,339	144,343	n/a
Central bank balances	(8, 9)	744,316	788,401	n/a
Cash and cash equivalents		n/a	n/a	1,076,616
Loans and advances to banks	(9)	172,409	195,552	196,243
Investment securities	(9)	264,754	353,568	n/a
Available-for-sale financial assets		n/a	n/a	214,701
Loans and advances to customers	(9)	4,116,064	3,756,776	3,909,911
Allowance for losses on loans and advances to customers		n/a	n/a	-128,527
Derivative financial assets		168	1,074	n/a
Financial assets at fair value through profit or loss		n/a	n/a	1,074
Property, plant and equipment and investment properties		139,530	142,347	142,347
Intangible assets		21,437	21,153	21,153
Current tax assets		5,196	3,541	3,541
Deferred tax assets		5,458	5,513	4,745
Other assets	(9)	67,818	69,531	57,574
Total assets		**5,664,488**	**5,481,799**	**5,499,378**
Liabilities				
Liabilities to banks		198,776	359,477	359,477
Liabilities to customers		3,579,585	3,571,237	3,570,932
Liabilities to international financial institutions		754,986	549,598	549,598
Derivative financial liabilities		1,367	174	n/a
Financial liabilities at fair value through profit or loss		n/a	n/a	174
Debt securities	(10)	227,585	183,145	183,145
Other liabilities		19,623	19,996	19,996
Provisions		15,138	15,254	13,976
Current tax liabilities		1,790	1,718	1,718
Deferred tax liabilities		430	572	1,040
Subordinated debt		141,262	140,788	140,788
Total liabilities		**4,940,542**	**4,841,961**	**4,840,845**
Equity				
Subscribed capital		294,492	267,720	267,720
Capital reserve		146,784	115,253	115,253
Retained earnings*		339,569	330,830	351,290
Translation reserve		-68,259	-84,007	-84,007
Revaluation reserve		3,281	3,151	934
Equity attributable to ProCredit shareholders		**715,867**	**632,948**	**651,190**
Non-controlling interests		8,079	6,891	7,343
Total equity		**723,946**	**639,839**	**658,533**
Total equity and liabilities		**5,664,488**	**5,481,799**	**5,499,378**

* *retained earnings include legal reserve*

Consolidated Statement of Changes in Equity

in '000 EUR	Subscribed capital	Capital reserve	Retained earnings*	Translation reserve	Revaluation reserve	Equity attributable to ProCredit shareholders	Non-controlling interests	Total equity
Balance at January 1, 2018	**267,720**	**115,253**	**351,290**	**-84,007**	**934**	**651,190**	**7,343**	**658,533**
Change on initial application of IFRS 9	0	0	-20,459	0	2,218	-18,242	-452	-18,694
Restated balance at January 1, 2018	**267,720**	**115,253**	**330,830**	**-84,007**	**3,151**	**632,948**	**6,891**	**639,839**
Change in translation reserve				15,747		15,747	1,516	17,263
Revaluation of investment securities					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		-15,903
Capital increase	26,772	31,531				58,303		58,303
Change of ownership interests			-993			-993	-1,169	-2,162
Balance at June 30, 2018	**294,492**	**146,784**	**339,569**	**-68,259**	**3,281**	**715,867**	**8,079**	**723,946**

in '000 EUR	Subscribed capital	Capital reserve	Retained earnings*	Translation reserve	Revaluation reserve	Equity attributable to ProCredit shareholders	Non-controlling interests	Total equity
Balance at January 1, 2017	**267,720**	**115,253**	**325,156**	**-62,112**	**19**	**646,035**	**8,237**	**654,272**
Change in translation reserve				-5,671		-5,671	-351	-6,022
Revaluation of afs securities					245	245	1	245
Other comprehensive income of the period, net of tax				-5,671	245	-5,427	-350	-5,776
Profit of the period			22,699			22,699	891	23,590
Total comprehensive income of the period			22,699	-5,671	245	17,273	542	17,814
Distributed dividends			-20,347			-20,347		-20,347
Change of ownership interests			144			144	-18	126
Balance at June 30, 2017	**267,720**	**115,253**	**327,651**	**-67,783**	**263**	**643,106**	**8,761**	**651,866**

