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2015

Annual Report

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## 1. Basis of the company

### 1.1 Business model

Quipu GmbH (“Quipu”), founded in 2004, is an IT consultancy and software development company based in Frankfurt, Germany which provides customised support services for banks and other financial institutions. Quipu specialises in the development and implementation of a full range of software for financial institutions covering the needs of full-fledged commercial banks especially focused on SME lending, including support for treasury operations, electronic banking, customer relationship management, data warehousing and data analytics as well as front and back office activities. Moreover, Quipu also provides Third Party Processor (TPP) services, supporting a wide range of card products within the VISA, MasterCard and UPI payment systems. The TPP services include a personalisation centre for credit and debit cards. Finally, Quipu also maintains a data centre in Frankfurt from where it provides data hosting and software as services for its clients. While the company’s main clients are ProCredit Holding AG & Co. KGaA (hereinafter “ProCredit Holding”) and its subsidiaries, the majority of which are banks, Quipu also serves customers outside of the ProCredit group, especially in Africa, Central America and Central Asia.

The company’s main office is in Frankfurt am Main. In addition, to guarantee an optimal level of support for the customers, Quipu maintains regional offices located in South-Central America (San Salvador, El Salvador and Bogota, Colombia, as subsidiaries), Africa (Accra, Ghana) and Eastern Europe (Skopje, Macedonia, Kiev, Ukraine and Bucharest, Romania), as well as a development office in Moscow, Russia. In addition, a subsidiary in Pristina, Kosovo offers personalisation services for the bank cards and credit cards issued by the banks.

Quipu became a wholly-owned subsidiary of ProCredit Holding in January 2011.

Besides its main activities, Quipu is also very active in providing training and consultancy services to its clients, mainly in the area of technology support for business development but as well in all other areas of Information and Communication Technology, including the ever more important aspect of risk management, IT security and data protection.

### 1.2 Research and development

Quipu currently develops its products with a strong focus on the development needs of the ProCredit banks. At the core of the *Quipu Banking Software Suite* are the two modules *Customware* and *Bankware*. While *Customware* supports front office-related operations, such as daily banking business procedures, in an efficient and decentralised manner at the branch offices and captures and/or processes data on all business transactions, *Bankware* is used to maintain centralised accounting records of the transactions and to supply this data to the head office for further processing. In 2015 work began on the development of a *New Accounting* software module aimed at better integration with the Quipu Banking Suite. Treasury operations are carried out using the add-on module *Dealware*, business intelligence functions are performed with the extension module *Infoware* and with a *CRM* (Customer Relationship Management) module customised for the group based on the Microsoft Dynamics® framework. Finally, clients of the banks can access their account and perform transactions in our Internet-Mobile banking application.

## Management Report for the Financial Year 2015

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 1,766k (2014: EUR 1,721k), and can be broken down as follows: *Customware* EUR 180k (2014: EUR 269k), *Dealware* EUR 398k (2014: EUR 378k), *Infoware* EUR 124k (2014: EUR 125k), *Bankware* EUR 233k (2014: EUR 215k), *Internet-Banking/CRM* EUR 759k (2014: EUR 734k) and *New Accounting* EUR 73k. In the past financial year, EUR 252k (2014: EUR 152k) of this total was attributable to services provided by freelance experts.

## 2. Report on the Economic Position of the Group

### 2.1 Course of business

#### 2.1.1 Implementation of new product versions

In 2015 Quipu software was constantly updated in numerous banks and expanded with new features so as to keep pace with market trends and local regulatory requirements in the areas of accounting, tax, and reporting or data protection. Still, in 2015 significant resources and effort went into the migration from our old core banking system *Customware* to our new platform (*Customware.NET*) in ProCredit Banks Romania and Serbia, while the migration projects were completed successfully in the ProCredit banks in Ecuador, Nicaragua and Congo. The implementation of *Customware.NET* in ProCredit Bank Colombia is planned to start in 2016. Once again this year, one area of focus was the further development of the Quipu Banking Suite (*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.

