

– Non-binding convenience translation –

## **CONVERSION REPORT**

by the general partner of

### **PROCREDIT HOLDING AG & Co. KGAA**

on the conversion of ProCredit Holding AG & Co. KGaA into a stock corporation (*Aktiengesellschaft*)

pursuant to section 192(1) of the German Transformation Act  
(*Umwandlungsgesetz*)

20 April 2023

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- Annex 2**      List of significant affiliates and other companies
- Annex 3**      Draft articles of association of ProCredit Holding AG

## LIST OF ABBREVIATIONS

AG	stock corporation ( <i>Aktiengesellschaft</i> )
AktG	German Stock Corporation Act ( <i>Aktiengesetz</i> )
BaFin	German Federal Financial Supervisory Authority
BGB	German Civil Code ( <i>Bürgerliches Gesetzbuch</i> )
DCGK	German Corporate Governance Codex ( <i>Deutscher Corporate Governance Kodex</i> )
DrittelbG	German Act on One-Third Employee Representation in the supervisory board ( <i>Drittelbeteiligungsgesetz</i> )
EBITDA	Earnings before interest, taxes, depreciation, and amortisation
e.g.	for example ( <i>exempli gratia</i> )
et seq.	et sequens
et seqq.	et sequentia
FWB	Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> )
GmbH	limited liability company ( <i>Gesellschaft mit beschränkter Haftung</i> )
HGB	German Commercial Code ( <i>Handelsgesetzbuch</i> )
HRB	Commercial Register, Section B ( <i>Handelsregister, Abteilung B</i> )
i.e.	that is ( <i>id est</i> )
IFI	International Financial Institutions
IMI	IMI-Internationale Micro Investitionen AG
ISIN	International Securities Identification Number

KG	limited partnership ( <i>Kommanditgesellschaft</i> )
KGaA	partnership limited by shares ( <i>Kommanditgesellschaft auf Aktien</i> )
KWG	German Banking Act ( <i>Kreditwesengesetz</i> )
no.	number
PCH	ProCredit Holding AG & Co. KGaA
PCH AG	The future stock corporation ProCredit Holding AG
PCGP	ProCredit General Partner AG
SE	European public limited-liability company ( <i>Societas Europaea</i> )
UmwG	German Transformation Act ( <i>Umwandlungsgesetz</i> )
UmwStG	German Transformation Tax Act ( <i>Umwandlungssteuergesetz</i> )
WpHG	German Securities Trading Act ( <i>Wertpapierhandelsgesetz</i> )
XETRA	Exchange Electronic Trading (electronic trading system of Deutsche Börse)

## 1. Introduction

ProCredit General Partner AG (*PCGP*) as the general partner of ProCredit Holding AG & Co. KGaA (the *Company* or *PCH*, and together with its affiliated undertakings the *ProCredit Group*) resolved on 14 October 2022 in agreement with its shareholders, the core shareholders of PCH (*Core Shareholders*), to prepare a transformation of the Company's legal form from a partnership limited by shares (*Kommanditgesellschaft auf Aktien – KGaA*) into a stock corporation (*Aktiengesellschaft – AG*) (the future stock corporation ProCredit Holding AG, hereinafter *PCH AG*).

On 17 January 2023, the management board of PCGP (in its capacity as general partner of PCH) resolved that PCH should be transformed into an AG by way of a conversion in accordance with the German Transformation Act (*Umwandlungsgesetz – UmwG*) (the *Conversion*) and that, for the purposes of the Conversion, the management board will initiate and implement any measures it deems necessary or expedient, in particular the preparation of the documentation required for the Conversion.

The management board of PCGP (in its capacity as general partner of PCH) and the supervisory board of the Company resolved on 18 and 20 April 2023 to propose to the Company's annual general meeting held on 5 June 2023 to convert the Company from a KGaA into the legal form of an AG. In accordance with the German Transformation Act (*Umwandlungsgesetz – UmwG*), such transformation changing the legal form requires the consent of PCH's general meeting. The agenda of the Company's annual general meeting held on 5 June 2023 is attached to this Conversion Report as **Annex 1**.

By means of the present Conversion Report for the purposes of section 192 UmwG (the *Conversion Report*), PCGP in its capacity as the Company's general partner provides the explanation of, and reasons for, the Conversion in legal and economic terms, in particular its consequences for shareholders' legal positions and the Company's management.

## 2. ProCredit Holding AG & Co. KGaA

### 2.1 General information on ProCredit Holding AG & Co. KGaA

PCH is a partnership limited by shares (*Kommanditgesellschaft auf Aktien – KGaA*) with its registered office in Frankfurt am Main, Germany, and business address at Rohmerplatz 33-37, 60486 Frankfurt am Main, Germany, registered with the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main under HRB 91858. The Company was established in 2011 by way of conversion of ProCredit Holding AG, Frankfurt am Main (local court (*Amtsgericht*) of Frankfurt am Main, HRB 45904) pursuant to sections 192 et seqq. UmwG.

The current share capital of PCH amounts to EUR 294,492,460.00 and is divided into 58,898,492 no-par value registered shares (*Stückaktien*).

The purpose of the Company is to acquire long-term and if possible majority equity participations in financial institutions which serve the financial needs of small and medium-sized enterprises and of private clients in developing countries, emerging economies and Germany. The aim of the Company is to support and manage all financial institutions in which



it invests as a group and to ensure that they achieve, over the long term, an optimal rate of return on the capital employed whilst at the same time achieving and maintaining a high degree of orientation towards the target group.

## **2.2 History and development**

The Company was established in 1998 by the consulting company IPC and some of its employees organised in ipc-invest (today's ProCredit Staff Invest GmbH & Co. KG) under the company name IMI-Internationale Micro Investitionen AG (*IMI*). Shortly after its establishment, the DOEN Foundation, Bolivian foundation ProCrédito and the KfW Group acquired interests in the Company. IMI quickly became an important communication medium between the shareholders of the different institutions. Over the following years, further International Financial Institutions (IFIs) and new shareholders acquired interests. In 2005, IMI was renamed ProCredit Holding AG.

By conversion resolution dated 27 June 2011, ProCredit Holding AG was transformed into the legal form of a KGaA by means of conversion. Since that date, its sole general partner has been ProCredit General Partner AG. With this conversion, the original ProCredit Holding AG changed its name to ProCredit Holding AG & Co. KGaA

After PCH on 8 December 2016 had announced its intention to obtain a listing on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse – FSE*), shares of the Company were traded on the Regulated Market (Prime Standard) of the FSE for the first time on 22 December 2016. In addition, the shares are included in the XETRA electronic trading system.

## **2.3 Business activities of the ProCredit Group**

In the financial year 2022, the ProCredit Group generated turnover (operating income) of EUR 339.8 m. and a profit of EUR 16.5 m. The consolidated profit corresponds to a return on equity of 1.9 %.

The business activities of the ProCredit Group comprise the financing of small and medium-sized enterprises (*SMEs*) and the direct banking business with private clients. The ProCredit Group is operationally active in South Eastern Europe, Eastern Europe, South America and in Germany. The parent group company is PCH, based in Frankfurt am Main, which strategically manages the ProCredit Group and ensures adequate capitalisation and group-wide implementation of German and European regulatory requirements.

The purpose of PCH as defined in its articles of association is to acquire long-term and if possible majority equity participations in financial institutions which serve the financial needs of small and medium-sized enterprises and of private clients in developing countries, emerging economies and Germany. The aim of the Company is to support and manage all financial institutions in which it invests as a group and to ensure that they achieve, over the long term, an optimal rate of return on the capital employed whilst at the same time achieving and maintaining a high degree of orientation towards the target group. The Company is authorised to carry out all types of transactions and take all measures which are necessary for or are deemed to be beneficial to furthering the achievement of the purpose of the Company, and in particular

to acquire equity participations in enterprises of the same or a similar type, or enterprises whose business activities are related to the purpose of the Company, both in Germany and in foreign countries, and to establish branch offices.

The aim of the business activities is to generate a sustainable return for the Company's investors while contributing to economic, social and environmental development. An integral part of the business strategy is the endeavour to have as less impact on the environment as possible as well as to proactively cause a change in thinking towards sustainability.

The business strategy is based on long-term cooperation with clients and staff and a conservative approach to risk. The ProCredit Group does not engage in speculative business.

The ProCredit Group regards itself as the principal bank (*Hausbank*) for its clients and the first point of contact for their financial concerns. In this context, the ProCredit Group offers all banking services in the areas of financing, account management, payment transactions and deposit business and also supports its clients in long-term investment projects. In addition to its business with SMEs, the ProCredit Group pursues a direct banking strategy for private clients, which is particularly geared towards the growing middle class. Interaction with private clients basically takes place via digital channels, offering a full range of online services combined with personal customer care.

The target group in the lending business are innovative, high-growth companies with stable and formalised structures. The ProCredit Group aims to deliver added value for its clients and contribute to job creation, increased innovation capacity and investments in green projects. The ProCredit Group places a special focus on granting green loans and promoting local production, especially in the agricultural sector. The approach is based on a careful and critical selection of clients, with solvency, transparency and social responsibility at the core of the lending process. At the same time, clear requirements are placed on clients regarding ethical business practices as well as the responsible treatment of their environment. The consideration of social and ecological risks of the clients is firmly integrated in the credit decision processes. Furthermore, great importance is placed to the prevention of money laundering, financing of terrorism and other illegal activities.

Consumer loans play virtually a very small role in the business strategy. The share of consumer loans in the total portfolio is about 1 %.

For an overview of the Group structure with PCH's domestic and foreign subsidiaries, see the presentation below under section 2.7.1.

## **2.4 Corporate bodies**

The corporate bodies of PCH are the general partner, the supervisory board of PCH and the general meeting of PCH. The general partner is PCGP, which in turn is represented by its management board. The management board of PCGP currently consists of four and, from 1 May 2023 expected of five members, the supervisory board of PCH consists of six members. The powers of these corporate bodies are provided for in the German Stock Corporation Act (*Aktiengesetz – AktG*), in the articles of association of the Company and PCGP, and in relevant rules of procedure.

#### 2.4.1 Management board members of the general partner (PCGP)

##### *Hubert Spechtenhauser – chairman of the management board*

Hubert Spechtenhauser has been a member of the management board since March 2022 and as the chairman of the management board of PCGP has been responsible for the general strategy and the overall management of the Company and of the ProCredit Group since November 2022; he is also responsible for Corporate Office, Group Communications, Legal and Group and PCH Internal Audit.

