Quipu
Part of the ProCredit Group

2013 Annual Report

1. Basis of the company

1.1 Business model

Quipu GmbH is a software company based in Germany which provides IT services for financial institutions in 23 countries and maintains a processing centre for the online processing of financial transactions. The company was set up in 2004, emerging out of the IT department of Internationale Projekt Consult GmbH (hereinafter "IPC"). It specialises in the development and implementation of software for financial institutions, and the maintenance of hardware and software. The company's main clients are ProCredit Holding AG & Co. KGaA (hereinafter "ProCredit Holding") and its subsidiaries, the majority of which are banks. The priorities for the company's software development and implementation activities are defined by Quipu and ProCredit Holding together in quarterly meetings of a joint IT Steering Committee.

The company's main office is the training and development centre in *Frankfurt/Main*. In addition, Quipu maintains regional offices in *Accra, Ghana* for support of the projects and banks in Africa, in *Moscow, Russia* and in *Kiev, Ukraine* for the Russian-speaking market and in *Skopje, Macedonia* for the Eastern European countries. Quipu subsidiaries in *San Salvador, El Salvador* and *Bogota, Colombia* support the banks in Latin America. In addition, a subsidiary in *Prishtina, Kosovo* offers personalisation services for the bank cards and credit cards issued by the banks.

Due to its key role within the ProCredit group as the developer of the company-wide software infrastructure, Quipu became a wholly-owned subsidiary of ProCredit Holding AG & Co. KGaA in January 2011.

As in the previous financial year, the company's activities fall into three main areas:

1) The System Administration division supports ProCredit Holding and all projects of IPC and the ProCredit group in the planning, installation and expansion of their technological infrastructure, including communication systems.
2) The Processing Centre offers the banks connected to it a complete service package for their card operations. The services offered include personalisation and authorisation of bank cards and credit cards in POS terminals and ATMs as well as the daily exchange of data.
3) The Software Development division is the company's core division. The proprietary banking software developed by Quipu efficiently supports all key operational aspects of banks serving the target group of small and medium-sized enterprises.

The System Administration division, as well as providing day-to-day support for IPC and ProCredit Holding, including ProCredit Academy GmbH in Fürth, Germany and ProCredit Bank AG, Frankfurt, which was founded 2012, conducted a total of 9 training courses for the banks of the ProCredit group.

1.2 Research and development

Quipu currently develops its products exclusively for the ProCredit group of banks. At the core of the *Quipu Banking Software Suite* are the two modules *CustomWare* and *BankWare*. While *CustomWare* reflects the operational structures of the bank in order to support the procedures of the daily banking business in an efficient and decentralised manner at the branch offices and to capture and/or process data on all business transactions, *BankWare* is used to maintain centralised accounting records of the transactions and supply this data to the head office for further processing. Money market deals and treasury functions are carried out using the add-on module *DealWare*, business intelligence functions are performed with the extension module *InfoWare* and with a CRM module customised for the group based on the Microsoft Dynamics® framework.

Different features of the software are required for different countries, taking account of the technical infrastructure, the local requirements and the historical development of the bank's business. The focal points of the development work to be carried out on the individual products are determined by ProCredit Holding and defined in detail in the annual Group IT Strategy.

The research and development costs in the past financial year totalled EUR 1,687k (2012: EUR 1,675k), and can be broken down as follows: *CustomWare* EUR 242k (2012: EUR 295k), *DealWare* EUR 309k (2012: EUR 273k), *InfoWare* EUR 154k (2012: EUR 123k), *BankWare* EUR 246k (2012: EUR 221k) and *Internet-Banking/CRM* EUR 735k (2012: EUR 764k). In the past financial year, EUR 231k (2012: EUR 284k) of this total was attributable to services provided by freelance experts.

2. Report on the economic position

In the following it is not necessary to report on the development in individual segments because Quipu is integrated into the ProCredit group, and the "market" is mainly confined to the needs of the ProCredit companies.

The influence of overall economic developments on Quipu is thus depends largely on the development of the ProCredit companies and their economic environment.

2.1 Course of business

2.1.1 Implementation of new product versions

The Quipu software was once again updated in numerous banks and expanded with new product developments by the Software Development and Support division so as to keep pace with market trends and legal requirements in the areas of tax, reporting or data protection. The implementation of the newly developed software for the support of banking activities primarily in the branches (*CustomWare.NET*) was completed as planned at three additional ProCredit banks, in Ghana, Bosnia and Herzegovina, and El Salvador, and the process was begun in Congo, Ecuador, Nicaragua and Serbia. When these banks also begin production use, 19 of the 22 ProCredit banks supported by Quipu will have the software. The software modules provided by Quipu for the areas Reporting (InfoWare) and Treasury (DealWare) were successfully implemented in individual banks during the financial year and generally underwent further development in accordance with the requirements established by ProCredit Holding. Once again this year, one area of focus was the further development of the Core Banking System (CustomWare, BankWare) in order to comply with the regulatory reporting requirements in line with the introduction of Basel III and the standardisation of reporting across the EU. An additional focus of the software development activities was once again the continued development of the CRM (Customer Relationship Management) software and the continued development of e-banking software for the ProCredit group.

