

ProCredit Holding AG & Co. KGaA

Explanatory notes pursuant to section 121 (3) no. 3 of the German Stock Corporation Act (AktG) on the rights of shareholders pursuant to section 122 (2), section 126 (1), section 127 and section 131 (1) AktG in conjunction with section 1 (2) and (3) of the Act on measures in company, cooperative, association, foundation and residential property law to combat the effects of the COVID-19 pandemic (C19-AuswBekG)

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) AktG which, in accordance with section 121 (3) No. 3 AktG, largely concerns the timeframe during which these rights may be exercised. The deadlines as well as certain modalities of AktG are modified by section 1 (2) and (3) C19-AuswBekG, which entered into force on 28 March 2020. The following information provides a more detailed explanation.

In the case of a KGaA (partnership limited by shares), the General Partner is authorised to manage and represent the company. Where the Management Board is referred to in the provisions of AktG or C19-AuswBekG, these provisions shall also apply mutatis mutandis to the General Partner.

1. Requests for expanding the agenda in accordance with section 122 (2) AktG in conjunction with section 1 (3) sentence 4 C19-AuswBekG

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 500,000.00 (the latter corresponding to 100,000 shares) may demand that items be added to the agenda and published. Any new item must be accompanied by a declaration of the grounds or a draft proposal. The request must be addressed to the General Partner of the Company in writing (section 126 BGB) or in electronic form, i.e. using a qualified electronic signature (section 126a BGB), and must be received by the Company at least 14 days before the date of the Annual General Meeting; the day of the Annual General Meeting and the day of receipt shall not be counted. The last possible date of receipt is therefore Tuesday, 11 May 2020, 24:00 hours (CEST) at the address of the General Partner below:

ProCredit Holding AG & Co. KGaA
ProCredit General Partner AG
Board of Management
Annual General Meeting 2020
Rohmerplatz 33-37
60486 Frankfurt am Main

Any submission received after this time cannot be considered. 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 70 AktG shall apply when calculating the period of share ownership.

Section 121 (7) AktG shall also be applied mutatis mutandis. 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, Saturday or public holiday to a previous or subsequent working day will be considered. An appropriate entry in the share register shall suffice as proof of ownership of the shares.

With regard to ownership, 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 of the shares. The period during which the share was owned by a predecessor will 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.

The provisions of AktG and C19-AuswBekG on which this shareholder right is based are as follows:

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

- (1) *The general 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 must be addressed to the Management Board. The Articles of Association may provide that the right to demand a general meeting shall require another form or the holding of a lower proportion of the share capital. The applicants must prove that they have held the shares for at least 90 days prior to the date of receipt of the request and that they will hold the shares until the Management Board decides on 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 may demand that items are put on the agenda and published. Each new item must be accompanied by a declaration of the grounds or a draft proposal. The demand within the meaning of sentence 1 must be provided to the company at least 24 days, in case of listed companies at least 30 days, prior to the meeting; the day of receipt is not counted in this calculation.*

Section 1 (3) C19-AuswBekG

- (3) *Notwithstanding section 123 (1) sentence 1, and (2) sentence 5 AktG, the Management Board may decide to convene the general meeting on the 21st day before the date of the meeting at the latest. Notwithstanding section 123 (4) sentence 2 AktG, the proof of share ownership in case of listed companies must refer to the beginning of the twelfth day before the meeting and, in case of bearer shares in the company, must be transferred to the address stated in the invitation to the meeting for this purpose by no later than the fourth day before the general meeting unless the Management Board determines a shorter deadline in the invitation to the general meeting for receipt of proof to be provided to the company; deviating provisions in the Articles of Association are irrelevant. In the event of convocation with a shortened period of notice pursuant to sentence 1, the notification pursuant to section 125 (1) sentence 1 AktG is to be made twelve days before the date of the meeting at the latest and the notification pursuant to section 125 (2) AktG must be made to those persons who are registered in the share register at the beginning of the twelfth day before the general meeting. Notwithstanding section 122 (2) AktG, requests to expand the agenda must be received by the company at least 14 days before the meeting.*

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/or 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. Counter-motions with appropriate grounds and nomination proposals may only be submitted to:

ProCredit Holding AG & Co. KGaA
ProCredit General Partner AG
Board of Management
Annual General Meeting 2020
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

Counter-motions and election nominations otherwise addressed will not be considered. Grounds must be provided for counter-motions. Pursuant to section 127 sentence 2 AktG, election nominations do not require any grounds. 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. A proposal for the election of Supervisory Board members must also be accompanied by information on their membership in comparable domestic and foreign supervisory bodies of commercial enterprises.