##### *Christian Dagrosa – Chief Financial Officer*

Christian Dagrosa has been a member of the management board since January 2023 and is responsible for Accounting and Tax, Supervisory Reporting and Capital Planning, Group Funding and Treasury, Controlling, Reporting and Data Management, Investor Relations, Administration and Translation.

##### *Dr Gian Marco Felice – management board member*

Dr Gian Marco Felice has been a member of the management board since 2020 and is responsible for IT, Business Support and Development, Group Environmental Management and Impact Reporting.

##### *Sandrine Massiani – management board member*

Sandrine Massiani has been a member of the management board since 2017 and is responsible for Credit Risk Management, Risk Control, Financial Risk Management, Operational Risk Management, Fraud Prevention and Compliance, AML and Human Resources.

##### *Eriola Bibolli – management board member*

Eriola Bibolli was appointed as a member of the management board by resolution of the supervisory board of PCGP dated 22 March 2023 with effect from 1 May 2023, subject to the granting of the requisite approvals and authorisations by the relevant authorities.

#### 2.4.2 Supervisory board members of PCH

##### *Rainer Ottenstein – chairman of the supervisory board*

Rainer Ottenstein has been chairman of the supervisory boards of both PCH and PCGP since March 2022. He was deputy chairman of the supervisory boards of PCH and PCGP from 2020 to 2022. He is a member of the supervisory boards of PCH and PCGP since 2016. He is group-intern further a member of the supervisory board of ProCredit Bank AG Deutschland, der JSC ProCredit Bank in Georgia, ProCredit Bank Sh.a. in Kosovo, ProCredit Bank S.A. in Rumania, ProCredit Bank a.d. Belgrade in Serbia and ProCredit Bank J.S.C. in Ukraine.

##### *Dr H.P.M. Ben Knapen – deputy chairman of the supervisory board*

Dr H.P.M. (Ben) Knapen has been deputy chairman of the supervisory boards of both PCH and PCGP since March 2022. He has been a supervisory board member of both PCH and PCGP since 2020. Within the group, he continues to be a member of the supervisory board of

ProCredit Bank (Bulgaria) EAD in Bulgaria. He is also a member of the supervisory board of the Leiden Asia Centre.

*Helen Alexander – supervisory board member*

Helen Alexander has been a member of the supervisory boards of PCH and PCGP since 2022. She continues to be a deputy member of the supervisory board of Banco ProCredit S.A. in Ecuador.

*Marianne Loner – supervisory board member*

Marianne Loner has been a member of the supervisory boards of PCH and PCGP since 2017. She has also been a non-executive member of the board of directors of Amundi Planet Sicav-SIF in Luxemburg since 2018, and a non-executive member of the board of directors of Sura Asset Management S.A. in Medellin, Colombia, since 2012.

*Jovanka Joleska Popovska – supervisory board member*

Jovanka Joleska Popovska has been a member of the supervisory boards of PCH and PCGP since 2021. Within the group, she has been chairwoman of the supervisory board of ProCredit Bank A.D. in Northern Macedonia since April 2021 and continues to be a member of the supervisory boards of ProCredit Bank Sh.a. in Albania and C.B. ProCredit Bank S.A. in Moldova.

*Dr Jan Martin Witte – supervisory board member*

Dr Jan Martin Witte has been a member of the supervisory boards of PCH and PCGP since 2021.

## **2.5 Employees**

At year-end 2022, the ProCredit Group had a total of 3,544 employees, 734 of whom were based in Germany.

PCH itself had 129 employees at year-end 2022. This number includes 0 employees working abroad.

No works councils were elected at PCH. PCH has neither a central works council (*Gesamtbetriebsrat*) nor a group works council (*Konzernbetriebsrat*).

The works council of PCH is not co-determined pursuant to either section 1(1) no. 2 of the German Act on One-Third Employee Representation in the supervisory board (*Drittelbeteiligungsgesetz – DrittelbG*) or section 1(1) of the German Act on Co-determination of Employees (*Mitbestimmungsgesetz – MitbestG*). Therefore, no employee representatives were elected to the supervisory board of PCH. The same applies to the supervisory board of PCGP.

## **2.6 Capital structure**

### **2.6.1 General**

The Company's share capital amounts to EUR 294,492,460.00 and is divided into 58,898,492 no-par value registered shares (*Stückaktien*), each representing a notional interest of EUR 5.00 in the share capital. Each no-par value share grants one vote at the general meeting. Accordingly, the total number of voting rights is 58,898,492. At the time of this conversion report, the Company holds no treasury shares.

The shares are represented in a global certificate. A right to the issuance of separate share certificates is excluded unless certification is required by the regulations of a stock exchange on which the shares are listed.

No shares have been issued with special rights conferring control powers. The management board of PCGP is not aware of any restrictions concerning voting rights or the transfer of shares.

### **2.6.2 Authorised capital**

The general partner has been authorised by resolution of the general meeting of 23 May 2018, with the consent of the supervisory board, to increase the share capital in the period until 22 May 2023, once or in several smaller amounts, by a total amount of up to EUR 29,449,246.00, by issuing new registered no-par value shares against contributions in cash and/or in kind, with the possibility to exclude shareholders' subscription rights (Authorised Capital 2018). To date, the general partner has not utilised the authorisation to increase the Company's share capital from Authorised Capital 2018.

The existing Authorised Capital 2018 will expire on 22 May 2023 and shall be renewed by a new Authorized Capital 2023 of the same amount in accordance with the proposed resolution under agenda item 8 of the notice convening the annual general meeting on 5 June 2023. Such Authorized Capital 2023 shall also be created in the articles of association for the stock corporation applicable after the conversion (see section 6.3.4(c)(ii) below).

## **2.7 Group structure and shareholder structure**

### **2.7.1 Group structure**

The Group's parent company, PCH, is the holding company of the ProCredit Group and holds the majority of shares in all ProCredit subsidiaries worldwide. The main function of PCH towards its subsidiaries is to provide equity and debt capital financing, provide strategic advice, and ensure that all compliance obligations required under German and European regulations are met throughout the Group.

PCH has 12 subsidiaries in Germany and abroad that conduct banking business. A list of significant affiliated and other undertakings is attached to this Conversion Report as **Annex 2**.

### **2.7.2 Shareholder structure**

The Company currently has the legal structure of a KGaA. The Company's general partner is PCGP.

At the time of this conversion report, the Company is acquainted with the following information about the shareholders of the Company, who each hold voting rights of at least 5%. The shareholder structure shown below results from voting rights notifications received by the Company pursuant to § 33 WpHG and, in part, from other information provided by shareholders and, in part, from other information provided by shareholders.

- Zeitinger Invest GmbH holds 18.3% of the shares.
- KfW holds 13.2% of the shares.
- DOEN-Participaties-Investmentgesellschaft holds 12.5% of the shares.
- International Finance Corporation (IFC) holds 5.1% of the shares.
- Teachers Insurance and Annuity Association of America (TIAA) holds 8.6% of the shares.
- The free float (i.e., held by shareholders who each hold less than 5% of the limited partner's share capital) consequently accounts for 42.3% of PCH's shares.

As published by the Company in an ad hoc announcement dated 17 March 2023, the European Bank for Reconstruction and Development (EBRD) has entered into a sale and purchase agreement with IFC for the acquisition of all shares currently held by IFC in PCH amounting to 5.06% of the limited partner's share capital. The EBRD currently holds 3.64% of PCH. Upon completion of the transaction, EBRD will replace IFC as a shareholder of PCH and will hold a total of 8.7% of the shares. The closing of the share purchase is subject to the satisfaction of conditions precedent, including receipt of regulatory approvals.

### **3. Overview of the Conversion and economic and legal reasons**

The general partner and the supervisory board of the Company resolved to propose to the general meeting to convert the Company from a KGaA into an AG. The following sections explain the implications of the Conversion into an AG.

#### **3.1 Conversion into an AG**

##### **3.1.1 Economic and strategic objective of the conversion**

The Company currently operates in the legal form of a KGaA. This is an organisational structure in which elements of a partnership are combined with elements of a corporation. This in turn means that the general meeting has limited influence on the management:

The members of the KGaA's supervisory board are elected by the general meeting. Whereas, however, the supervisory board of an AG has the function of appointing and removing management board members, this is not the case in a KGaA. A KGaA is managed by its general partner – in this case PCGP. The management board members of the general partner are not appointed by the KGaA's supervisory board, but in accordance with the rules applying to the general partner's particular legal form. As PCGP is an AG, its management board members are appointed and removed by PCGP's supervisory board. Members of PCGP's supervisory board are appointed by PCGP's shareholders.

Therefore, the legal form of a KGaA regularly raises concerns among potential investors in the capital market. Precisely these peculiarities of this legal form and the reservations they cause are to be eliminated by means of the proposed conversion into an AG. The general partner expects that the Company will attract a larger number of investors after such conversion and that it will thus be able to make even better use of the existing admission of the Company's shares to trading on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange in its capital market presentation.

At the same time, the ProCredit Group's strategic orientation towards continuous growth, as shaped and supported by its Core Shareholders, remains ensured.

### 3.1.2 Interests of the Company

The Conversion is intended to eliminate the peculiarities associated with the legal form of a KGaA in comparison to an AG and to improve the Company's position on the capital market. This, in turn, will strengthen the funding and expansion options of the Company.

### 3.1.3 Interests of the shareholders

The proposed Conversion from the legal form of a KGaA into an AG affects the legal position of shareholders and their interests. The associated changes are set out and explained in detail in section 6 and section 7.3.

A substantial change for shareholders is that the future supervisory board of PCH AG will have the so-called personnel authority and thus the authority to appoint and remove members of the Company's management board. In addition, the supervisory board of the Company itself can make in the future (material) management actions of the management board subject to the requirement of its consent, which in the current legal form of a KGaA is only possible by means of a provision in the articles of association (see section 6.1.2). Since the shareholders can appoint six of the total eight supervisory board members of PCH AG by exercising their voting rights at the general meeting of PCH AG after the conversion (see section 4.4), the indirect - i.e., mediated via the appointment of the supervisory board - possibilities of the shareholders to influence the management of the Company are thus strengthened by the conversion.

The shareholders holding interests in PCH at the time the Conversion is registered with the commercial register of PCH will have interests in the same amount and with the same number of shares in PCH AG as they have previously held in PCH. The shares in PCH AG, as the shares in PCH, will be no-par value registered shares. The proportionate interest each no-par value share (*Stückaktie*) represents in the share capital will remain unchanged.