2.1.2 Processing Centre

The Processing Centre continues to serve 21 clients. One new client, GPC Antigua, was added to the client base. This company is a service provider, and we are offering gateway services to the VISA and MasterCard networks for its clients. Thus, the number of affiliated ProCredit institutions remains at six
in Latin America, three in Africa and nine in Eastern Europe. In addition, three banks that do not belong to the ProCredit group are served as clients. Thanks to the establishment of a new department,

"Business Development", we expect to be able to acquire significantly more new clients in the current financial year, and that this positive trend will continue in the years to come.

The Processing Centre is regularly assessed according to PCI DSS[1] as required by VISA and MasterCard. Since August 2010, the Processing Centre has been certified by the German management systems certification body (Deutsche Gesellschaft zur Zertifizierung von Managementsystemen - DQS) according to ISO 20000 for Service Management of Service Centres. In the past year, for the first time, the Processing Centre was additionally certified according to ISO 9001 after successful completion of the certification process.

2.1.3 Staff development

The growth of the company's business is reflected in the development of staffing levels as well. At the point at which it was founded, Quipu took over 27 employees from IPC. By the end of 2013, the number of employees had increased to 166 (previous year: 146). In addition, numerous retainer contracts were concluded with freelancers

[1] **P**ayment **C**ard **I**ndustry **D**ata **S**ecurity **S**tandard

working in the regional offices. Thus, by the end of 2013, Quipu had a combined total staff of 182 (previous year: 161) including both staff members and freelancers.

In the current financial year we intend to limit the increase in the number of staff to 10% and to focus on integrating existing employees and raising their efficiency levels.

2.2 Situation

2.2.1 Earnings situation

Sales revenues increased significantly in 2013. Thanks to a comparatively smaller increase in costs, the operating profit was significantly higher than in the previous year. Overall, the increases in sales revenues and costs were in line with the projections of the Business Plan. Thus, the year 2013 fully met the expectations of the Management.

The following financial performance indicators are used internally for management purposes:

- *Sales revenues*
- *Profit for the year after tax*
- *Return on equity*
- *Equity ratio*
- *Asset tangibility*

As is shown by the following table, the operating result achieved in the financial year 2013 represents a continuation of the company's positive economic development in terms of revenues:

Year	*Sales revenue* in EUR	*Profit for the year after taxes*, in EUR
2010	9,887,804.00	337,547.00
2011	10,882,942.00	404,223.00
2012	12,888,843.00	335,211.00
2013	14,847,658.00	405,910.00

Sales revenues increased significantly in 2013, by 15.2% or EUR 1,959k (2012: 18.4%). Thus the "further growth in revenue" forecast in the previous year's Management Report actually materialised. The main reason for this was the consistent invoicing of implementation costs for the installation of new software in the ProCredit group. For the current financial year we expect a slightly smaller increase in sales revenues, by 13.1% to EUR 16,800k.

Only a small portion of the sales – EUR 75k – was invoiced in USD during the past financial year, the remainder in EUR. In the current financial year the share of USD invoicing will increase significantly because the ProCredit banks can choose to receive their invoices either in EUR or in USD.

General administrative expenses increased in comparison to the previous year by 11.3%, or EUR 1,472k. The largest increase, in the amount of EUR 990k, was recorded in the area of personnel expenses. This amount includes employer's contributions to the BVV pension insurance scheme, introduced in 2011, amounting to EUR 57k (2012: EUR 58k). Other expense positions increased in proportion to the increase in staff numbers. For the current financial year we plan for a 13.0% increase in personnel expenses, from EUR 9,470k to EUR 10,700k. This amount includes, in addition to the personnel expenses reported in the annual financial statements, expenses for freelance experts, training, company events and personnel search, as well as personnel expenses incurred by the Kosovo subsidiary relating to customer support (CSS) and network administration (NOC), and by ProCredit Holding for the Quipu Managing Director, Dr Felice.

The *profit for the year after tax* amounting to EUR 405,910 (2012: EUR 335,211) translates into a *return on equity* of 18.5% (previous year: 15.3%) and is transferred in accordance with the profit and loss transfer agreement concluded with ProCredit Holding. Whereas the previous year's Management Report predicted that the "profit for the year would remain stable", in fact a significantly higher profit for the year was earned in the past financial year. The *equity ratio* of 60.9% (previous year: 67.5%) thus remains more than twice as high as the industry average.[2]

2.2.2 Financial situation

Subscribed capital remained unchanged at EUR 1,000k. Revenue reserves of EUR 1,191k again remained unused in the past financial year.

The EUR 250k credit line granted by Frankfurter Sparkasse did not have to be drawn at any time during the past financial year.

The company's liquidity situation was at all times appropriate to meet its payment obligations.

2.2.3 Assets situation

Additional investments in the Processing Centre for a further extension to the DRC (Disaster Recovery Centre) and a capital increase in the subsidiary Quipu El Salvador led to a significant increase in *fixed assets* to EUR 1,657,049 (2012: EUR 1,336,502) and thus to an increase in *asset tangibility* to 46.1% (2012: 41.2%).