The key strategic project in the accounting area is to replace of our existing accounting software (*Bankware*) with the *New Accounting* software, aimed at better integration with the related systems of the Quipu Banking Suite; the new module will support automated and detailed IFRS accounting in parallel to local statutory accounting, include cost accounting functionality, and form the basis for comprehensive financial reporting.

Starting 2015 Quipu began focusing on expanding their client portfolio to external parties also in the Software Development area. Two new banks in Ghana signed contracts for using different modules of the Quipu Banking Suite: Adehyeman Savings&Loans and Union Savings&Loans. While Union S&L went live with the new system on 1 January 2016, Adehyeman S&L is expected to go live during 2016.

#### 2.1.2 Processing Centre

Thirteen group banks and ten external banks are currently connected to the Processing Centre. In order to leverage the group's proprietary processing centre, the business development team continues to seek external clients as well as to serve group bank needs. 2015 four new clients were acquired, commissioning Quipu to process transactions using their local cards, VISA cards and ATMs and Quipu Personalisation Centre in Pristina to provide personalisation services: Adehyeman Savings&Loans Ghana, Fidelity Bank Ghana, Access Bank Congo and Spitamen Bank Tajikistan. The service for Access Bank is already in production, while the service for the other three banks is expected to start in 2016.

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The Processing Centre is regularly assessed according to PCI DSS<sup>1</sup> 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 the Processing Centre. Since 2013 the Processing Centre has additionally been certified according to ISO 9001.

### 2.1.3 Staff development

The growth of the company's business is reflected in the development of staffing levels as well. When it was founded, Quipu took over 27 employees from IPC. By the end of 2014, this figure had grown to 169, but since then has remained relatively stable (end-2015: 165). In addition, numerous retainer contracts were concluded with freelancers working in the regional offices. Thus, by the end of 2015, Quipu had a combined total staff of 191 (previous year: 186) including both staff members and freelancers.

In the current financial year, we intend to increase the number of combined staff with 10% in order to assure capacity for the project ProCredit Global Data Center, which is aiming the full centralization of IT infrastructure, data and services within the ProCredit group by 2020.

## 2.2 Situation

### 2.2.1 Earnings situation

Sales revenues increased moderately in 2015, this increase being below the original projection of the Business Plan.

At the beginning 2015 it was decided to start centralizing the IT infrastructure, data and services of the ProCredit group with Quipu. For this purpose a significant number of investments in both hardware and software were already made in 2015, driving an increase in depreciation costs, as well in maintenance and support costs. Additionally, rent and utilities cost grew due to the expansion of the Data Centre in Frankfurt. Thus in 2015 the operating profit although higher than 2014 was lower than initially planned.

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 2015 represents a continuation of the company's positive economic development in terms of revenues:

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<sup>1</sup>Payment Card Industry Data Security Standard

## Management Report for the Financial Year 2015

Year	Sales revenue in EUR	Profit for the year after taxes, in EUR
2010	9,887,804	337,547
2011	10,882,942	404,223
2012	12,888,843	335,211
2013	14,847,658	405,910
2014	15,587,135	2,733
2015	16,913,854	161,398

Sales revenues increased moderately in 2015, by 8.5% or EUR 1,327k (2014: 5%). Thus the “further growth in revenue” forecast in the previous year’s Management Report was within the expected range. Some projects were delayed at the request of the group banks. For the current financial year we expect a significantly higher increase in sales revenues, by 20.1% to EUR 20,320k, including hardware sales.

As in the past financial year, a significant portion of the sales, EUR 3,433k or 20.3% (EUR 2,134k in 2014) of the total revenue, was invoiced in USD. This increase is due to the fact that the majority of the contracts with new clients in the African region was negotiated directly in USD.