### 3.1.4 Effect of the Conversion on the share price

The general partner expects that the Conversion will generally have a positive effect on the share price, given the greater possibilities of influence of the shareholders in an AG described above and the simpler organisational structure. In addition, the general partner believes that the acceptance by the capital market will be strengthened by the fact that the Conversion into an AG will result in a broadly accepted and transparent structure is found that is common on the German capital market. For the reasons set out above, the general partner is optimistic that the

capital market will reward the Conversion as an important and positive step. The Company intends to further promote the transaction's acceptance on the capital market by taking appropriate measures, in particular in the area of investor relations.

However, it cannot be completely ruled out that the Conversion will have a negative effect on the share price.

### **3.2 Costs of the Conversion for the Company and its shareholders**

The total costs of the Conversion into an AG are currently expected to amount to approx. EUR 1,500,000.00 (in words: Euro one million five hundred thousand). This estimate includes, in particular, the costs of the formation audit, the required publications, the notary and court fees, and the costs of external consultants.

### **3.3 Alternatives**

In the run-up to the Conversion, the general partner dealt in detail with alternatives to the proposed Conversion into an AG. After carefully considering the pros and cons, the general partner has reached the conclusion that there is no alternative to the proposed Conversion that takes the interests of the Company and its shareholders into consideration to the same or a greater extent. The alternatives considered are explained in detail below.

#### **3.3.1 Refraining from the Conversion**

The general partner initially considered refraining from the Conversion, without choosing an alternative structure. However, if the Company refrained from the Conversion, it would not be able to realise the objectives pursued with the Conversion, in particular greater acceptance of the Company's legal structure on the capital market. Therefore, the general partner does not consider it a reasonable alternative to refrain from the Conversion.

#### **3.3.2 Conversion into a different legal form**

Conversion into a legal form other than an AG such as, for example, a GmbH or a KG, was not an option for the reason alone that a conversion into such legal form would result in the Company's shares no longer being admitted to trading on the stock exchange because shares of a GmbH or KG are not eligible for a stock market listing. However, the proposed Conversion is specifically motivated by addressing a broader investor base, giving investors the opportunity to acquire shares in the Company. Stock exchange listing plays an essential role in this context because the shares' tradability makes their acquisition more attractive to investors, as they can normally sell the shares again at any time.

Conversion into a *Societas Europaea* (SE) would also have been an option. The shares of an SE can be traded on a stock exchange, meaning that the conversion into this legal form would not have resulted in the loss of stock exchange listing. However, the legal form of an SE was not chosen either, because the procedure to convert the Company into an SE would have involved significantly more time and costs and higher complexity, whereas the advantages associated with an SE structure would not have sufficiently outweighed these disadvantages in the opinion of the general partner.



### 3.3.3 Merger into an AG

A merger of the Company into an AG (e.g. PCGP) would also have been an option in the present case. In connection with such merger, the Company's limited shareholders would have received shares in the new AG in exchange for their limited partnership shares held in the Company. However, such a merger would have involved significantly more time and higher costs, which in the general partner's opinion would not have been outweighed by advantages to the Company and its stakeholders. Therefore, in the general partner's opinion, merging the Company into another AG is not a preferable alternative to the Conversion.

Therefore, having considered all alternatives, the general partner concluded that a Conversion into an AG is the best way to implement the desired improvement of the Company's position on the capital market.

## 4. Implementation of the Conversion and explanation of the Conversion Resolution

### 4.1 Procedure of the Conversion

The Company's Conversion is to be implemented by way of transformation in accordance with the provisions of the Transformation Act (sections 190 et seqq., 226 et seqq., 238 et seqq. UmwG). The provisions of the UmwG also apply to the conversion of a KGaA into an AG. The Conversion will become effective upon its registration with the Company's commercial register. Following registration, the Company will continue to exist in the legal form of an AG as determined in the Conversion Resolution. The details of the Conversion are contained in the Conversion Resolution that will be submitted for adoption to the general meeting held on 5 June 2023 and are explained in more detail in section 4.3. The draft Conversion Resolution is included in the agenda of the general meeting held on 5 June 2023, which is attached to this Conversion Report as **Annex 1**, and contained therein under item 10.

### 4.2 Material legal steps in the Conversion

The material legal steps in the Conversion are briefly summarised and explained below.

#### 4.2.1 Conversion Resolution

The legal basis of the Conversion is the Conversion Resolution that will be submitted for adoption to the annual general meeting held on 5 June 2023.

In order to be effective, the Conversion Resolution requires notarisation (section 193(3) sentence 1 UmwG) and, in addition to the simple majority of votes (sections 278(3), 133(1) AktG), a majority of three quarters of share capital represented in the vote of the Company's general meeting (see section 240(1) sentence 1 UmwG). The Conversion further requires the consent of the general partner (see section 240(3) sentence 1 UmwG). Pursuant to section 245(3) UmwG, PCGP will assume the position of founder of the legal entity in its new legal form. The declaration of consent by the general partner must be notarised either in the record of the general meeting or in an annexed deed (see section 285(3) sentence 2 AktG, section 193(3) sentence 1 UmwG). The declaration of consent should also be made in the annual general meeting held on 5 June 2023.

#### 4.2.2 Application of formation provisions

Pursuant to section 197 UmwG, the Conversion is subject to the formation provisions applying to the legal entity in its new legal form, i.e., in the present case the provisions applying to the formation of an AG.

The required capital is provided by way of the Conversion itself; the shareholders are not required to make payments to the Company or other capital contributions. The Company also does not have negative equity that would prevent the Conversion. The Company's existing net assets (assets less liabilities) exceeds the share capital of the AG formed by the Conversion, meaning that the AG's share capital requirements are met.

Pursuant to section 197 sentence 1 UmwG, the Conversion is subject to the formation provisions applying to the entity's new legal form, unless provided otherwise. Provisions requiring a minimum number of founders for formation or provisions on the formation and composition of the initial supervisory board are not applicable (section 197 sentence 2 UmwG). Where a legal entity is converted into an AG, section 31 AktG is applicable (section 197 sentence 3 UmwG).

#### 4.2.3 Appointment of supervisory board members

As explained in more detail in section 4.4, contrary to the basic principle of continuity of office (section 203 sentence 1 UmwG), the Company's Conversion may affect the position of the Company's incumbent supervisory board members. Against this background, the supervisory board members should be reappointed by resolution of the general meeting on 5 June 2023. Further, the supervisory board of PCH AG should be expanded by two members upon effectiveness of the Conversion (for more details, see section 4.4).

#### 4.2.4 Appointment of the auditor

According to the wording of the law, PCGP is required to appoint the auditor for the purposes of section 30(1) sentence 1 AktG. The appointment requires notarisation (section 197 sentence 1 UmwG in conjunction with section 30(1) sentence 2 AktG). It is therefore proposed, as a matter of precaution, that PCGP submits the following declaration to be notarised in section II. Item 2 of the convocation of the general meeting held on 5 June 2023 in the notarial minutes of the general meeting:

*„The election of the auditor and of the group auditor for the 2023 financial year as resolved by the annual general meeting held on 5 June 2023 under agenda item 5 shall continue to be effective following effectiveness of the Company's conversion into the legal form of a stock corporation as proposed under agenda item 10 of the annual general meeting held on 5 June 2023.“*

#### 4.2.5 Formation report and formation audit

The founder, in this case PCGP, in its position as sole general partner of PCH, must prepare a written formation report detailing the process of the Conversion (see section 197 sentence 1 UmwG, section 32 AktG). The formation report contains statements on, among other things, the content of the Conversion Resolution, the adoption of the future articles of

association, the amount of share capital, the holding structure, the appointment of the supervisory board members, the previous business performance, and the current situation of the converting company. The formation report must also set out the relevant circumstances showing that the share capital is covered by the Company's net assets.

A formation audit is then carried out by the management board and the supervisory board of the entity in its new legal form, as the bodies responsible for this purpose (see section 197 sentence 1, section 245(3) sentence 1 UmwG in conjunction with section 33(1) AktG).

Furthermore, an audit must be carried out by an external auditor (see section 245(3) sentence 2, section 220(3) sentence 1 UmwG in conjunction with section 33(2) AktG). The formation auditor is appointed by the local court (*Amtsgericht*) of Frankfurt am Main (register court) as the competent court for the Company. PCGP proposed the appointment of the Company's auditor – i.e., BDO AG Wirtschaftsprüfungsgesellschaft with headquarters in Hamburg (branch office in Frankfurt am Main, Germany) – as formation auditor to the local court (*Amtsgericht*) of Frankfurt am Main (register court). By resolution dated 23 February 2023 (file no. HRB 91858 case 22), the court followed the request and appointed BDO AG Wirtschaftsprüfungsgesellschaft as formation auditor. The formation audit will focus particularly on the coverage of the share capital by the Company's net assets. A written report on the formation audit must be provided (see section 34(2) AktG).

The formation report and the audit reports to be produced on the formation audit will be submitted to the commercial register together with the application for registration of the Conversion (see section 37(4) no. 4 AktG).

#### 4.2.6 Commercial register application and negative declaration

After the Company's general meeting and PCGP have given their consent, the formation report has been prepared and the formation audit has been completed, the Company's general partner will apply for registration of the Conversion with the Company's commercial register. This involves a declaration by the Company's general partner that an action challenging the effectiveness of the Conversion Resolution has not been brought or has not been brought in due time or that such action has been dismissed by a final ruling or has been withdrawn (referred to as 'negative declaration' pursuant to sections 198(3), 16(2) UmwG). If this declaration has not been submitted, the Conversion must not be registered (referred to as 'registration freeze').

For the review of the participating interests, the equality of the membership values and the appropriateness of a compensation offer, the judicial appraisal proceedings pursuant to the provisions of the Appraisal Proceedings Act (*Spruchverfahrensgesetz*) are available in other transformation cases (cf. sections 195 et seq. UmwG). In the case of a conversion from an KGaA to the legal form of a AG, however, the participation interests and the equality of membership values are not in question (cf. section 4.3.3); nor is a settlement offer to be made pursuant to section 207 UmwG (section 250 UmwG, cf. section 4.3.7). Therefore, no appraisal proceedings shall take place in this case.