Under current assets, the company was able to reduce receivables and other assets to EUR 168,379 (2012: EUR 465,251). This raised the balance sheet position "Cash in hand, balances at German central bank, balances at banks and cheques" to EUR 1,480,968 (2012: EUR 1,210,233).

The net assets, financial position and results of operations were in order at all times during the year under review.

In the course of business, the planned implementation of new product versions in the banks and the planned service offer were carried out as scheduled. Thanks to ongoing re-certifications according to various standards, the processes in the Processing Centre were improved further, and again functioned smoothly in the past financial year. The 13% growth in staff compared to the previous year again posed a challenge in the past financial year in terms of the need to integrate the new employees. In the current financial year growth is to be limited to 10%, and effectivity is to be increased. Overall, the situation of the company can still be assessed as favourable.

3. Significant post-balance sheet events

After the balance sheet date it was decided that the two business units in Frankfurt, Am Eisernen Schlag 31 and Grosse Seestrasse 43, would be brought together in a single location. This means that fixed asset items will have to be written off immediately in 2014, whereas they would originally have been written off over the projected term of the existing leasehold agreements; it also means non-recurring costs for necessary decommissioning measures estimated at EUR 200k.

4. Report on expected developments and on opportunities and risks

4.1 Report on expected developments

For the 2014 financial year, the Management expects further growth in revenue but a significantly smaller increase in profit for the year. In 2014 we are aiming for a 12-14% increase in revenues, whereas according to the Business Plan the increase in operating costs compared to the previous year's planned figures was originally projected to be kept down to 9.9% (or EUR 423k).

[2]Source: http://www.marktundmittelstand.de/nachrichten/finanzierung/eigenkapitalquote-im-mittelstand-steigt-weiter/

Given the higher depreciation and investment costs resulting from the recent decision to amalgamate the company's two sites, we now expect operating costs to be higher, but the precise amount has yet to be determined. This may impact on the planned profit for the year after tax. In this case, if the company would otherwise post a loss, distribution of dividends by the Kosovo subsidiary or offsetting against the existing revenue reserves are conceivable options for financing the one-off costs.

We expect the equity ratio to remain at a similar level to that of the past year, at 55-65%. Despite the planned write-offs, the asset tangibility is expected to remain at the same high level due to planned new investments in a new Data Centre. Because of the unscheduled one-off costs in 2014, we expect the return on equity to drop sharply to below 12%, and thus a significantly smaller profit for the year than in the past financial year. Indeed, the possibility of a negative return on equity in the case of a loss cannot be ruled out for the current financial year.

The group-wide standardisation of IT infrastructure on the basis of software products developed by Quipu, and the further outsourcing of IT services to Quipu, offer significant scope for the generation of additional revenue.

In the current year, implementation of the new front office application *CustomWare.NET*, the treasury application *DealWare*, and the CRM application in the banks will continue. The company expects this to

continue generating high demand for Quipu's services. In addition, as the software infrastructure is consolidated across the ProCredit group, further subsidiaries will be adopting the company's software products as from 2014. The company sees additional potential for generating revenues in consistently charging for the services requested, in particular for the on-site implementation of new software versions at the banks, and in the localisation of the standard products.

In the Processing Centre, following the provision of new functionalities in 2013, such as the integration of PayBox services, we expect additional revenues in this area of business in 2014. In addition, the company expects increased capacity utilisation of the Processing Centre's infrastructure both by ProCredit banks and by banks outside the ProCredit group. There are concrete plans to connect three new customers in 2014.

The biggest challenges in the area of software development lie in the parallel implementation of the newly developed branch customer service software in five banks (the ProCredit banks in Congo, Serbia, Ecuador, Nicaragua and Romania) and in the implementation of the enhanced treasury software. In addition to the ongoing enhancement of the existing software products, the focus will be on the development of a new business client module (Customer Relationship Management on the basis of Microsoft Dynamics), the expansion of the e-banking application, the implementation of extensive local requirements at ProCredit Bank Germany, and the provision of continued support to ProCredit Holding with regard to the implementation of uniform *Group IT Infrastructure Standards* at all of the ProCredit banks.

Given the sustainably favourable forecast for the ProCredit group for the current financial year, demand for Quipu's services can be expected to remain constant.

4.2. Report on opportunities and risks

Due to the company's connection to the ProCredit group, its business risks are directly linked to the development of the group. At the same time, this close connection also leads to substantial planning reliability.

At present Quipu is exposed to the following types of risks:

- foreign currency risk
- default risk
- liquidity risk
- market price risks
- operational risks
- sales revenue risks

In cases where these risks are also associated with opportunities, those opportunities are discussed in the respective section.
Quipu uses an *IT Risk Management System* for the Processing Centre. For the current financial year the company plans to broaden the focus and also apply ProCredit Holding's *Group Risk Policy* to Quipu.

4.2.1 Foreign currency risk

Foreign currency risks result from the need to purchase US dollars every month, at a total volume of about USD 3 million per year, which are used to cover the ongoing monthly operating costs of the Quipu offices in Latin America and Africa. Up to now, no active risk management for open currency positions in the form of hedging has been considered necessary. To limit foreign currency risks, in connection with the changeover to the new pricing model, the contracts for the current financial year offer the banks a choice of being invoiced in USD or in EUR for the annual fees due for the use of the software.