Counter-motions for which grounds have been provided and nomination proposals will only be taken into consideration if received at the address above by midnight (24:00 hours CEST) on 11 May 2020 at the latest.

There is no obligation to make available counter-motions 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.

Any counter-motions within the meaning of section 126 AktG and election proposals within the meaning of section 127 AktG that are received in good time will be made accessible on the Company's website (www.procredit-holding.com) under "Investor Relations / Hauptversammlung – Annual General Meeting", together with the name of the shareholder and, in the case of counter-motions, the grounds therefor as well as any comments by the Management Board.

A counter-motion or election proposal which must be made accessible in accordance with sections 126 and 127 AktG will be considered to have been made during the virtual Annual General Meeting if the shareholder making the counter-motion or nomination proposal is duly registered for the Annual General Meeting.

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

Section 126 AktG: 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 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 ad as to an item on the agenda. The date of receipt shall not be counted. 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 of association,*
 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 to a general 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 grounds need not be communicated if it exceeds 5,000 characters in total.

- (3) *If several shareholders make countermotions in respect to the same subject matter of a resolution, the Management Board may combine such countermotions and the respective statements of grounds.*

Section 127: Nominations by Shareholders

Section 126 shall apply mutatis mutandis to a proposal by a shareholder for the election of members of the Supervisory Board or independent auditors. Such nomination need not be supported by a statement of grounds. 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 to information in accordance with section 131 (1) AktG in conjunction with section 1 (2) sentence 1 no. 3 and sentence 2 C19 AuswBekG

The shareholders' right to information is considerably restricted in the case of a virtual general meeting and is reduced to the possibility of asking questions through electronic channels (section 1 (2) sentence 1 no. 3 C19-AuswBekG). The General Partner may also stipulate that questions must be submitted at least two days before the Annual General Meeting. The General Partner of the Company has decided to make use of this option with the approval of the Supervisory Board. In accordance with section 1 (2) sentence 2 C19-AuswBekG – in deviation from section 131 AktG – the General Partner decides at its own discretion in a due and proper manner which questions it answers and how it answers them. According to the explanatory memorandum to section 1 (2) sentence 2 of the C19 AuswBekG, the General Partner is not required to answer all questions. There is no right to a reply. It may also summarise questions and, in the interest of the other shareholders, select questions that are relevant and meaningful. It may give preference to associations of shareholders and institutional investors with significant voting interests.

Shareholders' questions are to be submitted at the latest two days before the Meeting, i.e. at the latest by midnight on 23 May 24.00 (24:00 hours CEST), via the InvestorPortal accessible via the Company's website www.procredit-holding.com (under "Investor Relations / Hauptversammlung – Annual General Meeting"). No questions may be asked during the Annual General Meeting.

The provisions of AktG and C19-AuswBekG on which this shareholder right is based 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*
1. *if providing such information is, according to sound business judgment, likely to cause material damage to the company or an affiliated enterprise;*
 2. *if such information relates to tax valuations or the amount of certain taxes;*
 3. *regarding the difference between the value at which items are shown in the annual balance sheet and a higher value of such items, unless the general meeting is to approve the annual financial statements;*
 4. *regarding the accounting and valuation methods if disclosure of these methods in the notes suffices to provide a true and fair view of the net assets, financial position and results of operations of the Company within the meaning of section 264 (2) HGB; this does not apply if the general 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, it is not necessary to provide information on the accounting and valuation methods applied and the offsetting performed in the annual financial statements, management report, consolidated annual financial statements or consolidated management report;*
 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.

- (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.*

Section 1 (2) C19-AuswBekG

- (2) *The Management Board may decide that the meeting is to be held as a virtual general meeting without the physical presence of shareholders or their authorised representatives, provided that*
1. *there is an audiovisual transmission of the entire meeting,*



2. *the exercise of voting rights by shareholders via electronic channels (postal voting or electronic participation) as well as the granting of powers of attorney are possible,*
3. *shareholders have the possibility to ask questions through electronic channels,*
4. *the shareholders who have exercised their voting rights in accordance with no. 2 are given the opportunity to object to a resolution of the general meeting, notwithstanding section 245 no. 1 AktG, dispensing with the requirement to appear at the general meeting.*

The Management Board decides at its own discretion in a due and proper manner which questions it answers and how it answers them; furthermore, it may also require that questions be submitted at least two days before the meeting through electronic channels.