#### 4.2.7 Fast-track proceeding (*Freigabeverfahren*)

If an action is brought against the effectiveness of the Conversion Resolution adopted by the Company's general meeting, a fast-track proceeding (*Freigabeverfahren*) may be initiated pursuant to sections 198(3), 16(3) UmwG. In accordance therewith, the registration freeze may be lifted at the Company's request if (i) the action brought is inadmissible or obviously without merit, (ii) the applicant has failed to provide evidence by means of relevant documents, within one week of service of the request, that they have been holding an amount representing at least EUR 1,000 since the date of the convening notice for the meeting, or (iii) the prompt effectiveness of the Conversion appears to take precedence because the court holds, at its discretion and conviction, that the significant disadvantages to the converting entity and its shareholders as presented by the applicant outweigh the disadvantages to the respondent, unless the violation of the law is particularly grave (see section 16(3) sentence 3 UmwG).

#### 4.2.8 Effectiveness of the Conversion

The Conversion will become effective upon registration in the Company's commercial register (section 202 UmwG).

### **4.3 Explanation of the Conversion Resolution**

The draft Conversion Resolution is item 10 of the agenda for the Company's annual general meeting held on 5 June 2023, which is attached to this Conversion Report as **Annex 1**. The Conversion Resolution is explained as follows:

#### 4.3.1 Conversion into an AG

Pursuant to section 194(1) no. 1 UmwG, the Conversion Resolution must state the legal form to which the legal entity is to be converted. Accordingly, section 1 of the draft Conversion Resolution provides that the Company is to be transformed into the legal form of an AG by way of conversion in accordance with the provisions of the Transformation Act.

Pursuant to section 202 UmwG, the Company's Conversion into the legal form of an AG will become effective upon registration with the competent commercial register – in this case the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main (see section 4.2.8). Upon registration with the commercial register, the Company will continue to exist in the legal form of an AG. The Conversion only changes the legal form, not the identity of the Company (principle of identity of the legal entity). Due to the Conversion, the legal entity in its new legal form receives a new company name (see section 4.3.2) and new articles of association (see section 6.3.4). The legal relationships existing between the Company and third parties, however, remain unchanged. There is no 'transfer' of the Company's assets. Insofar as entries in public registers become incorrect due to the change of the company name, they will be corrected upon application by the legal entity in its new legal form.

The general partner managing the KGaA leaves the Company upon the Conversion (section 247(2) UmwG). According to the current knowledge of the general partner, it is intended to appoint all current members of PCGP's management board presented in section 2.4.1 and those in office expected from 1 May 2023 as members of PCH AG's management

board. The powers of the management board, management issues and representation of the Company are governed by sections 76 et seqq. AktG (for details, see section 6.2.4(a)).

Where, in the case of a conversion, the supervisory board of the legal entity in its new legal form is appointed and composed in the same way as in the converting legal entity, the supervisory board members will in principle remain in office for the remainder of their terms as members of the supervisory board of the legal entity in its new legal form (section 203(1) UmwG). As explained in more detail in section 4.4, contrary to the basic principle of continuity of office (section 203 sentence 1 UmwG), the Company's Conversion may affect the position of the Company's incumbent supervisory board members; therefore, the general meeting held on 5 June 2023 is to re-appoint the supervisory board members. Pursuant to sections 95 et seqq. AktG, the supervisory board of PCH AG will be formed and composed in direct application of the provisions applicable to the AG (for details, see section 6.2.4(b)).

The differences between the AG and KGaA legal forms and the associated implications for the shareholders are described in section 6. The tax implications for the Company and its shareholders are explained in sections 5.3 and 5.4.

#### 4.3.2 Company name and registered office of the new legal entity

Pursuant to section 194(1) no. 2 UmwG, the Conversion Resolution must contain the company name of the legal entity in its new legal form. Accordingly, section 2 of the draft Conversion Resolution provides that the company name of the legal entity in its new legal form will be "ProCredit Holding AG". The only change to the company name of the legal entity in its new legal form compared with the company name to date is the adjustment in response to the conversion which becomes effective upon registration of the Conversion with the commercial register. The legal form suffix will henceforth just contain an amended reference to the legal entity in its new legal form, i.e., the "AG" (instead of previously "AG & Co. KGaA").

#### 4.3.3 Participation of the limited shareholders in the legal entity in its new legal form

Section 5 specifies that there are no changes to the Company's share capital due to the Conversion, but rather that it is to become share capital of the legal entity in its new legal form as specified in the articles of association. Implementing the provision of section 194(1) no. 3 and no. 4 UmwG, section 7 of the draft Conversion Resolution sets out how the Company's limited shareholders will participate in the legal entity in its new legal form according to the provisions applicable thereto.

In section 7, the draft Conversion Resolution further specifies that the Conversion is to occur with exclusive participation of the limited shareholders of PCH. The group of shareholders will remain unchanged in connection with the Conversion. The limited shareholders will have interests in the same amount and with the same number of shares in PCH AG as they have previously held in PCH before effectiveness of the Conversion (principle of shareholder continuity). The proportionate interest each no-par value share (*Stückaktie*) represents in the share capital will remain unchanged. Pursuant to section 202(1) no. 2 UmwG, third party rights to the shares (such as liens) will continue for ordinary shares in PCH AG, which will replace these shares; it is not necessary to re-create such rights. The limited shareholders which are

limited shareholders in PCH at the time the Conversion is registered with the commercial register will become shareholders of PCH AG.

#### 4.3.4 Withdrawal of the general partner

Pursuant to section 247(2) UmwG, the conversion of a KGaA results in its general partners withdrawing from the company in that capacity. Accordingly, section 6 of the draft Conversion Resolution provides for PCGP to withdraw from the Company as general partner.

#### 4.3.5 Adoption of new articles of association of PCH AG

According to section 4 of the draft Conversion Resolution, the new articles of association of the legal entity in its new legal form will be adopted in the form given in **Annex 3** to this Conversion Report. The articles of association of the legal entity in its new legal form are explained in detail in section 6.3.4.

With the adoption of the articles of association of PCH AG as a legal entity in its new form, an Authorised Capital 2023 with the possibility to exclude subscription rights is created (section 4 (a) of the draft conversion resolution; see below in section 6.3.4(b)(ii)), as well as a system for the remuneration of supervisory board members adapted to the new legal form of the AG (stipulated in section 4(b) of the draft conversion resolution; see below in section 4.5) and an authorisation of the management board to hold virtual general meetings. (section 4 (c) of the draft conversion resolution; see in this respect below in section 6.3.4(e)(iii)).

#### 4.3.6 Special rights and advantages

In section 8, the draft Conversion Resolution describes the rights granted to the shareholders in the legal entity in its new legal form. The requirements in section 194(1) no. 5 and sections 204 and 23 UmwG are thus complied with.

In accordance with the requirements specified in Article 8(2) and (3) of PCH AG's articles of association attached hereto as **Annex 3**, ProCredit Staff Invest GmbH & Co. KG as a shareholder of the Company and future shareholder of PCH AG, and Zeitinger Invest GmbH as a shareholder of the Company and future shareholder of PCH AG will each be entitled to appoint a member to the supervisory board of PCH AG (entitlement to appoint within the meaning of section 101(2) sentence 1 AktG) (see hereto also sections 4.4 and 6.3.4(e)(i)).

Other rights for the purposes of section 194(1) no. 5 1st alternative UmwG do not exist and are not to be granted in relation to PCH AG. Other measures for the purposes of section 194(1) no. 5 2<sup>nd</sup> alternative UmwG are not provided for.

For reasons of legal precaution, it is noted that according to the current knowledge of the General Partner, it is intended to appoint all the current members of PCGP's management board presented in section 2.4.1 and those in office expected from 1 May 2023 (i.e., the general partner) as members of PCH AG's management board. Furthermore, the supervisory board of PCH proposes to the general meeting on 5 June 2023 that the following persons, who are each currently members of the supervisory board of PCGP and PCH, as members of the supervisory board of PCH AG:

- (1) Rainer Peter Ottenstein;
- (2) Dr. H.P.M. (Ben) Knapen;
- (3) Helen Alexander; and
- (4) Jovanka Joleska Popovska.

#### 4.3.7 No compensation offer to shareholders

Due to the statutory provisions in sections 227, 250 UmwG, no compensation offer in accordance with section 207 UmwG is to be made in a conversion from a KGaA into an AG, such as in the present case. Due to these provisions, the Company is not authorised to give the shareholders the opportunity to leave the Company in the course of the Conversion in return for compensation, since its legal position remains largely unchanged. Reference is made to this in section 9 of the draft Conversion Resolution.

#### 4.3.8 Consequences of the Conversion for employees and their representation

As required by section 194(1) no. 7 UmwG, section 10 of the Conversion Resolution contains details on the consequences of the Conversion for the employees and the bodies representing them as well as on the measures provided for in this regard. The draft Conversion Resolution does not need to be submitted pursuant to section 194(2) UmwG as PCH has no works councils. An substitute direct submission to the employees with the draft Conversion Resolution is not provided for by law (arg. e section 122e sentence 2 UmwG) and will therefore not be made. Details on the consequences of the Conversion for the employees and their representations as well as on the measures provided for in this regard are explained as follows:

The Conversion does not impact the existence of employment relationships. It does not mean a change of the employer. The employees' employment contracts and any existing company practices or overall commitments will continue to apply unchanged, i.e., all rights and obligations of employees under existing employment and working relationships will remain unaffected. The employer's instruction powers will be exercised by PCH AG, represented by the management board, after the Conversion. The term of service for the Company (including any terms of service already acknowledged) will not be interrupted by the Conversion. Any existing pension entitlements of employees and pension obligations of PCH towards employees who have left the Company will also remain unaffected and exist against PCH AG after the Conversion.

PCGP, as the general partner of PCH, has in principle unlimited liability with its entire assets (and the limited shareholder has liability in the amount of its contribution) in respect of any claims relating to the employment relationship. However, since the Company's general partner was already a stock corporation prior to the Conversion, the general partner's liability was in fact already limited to the assets of PCGP. Following the Conversion, the liability of PCH AG, as a corporation, for claims related to employment will generally be limited to its corporate assets (following the Conversion: EUR 294,492,460.00).

No works councils were elected at PCH and accordingly no works agreements were concluded. In addition, PCH is not bound by collective bargaining agreements. For this reason alone, the

Conversion does not result in any changes in relation to employee representation, works agreements and collective bargaining agreements. This is also the case because the legal and economic identity of PCH will remain in place as part of the Conversion and because the Conversion has no impact on the operational structure. Therefore, any other corporate bodies, committees and other representations under the German Works Constitution Act (*Betriebsverfassungsgesetz*) or other provisions of law will continue in existence.