This creates an opportunity insofar as Quipu may have to acquire significantly less US currency for its own use in 2014 than in the previous year. At the same time, it reduces the foreign currency risk incurred by the ProCredit banks that switch to USD invoicing, as they will have to buy lower volumes of euros in order to settle their Quipu invoices.

The occurrence of this risk is assessed to have low impact on the financial situation.

4.2.2 Default risk

Default risks in connection with the invoices issued for services rendered are very transparent and can be ruled out almost entirely, since the bulk of the company's clients come from within the ProCredit group.

The occurrence of this risk is assessed to have high impact on the financial situation.

4.2.3 Liquidity risk

Liquidity risk is managed through contracts for the performance of project-related work designed in such a way as to ensure that sufficient liquidity will be available in the form of interim payment instalments received when items of work are completed or at certain predefined intervals. Turnover through the Processing Centre is invoiced on a monthly basis for the previous month. This allows for reliable planning and ensures a regular flow of liquidity.

The changeover to the new pricing system made it possible for the contracts to be designed in such a way that the annual rental charge for the use of the software is payable in advance at the start of the year, unless the bank explicitly requests a different payment schedule.

The occurrence of this risk is assessed to have low impact on the financial situation.

4.2.4 Market price risks

Price risk is minimised by means of flexible contracts. The prices specified in the new contracts for the use of the software were set on the principle that, based on the current business planning assumptions, the prices can remain unchanged for the coming 3 years. In addition, the company can adjust the existing licence agreements annually to reflect any possible cost increases.

This now makes it possible to plan for software development in the medium term, as the prospective income can already be calculated today. The occurrence of this risk is assessed to have low impact on the financial situation.

4.2.5 Operational risk

The ***operational risk*** incurred by the Processing Centre was reduced by ongoing ISO and PCI DSS certifications. The other divisions are continuing with the documentation of their procedures and with standardising processes.

The occurrence of this risk is assessed to have low impact on the financial situation.

4.2.6 Sales revenue risks

Sales revenue risks are a new risk incurred by the company for the first time, as revenues from implementation services tripled in the past year to EUR 1,521k (2012: EUR 504k). In the current year, a further 45% increase to approximately EUR 2,200k is planned. This is the scale on which the banks must be willing to conclude new contracts with Quipu for the implementation of projects during the current financial year. Also the possible risk that in the future the number of group banks may be reduced and that therefore planned revenues will not be forthcoming cannot be ruled out entirely.

The enlargement of the range of services offered has the advantage that Quipu's services will in future be significantly more transparent for the customers, as the implementation projects will be documented in detail.

The occurrence of this risk is assessed to have high impact on the financial situation. In conclusion it can be stated, however, that the introduction of the new pricing model and the accompanying contract design have further reduced the risks to which the company is exposed.

The Management assesses the outlook for the further development of the company's business as highly positive. When ProCredit Holding acquired Quipu, its role as the strategic IT partner of the ProCredit group was underscored and strengthened. This creates a high degree of planning reliability for Quipu, which will continue in the years to come.

Frankfurt am Main, March 2014
Quipu GmbH
The Management

Dr Gian Marco Felice pp. Robert Zastera

BALANCE SHEET of Quipu GmbH, Frankfurt am Main, as of 31 December 2013

in EUR	(Note)	2013	2012
A. Fixed assets			
I. Intangible assets	(2)		
1. Licences, commercial and intellectual property rights and similar rights		514,325.00	352,343.00
II. Property, plant and equipment	(3)		
1. Other equipment, furniture and fixtures		964,202.00	887,764.00
III. Financial assets			
1. Shares in subsidiaries	(4)	178,521.54	96,395.21
B. Current assets			
I. Receivables and other assets			
1. Trade accounts receivable	(5)	79,507.42	160,742.86
(of which, with a remaining term of more than one year: 0)			
2. Receivables from subsidiaries	(6)	12,483.52	40,593.57
(of which, with a remaining term of more than one year: 0)			
3. Receivable from proprietors	(7)	50,188.79	231,452.60
(of which, with a remaining term of more than one year: 0)			
4. Other assets	(8)	26,199.12	32,462.21
(of which, with a remaining term of more than one year: 26,003.01)			
		168,378.85	465,251.24
II. Cash in hand, balances at German central bank, balances at banks and cheques	(9)	1,480,967.88	1,210,233.47
C. Prepaid expenses and deferred charges	(10)	289,558.88	233,857.68
Total assets		**3,595,954.15**	**3,245,844.60**
A. Equity			
I. Subscribed capital	(11)	1,000,000.00	1,000,000.00
II. Revenue reserves			
1. Other revenue reserves	(12)	1,190,763.60	1,190,763.60
III. Net income for the year	(13)	0.00	0.00
		2,190,763.60	2,190,763.60
B. Accruals			
1. Accruals for taxes		32,848.90	10,000.00
2. Other accruals	(14)	508,564.48	255,314.74
		541,413.38	265,314.74
C. Liabilities			
1. Advance payments received		0.00	14,646.01
(of which, with a remaining term of up to one year: 0)			
2. Trade accounts payable	(15)	115,127.43	107,084.51
(of which, with a remaining term of up to one year: 115,127.43)			
3. Liabilities to subsidiaries	(16)	84,932.73	133,213.16
(of which, with a remaining term of up to one year: 84,932.73)			
4. Liabilities to proprietors	(17)	405,910.28	335,211.38
(of which, with a remaining term of up to one year: 405,910.28)			
5. Other liabilities	(18)	95,889.78	63,832.63
(of which, for taxes 81,059.12; previous year: 55,800.28)			
(of which, for social security: 14,610.03; previous year: 6,026.35)			
		701,860.22	653,987.69
D. Deferred income	(19)	161,916.95	135,778.57
Total equity and liabilities		**3,595,954.15**	**3,245,844.60**
Contingent liabilities	(20)	71,721.81	70,595.25