Material and administrative expenses increased in comparison to the previous year by 9.4%, or EUR 1.428k. An increase of EUR 546k or 7.3% 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 71k (2014: EUR 66k). Depreciation costs followed the same increase trend as in the previous year, registering a growth of EUR 201k or 27.8% (25.2% in 2014) due to the investments necessary for the new ProCredit Global Data Center project. Other expense positions increased moderately. For the current financial year, we project a 10.0% increase in personnel expenses, from EUR 7,976k to EUR 8,774k.

The profit for the year after tax amounting to EUR 161,398 (2014: EUR 2,733) translates into a return on equity of 7.4% (previous year: 0.1%) and is transferred in accordance with the profit and loss transfer agreement concluded with ProCredit Holding. The equity ratio of 28.7% (previous year: 50.9%) thus remains comparable with the industry average.<sup>2</sup>

### 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. A short-term working capital loan of EUR 500k and a credit line of EUR 500k were drawn from ProCredit Bank AG to finance a liquidity bottleneck in Quarter 4 2015.

An investment loan agreement in amount of EUR 3,000k (withdrawn in December 2015 EUR 2,700k) was signed with ProCredit Bank AG, in order to finance the planned investments for the new ProCredit

<sup>2</sup>Source: <http://www.marktundmittelstand.de/nachrichten/finanzierung/eigenkapitalquote-im-mittelstand-steigt-weiter/>

## Management Report for the Financial Year 2015

Global Data Center project in 2016. Additionally, the existing credit line contract was renewed and extended to EUR 1,500k.

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

### 2.2.3 Assets situation

Additional investments in the new ProCredit Global Data Center project led to a significant increase in *fixed assets* to EUR 4,041k (2014: EUR 2,756k) translating into an *asset tangibility* of 53.0% (2014: 64.0%).

Under *current assets*, the company's receivables and other assets remained constant, amounting EUR 402k (2014: EUR 406k). The balance sheet position "Cash in hand, balances at German central bank, balances at banks and cheques" increased significantly to EUR 2,142k (2014: EUR 599k), due to the investment loan drawn end of December 2015.

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 growth in staff numbers continued to be smaller than in the previous year – 2.7% (2014: 3.3%) – which made it easier to integrate and more efficiently train the new employees. In the current financial year growth is to be limited to 10%, and efficiency is to be increased further. Overall, the situation of the company can still be assessed as favourable.

## 3. Report on Post Balance Sheet Events

No post balance sheet events occurred.

## 4. Report on expected developments and on opportunities and risks

### 4.1 Report on expected developments

For the 2016 financial year, the Management expects further growth in revenue and a simultaneous increase in the profit for the year. In 2016 we are aiming for a substantial increase in revenues by 20%, whereas according to the Business Plan the operating costs are projected to grow significantly with 18%.

We expect an annual profit before profit transfer of EUR 487k (2.4% of annual revenue) for 2016, which will lead to a significant increase of the *return on equity*.

We expect the *equity ratio* for 2016 to decrease significantly due to a new loan disbursement planned in 2016, whereas the *asset tangibility* will remain constant following to the new investments in the ProCredit Global Data Center.

## Management Report for the Financial Year 2015

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 affiliated companies will be adopting the company's software products as from 2016. 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 implementation of 24/7 Zones in ProCredit Banks, we expect additional revenues in this area of business in 2016. 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 new customers in 2016.

The biggest challenge in the area of software development lies in the implementation of the *New Accounting* software in pilot phase in Macedonia. In addition, the parallel implementation of the newly developed branch customer service software (the ProCredit banks in Serbia, Colombia, El Salvador and Romania) and the implementation of the enhanced treasury software will require additional resources. In addition to the ongoing enhancement of the existing software products, the focus will be on the development of the new *CRM* module for business clients, 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 closely linked to the development of the group. At the same time, the integration of Quipu within the ProCredit group 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. Starting from the 2014 financial year, the company applies ProCredit Holding's *Group Risk Policy* to Quipu.

## Management Report for the Financial Year 2015

### 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 4 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, a new pricing model was introduced in 2014 which offers the banks a choice of being invoiced in USD or in EUR for the annual fees due for the use of the software. Furthermore, new contracts with clients in the African market have been negotiated and signed directly in USD.