* *retained earnings include legal reserve*

Consolidated Statement of Cash Flows (condensed)

in '000 EUR	01.01.–30.06.2018	01.01.–30.06.2017
Cash and cash equivalents at end of previous year	**951,722**	**979,068**
Cash flow from operating activities	-186,356	-144,804
of which discontinued operations	*0*	*-23,120*
Cash flow from investing activities	-7,382	-8,607
of which discontinued operations	*0*	*3,805*
Cash flow from financing activities	41,612	-57,022
of which discontinued operations	*0*	*-17,569*
Effects of exchange rate changes	16,605	-6,275
Cash and cash equivalents at end of period	**816,202**	**762,361**

Notes to the Condensed Consolidated Interim Financial Statements

A. Significant accounting principles

(1) Basis of preparation ... 22
(2) Consolidation ... 22
(3) Use of assumptions and estimates ... 22
(4) Measurement basis ... 22

B. Notes to the Consolidated Statement of Profit or Loss

(5) Net interest income ... 23
(6) Loss allowances ... 23
(7) Net fee and commission income ... 23

C. Notes to the Consolidated Statement of Financial Position

(8) Cash and Central Bank balances ... 24
(9) Financial assets and contingent liabilities according to IFRS 9 stage allocation ... 24
(10) Debt securities ... 24
(11) Fair value of financial instruments ... 25

D. Additional Notes

(12) Segment reporting ... 26
(13) Contingent liabilities and commitments ... 28
(14) First application of IFRS 9 “Financial instruments” ... 29
(15) Related-party transactions ... 31
(16) Acquisition of minority interests ... 31

Address and general information ... 32
Responsibility of the legal representatives ... 33

A. Significant accounting principles

(1) Basis of preparation

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 for the six months ended 30 June 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting". Since 1 January 2018 the group has applied IFRS 9 "Financial instruments", IFRS 15 "Revenue from Contracts with Customers", IFRIC 22 "Foreign Currency Transactions and Advance Consideration" and amendmends to IAS 40 "Investment Properties". Based on the application of IFRS 9, there were changes to the recognition and measurement principles of the group (refer to note 14). 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 2017 financial year. Moreover, the German Accounting Standards were taken into account insofar as these were not contrary to IFRS. Disclosures with regard to the nature and extent of risks arising from financial instruments have been presented in the risk report of the interim management report. The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the 2017 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 (€, %, etc.).

(2) Consolidation

There were no changes in the group composition during the period as compared to the Consolidated Financial Statements as of 31 December 2017. Refer to Note 49 in the 2017 management report for an overview of the significant subsidiaries which have been included in the scope of consolidation.

(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 in the interim period are accrued using the local tax rates that would be applicable to expected total annual earnings. The estimated average annual income tax rate used for the year 2018 is 12.9% (the income tax rate for the six months ended 30 June 2018 was 17.9%; 30 June 2017 10.8%).

(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 recognised in the statement of financial position subsequently either at (amortised) cost or fair value. 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 fair value hierarchy, with a three-level categorisation of the inputs used in valuation techniques to measure fair value:

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.

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.

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.-30.06.2018	01.01.-30.06.2017
Interest income from		
Loans and advances to banks	784	1,405
Investment securities	4,381	n/a
Available-for-sale assets	n/a	544
Loans and advances to customers	128,343	137,051
Unwinding	957	2,663
Prepayment penalty	157	212
Other interest income*	676	3,249
Interest income	**135,299**	**145,124**
Interest expenses on		
Liabilities to banks	2,006	4,920
Liabilities to customers	19,718	21,936
Liabilities to international financial institutions	12,808	7,952
Debt securities	2,504	3,042
Subordinated debt	4,151	4,663
Other interest expenses*	373	0
Interest expenses	**41,559**	**42,513**
Net interest income	**93,740**	**102,611**

* *in 2018 interest income and expenses from derivatives are shown in this position (until June 2017 shown as "Net result from financial instruments at fair value through profit or loss")*

(6) Loss allowances

in '000 EUR	01.01.-30.06.2018	01.01.-30.06.2017
Increase of impairment charge	74,636	58,993
Release of impairment charge	-69,106	-45,721
Recovery of written-off loans	-6,056	-10,114
Direct write-offs	1,608	279
Loss allowance	**1,082**	**3,437**