INCOME STATEMENT of Quipu GmbH, Frankfurt am Main, as of 31 December 2013

in EUR	(Note)	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
1. Sales revenue	(21)	14,847,657.72	12,888,843.29
2. Other operating income	(22)	120,779.89	149,920.20
3. Material expenses	(23, 24)	1,417,592.53	1,382,363.90
a) Cost of raw materials, production inputs and goods		*673,335.58*	*760,238.35*
b) Cost of purchased services		*744,256.95*	*622,125.55*
4. Personnel expenses:	(25)	8,119,543.45	7,129,728.20
a) Wages and salaries		*6,748,041.14*	*5,897,414.14*
b) Social insurance contributions and expenses for retirement pensions (of which, for retirement pensions: 57,036.01)		*1,371,502.31*	*1,232,314.06*
5. Depreciation on intangible and tangible fixed assets	(26)	577,312.00	553,803.15
6. Other operating expenses	(27)	4,334,618.74	3,911,608.80
7. Other interest and similar income		8,508.39	22,540.48
8. Income from subsidiaries		0.00	258,918.49
9. Other interest and similar expenses		0.00	9,527.00
10. Profit (loss) on ordinary business operations		**527,879.28**	**333,191.41**
11. Extraordinary income	(28)	0.00	8,780.00
12. Net extraordinary income		**0.00**	**8,780.00**
13. Taxes on income and profit	(29)	121,652.25	6,463.03
14. Other taxes		316.75	297.00
15. Net income for the year before transfer of profit		**405,910.28**	**335,211.38**
16. Profit transferred on the basis of a profit transfer agreement		405,910.28	335,211.38
17. Profit for the year		**0.00**	**0.00**

Notes to the Annual Financial Statements 2013

I. BASIS OF FINANCIAL ACCOUNTING

1) Disclosures on recognition, measurement and presentation principles

The annual financial statements of Quipu GmbH, Frankfurt am Main, for the financial year 2013 were prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Law on Limited Liability Companies. Specifically, the following principles and methods are applied:

Intangible fixed assets and tangible fixed assets are valued at acquisition cost or production cost and, to the extent that they are depreciable, their value is reduced by regular depreciation amounts. The scheduled depreciation amounts are based on the expected service life of the respective asset items and are calculated using the straight line method. The scheduled depreciation period for individual software is 5 years.

Financial assets are valued at historical cost. If impairment of a financial asset is expected to be permanent as of the balance sheet date, non-scheduled depreciation is reported on the impaired assets. If the reasons no longer apply, the value is written up.

Receivables and other assets are reported at the lower of acquisition cost or market price.

Other accruals include all legal or constructive obligations to third parties discernible as of the balance sheet date and their amount is uncertain according to commercial judgement. Accruals are recognised at a settlement amount estimated on the basis of commercial judgement (section 253 (1) HGB). Accruals in the financial year under review have terms of less than one year and are not discounted (section 253 (2) HGB).

The amount reported for liabilities is the amount which is to be paid. All liabilities have a term of less than five years.

The income statement is prepared in accordance with the cost of production method (Section 275 (2) HGB).

All amounts are presented in euros (EUR). Foreign currency positions in the balance sheet of Quipu GmbH are recognised at the exchange rate valid at the end of the reporting period (section 256a HGB). The exchange rate as of 31 December 2013 was EUR 1/USD 1.3791. Foreign currency positions comprise current accounts with banks maintained in USD and, to a minor extent, in the form of cash on hand. Gains and losses from the currency translation of these positions are recognised in the income statement under other operating income or expenses. Expenditures in foreign currency are converted on a monthly basis at the rate of exchange valid at the time of the transaction.

Quipu GmbH exercises the size-dependent right to exemption pursuant to section 293 HGB and does not prepare consolidated financial statements.

II. NOTES TO THE BALANCE SHEET

A. FIXED ASSETS

2) Intangible assets

The intangible assets consist of software licences acquired. A detailed overview of the development of the intangible assets is provided by the Statement of Fixed Assets (Annex 1 to the Notes to the Financial Statements).

3) Property, plant and equipment

Property, plant and equipment comprise technical equipment, in particular servers, office furniture and fixtures, company cars and leasehold improvements. For a breakdown of the development of the tangible assets, we refer to the Statement of Fixed Assets (Annex 1 to the Notes to the Financial Statements).