PCH has 139 employees (as at: February 2023). Accordingly, as PCH generally has less than 500 employees, PCH is not obliged to establish a supervisory board whose members are co-determined by the employees under the German One-Third Participation Act (*Drittelbeteiligungsgesetz*) or the Co-determination Act (*Mitbestimmungsgesetz*) 1976. Therefore, no employee representatives were elected to the supervisory board of PCH. It is planned to reappoint the members of PCH's supervisory board. PCH AG, like PCH, is required to form a supervisory board under applicable provisions of law and will establish such supervisory board (see section 4.4). As PCH AG also has less than 500 employees following the Conversion, PCH AG is not obliged to establish a supervisory board whose members are co-determined by the employees under the German One-Third Participation Act (*Drittelbeteiligungsgesetz*) or the Co-determination Act (*Mitbestimmungsgesetz*) 1976.

No measures have been provided for in connection with the Conversion that affect the employees of PCH.

#### **4.4 Supervisory board of the legal entity in its new legal form**

Pursuant to section 203 sentence 1 UmwG, in a conversion, the supervisory board members will remain in office for the rest of their terms as supervisory board members of the legal entity in its new legal form if the supervisory board of the legal entity in its new legal form is formed and composed in the same way. This requires that the supervisory board of the legal entity in its new legal form be composed in the same way in terms of numbers and personnel and also in accordance with the same (co-determination) provisions as the supervisory board of the legal entity in its old legal form.

Contrary to the basic principle of continuity of office (section 203 sentence 1 UmwG), the Company's conversion may affect the position of the Company's incumbent supervisory board members. This is because, unlike in the case of the existing supervisory board of the Company, (i) certain shareholders in the legal entity in its new legal form are to be granted statutory designation rights in accordance with section 101(2) AktG in section 8(2) and (3) of the articles of association of PCH AG and (ii) in addition the total number of members of the supervisory board in the converting legal entity is to be expanded from six to eight supervisory board seats in accordance with section 8(1) of the articles of association of PCH AG (see **Annex 3**). For these reasons, it cannot be ruled out that the supervisory board of PCH AG will not be formed and composed in the same way as the supervisory board of PCH within the meaning of the law. For reasons of legal prudence, all current members of PCH's supervisory board, in agreement with the Company, have therefore resigned from office with effect as of the end of the general meeting held on 5 June 2023. Accordingly, taking into account the effects of the proposed conversion, the following relevant positions must be re-filled.



Against this background, PCH's supervisory board proposes under agenda item 11 of the convocation to the general meeting on 5 June 2023 that, as a first step, the following persons will be elected as members of PCH's supervisory board:

- (1) Rainer Peter Ottenstein;
- (2) Dr. H.P.M. (Ben) Knapen;
- (3) Dr. Jan M. Schroeder-Hohenwarth;
- (4) Nick Tesseyman;
- (5) Helen Alexander;
- (6) Jovanka Jolenska Popovska.

The persons referred to under (1) to (2) shall be elected subject to the proviso that they are appointed for the period until the end of the annual general meeting which resolves on the formal approval of the acts of the supervisory board for the second fiscal year after the end of the fiscal year in which the term of office commences (i.e., until the annual general meeting 2026). The election of the persons referred to in (3) and (4) shall be made with the proviso that he or she shall be appointed for the period until the end of the annual general meeting that resolves on the ratification of actions for the third fiscal year after the end of the fiscal year in which the term of office commences (i.e., until the annual general meeting 2027). Contrary to section 11(2) of the current articles of association of PCH, these appointments will not be made until the end of the general meeting which resolves on the formal approval of the acts of the supervisory board for the fourth financial year after the beginning of the term of office (i.e., the general meeting in 2028), since due to the explained legal uncertainty regarding continuity of office it is also not clear whether section 11(3) of the current articles of association of PCH, which allows an appointment only for the remainder of the term of office of the departing member in the event of the election of a supervisory board member in place of a member who leaves office prematurely, applies. As to the person referred to in (2), the proposed resolution also accounts for the age limit of 75 years as provided for in the competence profile for supervisory board members adopted by the supervisory board of the Company.

In this context, the persons named under (1) to (4) shall automatically become members of the supervisory board of the legal entity changing its legal form, i.e., of PCH AG, upon the conversion taking effect, in accordance with the applicable principle of continuity of office pursuant to section 203 sentence 1 UmwG. This circumstance of the intended validity of the election of these four persons also for the period after the conversion takes effect is again expressly clarified in the proposed resolution on the supervisory board elections (see agenda item 11 of the notice of the general meeting on 5 June 2023).

In contrast, the persons named under (5) to (6) shall only be appointed for a period until the end of the day on which the conversion is entered in the Commercial Register (i.e., until the conversion takes effect), but no longer than until the general meeting 2027. The reason for this is that, once the conversion takes effect, two of the supervisory board members will be appointed by the shareholder ProCredit Staff Invest GmbH & Co. KG and the shareholder

Zeitinger Invest GmbH (see also sections 4.3.6 and 6.2.4(b)(iv)). With regard to the expected exercise of these rights of appointment, (i) the shareholder Zeitinger Invest GmbH has declared its current intention to appoint the person referred to under (5) to the supervisory board after the conversion takes effect and the (ii) shareholder ProCredit Staff Invest GmbH & Co. KG has declared its current intention to want to appoint the person referred to under (6) to the supervisory board after the conversion has become effective.

According to the current knowledge of the general partner, it is therefore intended that all persons named under (1) to (6) and the persons to be elected by the general meeting on 5 June 2023 will become members of the supervisory board of PCH AG after the conversion. In this context, the general partner points out that the aforementioned current intentions are not binding for the future and that the shareholders entitled to delegate may also delegate other persons at any time after the conversion has become effective. Likewise, the general meeting of PCH on 5 June 2023 is not bound by the election proposals of the supervisory board. It could therefore also appoint other persons in case of a possible counterproposal at the general meeting in compliance with the statutory provisions.

In the course of the conversion, the supervisory board shall also be expanded by two additional members to eight statutory supervisory board members in the future pursuant to section 8(1) of the articles of association of PCH AG. The additional seventh and eighth supervisory board member each is in principle to be elected by the future general meeting of PCH AG. However, the expansion of the supervisory board will only take effect when the conversion becomes effective through its registration with the commercial register. Until then, the regime of the original legal form - in this case the current PCH KGaA - continues to apply. Therefore, a maximum of six supervisory board positions can currently be filled by resolution of the general meeting of PCH.

For the resulting interim period from the effective date of the conversion until the first general meeting of PCH AG, it is therefore intended to have the new seventh and eighth member of the supervisory board appointed by the court pursuant to Section 104 AktG at the joint request of the management board and supervisory board (see also section 6.2.4(b)(vii)). According to the present knowledge of the General Partner, it is intended to propose to the court the persons referred to under (7) and (8) below for appointment with a term of office until the first annual general meeting of PCH AG:

(7) Karin Katerbau and

(8) Berna Ülman.

A member of the supervisory board appointed by the court remains in office at maximum until the general meeting of PCH AG appoints a seventh or eighth member of the supervisory board (Section 104(6) AktG). This is intended for the first annual general meeting of PCH AG after the conversion at the latest, i.e., presumably in the financial year 2024.

## 4.5 Remuneration system for members of the supervisory board

### 4.5.1 Background of the adjustment of the remuneration system

The last resolution on the remuneration of the supervisory board of PCH was adopted by the general meeting of the Company on 31 May 2022 under agenda item 8. In the resolution on the remuneration system, it was explained that PCGP, as the sole general partner, also has a supervisory board whose members are remunerated in accordance with PCGP's articles of association. If a person is a member of both supervisory boards, the respective remunerations are not offset against each other. In fact, the members of the supervisory boards of PCH and PCGP were regularly identical, since the economic purpose of both boards is to advise and supervise the management of the company. From the time the conversion takes effect, only the supervisory board of PCH AG will perform the function of advising and supervising the management board of PCH AG as the future management body. Due to this consolidation of the advisory and supervisory function in one body, the remuneration of the supervisory board of PCH AG under the articles of association shall be adjusted to the consolidated remuneration level of persons who are currently members of both the supervisory board of PCH and PCGP and thus perform a comparable advisory and supervisory function. Against this background, the remuneration of the supervisory board shall be structured as described below.

### 4.5.2 Basic features of the remuneration system

The system for the remuneration of supervisory board members is based on statutory requirements and takes into account the recommendations and suggestions of the German Corporate Governance Code (*GCGC*). The remuneration of supervisory board members should be balanced overall and commensurate with the responsibilities and duties of the supervisory board members and the situation of the Company, also taking into account the remuneration arrangements of other comparable listed companies. At the same time, appropriate remuneration makes an important contribution in the competition for outstanding personalities to fill the supervisory board positions and thus to provide the best possible supervision and advice to the management board. These in turn are a prerequisite for the long-term success of the Company.

Since the amendment to the articles of association resolved by the general meeting of the Company on 31 May 2022, the remuneration system has provided for purely function-related fixed compensation in line with suggestion G.18 of the GCGC and the predominant practice in other listed companies. No performance-related remuneration or financial or non-financial performance criteria are envisaged. This best reflects the independent control and advisory function of the supervisory board, which is not focused on the short-term success of the Company, but on the long-term development of the Company, the sustainability of the results achieved and the long-term success orientation of PCH AG. The extent of the workload and the liability risk of the members of the supervisory board does not generally develop in parallel with the business success of the Company or the earnings situation of the Company. On the contrary, it is precisely in economically difficult times, when variable remuneration components generally decline, that the members of the supervisory board need to perform their advisory and supervisory functions particularly intensively.

### 4.5.3 Remuneration components

The fixed annual remuneration amounts to EUR 60,000.00 for the chairperson of the supervisory board, EUR 30,000.00 for the deputy chairperson of the supervisory board and EUR 20,000.00 for each other member of the supervisory board.

For the membership in the risk and audit committee, members of the supervisory board receive an additional fixed annual remuneration of EUR 5,000.00. The chairperson of the risk and audit committee receives an additional fixed annual remuneration of EUR 10,000.00. For the membership in other committees formed by the supervisory board, members of the supervisory board receive an additional fixed annual remuneration of EUR 2,500.00; the chairperson of the respective committee receives an additional fixed annual remuneration of EUR 5,000.00.