This created an opportunity insofar as Quipu did not have to acquire any additional US currency for its own use in 2015. We expect this to continue in 2016. At the same time, it reduces the foreign currency risk incurred by the ProCredit banks that switched to USD invoicing, as they will have to buy lower volumes of euros in order to settle their Quipu invoices.

Therefore, 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. A moderate risk is still present given that Quipu continues to expand its client portfolio with external banks. Nonetheless, the amount of unpaid invoices to external clients amounted only EUR 111k or 0.7% of the total revenues in 2015, thus representing a minor risk.

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.

To cover short-term liquidity bottlenecks during Quarter 4 of 2015, the company has agreed a credit line in the total amount of EUR 1,250k with its two house banks, Frankfurter Sparkasse and ProCredit Bank Germany. Starting December 2015 the credit line with ProCredit Bank Germany has been extended to EUR 1,500k.

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

## Management Report for the Financial Year 2015

### 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 next year. 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 areas are continuing with the documentation of their procedures and with standardising processes.

The move to a professional data centre further reduced the exposure of the IT infrastructure to operational risks. The ProCredit Global Data Center project will require special attention on procedures and standardised processes in order to avoid operational risks. The company plans to obtain ISO 27001 for Cloud Services and to further extend ISO 20000 and 9001 in 2016.

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

### 4.2.6 Sales revenue risks

**Sales revenue risks** were included in the risk profile for the first time in 2013. The sales of implementation services dropped furthermore in 2015 to EUR 1,122k (2014: EUR 1,308k). In the current year, a 45.6% increase to approximately EUR 1,635k is planned, including projects originally scheduled to be completed in 2015. 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 4th, 2016  
Quipu GmbH  
The Management

## Annual Financial Statements 2015

### BALANCE SHEET of Quipu GmbH, Frankfurt am Main, as of 31 December 2015

in EUR	(Note)	31.12.2015	31.12.2014
<b>A. Fixed assets</b>			
I. Intangible assets			
1. Licences, commercial and intellectual property rights and similar rights	(3)	1,118,730.00	459,532.00
2. Advance payments		-	7,390.59
II. Property, plant and equipment			
1. Other equipment, furniture and fixtures	(4)	2,743,474.00	2,110,092.00
III. Financial assets			
1. Shares in subsidiaries	(5)	178,521.54	178,521.54
		4,040,725.54	2,755,536.13
<b>B. Current assets</b>			
I. Receivables and other assets			
1. Trade accounts receivable (of which, with a remaining term of more than one year: 0.00)	(6)	195,668.33	82,191.64
2. Receivables from affiliated companies (of which, with a remaining term of more than one year: 0.00)	(7)	167,690.90	295,766.64
4. Other assets (of which, with a remaining term of more than one year: 23,126.06)	(8)	38,717.82	27,737.96
		402,077.05	405,696.24
II. Cash in hand, balances at German central bank, balances at banks and cheques		2,141,773.77	598,828.72
<b>C. Prepaid expenses and deferred charges</b>			
	(9)	1,054,114.55	543,856.24
<b>Total assets</b>		<b>7,638,690.91</b>	<b>4,303,917.33</b>
<b>A. Equity</b>			
I. Subscribed capital	(10)	1,000,000.00	1,000,000.00
II. Revenue reserves			
1. Other revenue reserves	(11)	1,190,763.60	1,190,763.60
III. Net income for the year	(12)	-	-
		2,190,763.60	2,190,763.60
<b>B. Accruals</b>			
1. Accruals for taxes		30,773.04	27,124.88
2. Other accruals	(13)	741,454.00	928,607.28
		772,227.04	955,732.16
<b>C. Liabilities</b>			
1. Advance payments received (of which, with a remaining term of up to one year: 0,00; Previous year 0,00)	(14)	2,700,000.00	500,000.00
2. Trade accounts payable (of which, with a remaining term of up to one year: 1.111.021,62; Previous year: 215.266,01)	(15)	1,111,021.62	215,266.01
3. Liabilities to affiliated companies (of which, with a remaining term of up to one year:749.765,34; Previous year: 288.615,45))	(16)	749,765.34	288,615.45
4. Other liabilities (of which, for taxes 73.659,33; previous year: 81.394,13) (of which, for social security: 0,00; previous year: 14.996,74)	(17)	83,278.31	105,128.54
		4,644,065.27	1,109,010.00
<b>D. Deferred income</b>			
		31,635.00	48,411.57
<b>Total equity and liabilities</b>		<b>7,638,690.91</b>	<b>4,303,917.33</b>