(7) Net fee and commission income

in '000 EUR	01.01.-30.06.2018	01.01.-30.06.2017
Fee and commission income from		
Payment services	10,690	10,962
Debit/credit cards	5,039	6,021
Account maintenance fee	11,363	7,407
Letters of credit and guarantees	2,194	2,173
Other fee and commission income	2,160	2,523
Fee and commission income	**31,447**	**29,085**
Fee and commission expenses on		
Payment services	1,698	1,777
Debit/credit cards	4,049	3,962
Account maintenance fee	1,034	1,038
Letters of credit and guarantees	381	283
Other fee and commission expenses	266	404
Fee and commission expenses	**7,427**	**7,463**
Net fee and commission income	**24,020**	**21,621**

C. Notes to the Consolidated Statement of Financial Position

(8) Cash and Central Bank balances

in '000 EUR	30.06.2018	31.12.2017
Cash in hand	127,339	144,343
Balances at central banks	745,638	789,814
Money market instruments	n/a	142,459
Loss allowances for cash and central bank balances	**-1,323**	**n/a**
Cash and central bank balances	**871,655**	**1,076,616**
Loss allowances for cash and central bank balances	1,323	n/a
Loans and advances to banks with a maturity up to 3 months	166,577	183,241
Investment securities with a maturity up to 3 months	135,180	n/a
Minimum reserve, which does not qualify as cash for the statement of cash flows	-358,533	-308,135
Cash and central bank balances for the statement of cash flows	**816,202**	**951,722**

(9) Financial assets and contingent liabilities according to IFRS 9 stage allocation

In the following overview, the financial instruments recognised in the statement of financial position are presented according to IFRS 9 stage allocation.

	30.06.2018					IFRS 9 01.01.2018
in '000 EUR	Stage 1	Stage 2	Stage 3	POCI	Total	Total
Central bank balances						
Gross outstanding amount	745,638	0	0	0	**745,638**	**789,814**
Loss allowances	-1,323	0	0	0	**-1,323**	-1,414
Carrying amount	744,316	0	0	0	**744,316**	**788,401**
Loans and advances to banks						
Gross outstanding amount	173,050	0	0	0	**173,050**	**196,243**
Loss allowances	-641	0	0	0	**-641**	-691
Carrying amount	172,409	0	0	0	**172,409**	**195,552**
Investment securities						
Gross outstanding amount	264,754	0	0	0	**264,754**	**355,786**
Loss allowances	-1,970	0	0	0	**-1,970**	-2,218
Carrying amount	262,784	0	0	0	**262,784**	**353,568**
Loans and advances to customers						
Gross outstanding amount	3,984,070	116,226	156,762	2,693	**4,259,751**	**3,912,572**
Loss allowances	-36,851	-16,946	-89,741	-149	**-143,688**	-155,795
Carrying amount	3,947,220	99,279	67,021	2,544	**4,116,064**	**3,756,776**
Other assets (Financial Instruments)						
Gross outstanding amount	42,997	0	0	0	**42,997**	**43,779**
Loss allowances	-1,018	0	0	0	**-1,018**	-1,169
Carrying amount	41,979	0	0	0	**41,979**	**42,610**
Contingent liabilities and commitments						
Loss allowances	-2,282	0	0	0	**-2,282**	**-2,445**

(10) Debt securities

In the first half of 2018, new debt securities totalling EUR 97,000 thousand were issued (12.2017: EUR 30,500 thousand) and debt securities totalling EUR 52,982 thousand were repaid (12.2017: EUR 2,536 thousand).

(11) Fair value of financial instruments

in '000 EUR 30.06.2018	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets						
Cash	FV	127,339	127,339	127,339	0	0
Central bank balances	AC	744,316	744,316	0	744,316	0
Loans and advances to banks	AC	172,409	172,409	0	172,409	0
Investment securities	FVOCI	264,754	264,754	100,010	164,744	0
Loans and advances to customers	AC	4,116,064	4,136,800	0	0	4,136,800
Derivative financial assets	FV	168	168	0	168	0
Other assets (Shares)	FV	4,060	4,060	0	2,071	1,990
Other assets (Other financial instruments)	AC	38,937	38,937	0	38,937	0
Total		**5,468,047**	**5,488,783**	**227,349**	**1,122,644**	**4,138,789**
Financial liabilities						
Liabilities to banks	AC	198,776	197,979	0	76,842	121,137
Liabilities to customers	AC	3,579,585	3,584,563	0	2,450,521	1,134,043
Liabilities to international financial institutions	AC	754,986	749,940	0	51,240	698,700
Derivative financial liabilities	FV	1,367	1,367	0	1,367	0
Debt securities	AC	227,585	232,258	6,474	0	225,784
Subordinated debt	AC	141,262	148,186	0	0	148,186
Total		**4,903,561**	**4,914,293**	**6,474**	**2,579,969**	**2,327,850**