The respective amount of the fixed compensation takes into account the specific function and responsibility of the members of the supervisory board. In particular, in accordance with section G.17 of the GCGC, the higher time commitment of the chairperson and deputy chairperson of the supervisory board and of the chairperson and members of the audit committee is appropriately taken into account by means of corresponding additional remuneration.

For every meeting of the supervisory board that they attend, the members of the supervisory board receive an attendance fee of EUR 500.00. For every meeting of the risk and audit committee that they attend, the members of the risk and audit committee receive an attendance fee of EUR 1,000.00. For every meeting of any other committee formed by the supervisory board that they attend, the members of the respective committee receive an attendance fee of EUR 500.00. Participation via telephone or video conference or using other comparable common means of telecommunication also entitles them to an attendance fee. In the event that several meetings of the supervisory board and/or its committees take place on one calendar day, the attendance fee is paid only once.

The specific amount of the fixed remuneration is thus based overall on the scope and responsibility of the duties assumed by the respective member on the supervisory board and its committees. In the opinion of the General Partner and the supervisory board, the level of supervisory board compensation described is appropriate and in line with the market - also in comparison with other listed companies - so that the Company can continue to attract and retain qualified candidates for the supervisory board in the future.

The compensation is due at the end of the financial year in which the supervisory board member was active. If members of the supervisory board begin or end their term of office in the course of a financial year, they receive the remuneration on a pro rata basis. This applies analogously if a member of the supervisory board takes over or resigns from a position entitling to additional compensation. Pro rata remuneration for committee activities requires that the committee concerned has met during the relevant period in order to perform its duties.

In addition to the function-related fixed remuneration, the members of the supervisory board shall be reimbursed for expenses incurred in connection with the performance of their duties, including any value added tax which may apply. Furthermore, the Company provides the

members of the supervisory board with an insurance cover for the execution of supervisory board activities (D&O-insurance).

There is no fixed maximum compensation for supervisory board members. The upper limit for the remuneration of supervisory board members is the sum of fixed compensation, attendance fees and reimbursable expenses.

#### 4.5.4 Procedure for setting and reviewing the remuneration system

The annual general meeting sets the remuneration of the members of the supervisory board in the articles of association or by resolution at the proposal of the management board and supervisory board. Currently, the remuneration is set in the articles of association.

The annual general meeting resolves on the remuneration of the members of the supervisory board at least every four years. A resolution confirming the existing remuneration is also permissible. If the annual general meeting does not confirm the remuneration system put to the vote, a revised remuneration system will be presented at the latest at the following annual general meeting. In preparation for the resolution of the annual general meeting, the management board and the supervisory board shall examine in each case whether the remuneration, in particular with regard to its amount and structure, continues to be in the interest of PCH AG and is in an appropriate relationship to the tasks of the members of the supervisory board and the situation of the Company. For this purpose, the supervisory board may also conduct a horizontal market comparison. In doing so, the supervisory board may seek advice from an external remuneration expert. If the review reveals a need for change, the management board and supervisory board shall submit a corresponding resolution proposal to the annual general meeting to amend supervisory board remuneration.

The general rules of the AktG) and the GCGC apply to the process of determining, implementing and reviewing the remuneration system with regard to any conflicts of interest and their treatment. Institutionally, conflicts of interest are also prevented by the fact that any proposed changes must also be supported by the management board and the final decision on supervisory board compensation lies with the annual general meeting.

## **5. Operational, accounting, financial and tax effects of the Conversion**

### **5.1 Operational Effects**

The Conversion into an AG will not have any effects on the Company's business activities. PCH AG will continue to be a non-operating holding company as before; the Conversion will not affect its relationship to the operating subsidiaries.

### **5.2 Accounting and financial effects**

The Conversion of PCH into the legal form of an AG will not affect the equity capital of the Company. This applies, in particular, to the subscribed capital and the capital reserves and retained earnings.

The implementation of the Conversion neither requires the preparation of a closing balance sheet nor the preparation of an opening balance sheet. Due to the use of the previous carrying

amounts (carry-over), the Conversion will not have any effect on profit or loss. The transaction costs incurred in connection with the Conversion in the amount of approx. EUR 1,500,000.00 (in words: Euro one million five hundred thousand) (see section 3.2) must be recognised as an expense. The Conversion may not be applied retrospectively as from any date earlier than the date of registration in the commercial register.

After the Conversion, any domestic shareholders who recognise their shareholding in the Company in their balance sheets will continue to use the same value for their shareholding in PCH AG without any change.

### **5.3 Tax effects on the Company**

#### **5.3.1 Income tax**

The Company's Conversion into an AG by maintaining its legal identity under civil law will have no effect on income tax at the level of the Company. Under German tax law, there is no transfer of assets or other realisation process.

Following the Conversion, PCH AG continues to qualify as a corporation and thus continues to be subject to German corporation and trade tax, as was already the case for the Company. In this respect, no differences should be expected in how the Company is taxed before and after the Conversion.

#### **5.3.2 Transfer taxes**

The Company's Conversion into an AG will not give rise to any liability for VAT or real estate transfer tax. A conversion that preserves identity under civil law does not constitute a performance subject to VAT. In addition, where a conversion preserves the identity of the company, there is no change in ownership at the level of the company or its subsidiaries that would give rise to real estate transfer tax.

### **5.4 Tax effects on the shareholders**

The following description of the tax effects of the Conversion for the shareholders is for information purposes only and provides a short general and abstract overview. This is not a conclusive tax assessment of the Conversion from the perspective of the shareholders and, in particular, the personal circumstances of individual shareholders cannot be taken into account. Shareholders should therefore consult their tax advisers to assess their individual circumstances. This is recommended, in particular, for shareholders who are resident abroad or are subject to the tax laws of a foreign jurisdiction.

For shareholders subject to unlimited tax liability in Germany, the Conversion will have no tax consequences. The Conversion will not constitute a disposal transaction and, in particular, the limited partnership shares in PCH AG will not be exchanged for the shares in the Company in a manner subject to taxation.

For shareholders subject to limited tax liability in Germany, the Conversion will ultimately also have no tax consequences under German tax law in the absence of a disposal transaction. How

the Conversion is handled for tax purposes in the shareholder's country of residence in accordance with the relevant foreign tax regulations was not examined.

Following the Conversion, PCH AG continues to qualify as a corporation, as did the Company. In this respect, no differences should be expected in how shareholders are taxed before and after the Conversion.

## **6. Future shareholding of the shareholders in PCH AG**

This section describes the future shareholding of the shareholders in PCH AG. For this purpose, the main provisions of applicable law and of the articles of association which currently apply to PCH will be compared to those which will apply to the future PCH AG. The discussion will especially focus on the shareholders' rights and on corporate governance.

The general descriptions in the following sections 6.1 and 6.2 allow for a comparison of the main differences between a KGaA and an AG, which reflect, in each case, the legal concept. They are intended to inform the shareholders of the Company on the main differences between the two legal forms.

### **6.1 General description of the present legal form of a “partnership limited by shares” (*Kommanditgesellschaft auf Aktien (KGaA)*)**

The following section first summarises key structural features of a “partnership limited by shares” (*Kommanditgesellschaft auf Aktien – KGaA*) as the Company's present legal form.

#### **6.1.1 The KGaA as a hybrid legal form**

The KGaA is a hybrid legal form which incorporates legal characteristics of both a partnership and a corporation. The KGaA has similarities with the limited partnership, on the one hand, and the AG, on the other hand. Like an AG, the KGaA is a corporation (*Kapitalgesellschaft*) whose share capital is divided into shares. Just like the shares in an AG, the shares in a KGaA can be traded on the stock exchange. The KGaA, just like the limited partnership, has two different categories of shareholders, namely the general partner(s) with unlimited personal liability (*persönlich haftende(r) Gesellschafter*), on the one hand, and the limited shareholders (*Kommanditaktionäre*), on the other hand.

#### **6.1.2 The corporate bodies of the KGaA**

The mandatory corporate bodies of the KGaA are the general partner(s), the supervisory board and the general meeting of shareholders.

The KGaA may have one or several shareholders with unlimited personal liability (also known as “general partners” (*Komplementäre*)). The general partner manages the business of the KGaA. A general partner has the status of a corporate body already due to its status as a partner and is therefore a per se a corporate body (“*geborenes Gesellschaftsorgan*”). By contrast, the management board of an AG is appointed by the supervisory board (“*gekorenes Gesellschaftsorgan*” - appointed corporate body). The supervisory board of a KGaA, however, has no influence on the appointment of the general partner, and the “removal from office” of a general partner is also possible only under very narrow conditions and only by court decision.

The general partners may make a special contribution to the partnership and thereby acquire an interest in the KGaA's share capital, but such a shareholding is not mandatory. The general partners have personal and unlimited liability to third parties for the liabilities of the KGaA.

The supervisory board of the KGaA is essentially constituted like the supervisory board of an AG. Like the supervisory board of an AG, the supervisory board of the KGaA is responsible for supervising the management. However, as a rule, the supervisory board of the KGaA is not entitled to issue rules of procedure for the management or to draw up a list of management measures which would require the supervisory board's approval. The supervisory board is responsible for representing the KGaA vis-à-vis the general partners. The supervisory board members are elected by the limited shareholders at the general meeting. General partners who hold shares in the KGaA are not entitled to vote in the election of supervisory board members at the general meeting.

The general meeting is the decision-making body of the limited shareholders. Unlike in the case of an AG, the general meeting of the KGaA (subject to the consent of the general partners) also resolves on the approval of the annual financial statements. The internal procedure of the general meeting of the KGaA corresponds to that of the general meeting of an AG. Resolutions adopted at the general meeting on amendments to the articles of association and other resolutions regarding fundamental issues of the company generally also require the consent of the general partners (effectively giving the general partners a veto right).

### 6.1.3 Position of the members of the different shareholder categories

Due to the KGaA's structure, the different categories of shareholders of the company, i.e., the limited shareholders, on the one hand, and the general partners, on the other hand, have different legal positions in the company. In particular, this concerns the possibility to exercise influence on the company.

The limited shareholders have an influence through the exercise of voting rights in the general meeting. However, unlike in the case of an AG, the legal concept of a KGaA provides for a veto right of the general partners with regard to important resolution matters so that, on the whole, the limited shareholders as a body can exercise less influence on the company through the general meeting than in the case of an AG. As in the case of an AG, the members of the supervisory board are elected by the general meeting. However, since the supervisory board of a KGaA has less powers than the supervisory board of an AG, the limited shareholders' indirect influence on the company through the supervisory board is, in the general case envisaged by law, also less than in the case of an AG.