4) Shares in subsidiaries

Quipu GmbH holds shares in the following subsidiaries:

Name of subsidiary	Address	Subscribed capital incl. capital reserve (EUR)	Revenue reserves and other reserves (EUR)	Profit (Loss) for the year (EUR)
		31.12.2013	31.12.2013	2013
Quipu Shpk, Prishtina, **Kosovo**	Rexhep Mala 16 Prishtina, Kosovo	5,000	703,201	38,458
Quipu S.A., San Salvador, **El Salvador**	Avenida La Revolución No. 178 Colonia San Benito, San Salvador, El Salvador	93,496.33	36,791.27	21,088.56
Quipu Ltda., Bogotá, **Colombia**	Calle 37 A No. 16-25 Bogotá, Colombia	81,827.00	12,424.23	17,081.96

Quipu Shpk. Prishtina, Kosovo, is active in the field of bank card personalisation for the Eastern European, Latin American and African markets. The two Latin American companies provide services to the ProCredit banks in Central and South America, respectively. Changes in the shareholdings during the reporting period were as follows:

in EUR				Net book value			
Subsidiary	Equity exposure as of **1.1.2013**	Acquisitions in **2013**	Disposals in **2013**	as of **31.12.2013**	Share in %	as of **31.12.2012**	Share in %
Quipu Shpk, Prishtina, **Kosovo**	5,000.00	0.00	0.00	5,000.00	100.0%	5,000.00	100.0%
Quipu S.A., San Salvador, **El Salvador**	10,801.47	82,126.33	0.00	92,927.80	99.4%	10,801.47	95.0%
Quipu Ltda., Bogotá, **Colombia**	80,593.74	0.00	0.00	80,593.74	98.5%	80,593.74	98.5%
Total	**96,395.21**	**82,126.33**	**0.00**	**178,521.54**		**96,395.21**	

The share in Quipu S.A, El Salvador, was increased by USD 110,000 (EUR 82,126.33) to 99.4% in the context of a capital increase.

B. CURRENT ASSETS

5) Trade accounts receivable

All trade accounts receivable were within the period allowed for payment, and had been received in full as of the date of preparation of the balance sheet.
The position includes trade accounts receivable from ProCredit group companies amounting to EUR 47,808.44 (previous year: EUR 139,353.86).

6) Receivables from subsidiaries

in EUR	31 Dec. 2013	31 Dec. 2012
Receivables from subsidiaries	12,483.52	40,593.57

This position consists of advance payments for services provided to the subsidiaries in Colombia (EUR 11,690.24) and El Salvador (EUR 793.28).

7) Receivable from proprietors

in EUR	31 Dec. 2013	31 Dec. 2012
Receivable from proprietors	50,188.79	231,452.60

The receivable from proprietors is due from ProCredit Holding AG & Co. KGaA, Frankfurt am Main. The receivable consists exclusively of VAT due as a consequence of the integrated inter-company relationship for tax purposes.

8) Other assets

in EUR	31 Dec. 2013	31 Dec. 2012
Tax refunds due	7,649.16	8,975.03
Deposits	9,733.40	18,614.11
Other	8,816.56	4,873.07
Total	**26,199.12**	**32,462.21**

Tax refunds due in 2013 consist of claims relating to the payment of investment income tax on interest income.

The item “Other” mainly consists of claims for refunds relating to rental payments amounting to EUR 7,333.13.

9) Cash in hand, balances at German central bank, balances at banks and cheques

in EUR	31 Dec. 2013	31 Dec. 2012
Frankfurter Sparkasse AG, Frankfurt	660,277.79	727,451.44
BMW Bank GmbH, Munich	547.43	157,578.64
Foreign banks	89,018.01	53,633.86
ProCredit Bank AG, Germany	704,346.02	250,110.65
Deutsche Skatbank	0.00	5,232.83
Cash in hand	26,778.63	16,226.05
Total	**1,480,967.88**	**1,210,233.47**

C. PREPAID EXPENSES AND DEFERRED CHARGES

10) Prepaid expenses and deferred charges

in EUR	31 Dec. 2013	31 Dec. 2012
Prepaid expenses and deferred charges	289,558.88	233,857.68

This position consists mainly of prepaid maintenance costs (EUR 181,627.24; previous year: EUR 180,362.93), rental expenses (EUR 75,388.82; previous year: EUR 18,563.96) and insurance premiums (EUR 15,734.30; previous year: EUR 27,443.17). The deferred amounts will be amortised over the respective terms of the contracts.

A. EQUITY

11) Subscribed capital

The subscribed capital as of 31 December 2013 was held by ProCredit Holding AG & Co. KGaA, Frankfurt am Main (100%).

12) Other revenue reserves

The other revenue reserves are attributable to the reinvestment of profits from the years 2008 – 2010.

13) Profit for the year

Pursuant to a profit and loss transfer agreement concluded on 21 July 2011, the profit for the year amounting to EUR 405,910.28 is transferred to ProCredit Holding AG & Co. KGaA, Frankfurt am Main.