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

in '000 EUR 31.12.2017	Category	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets						
Loans and advances to banks	LaR	196,243	196,243	0	196,243	0
Financial assets at fair value through profit or loss	FV	1,074	1,074	0	1,074	0
Available-for-sale financial assets	AfS	214,701	214,701	122,145	90,675	1,881
Loans and advances to customers	LaR	3,781,384	3,809,552	0	0	3,809,552
Total		**4,193,402**	**4,221,570**	**122,145**	**287,992**	**3,811,434**
Financial liabilities						
Liabilities to banks	AC	359,477	368,636	0	79,572	289,064
Financial liabilities at fair value through profit or loss	FV	174	174	0	174	0
Liabilities to customers	AC	3,570,932	3,574,781	0	2,437,157	1,137,623
Liabilities to international financial institutions	AC	549,598	524,432	0	8,089	516,343
Debt securities	AC	183,145	197,382	8,737	0	188,645
Subordinated debt	AC	140,788	133,225	0	0	133,225
Total		**4,804,115**	**4,798,629**	**8,737**	**2,524,992**	**2,264,900**

Categories: FV - 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. 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.

D. Additional Notes

(12) Segment reporting

in '000 EUR **30.06.2018**	**Total assets excl. taxes**	**Total liabilities excl. taxes**	**Contingent liabilities and commitments**
Germany	1,938,720	1,264,199	20,743
Eastern Europe	1,237,697	1,063,779	104,273
South Eastern Europe	3,866,356	3,385,785	490,236
South America	369,740	312,875	7,928
Consolidation	-1,758,678	-1,088,315	0
Total	**5,653,834**	**4,938,322**	**623,179**

in '000 EUR **31.12.2017**	**Total assets excl. taxes**	**Total liabilities excl. taxes**	**Contingent liabilities and commitments**
Germany	1,854,138	1,214,728	27,921
Eastern Europe	1,107,396	958,765	84,795
South Eastern Europe	3,763,086	3,292,169	519,869
South America	364,510	307,134	8,278
Consolidation	-1,598,038	-934,710	0
Total	**5,491,092**	**4,838,087**	**640,862**

The group aggregates its operating segments per country into reporting segments according to geographical regions. It carries out its business activities in the regions: Germany, Eastern Europe, South Eastern Europe and South America. With the exception of the relationship between the 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.-30.06.2018**	**Germany**	**Eastern Europe**	**South Eastern Europe**	**South America**	**Consoli-dation**	**Group**
Interest income	9,383	50,665	69,920	13,786	-8,455	135,299
of which inter-segment	*8,454*	*66*	*-65*	*-1*		
Interest expenses	10,093	22,882	11,756	5,651	-8,823	41,559
of which inter-segment	*6*	*2,980*	*4,224*	*1,613*		
Net interest income	**-710**	**27,783**	**58,164**	**8,135**	**368**	**93,740**
Loss allowance	81	-193	-18	1,213	0	1,082
Net interest income after allowances	**-791**	**27,977**	**58,182**	**6,922**	**368**	**92,658**
Fee and commission income	5,226	6,300	23,826	692	-4,598	31,447
of which inter-segment	*3,890*	*0*	*708*	*0*		
Fee and commission expenses	895	1,987	7,234	997	-3,685	7,427
of which inter-segment	*23*	*894*	*2,397*	*371*		
Net fee and commission income	**4,331**	**4,313**	**16,592**	**-305**	**-912**	**24,020**
Result from foreign exchange transactions	-965	1,896	2,987	16	-24	3,910
of which inter-segment	*181*	*-157*	*0*	*0*		
Result from derivative financial instruments (2017: financial instruments at fair value through profit or loss)	222	-9	-224	-1	0	-12
Result from investment securities (2017: available-for-sale financial assets)	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	1,037	-15,471	-4,667
of which inter-segment	*14,328*	*1*	*819*	*323*		
Operating income	**18,461**	**33,746**	**72,181**	**7,669**	**-16,040**	**116,017**
Personnel expenses	11,814	5,092	18,406	3,529	0	38,841
Administrative expenses	13,569	9,264	30,995	6,770	-15,940	44,657
of which inter-segment	*2,601*	*2,997*	*8,390*	*1,953*		
Operating expenses	**25,383**	**14,355**	**49,401**	**10,299**	**-15,940**	**83,498**
Profit before tax	**-6,922**	**19,390**	**22,780**	**-2,630**	**-100**	**32,519**
Income tax expenses	46	3,457	2,198	147		5,848
Profit of the period	**-6,968**	**15,933**	**20,582**	**-2,777**	**-100**	**26,671**
Profit attributable to ProCredit shareholders						*25,634*
Profit attributable to non-controlling interests						*1,037*

