



ProCredit Holding AG & Co. KGaA

Explanatory notes pursuant to section 121 (3) No. 3 AktG on the rights of shareholders as per sections 122 (2), 126 (1), 127 and 131 (1) AktG

The convocation of the Annual General Meeting contains information concerning the rights of shareholders pursuant to sections 122 (2), 126 (1), 127 and 131 (1) of the German Stock Corporation Act (AktG) which, in accordance with section 121 (3) No. 3 AktG, largely concerns the timeframe during which these rights may be exercised. The following sections provide further information in this regard.

In the case of a KgaA (partnership limited by shares), the General Partner is authorised to manage and represent the company. Insofar as the quoted provisions of AktG (German Stock Corporation Act) refer to the Management Board, these rules apply accordingly to the General Partner.

1. Requests to place additional items on the agenda pursuant to section 122 (2) AktG

According to section 122 (2) AktG, shareholders whose shares amount in aggregate to not less than one-twentieth of the share capital or represent an amount of the share capital corresponding to EUR 500,000 (the latter corresponding to 100,000 shares) may demand that items be added to the agenda and published. Each new agenda item submitted must be accompanied by an explanation or draft proposal. The submission must be made in writing (section 126 BGB) to the General Partner and must be received by the Company at least 30 days before the date of the Annual General Meeting; the date of the Annual General Meeting and the date of receipt shall not be counted. The last possible time of receipt is therefore midnight (24:00 hours CEST) on Sunday, 22 April 2018. Any submission received after this time cannot be considered. The address of the General Partner is as follows:

ProCredit Holding AG & Co. KGaA
ProCredit General Partner AG
Management Board
Annual General Meeting 2018
Rohmerplatz 33-37
60486 Frankfurt am Main

In accordance with section 122 (2) in conjunction with section 122 (1) AktG, the shareholders in question must prove that they have owned the shares for at least 90 days before the demand was received and that they will continue to hold the requisite number of shares until the General Partner has made its decision regarding the motion. Section 121 (7) AktG shall apply accordingly to the calculation of the timeframes. The timeframe shall then be calculated backwards, whereby the date of receipt of the request shall not be counted and no transfer of the deadline from a Sunday,

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Saturday or public holiday to a previous or subsequent working day shall be considered. An appropriate entry in the share register shall suffice as proof of ownership of the shares.

The right to transfer title from a bank, financial services institution or a company operating in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) KWG shall be deemed equivalent to ownership. The period during which the share was owned by a predecessor shall be attributed to the shareholder, provided that the share was acquired free of charge, from his/her trustee, in accordance with the principle of universal succession, due to the liquidation of a community of interest, or as the result of a transfer of assets pursuant to section 13 of the Insurance Supervision Act [VAG] or section 14 of the Building Society Act [BausparkG] (see also section 70 AktG).

Additions to the agenda which are subject to disclosure shall, unless announced upon calling the Annual General Meeting, be published immediately upon receipt by the Company in the German Federal Gazette [*Bundesanzeiger*] and be forwarded for publication to such media as may be presumed to distribute said information throughout the entire European Union. Moreover, immediately upon receipt by the Company, such additions will also be made available on the Company's website (www.procredit-holding.com) under "Investor Relations / Hauptversammlung – Annual General Meeting" and communicated to the shareholders listed in the share register in compliance with section 125 (2) and (1) sentence 3.

This right of the shareholder is based upon the provisions of AktG, worded as follows:

Section 122 (1) and (2) Convocation of a meeting at the request of a minority

- (1) *A shareholders' meeting shall be called if shareholders, whose holding in aggregate equals or exceeds one-twentieth of the share capital, demand such meeting in writing, stating the purpose and the reasons of such meeting; such demand shall be addressed to the Management Board. The Articles of Association may provide that the right to demand a shareholders' meeting shall require another form or the holding of a lower proportion of the share capital. The party issuing the request must prove that they have owned the shares for at least 90 days before the request was received and that they will continue to hold the requisite number of shares until the Management Board has made its decision regarding the request. Section 121 (7) shall apply mutatis mutandis.*
- (2) *In the same manner, shareholders whose shares amount in aggregate to not less than one-twentieth of the share capital or represent an amount of the share capital corresponding to EUR 500,000 can request that items be placed on the agenda and published. Each new agenda item submitted must be accompanied by an explanation or draft proposal. Any request within the meaning of sentence 1 must be received by the company at least 24 days, in the case of listed companies at least 30 days, prior to the meeting; the day of receipt shall not be counted.*

2. Counter-motions and nominations for election pursuant to sections 126 (1) and 127 AktG

Shareholders may submit counterproposals against a proposal of the General Partner and the Supervisory Board on individual agenda items (cf. section 126 AktG). They may also submit

nominations for the election of Supervisory Board members or external auditors, provided such votes are on the agenda (cf. section 127 AktG). According to sections 126 and 127 AktG, each shareholder shall be entitled to have their counter-motion or election nomination made available to the persons named in section 125 (1) – (3) in accordance with the requirements stipulated therein. Any counter-motions (including grounds) and election nominations are solely to be sent to