B. ACCRUALS

14) Other accruals

in EUR	31 Dec. 2013	31 Dec. 2012
Annual financial statements	33,000.00	30,000.00
Accruals for holiday	289,166.48	81,125.00
Other	186,398.00	144,189.74
Total	**508,564.48**	**255,314.74**

The position “Other” comprises outstanding project bonus payments (EUR 60,000.00), outstanding invoices for freelancers (EUR 15,000.00) and suppliers (EUR 53,638.00), contributions to the employers’ liability insurance association and the charge for not employing people with disabilities (EUR 30,760.00), contributions to the health insurance scheme for employees abroad (EUR 19,000.00) and court costs (EUR 8,000.00).

C. LIABILITIES

15) Trade accounts payable

in EUR	31 Dec. 2013	31 Dec. 2012
Trade accounts payable	115,127.43	107,084.51

The position includes trade accounts payable to ProCredit group companies amounting to EUR 18,657.92 (previous year: EUR 8,788.02).

16) Liabilities to subsidiaries

in EUR	31 Dec. 2013	31 Dec. 2012
Liabilities to subsidiaries	84,932.73	133,213.16

This position consists exclusively of liabilities relating to invoices for services provided by Quipu S.A. in El Salvador.

17) Liabilities to proprietors

in EUR	31 Dec. 2013	31 Dec. 2012
Liabilities to proprietors	405,910.28	335,211.38

These liabilities consist of expenses arising from the transfer of profit to ProCredit Holding AG & Co. KGaA, Frankfurt am Main, amounting to EUR 405,910.28.

18) Other liabilities

in EUR	31 Dec. 2013	31 Dec. 2012
Tax liabilities	81,059.12	55,800.28
Liabilities for social security	14,610.03	6,026.35
Other	220.63	2,006.00
Total	**95,889.78**	**63,832.63**

Tax liabilities consist exclusively of income tax and church tax liabilities as of 31 December 2013.

The remaining other liabilities are attributable to credit card transactions not yet settled.

19) Deferred income

in EUR	31 Dec. 2013	31 Dec. 2012
Deferred income	161,916.95	135,778.57

This position consists of deferred income from invoices relating to the following year.

20) Contingent liabilities

in EUR	31 Dec. 2013	31 Dec. 2012
Contingent liabilities	71,721.81	70,595.25

The contingent liabilities relate to bank guarantees for rented premises amounting to EUR 71,721.81.

III. NOTES TO THE INCOME STATEMENT

21) Sales revenue

in EUR	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
Sales revenue	14,847,657.72	12,888,843.29

The sales revenues are generated mainly through the provision of services to ProCredit Holding AG & Co. KGaA, Frankfurt am Main, and to its subsidiaries, and through the provision of banking software to the ProCredit banks and the resale of computer equipment to them.

22) Other operating income

in EUR	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
Other operating income	120,779.89	149,920.20

Other operating income mainly comprises income from rental charges passed on (EUR 80,675.97; previous year: EUR 86,341.99), income from reversal of accruals (EUR 32,863.96; previous year: EUR 62,004.29) and income from other reporting periods (EUR 5,136.45; previous year: EUR 0.00).

23) Cost of raw materials, production inputs and goods

in EUR	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
Hardware purchased	673,335.58	760,238.35

The position cost of raw materials, production inputs and goods mainly consists of expenses for hardware which was bought and directly resold.

24) Cost of purchased services

in EUR	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
Freelance services provided	744,256.95	622,125.55

The cost of purchased services relates to payments to freelancers for services rendered.

25) Personnel expenses

in EUR	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
a) Wages and salaries	6,748,041.14	5,897,414.14
b) Social insurance contributions and expenses for retirement pensions and maintenance	1,371,502.31	1,232,314.06
Total	**8,119,543.45**	**7,129,728.20**

During the 2013 financial year, the average number of employees of Quipu GmbH was 157 (2012: 141). As of 31 December 2013 the total number of employees of Quipu GmbH was 166 (2012: 146).

As of 31 December 2013, Quipu GmbH had two senior management employees and 164 other staff members.

26) Depreciation on intangible and tangible fixed assets

For a detailed overview of depreciation, see the Statement of Fixed Assets (Annex 1 to the Notes to the Annual Financial Statements).

27) Other operating expenses

in EUR	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
Cost of premises	741,718.55	650,766.21
Services provided by foreign subsidiaries	733,387.87	691,080.90
Travel expenses	696,746.86	645,833.58
Maintenance, esp. for software and hardware	603,149.22	419,947.65
Legal and advisory expenses	503,590.01	448,404.14
Charges to be passed on for services received	285,557.04	282,797.85
Other personnel expenses	196,332.88	233,805.86
Communication	153,889.90	140,205.09
Accounting expenses	83,788.03	99,426.37
Other administrative expenses	336,458.38	299,341.15
Total	**4,334,618.74**	**3,911,608.80**

The position “services provided by foreign subsidiaries” relates to the services provided by the subsidiaries of Quipu GmbH in El Salvador and Colombia. Further details are governed by a written bilateral agreement.