in '000 EUR **01.01.-30.06.2017**	**Germany**	**Eastern Europe**	**South Eastern Europe**	**South America**	**Consoli-dation**	**Group**
Interest income	9,280	49,422	77,370	17,668	-8,617	145,124
of which inter-segment	*8,383*	*169*	*65*	*-1*		
Interest expenses	10,720	21,844	10,568	7,146	-7,765	42,513
of which inter-segment	*263*	*2,585*	*3,381*	*1,536*		
Net interest income	**-1,440**	**27,579**	**66,802**	**10,522**	**-852**	**102,611**
Loss allowance	72	6,429	-1,737	-1,327	0	3,437
Net interest income after allowances	**-1,511**	**21,150**	**68,539**	**11,849**	**-852**	**99,174**
Fee and commission income	4,691	6,207	21,882	854	-4,549	29,085
of which inter-segment	*3,879*	*0*	*670*	*0*		
Fee and commission expenses	941	1,942	7,228	835	-3,483	7,463
of which inter-segment	*18*	*726*	*2,459*	*280*		
Net fee and commission income	**3,750**	**4,265**	**14,653**	**19**	**-1,066**	**21,621**
Result from foreign exchange transactions	-410	2,503	3,236	35	-39	5,326
of which inter-segment	*39*	*0*	*0*	*0*		
Result from financial instruments at fair value through profit or loss	-591	-275	372	-7	0	-502
Result from available-for-sale financial assets	54	3	-27	4	0	34
Result on derecognition of financial assets measured at amortised cost	n/a	n/a	n/a	n/a	n/a	n/a
Net other operating income	58,146	-834	-4,054	423	-56,020	-2,339
of which inter-segment	*55,391*	*0*	*307*	*322*		
Operating income	**59,439**	**26,811**	**82,719**	**12,323**	**-57,977**	**123,315**
Personnel expenses	11,555	5,657	20,894	5,622	0	43,727
Administrative expenses	13,438	10,521	32,561	8,010	-13,059	51,472
of which inter-segment	*2,193*	*2,361*	*6,909*	*1,595*		
Operating expenses	**24,993**	**16,177**	**53,455**	**13,632**	**-13,059**	**95,199**
Profit before tax	**34,445**	**10,634**	**29,264**	**-1,308**	**-44,918**	**28,116**
Income tax expenses	1,462	1,956	3,421	480		7,318
Profit of the period from continuing operations	**32,983**	**8,679**	**25,842**	**-1,788**	**-44,918**	**20,798**
Profit of the period from discontinued operations*						2,793
Profit of the period	**32,983**	**8,679**	**25,842**	**-1,788**	**-44,918**	**23,590**
Profit attributable to ProCredit shareholders						*22,699*
Profit attributable to non-controlling interests						*891*

* *Banco ProCredit El Salvador and Banco ProCredit Nicaragua are shown as discontinued operations.*

(13) Contingent liabilities and commitments

in '000 EUR	**30.06.2018**	**31.12.2017**
Credit commitments (revocable)	415,728	429,330
Guarantees	184,666	183,487
Credit commitments (irrevocable)	14,621	18,862
Letters of credit	8,164	9,183
Total	**623,179**	**640,862**

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.

(14) First application of IFRS 9 "Financial instruments"

(a) Classification and assessment

The ProCredit group classifies its financial assets both according to their underlying business model and also their contractual cashflows.