In the structure of the KGaA, the general partners have a stronger position than the limited shareholders. This is due to the general partners' power to manage the company, their existing veto right with regard to important resolutions of the general meeting, and their independence from the influence exercised by the limited shareholders as a body, which the legal concept of the KGaA provides in view of the general partner's personal liability. This independent position of the general partners means that the general partners or the shareholders/partners behind them cannot be deprived of their possibilities to exercise influence against their will by subsequent amendments to the articles of association. This generally also applies if the general partners or,



as the case may be, the shareholders/partners behind them hold no shares or only a small number of shares in the KGaA's total share capital.

Further details regarding the legal differences between a KGaA, on the one hand, and an AG, on the other hand, are described below, first in general terms and then specifically with reference to the structure proposed for PCH AG.

## **6.2 Comparison of the main legal basis of a KGaA and an AG**

The main structural features of the legal form of a "stock corporation" envisaged by conversion are compared hereinafter as an overview with those of a KGaA.

### 6.2.1 General provisions

#### (a) Share capital, form of the shares

As in the case of a KGaA, the share capital of an AG is denominated in euros (see section 278(3), section 6 AktG) and must amount to at least EUR 50,000.00 (see section 278(3), section 7 AktG).

As the shares of a KGaA, the shares of an AG can have different characteristics. The shares can thus be established either as par value shares or as no-par value shares. Both in the case of a KGaA and in the case of an AG, the shares can be bearer shares or registered shares. Registered shares can be subject to restrictions of transferability. Both in the case of a KGaA and in the case of an AG, different classes of shares, in particular preference shares, can be issued.

#### (b) Seat

In the case of both the KGaA and the AG, the seat is determined by the articles of association and must be located within Germany (see section 278(3), section 5 AktG). The seat of a KGaA or of an AG may be relocated only by way of an amendment to the articles of association (see section 278(3), sections 179 et seqq., section 5 AktG).

#### (c) Notification duties

With regard to the notification duties for voting shares, both a KGaA and an AG are subject to the provisions of sections 33 et seqq. WpHG (*Wertpapierhandelsgesetz* – Securities Trading Act) (in the case of a KGaA/AG listed on an organised market such as PCH) or to the provisions of sections 20 et seq. AktG (in the case of a KGaA/AG not listed or listed on a regulated unofficial market (*Freiverkehr*)). Section 44 WpHG and sections 20(7) and 21(4) AktG, as applicable, provide for a loss of shareholder rights in the case of non-compliance with notification duties.

### 6.2.2 Formation of the company

The provisions concerning the formation of the AG (adoption of the articles of association, special benefits, formation expenses, founders, establishment of the company, appointment of the supervisory board, of the management board and of the auditor, formation report, formation audit, application for the registration of the company, examination of the application by the court as well as registration with the commercial register), as is already the case for the KGaA

in large parts via the reference in section 278(3) AktG, are contained in sections 23 et seqq. AktG. In contrast to the KGaA, the special formation provisions in sections 279 to 283 AktG do not apply to the AG, since in the latter, in particular, there is no general partner.

A conversion is, in addition, governed by sections 190 et seqq. UmwG. In the case of a conversion of a KGaA into an AG, the general partners of the KGaA take the place of the founders when the formation provisions of the AktG are applied (cf. sec. 245(3) UmwG). In the case of a conversion of an AG into a KGaA, the general partners of the KGaA also take the place of the founders when the formation provisions of the AktG are applied (cf. section 245(2) UmwG).

With regard to the raising of capital, the provisions applicable to the stock corporation, such as, among others, sections 54(2), 27, 9 AktG, apply as previously via the reference in section 278(3) AktG.

### 6.2.3 Legal relationships of the company and its shareholders or partners

The German Stock Corporation Act requires the equal treatment of the shareholders subject to the same prerequisites being given (see section 53a AktG). The same principle applies to the KGaA by virtue of the reference in section 278(3) AktG.

A major difference between a KGaA and an AG is that the general partners are personally liable without any limitation to third parties for the liabilities of the KGaA. Where the general partners are legal entities with limited liability, as they are in the case of PCH, their liability for the KGaA's liabilities is, in accordance with the provisions of law applicable to them, limited to their own corporate assets.

With regard to the AG, section 56 AktG prohibits the subscription of the company's own shares (treasury shares) and section 57 AktG prohibits the repayment of contributions. The appropriation of the annual net profit and the setting aside of reserves are governed by section 58(1) to (3) AktG and the shareholders' entitlement to the distributable profit (*Bilanzgewinn*) is governed by section 58(4) AktG. Advance payments on account of distributable profit are permitted only subject to strictly limited conditions (see section 59 AktG). Pursuant to section 278(3) AktG, the above provisions apply also to the KGaA.

In the case of the AG, the distribution of profits generally shall be made in proportion to the shares held by the shareholders, but the articles of association may provide for a different method of profit distribution (see section 60 AktG). In the case of the KGaA, the distribution of profits is governed by section 278(2) AktG in conjunction with section 168(1) of the German Commercial Code (*HGB*), unless the articles of association provide for a different distribution of profits. By virtue of section 278(3) AktG, section 60 AktG also applies in relation to the distribution of profits among the limited shareholders.

In accordance with the principle of capital maintenance, the acquisition of own shares by an AG and by a KGaA is permitted only under certain limited conditions (see sections 71, 71a, 71b, 71c and 71d AktG).

#### 6.2.4 Constitution of the company

Unlike the KGaA, the AG's two-tier system does not consist of general partners (see section 278(1) and (2) AktG, section 283 AktG, section 161(2) and sections 114 et seq. HGB) and a supervisory board (see section 278(3), sections 95 et seqq. AktG), but of a management board and a supervisory board.

##### (a) Management body

##### (i) Management of the company

In the KGaA, the general partners manage the KGaA's business in their own responsibility (see sections 278(2), 161(2), 114 et seq. HGB). If the general partners are legal entities, as they are in the case of PCH, they act through their own management body, that is, in the case of PCGP, the management board. In the case of the AG, the management board runs the company on its own responsibility (see section 76 AktG). There are no general partners in the legal form of an AG.

##### (ii) Size and composition of the management body

In a KGaA, the general partners are responsible for the management of the company by virtue of law due to their status as a "per se corporate body" (see section 278(2) AktG, sections 161(2), 114 et seq. HGB). The KGaA may have one or several general partners. A general partner of a KGaA can be a natural person, a partnership or, as in the case of PCH, a legal entity. Pursuant to Article 6(1) of PCH's articles of association, PCGP is the general partner of the Company.

In an AG with a share capital or more than EUR 3 million, the management board shall consist of at least two persons unless the articles of association provide that it shall consist of one person (see section 76(2) AktG); in all other cases, it shall consist of one or several persons. In addition, according to Section 2f (5) in conjunction with (3) No. 3 of the German Banking Act (KWG), a financial holding company such as PCH must be managed by at least two persons in order to be licensed.

According to section 2d KWG, the management of a financial holding company must be professionally suitable and reliable and must be able to devote sufficient time to the tasks.

##### (iii) Management

In the KGaA, the general partners are responsible for the management of the company. The authority to manage the company extends to all acts arising in the ordinary course of business (see section 278(2) AktG, sections 161(2), 116 HGB). As a rule, any transactions outside the ordinary course of business and transactions concerning matters that are fundamental for the company (*Grundlagengeschäfte*) are excluded. Pursuant to Article 8(2) of PCH's articles of association, the general partner's management authority however also covers management actions outside the ordinary course of business. Nevertheless, matters that are fundamental for the company can only be changed by identical resolutions of the general partners and of the general meeting.

Unless provided otherwise in the articles of association and the rules of procedure, the principle of joint management by the entire board of management applies to the AG. In addition, the principle of German stock corporation law according to which differences of opinion within the management board cannot be decided by one or several management board members against the majority of the members of the management board, also applies to an AG (see section 77(1) sentence 2 AktG).

(iv) Representation of the company

The KGaA is represented in court and out of court by its general partners. *Vis-à-vis* the general partners, the company is represented by the supervisory board (see Article 7 of PCH's articles of association).

The AG is represented in court and out of court by the management board, and, unless provided otherwise in the articles of association, all members of the management board are authorised to represent the company only jointly (see section 78(1) and (2) AktG). In addition, the articles of association may provide that the company may be represented by individual members of the management board acting alone or together with a *Prokurist* (holder of general commercial power of attorney) (see section 78(3) AktG).

(v) Appointment, removal and term of office of members of the management body

The general partners of the KGaA manage the company without any time limit from the time of its formation or, as the case may be, from the admission of the general partner by a corresponding amendment of the articles of association. The general partners may leave the company on the basis of provisions of applicable law (see section 289 AktG, sections 131(3), 140 HGB) or may be expelled from the company (see section 289(1) AktG, sections 161(2), 140 HGB) or may leave the company on the basis of provisions of the articles of association (see section 289(5) AktG).

The members of the management board of an AG are appointed by the supervisory board for a period laid down in the articles of association not exceeding five years (see section 84(1) sentence 1 AktG). Subject to any provisions in the articles of association, members may be reappointed (see section 84(1) sentence 2 AktG).

(vi) Rules for the remuneration of the management bodies, prohibition of competition, granting of loans to members of the management bodies

According to the statutory provisions, the general partners of the KGaA are remunerated for their management activity by way of a profit participation. The law does, however, recognise the option to enter into agreements on remuneration for services (see section 288(3) AktG). In this case, a profit participation can be excluded. Such a determination of the remuneration requires a corresponding provision in the articles of association. Pursuant to Article 6(2) sentence 2 of PCH's articles of association, the general partner does not participate in the Company's earnings and assets (including hidden reserves). The general partner's remuneration and entitlement to reimbursement of expenses are governed by Article 9 of PCH's articles of association. The prohibition of competition for the general partners is based on section 284 AktG. The granting of loans to general partners is based on section 288(2) AktG. According to

that provision, the company must not grant a loan to a general partner if the conditions for endangering the capital bases of the company are fulfilled within the meaning of section 288(1) sentence 2 AktG.