The legal and advisory expenses relate to advice provided by Quipu Shpk. and ProCredit Holding AG & Co. KGaA (EUR 412,553.21; previous year: EUR 376,081.24), expenses for the audit of the company’s annual financial statements (EUR 34,651.24; previous year: EUR 33,879.99) as well as other legal and advisory expenses (EUR 56,385.56; previous year: EUR 38,442.91).

The position “accounting expenses” refers to expenses incurred for ongoing bookkeeping.

The other administrative expenses contain expenses arising from currency translation amounting to EUR 31,388.42 (previous year: EUR 49,571.62).

28) Extraordinary income

in EUR	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
Extraordinary income	0.00	8,780.00

29) Taxes on income and profit

in EUR	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
Corporate income tax	0.00	-12,091.53
Trade tax	0.00	-14,706.72
Other taxes on income	121,652.25	33,261.28
Total	**121,652.25**	**6,463.03**

The position "other taxes on income" contains foreign taxes due on the profits of the Regional Office in Kiev, Ukraine (EUR 34,523.25), as well as withholding taxes payable on turnover in Congo (EUR 87,129.00).

IV. ADDITIONAL NOTES

30) Other financial commitments

Quipu GmbH has incurred obligations arising from rental contracts concluded within the usual market parameters for the total amount of EUR 540,624.08.

31) Group membership

Quipu GmbH is a subsidiary of ProCredit Holding AG & Co. KGaA, Frankfurt am Main, and is included in the latter's consolidated financial statements. The consolidated financial statements of ProCredit Holding AG & Co. KGaA, Frankfurt am Main, can be viewed at the offices of ProCredit Holding AG & Co. KGaA in Frankfurt am Main. ProCredit Holding AG & Co. KGaA, Frankfurt am Main, is registered with the District Court of Frankfurt under entry no. HRB 91486.

A profit and loss transfer agreement has been concluded with ProCredit Holding AG & Co. KGaA, Frankfurt am Main, on the basis of which the entire profit or loss for the year is transferred to the latter company. Thus an integrated inter-company relationship exists with ProCredit Holding AG & Co. KGaA, Frankfurt am Main.

32) Costs for audit of financial statements

The cost of auditing the annual financial statements amounts to EUR 28,000.00. No other services from the auditing company were commissioned.

33) Management

During the reporting period Dr Gian Marco Felice was the managing director of Quipu GmbH. Dr Gian Marco Felice has a doctorate in astrophysics. In addition, Mr Robert Zastera holds a general commercial power of attorney.

The total remuneration of the managing directors pursuant to section 285 (9a) HGB is not disclosed, as the individual managing director's remuneration would be revealed (section 286 (4) HGB).

The managing director and the holder of commercial power of attorney are each authorised to represent the company alone.

Frankfurt am Main, 5 March 2014

Frankfurt am Main,
Quipu GmbH
The Management

Dr Gian Marco Felice

Annex 1: Statement of Fixed Assets

Quipu GmbH

Statement of fixed assets as at 31 December 2013

in EUR	Acquisition cost					Accumulated depreciation				Net book values	
	As of: 01.01.2013	Additions	Disposals/ Write-downs	Reclassifications	As of: 31.12.2013	As of: 01.01.2013	Additions	Disposals/ Write-downs	As of: 31.12.2013	As of: 31.12.2013	As of: 31.12.2012
I. Intangible assets											
1. Licences, commercial and intellectual property rights and similar rights	179,524.85				179,524.85	161,427.85	18,097.00		179,524.85	0.00	18,097.00
2. Software	145,961.88		-53,045.38		92,916.50	145,961.88		-53,045.38	92,916.50	0.00	0.00
3. Software licences	981,684.48	356,080.07	-228,452.13		1,109,312.42	647,438.48	176,001.07	-228,452.13	594,987.42	514,325.00	334,246.00
	1,307,171.21	356,080.07	-281,497.51	0.00	1,381,753.77	954,828.21	194,098.07	-281,497.51	867,428.77	514,325.00	352,343.00
II. Property, plant and equipment											
2. Vehicles	63,459.82	21,007.04	-4,198.00		80,268.86	60,922	3,567.04	-4,198.00	60,290.86	19,978.00	2,538.00
3. Other equipment, furniture and fixtures	3,126,373.99	396,281.48	-554,006.16		2,968,649.31	2,252,659.99	325,234.48	-553,261.16	2,024,633.31	944,016.00	873,714.00
4. Low value assets	386,899.47	43,108.41	0.00		430,007.88	375,387.47	54,412.41		429,799.88	208.00	11,512.00
	3,576,733.28	460,396.93	-558,204.16	0.00	3,478,926.05	2,688,969.28	383,213.93	-557,459.16	2,514,724.05	964,202.00	887,764.00
III. Financial assets											
1. Shares in subsidiaries	96,395.21	82,126.33	0.00		178,521.54	0.00			0.00	178,521.54	96,395.21
Total fixed assets	**4,980,299.70**	**898,603.33**	**-839,701.67**	**0.00**	**5,039,201.36**	**3,643,797.49**	**577,312.00**	**-838,956.67**	**3,382,152.82**	**1,657,048.54**	**1,336,502.21**