## Annual Financial Statements 2015

### INCOME STATEMENT of Quipu GmbH, Frankfurt am Main, as of 31 December 2015

in EUR	(Note)	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
1. Sales revenue	(18)	16,913,853.58	15,587,134.64
2. Other operating income	(19)	657,362.46	182,492.87
<i>(of which, from currency translation; 77.663,68; previous year: 0,00)</i>			
3. Material expenses		2,264,858.20	2,218,560.24
a) Cost of raw materials, production inputs and goods	(20)	99,397.71	331,822.78
b) Cost of purchased services	(21)	2,165,460.49	1,886,737.46
4. Personnel expenses:	(22)	7,975,902.02	7,429,912.93
a) Wages and salaries		6,600,963.79	6,004,871.33
b) Social insurance contributions and expenses for retirement pensions		1,374,938.23	1,425,041.60
<i>(of which, for retirement pensions: 71.477,57; previous year: 66.320,46)</i>			
5. Depreciation on intangible and tangible fixed assets	(23)	923,389.28	722,574.16
6. Other operating expenses	(24)	6,037,546.41	5,348,295.38
<i>(of which, from currency translation: 214.309,06; previous year: 0,00)</i>			
7. Income from equity holdings		0.00	105,480.00
<i>(of which, from affiliated companies: 0,00; previous year: 105.480,00)</i>			
8. Other interest and similar income		4,066.32	9,741.72
<i>(of which, from affiliated companies: 2.908,79; previous year: 7.346,70)</i>			
9. Other interest and similar expenses		6,551.36	1,217.81
<i>(of which, from affiliated companies: 6.538,91; previous year: 1.217,81)</i>			
<b>10. Profit (loss) on ordinary business operations</b>		<b>367,035.09</b>	<b>164,288.71</b>
11. Taxes on income and profit		205,319.35	161,237.31
12. Other taxes		318.00	318.00
<b>15. Net income for the year before transfer of profit</b>		<b>161,397.74</b>	<b>2,733.40</b>
16. Profit transferred on the basis of a profit transfer agreement		161,397.74	2,733.40
<b>17. Profit for the year</b>		<b>0.00</b>	<b>0.00</b>

**Quipu GmbH, Frankfurt am Main, as of 31 December 2015**

**Notes for the Financial Year 2015**

**Notes to the Annual Financial Statements 2015**

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## **I. BASIS OF FINANCIAL ACCOUNTING**

### **1) Group membership**

Quipu GmbH is a subsidiary of ProCredit Holding AG & Co. KGaA, Frankfurt am Main (ProCredit Holding), and is included in the latter's consolidated financial statements. The consolidated financial statements of ProCredit Holding are published in the Federal Gazette (Bundesanzeiger). ProCredit Holding is registered with the District Court, Frankfurt am Main, under entry no. HRB 91858.

A profit and loss transfer agreement has been concluded with ProCredit Holding, 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.

### **2) Disclosures on recognition, measurement and presentation principles**

The annual financial statements of Quipu GmbH, Frankfurt am Main, (Quipu GmbH) for the financial year 2015 were prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Law on Limited Liability Companies.

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.

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.

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 mean spot rate valid at the end of the reporting period (section 256a HGB). The exchange rate as of 31 December 2015 was EUR 1/USD 1.0887.

Gains and losses from the currency translation of these positions are recognised in the income statement under other operating income or expenses. Expenditures and incomes in foreign currency are converted at the rate of exchange valid at the time of the transaction.