ProCredit Holding AG & Co. KGaA
ProCredit General Partner AG
Management Board
Annual General Meeting 2018
Rohmerplatz 33-37
60486 Frankfurt am Main
or by fax: +49 (0)69 951 437 168
or by e-mail: PCH_hv@procredit-group.com

. Countermotions and election nominations otherwise addressed shall not be considered. Grounds must be provided for counter-motions. Pursuant to section 127 sentence 2 AktG, election nominations do not require any justification. However, according to section 127 sentence 3 AktG, they must contain the information specified in sections 124 (3) sentence 4, and 125 (1) sentence 5 AktG. These are the name, occupation and place of residence of the auditor or Supervisory Board candidate as well as information on memberships of the Supervisory Board candidate in other legally prescribed Supervisory Boards.

There is no obligation to make available countermotions and election proposals, even if the aforementioned conditions are fulfilled, if the grounds specified in section 126 (2) AktG are given and, in the case of election proposals, additionally in the case of section 127 sentence 3 AktG.

Provided that they are received at the above-mentioned address at least 14 days before the Annual General Meeting, with the date of receipt and the date of the Annual General Meeting not being counted, any counter-motions pursuant to section 126 AktG and election nominations pursuant to section 127 AktG shall be made available on the Company's website (www.procredit-holding.com) under "Investor Relations / Hauptversammlung – Annual General Meeting" along with the name of the shareholder and, in the case of counter-motions, the explanation as well as an opinion of the management, if applicable. The last permissible time of receipt is therefore midnight (CEST) on Tuesday, 8 May 2018.

Shareholders' counter-motions and election nominations, regardless of whether they have been made available or not, can only be voted on if they are made orally during the Annual General Meeting. Countermotions and election nominations on individual items on the agenda may also be submitted at the Annual General Meeting without any requirement to submit prior notice.

The provisions of AktG underlying these shareholder rights, which also specify under which conditions counter-motions and election nominations need not be made available, read as follows:

Section 126 Motions by Shareholders

- (1) *Motions by shareholders together with the shareholder's name, the grounds and any position taken by the management shall be made available to the persons entitled pursuant*

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to section 125 (1)-(3) under the conditions stated therein if at least 14 days before the meeting the shareholder sends to the address indicated in the notice convening the meeting a motion counter to a proposal of the Management Board and Supervisory Board as to an item on the agenda. The date of receipt shall not be taken into account. In the case of listed companies, access shall be provided via the company's website. Section 125 (3) AktG shall apply *mutatis mutandis*.

- (2) A counter-motion and the grounds for this need not be made available, if:
1. the Management Board would by reason of such communication become criminally liable,
 2. the counter-motion would result in a resolution of the shareholders' meeting which would be unlawful or in breach of the articles,
 3. the grounds contain statements which are manifestly false or misleading in material respects or which are defamatory,
 4. a counter-motion of such shareholder based on the same facts has already been communicated with respect to a shareholders' meeting of the company pursuant to section 125,
 5. the same counter-motion of such shareholder on essentially identical grounds has already been communicated pursuant to section 125 to at least two shareholders' meetings of the company within the past five years and at such shareholders' meetings less than one-twentieth of the share capital represented has voted in favour of such counter-motion,
 6. the shareholder indicates that he/she will neither attend nor be represented at the shareholders' meeting, or
 7. within the past two years at two shareholders' meetings the shareholder has failed to make or cause to be made on his/her behalf a counter-motion communicated by him/her.
- The statement of the grounds need not be communicated if it consists of more than 5,000 characters in total.
- (3) If several shareholders make counter-motions for resolution in respect to the same subject matter, the Management Board may combine such counter-motions and the respective statement of the grounds.

Section 127 Nominations by Shareholders

Section 126 shall analogously to a nomination by a shareholder for the election of a member of the Supervisory Board or external auditors. Such nomination need not be supported by a statement of the grounds for this. The Management Board also need not communicate such nomination if it fails to contain the particulars required by section 124 (3) sentence 4 and section 125 (1) sentence 5. The Management Board must include the following information in the nomination by a shareholder for the election of a member of the Supervisory Board of a listed company which is subject to the German Co-Determination Act [MitbestG], the German Coal and Steel Industry Co-Determination Act [MontanMitbestG] or the German Supplementary Coal and Steel Industry Co-Determination Act [MontanMitbestGErgG]:

1. Reference to the requirements of section 96 (2);
2. Information as to whether total fulfilment pursuant to section 96 (2) sentence 3 was contradicted; and

3. *Information as to the number of Supervisory Board seats that must be occupied by men and women respectively in order to comply with the minimum quota requirements of section 96 (2) sentence 1.*

Section 124 (3) sentence 4 (Publication of Requests for Supplements; Proposals for Resolutions)

The proposal for the election of members of the Supervisory Board or auditors shall state their name, profession and place of residence.