Differentiation is made between the following business models: "hold to collect", "hold to collect and sell" and "other". Financial assets are assigned to the "hold to collect" business model if their objective is to collect contractual cash flows exclusively through interest and principal payments in the sense of IFRS 9 (SPPI conform). The balance sheet items allocated to this business model are: "Central bank reserves", "Loans and advances to banks", "Loans and advances to customers" and "Other assets". "Investment securities" are allocated to the "hold to collect and sell" business model; these financial assets are generally held in order to collect contractual cashflows but can also be sold as needed. In the business model „hold to collect and sell" is allocated a small amount of shares, which is included in the item „Other assets". "Cash" and "Derivative financial assets" are allocated to the "other" business model.

In general, initial recognition of all financial instruments is carried out at fair value. Subsequent recognition of financial assets is performed on the basis of the business model and fulfilment of the SPPI criterion.

- For financial assets allocated to the "held-to-collect" business model, subsequent recognition is carried out at amortised cost (AC).
- For financial assets allocated to the "held-to-collect and sell" business model, subsequent recognition is carried out at fair value with certain changes in fair value reported in other comprehensive income (FVOCI).
- For financial assets allocated to the "other" business model, subsequent recognition is carried out at fair value (FV).

Subsequent recognition of financial liabilities is generally performed at amortised cost. Only derivative financial liabilities are recognised at fair value.

(b) Impairment

By applying IFRS 9, the Incurred-Loss Model from IAS 39 is replaced by the Expected-Loss Model. Upon initial recognition of all financial assets at AC or FVOCI, and for off-balance-sheet items, loss allowances are established in an amount equivalent to the expected loss.. Expected credit losses are recorded in an approach with the following stages:

Stage 1: Initial recognition of each financial assets is generally carried out with Stage 1 classification. Insofar as there is no significant increase in the risk of default, loss allowances are established in an amount equivalent to the expected credit losses during the first 12 months following the balance sheet date.

Stage 2: If default risk increases significantly, loss allowances are established in an amount equivalent to the expected credit losses over the entire remaining maturity.

Stage 3: Upon default of financial assets, loss allowances are likewise established in an amount equivalent to the expected credit losses over the entire remaining maturity. For significant exposures, risk provisioning is determined on the basis of recoverable cash flows. For insignificant exposures, the determination is made on the basis of portfolio-based parameters. Recognition of interest income is carried out at net book value (less loss allowances). Stage 3 recognition also applies to financial assets which are already impaired at initial recognition in the balance sheet (POCI). At the time of acquisition, recognition is carried out at fair value and thus without loss allowances. Regardless of their default risk, POCI assets remain in Stage 3 until disposal.

The transition to IFRS 9 increases loss allowances and results in a reduction in the CET1 capital ratio by 0.48 p.p. The hedge accounting requirements have not affected the consolidated financial statements, as the group does not apply hedge accounting.

(c) Presentation of reconciliation

The following tables present the reconciliation of financial assets, liabilities and equity of IAS 39 book values with IFRS 9 book values.