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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

The centralisation project (ProCredit Global Data Centre) with the ProCredit group began in 2015. This has led to increased investments in fixed assets.

#### 3) Intangible assets

The intangible assets consist mainly 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 these Notes).

#### 4) Property, plant and equipment

Property, plant and equipment comprise technical equipment and 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).

#### 5) Shares in subsidiaries

Quipu GmbH holds shares in the following subsidiaries:

in EUR

Subsidiary	Address	Subscribed capital	Revenue reserves	Profit (Loss) for
		incl. capital reserve (EUR)	and other reserves (EUR)	the year (EUR)
		31.12.2015	31.12.2015	2015
Quipu Shpk, Prishtina, <b>Kosovo</b>	Rexhep Mala 16 Prishtina, Kosovo	5,000.00	748,328.00	110,877.00
Quipu S.A., San Salvador, <b>El Salvador</b>	Avenida La Revolucion, No. 178 Colonia San Benito, San Salvador, El Salvador	93,496.33	73,618.70	13,871.74
Quipu Ltda., Bogotá, <b>Colombia</b>	Calle 37, No. 16-25 Bogota, D.C. Colombia	81,827.00	37,203.35	18,194.21

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.

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The shareholdings during the reporting period were as follows:

in EUR	Equity exposure as of	Acquisitions in	Disposals in	Net book value			
				as of	Share in %	as of	Share in %
<b>Subsidiary</b>	<b>1.1.2015</b>	<b>2015</b>	<b>2015</b>	<b>31.12.2015</b>		<b>31.12.2014</b>	
Quipu Shpk, Prishtina, <b>Kosovo</b>	5,000.00	0.00	0.00	5,000.00	100.0%	5,000.00	100.0%
Quipu S.A., San Salvador, <b>El Salvador</b>	92,927.80	0.00	0.00	92,927.80	99.4%	92,927.80	99.4%
Quipu Ltda., Bogotá, <b>Colombia</b>	80,593.74	0.00	0.00	80,593.74	98.5%	80,593.74	98.5%
<b>Total</b>	<b>178,521.54</b>	<b>0.00</b>	<b>0.00</b>	<b>178,521.54</b>		<b>178,521.54</b>	

## B. CURRENT ASSETS

### 6) 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 74,743.96 (previous year: EUR 7,363.16).

### 7) Receivables from affiliated companies.

These comprise receivables from subsidiaries and receivables from proprietors.

The receivables from proprietors are due from ProCredit Holding. The receivables consist of VAT due as a consequence of the integrated inter-company relationship for tax purposes (EUR 167,690.90; previous year: EUR 236,899.52) and trade accounts receivable (EUR 0.00; previous year: EUR 38,072.06).

### 8) Other assets

in EUR	<b>31 Dec. 2015</b>	<b>31 Dec. 2014</b>
Tax refunds due	2,981.14	2,370.65
Deposits	23,126.06	22,589.33
Other	12,610.62	2,777.98
<b>Total</b>	<b>38,717.82</b>	<b>27,737.96</b>

## C. PREPAID EXPENSES AND DEFERRED CHARGES

### 9) Prepaid expenses and deferred charges

in EUR	<b>31 Dec. 2015</b>	<b>31 Dec. 2014</b>
Rent	197,241.75	167,293.54
Insurance	19,437.96	23,435.87
Training	2,094.26	20,849.00
Maintenance	822,731.35	323,877.51
Other	12,609.23	8,400.32
<b>Total</b>	<b>1,054,114.55</b>	<b>543,856.24</b>

## A. EQUITY

### 10) Subscribed capital

The subscribed capital as of 31 December 2015 was held by ProCredit Holding (100%).

### 11) Other revenue reserves

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

### 12) Profit for the year

Pursuant to a profit and loss transfer agreement concluded on 21 July 2011, the profit amounting to EUR 161,397.74 (previous year: EUR 2,733.40) is transferred to ProCredit Holding.