Section 125 (1) sentences 1 and 5; (2) sentence 1; and (3) (Communications to Shareholders and Members of the Supervisory Board)

- (1) *The Management Board shall, at least 21 days before the meeting, communicate the notice of the meeting to those credit institutions and shareholders' associations which have exercised voting rights on behalf of shareholders in the preceding shareholders' meeting or which have requested such communication. [...] In the case of listed companies, nominations for the election of members of the Supervisory Board shall include information on their membership in other Supervisory Boards of companies required by law to form a Supervisory Board; details of membership in comparable domestic and foreign supervisory committees of commercial enterprises shall also be included.*
- (2) *The Management Board shall provide the same information to shareholders who make such request or are registered as shareholders in the company's share register at the beginning of the 14th day before the meeting. [...]*
- (3) *Each member of the Supervisory Board may request that the Management Board send the same communication to him/her.*

3. Right of Shareholders to Information pursuant to section 131 (1) AktG

According to section 131 (1) AktG, each shareholder shall be entitled to submit an oral request at the Annual General Meeting for information from the General Partner regarding the company's affairs, the legal and business relations of the company with an affiliated entity, the situation of the group and the institutions included in its consolidated financial statements, provided that such information is required for a proper evaluation of the item on the agenda and that no right to withhold information exists. The relevant rights to withhold information are described in section 131 (3) AktG.

The information provided shall comply with the principles of conscientious and accurate accounting. According to article 21 (2) sentence 2 of the company's articles of association, the Chair of the meeting may set appropriate time limits on the shareholders' rights to pose questions and to speak; during the Annual General Meeting, the Chair is particularly empowered to stipulate an appropriate total length of time for speaking and posing questions either in general or for individual speakers.

The provisions of AktG underlying these shareholder rights, which also specify under which conditions the provision of information is not required, as well as the relevant provisions of the articles of association with respect to limitations on the amount of time provided to pose questions and to speak, are as follows:

Section 131 Right of Shareholders to Information

- (1) *Each shareholder shall upon request be provided with information at the shareholders' meeting by the Management Board regarding the company's affairs, to the extent that such information is necessary to permit a proper evaluation of the relevant item on the agenda. The duty to provide information shall also extend to the company's legal and business relations with any affiliated enterprise. If a company makes use of the simplified procedure pursuant to section 266 (1) sentence 3, section 276 or section 288 of the German Commercial Code [HGB], each shareholder may request that the annual financial statements be presented to him/her at the shareholders' meeting on such annual financial statements in the form which would have been used if such provisions on simplified procedure were not applied. The duty of the Management Board of the parent company (section 290 (1) and (2) HGB) to inform the shareholders' meeting that considers the consolidated financial statements and consolidated management report shall extend to the situation of the group and the enterprises included in the consolidated financial statements.*
- (2) *The information provided shall comply with the principles of conscientious and accurate accounting. The articles of association or the internal rules of procedure pursuant to section 129 may authorise the Chair to set appropriate time constraints on the shareholders' right to pose questions and to speak, and to determine further rules in this regard.*
- (3) *The Management Board may refuse to provide information if,*
 1. *to the extent that providing such information is, according to sound business judgment, likely to cause material damage to the company or an affiliated enterprise;*
 2. *to the extent that such information relates to tax valuations or the amount of certain taxes;*
 3. *with regard to the difference between the value at which items are shown in the annual balance sheet and the higher market value of such items, unless the shareholders' meeting is to approve the annual financial statements;*
 4. *with regard to the methods of classification and valuation, if disclosure of such methods in the notes suffices to provide a clear view of the actual condition of the company's assets, financial position and profitability within the meaning of section 264 (2) HGB; the foregoing shall not apply if the shareholders' meeting is to approve the annual financial statements;*
 5. *if the provision thereof would render the Management Board criminally liable;*
 6. *if in the case of a credit institution or financial services institution information about the applied balance sheet and valuation methods or calculations made in the annual financial statements, the management report, the consolidated annual financial statements or the group's management report need not be given;*
 7. *if the information is continuously available on the company's website seven or more days prior to the shareholders' meeting as well as during the meeting.*

The provision of information may not be denied for other reasons.

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- (4) *If information has been provided outside a shareholders' meeting to a shareholder by reason of his status as a shareholder, such information shall upon request be provided to any other shareholder at the shareholders' meeting, even if such information is not necessary to permit a proper evaluation of an item on the agenda. The Management Board may not refuse to provide such information on the grounds of (3) sentence 1 nos. 1 to 4. Sentences 1 and 2 shall not apply if a subsidiary (section 290 (1), (2) HGB), a cooperative enterprise (section 310 (1) HGB) or an affiliate (section 311 (1) HGB) provides the information to a parent company (section 290 (1), (2) HGB) for the purpose of inclusion in the consolidated annual financial statements of the parent company and the information is required for this purpose.*
- (5) *A shareholder who has been denied information may request that his question and the reason for which the information was denied be recorded in the minutes of the meeting.*

Article 21 (2) sentence 2 of the Articles of Association

During the Shareholders' Meeting, the Chair may set appropriate time limits on the shareholders' rights to pose questions and to speak.