in '000 EUR	IAS 39 carrying amont 31.12.2017	Reclassi-fications	Remeasure-ments	IFRS 9 carrying amount 01.01.2018
Cash and cash equivalents (IAS 39)	**1,076,616**			
Reclassification to investment securities (IFRS 9)		-142,459		
Remeasurement: ECL allowance			-1,414	
Central bank balances (IFRS 9)				**788,401**
Cash (IFRS 9)				**144,343**
Loans and advances to banks (IAS 39)	**196,243**			
Remeasurement: ECL allowance			-691	
Loans and advances to banks (IFRS 9)				**195,552**
Financial assets at fair value through profit or loss (IAS 39)	**1,074**			
Derivative financial assets (IFRS 9)				**1,074**
Available-for-sale financial assets				
Opening balance under IAS 39	214,701			
Reclassification to Investment securities (IFRS 9)		-211,109		
Reclassification to Other assets (IFRS 9)		-3,592		
Closing balance under IFRS 9				n/a
Investment securities				
Opening balance under IAS 39	n/a			
Reclassification from available for sale financial assets (IAS 39)		211,109		
Reclassification from Cash and cash equivalents (IAS 39)		142,459		
Closing balance under IFRS 9				**353,568**
Loans and advances to customers (IAS 39)	**3,909,911**			
Reclassification from Allowance for losses on loans and advances (IAS 39)		-128,527		
Reclassification to Other assets (IFRS 9)		-8,716		
Remeasurement: Loans and advances to customers (POCI)			-1,616	
Remeasurement: ECL allowance (net)			-14,276	
Loans and advances to customers (net incl. LLP IFRS 9)				**3,756,776**
Allowance for losses on loans and advances				
Opening balance under IAS 39	-128,527			
Reclassification to Loans and advances to customers (ECL allowance)		128,527		
Closing balance under IFRS 9				n/a
Deferred tax assets (IAS 39)	**4,745**			
Remeasurement			*768*	
Deferred tax assets (IFRS 9)				**5,513**
Other assets (IAS 39)	**57,574**			
Reclassification from available for sale (shares) (IAS 39)		*3,592*		
Reclassification & Remeasurement from Loans and advances to customers (IAS 39)		*8,716*		
Reclassification from Liabilities to customers (IAS 39)		*305*		
Reclassification & Remeasurement: ECL allowance (net)		*-34*	*-622*	
Other assets (IFRS 9)				**69,531**
Total financial assets	**5,332,337**	**271**	**-17.850**	**5,314,758**

continued on next page

in '000 EUR	IAS 39 carrying amont 31.12.2017	Reclassi-fications	Remeasu-rements	IFRS 9 carrying amount 01.01.2018
Liabilities				
Liabilities to customers (IAS 39)	**3,570,932**			
Reclassification to Other assets		305		
Liabilities to customers (IFRS 9)				**3,571,237**
Provisions (IAS 39)	**13,976**			
Reclassification & Remeasurement		-34	1,312	
Provisions (IFRS 9)				**15,254**
Deferred tax liabilities (IAS 39)	**1,040**			
Remeasurement			-468	
Deferred tax liabilities (IFRS 9)				**572**
Equity				
Translation reserve (IAS 39)	**-84,007**			
Translation reserve (IFRS 9)				**-84,007**
Revaluation reserve (IAS 39)	**934**			
Remeasurement: ECL allowance			2,218	
Revaluation reserve (IFRS 9)				**3,151**
Non-controlling interests (IAS 39)	**7,343**			
Remeasurement			-452	
Non-controlling interests (IFRS 9)				**6,891**
Total changed equity and financial liabilities	**3,510,219**	**271**	**2,609**	**3,513,099**

The following table shows the reconciliation of loss allowances:

in '000 EUR	IAS 39 loss allowance 31.12.2017	Remeasure-ment: ECL allowance	IFRS 9 loss allowance 01.01.2018	Stage 1	Stage 2	Stage 3	POCI
Loss allowance for central banks	**n/a**	-1,414	**-1,414**	-1,414	0	0	0
Loss allowance for loans to banks	**n/a**	-691	**-691**	-691	0	0	0
Loss allowance for investment securities	**n/a**	-2,218	**-2,218**	-2,218	0	0	0
Loss allowance for loans to customers	**-128,527**	-27,269	**-155,795**	-34,238	-17,045	-104,513	0
Loss allowance for other assets (Financial Instruments)	**n/a**	-1,169	**-1,169**	-1,169	0	0	0
Loss allowance for contingent liabilities	**-1,133**	-1,312	**-2,445**	-2,445	0	0	0

(15) Related-party transactions

No significant transactions were carried out with related parties during the first half of 2018. 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 385,000 (6.2017: EUR 352,000).

(16) Acquisition of minority interests

In April 2018, ProCredit Holding acquired 17.9% of the issued capital of ProCredit Bank Moldova, thus bringing its total shareholding in the bank to 100%. The transaction involves the exercise of a put option over 14.1% of the shares. The effect from the acquisition of minority interests is presented in the following table:

in '000 EUR	Moldova
Carrying amount of non-controlling interests acquired	4,367
Consideration paid to non-controlling interests	4,229
Excess of consideration paid	**138**

Address and general information

ProCredit Holding AG & Co. KGaA is a partnership limited by shares based in Frankfurt am Main, 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, 03 August 2018

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

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 consolidated interim 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, 03 August 2018

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

Management Board

Borislav Kostadinov	Sandrine Massiani	Dr Gabriel Schor

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