## B. ACCRUALS

### 13) Other accruals

in EUR	<b>31 Dec. 2015</b>	<b>31 Dec. 2014</b>
Accruals for holiday	247,438.17	241,813.92
Accruals for legal cases	157,000.00	0.00
Rental expenses and decommissioning commitments	153,136.10	155,463.90
Other invoices	63,736.00	128,469.14
Outstanding invoices with employees	46,323.39	61,341.00
Employers' liability insurance contributions, charge for not employing disabled persons and international health insurance	38,820.34	41,000.00
Annual financial statements	35,000.00	33,000.00
Costs associated with the DRC move	0.00	267,519.32
	<b>741,454.00</b>	<b>928,607.28</b>

## C. LIABILITIES

### 14) Liabilities to banks

The liabilities to banks consist of liabilities to affiliated companies. They comprise a long-term loan (more than five years) from ProCredit Bank AG, Frankfurt am Main, amounting to EUR 2,700,000.00.

<b>Total amount of credit liabilities</b>	<b>2,700,000.00</b>
-out of which with a remaining period until 1 year	0,00
-out of which with a remaining period of 1-5 years	1,747,058.94
-out of which with a remaining period of more than 5 years	952,941.06

### 15) Trade accounts payable

The position includes trade accounts payable to ProCredit group companies amounting to EUR 53,146.16 (previous year: EUR 54,452.21).

### 16) Liabilities to affiliated companies

This position consists exclusively of liabilities relating to invoices for services provided by Quipu S.A. in El Salvador, Quipu Ltda, Colombia, and Quipu Shpk. Kosovo, as well as liabilities to proprietors.

The liabilities to proprietors consisted of expenses arising from the transfer of profit to ProCredit Holding amounting to EUR 161,397.74 (previous year: EUR 2,733.40) and to trade accounts payable to ProCredit Holding amounting to EUR 438,522.76 (previous year: EUR 124,234.55).

### 17) Other liabilities

Tax liabilities consist exclusively of income tax and church tax liabilities as of 31 December 2015.

## III. NOTES TO THE INCOME STATEMENT

### 18) Sales revenue

The sales revenues are generated mainly through the provision of IT services to ProCredit Holding and to its subsidiaries. IT services comprise the provision of banking software to the ProCredit banks and the resale of computer equipment and software to them.

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**19) Other operating income**

in EUR	<b>1 Jan - 31 Dec 2015</b>	<b>1 Jan - 31 Dec 2014</b>
Income from rental charges passed on	48,604.70	66,956.54
Income from reversal of accruals	89,331.90	18,797.16
Income from other reporting periods	0.00	13,545.00
Income from currency translation	518,194.40	77,663.68
Other	1,231.46	5,530.49
	<b>657,362.46</b>	<b>182,492.87</b>

**20) Cost of raw materials, production inputs and goods**

The position cost of raw materials, production inputs and goods mainly consists of expenses for hardware which was bought and for the most part directly resold to ProCredit Holding and its subsidiaries.

**21) Cost of purchased services**

The cost of purchased services relates to payments for services rendered by freelancers and for services purchased from subsidiaries.

**22) Personnel expenses**

During the 2015 financial year, the average number of employees of Quipu GmbH was 165 (2014: 165). As of 31 December 2015 the total number of employees of Quipu GmbH was 165 (2014: 169).

As of 31 December 2013, Quipu GmbH had two senior management employees and 163 other staff members.

**23) Depreciation on intangible and tangible fixed assets**

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

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### 24) Other operating expenses

in EUR	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
Operating lease expenses	1,187,575.43	1,387,591.56
Maintenance, esp. for software and hardware	1,151,101.35	699,405.44
Travel expenses	835,486.66	765,491.59
Services provided by foreign subsidiaries (Latin America)	799,801.91	645,483.38
Legal and advisory expenses	627,802.81	521,129.49
Charges to be passed on for services received	240,686.66	277,710.40
Communication	228,464.28	195,675.52
Other personnel expenses	225,915.88	204,734.05
Expenses from currency translation	214,309.06	0.00
Other administrative expenses	153,867.93	184,769.52
Entertainment and hospitality expenses	154,202.33	97,207.12
IT materials	92,806.87	54,535.08
Accounting expenses	77,518.93	79,547.78
Insurance	28,427.31	30,645.70
Disposal of fixed assets	19,579.00	190,248.75
Lost receivables	0.00	14,120.00
<b>Total</b>	<b>6,037,546.41</b>	<b>5,348,295.38</b>

The legal and advisory expenses relate to advice provided by Quipu Shpk. and ProCredit Holding AG & Co. KGaA (EUR 344,158.36; previous year: EUR 263,703.12), expenses for the audit of the company's annual financial statements (EUR 34,657.60; previous year: EUR 34,968.96) and other legal and advisory expenses (EUR 248,986.85; previous year: EUR 222,457.41).

### 25) Taxes on income and profit

The position Other taxes on income and profit contains foreign withholding taxes due on the profits of the Regional Office in Kiev, Ukraine (EUR 30,773.04) and on turnover in Congo (EUR 174,546.31).

## IV. ADDITIONAL NOTES

### 26) Other financial commitments

Quipu GmbH has incurred obligations arising from rental contracts concluded within the usual market parameters for the total amount of EUR 3,545,689.40.

Contracts concluded at arms-length conditions resulted in interest obligations amounting to EUR 311,955.33.

### 27) Total fees for audit of financial statements

The cost of auditing the annual financial statements 2014/2015 amounted to EUR 34,657.40. No other services from the auditing company were commissioned.

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## **28) Management**

During the reporting period Dr Gian Marco Felice, Frankfurt am Main, was the managing director of Quipu GmbH. Dr Gian Marco Felice has a PhD in astrophysics. Full commercial power of attorney was held by Mr Robert Zastera, Erkrath (until 16 April 2015), Mr Björn Pysall, Frankfurt am Main (from 16 January until 3 December 2015) and Andrei Georgescu, Frankfurt am Main (from 3 December 2015).

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 holders of commercial power of attorney are each authorised to represent the company alone.

Frankfurt am Main, March 4th, 2016

Quipu GmbH  
The Management

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Annex 1: Statement of Fixed Assets

in EUR	Acquisition cost						Accumulated depreciation			Net book values	
	As of 01.01.2015	Additions	Disposals	Reclassifications	As of 31.12.2015	As of 01.01.2015	Additions	Disposals	As of 31.12.2015	As of 31.12.2015	As of 31.12.2014
<b>I. Intangible assets</b>											
1. Licences, commercial and intellectual property rights and similar rights	1.524.289,04	922.577,89	622.316,80	0,00	1.824.550,13	1.064.757,04	263.368,89	622.305,80	705.820,13	1.118.730,00	459.532,00
2. Prepayments	7.390,59	-7.390,59	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	7.390,59
	1.531.679,63	915.187,30	622.316,80	0,00	1.824.550,13	1.064.757,04	263.368,89	622.305,80	705.820,13	1.118.730,00	466.922,59
<b>II. Property, plant and equipment</b>											
1. Other equipment, furniture and fixtures	4.497.342,01	1.312.970,39	36.409,01	0,00	5.773.903,39	2.387.250,01	660.020,39	16.841,01	3.030.429,39	2.743.474,00	2.110.092,00
<b>III. Financial assets</b>											
1. Shares in subsidiaries	178.521,54	0,00	0,00	0,00	178.521,54	0,00	0,00	0,00	0,00	178.521,54	178.521,54
<b>Total fixed assets</b>	<b>6.207.543,18</b>	<b>2.228.157,69</b>	<b>658.725,81</b>	<b>0,00</b>	<b>7.776.975,06</b>	<b>3.452.007,05</b>	<b>923.389,28</b>	<b>639.146,81</b>	<b>3.736.249,52</b>	<b>4.040.725,54</b>	<b>2.755.536,13</b>