With regard to the AG, the rules for the remuneration of the management board members, the prohibition of competition and the granting of loans to management board members are set out in sections 87 to 89 AktG. Pursuant to section 87a(1) sentence 1 AktG, the supervisory board of a listed company is to resolve on a clear and understandable system for the remuneration of the management board members, which is to provide for at least the details listed in section 87a(1) sentence 2 AktG. Section 120a(1) sentence 1 AktG provides that the general meeting of a listed company is to resolve on the approval of the remuneration system for the management board members submitted by the supervisory board in the event of any material change to the remuneration system, and at least every four years. As a rule, the supervisory board of the listed company is to fix the remuneration of the management board members in compliance with the remuneration system submitted to the general meeting for approval (section 87a(2) sentence 1 AktG). The management board and the supervisory board of a listed company draw up, on an annual basis, a clear and understandable report on the remuneration granted and payable in the previous financial year to each of the current or former members of the management board and of the supervisory board by the company and by enterprises of the same group (section 290 HGB) (section 162(1) sentence 1 AktG). Section 120a(4) sentence 1 AktG provides that the general meeting of the listed company is also to resolve on the approval of the remuneration report for the previous financial year drawn up and audited in accordance with section 162 AktG.

(vii) Reports to the supervisory board

The general partners have the same reporting duties towards the supervisory board of the KGaA as those which apply to the management board of an AG (see section 283 no. 4 AktG). Pursuant to section 90(1) AktG, reports shall be made to the supervisory board on (i) the intended business policy and other fundamental matters of business planning (in particular financial, investment and personnel planning), detailing and specifying the reasons for any differences between the actual development and previously reported objectives, (ii) the profitability of the company, in particular the return on equity, (iii) the progress of the business (in particular revenues) and the situation of the company, and (iv) transactions which may have a material impact on the profitability or liquidity of the company. If the company is a parent company, the report shall also deal with subsidiaries and joint ventures (see section 90(1) sentence 2 AktG). In addition, the occurrence of other significant events shall be reported to the chairman of the supervisory board (see section 90(1) sentence 3 AktG). Significant events shall be deemed to include circumstances relating to the business of an affiliated company which become known to the general partner and which may have a material impact on the situation of the company. The German Stock Corporation Act requires reports to be made at regular intervals. In addition, the supervisory board may, at any time, request a report on matters relating to the company, on its business relationships with affiliated companies as well as on business matters relating to such companies which could have a material impact on the situation of the company (see section 90(3) AktG). An individual member of the supervisory board may also request such report, which shall be made, however, only to the supervisory board. The reports are to comply with

the principles of conscientious and faithful accounting. They are to be submitted in as good a time as possible and, as a rule, in text form (see section 90(4) AktG). Each member of the supervisory board is entitled to obtain knowledge of the reports (see section 90(5) sentence 1 AktG).

(b) Supervisory board

(i) Size and composition of the supervisory board

The size and composition of the supervisory board of the KGaA, as in the case of the AG, are generally governed by sections 95 and 96 AktG by virtue of the reference in section 278(3) AktG. Unless otherwise provided by the articles of association, the supervisory board consists of three members (see section 95 sentence 3 AktG). Any provision to the contrary in the articles of association must observe the maximum number of supervisory board members pursuant to section 95 sentence 4 AktG. Moreover, where necessary in order to comply with the requirements of the laws governing co-determination rights, the number of supervisory board members must be divisible by three (see section 95 sentence 3 AktG).

The present proposal is for a supervisory board consisting of eight members. The consequences of PCH's Conversion into PCH AG for the composition of the supervisory board are set out in section 4.4.

(ii) Status proceedings regarding the composition of the supervisory board

The "status proceedings" (*Statusverfahren*) are applied if it is disputed or uncertain whether the supervisory board is composed in accordance with the statutory provisions applicable to it (see sections 97 et seqq. AktG). By virtue of section 278(3) AktG, the provisions of stock corporation law concerning the status proceedings also apply to the KGaA. At present, the Company is not subject to co-determination (see section 4.3.8), i.e., its composition is based solely on the provisions of stock corporation law, including the articles of association.

(iii) Personal requirements for supervisory board members

The personal requirements to be fulfilled by members of the supervisory board in the AG are set out in particular in section 100 AktG. By virtue of the reference in section 278(3) AktG, the relevant provisions apply accordingly to the members of the supervisory board of the KGaA. In accordance with regulatory requirements, supervisory board members of a financial holding company must be reliable, possess the necessary expertise to perform their supervisory function and have sufficient time to perform their duties (cf. section 25d(1) sentence 1 KWG). In addition, there are mandate restrictions for supervisory board members of a financial holding company (cf. section 25d(3a) KWG or section 25c(3) sentence 2 in conjunction with. sentence 1 KWG). In addition, Article 8(3) of PCH AG's articles of association (**Annex 3**) sets out special requirements for certain delegated supervisory board members.

(iv) Appointment of the supervisory board

The members of the supervisory board of the AG are elected by the general meeting unless the provisions of co-determination law provide otherwise (see section 101(1) AktG). The members of the supervisory board of the KGaA are appointed in accordance with the provisions

applicable to the AG (see section 278(3) AktG). Pursuant to Article 8 of PCH AG's articles of association (**Annex 3**), six of the eight supervisory board members are elected by the general meeting and (subject to certain conditions) one supervisory board member each is designated by ProCredit Staff Invest GmbH & Co. KG and Zeitinger Invest GmbH. The consequences of PCH's conversion into PCH AG for the composition of the supervisory board are set out in section 4.4.

(v) Term of office

The term of office of the supervisory board members of the AG is governed by section 102 AktG. According to those provisions, members of the supervisory board cannot be appointed for a term of office extending beyond the time at which the general meeting is closed that is to adopt a resolution on the formal approval of the management's actions taken in the fourth financial year following the commencement of their term of office; the financial year in which the term of office begins is not counted (see section 102(1) AktG). Pursuant to Article 8(4) of PCH's articles of association, the general meeting may also determine a shorter term of office. The term of office of the supervisory board members of the KGaA is governed by the provisions applicable to the AG (see section 278(3) AktG).

(vi) Removal from office

The removal from office of the supervisory board members of the AG is governed by section 103 AktG. The removal from office of the supervisory board members of the KGaA is generally also governed by this provision (see section 278(3) AktG).

(vii) Appointment by the court

Section 104(1) sentence 1 AktG provides that where the supervisory board does not have the number of members required for it to constitute a quorum, the court shall, upon a corresponding application having been filed, appoint the additional members until the necessary number is achieved. In urgent cases, the court shall, upon a corresponding application having been filed, appoint the additional members to the supervisory board before the expiry of the three-month period during which such appointments due to an insufficient number of members are generally required, even if the supervisory board still has a quorum (see section 104(2) AktG). By virtue of the reference in section 278(3) AktG, the provisions applicable to an AG also apply to the KGaA.

(viii) Incompatibility of membership in the management body and membership in the supervisory board

No person may at the same time be a member of both the management board and the supervisory board of the same AG (see section 105(1) AktG). Pursuant to section 287(3) AktG, the general partners of a KGaA must not be members of the supervisory board.

(ix) Internal organisation

The election of the chairperson and of a deputy chairperson of the supervisory board is, in the case of an AG, directly governed by section 107(1) sentence 1 AktG, which indirectly also applies to a KGaA by virtue of the reference in section 278(3) AktG.

The supervisory board of a financial holding company must appoint committees from among its members, depending on its size, type and scope of business, etc. (cf. section 25d (7) to (12) KWG)

The supervisory board of a KGaA – just like the supervisory board of an AG – generally has a quorum if at least half of the number of its members which it is required to comprise take part in the adoption of the resolution; however, the articles of association may provide otherwise (see sections 278(3), 108(2) sentence 2 AktG). Resolutions of the supervisory board shall generally be passed by the majority of the votes cast in order to take effect; PCH's articles of association contain a corresponding provision.

Each member of the supervisory board may request, by indicating the purpose and the reasons of such request, that the chairperson of the supervisory board convene a meeting of the supervisory board without undue delay. If the meeting does not take place within two weeks, the supervisory board member or the management board may convene a meeting of the supervisory board (see section 110 AktG). In the case of listed companies, the supervisory board shall meet at least twice in each calendar half-year. The provisions applicable to the AG also apply to the KGaA (see sections 278(3), 110 AktG).

(x) Tasks and rights of the supervisory board

In the AG, the supervisory board supervises the management as performed by the management board (see section 111(1) AktG). Pursuant to section 111(3) sentence 1 AktG, the supervisory board is required to convene the general meeting if the interests of the company so require. In the KGaA, the supervisory board also supervises the management body, i.e., the general partners (see sections 278(3), 111(1) AktG). Similarly, pursuant to sections 278(3), 111(3) sentence 1 AktG, the supervisory board must convene the general meeting if the interests of the company so require. Management tasks may not be assigned to the supervisory board in either the AG or the KGaA (see section 278(3), section 111(4) sentence 1 AktG).

In the AG, pursuant to section 111(4) sentence 2 AktG, the articles of association or the supervisory board determine the types of business to which the supervisory board must grant its consent. In the KGaA, only the articles of association may determine that and, if so, which types of business are subject to the supervisory board's consent. The supervisory board does not have the power to make other business subject to its approval.

The supervisory board must also monitor the managing directors with regard to compliance with the relevant banking supervisory regulations. It must devote sufficient time to discussing strategies, risks and remuneration systems for managing directors and employees (cf. section 25d (6) KWG).

In this context, the supervisory board must be provided with adequate human and financial resources to facilitate the introduction to the office and to enable further training (cf. § 25d (4) KWG).

In contrast to the provisions of section 84 AktG, according to which the AG's supervisory board appoints and removes the management board members, the KGaA's supervisory board may neither admit or expel general partners nor withdraw their management or representation



authority, unless the articles of association so provide. Also, unless the articles of association so provide, the supervisory board may not adopt rules of procedure for the general partners or, if general partners are legal entities, for their corporate bodies.

Finally, the supervisory board of the KGaA is not involved in adopting the annual financial statements, as is the case in the AG (see section 172(2) sentence 1 AktG). In the KGaA, annual financial statements are adopted by the general meeting (see section 286(1) sentence 1 AktG). The general meeting resolution requires the consent of the general partners (see section 286(1) sentence 2 AktG).

(xi) Duties of care and confidentiality

In the performance of their duties, the AG's supervisory board members must apply the duties of care of a prudent and conscientious supervisory board member (see sections 116, 93(1) sentence 1 AktG). By virtue of the reference in section 278(3) AktG, these provisions also apply to the members of a KGaA's supervisory board. The duty of confidentiality of supervisory board members of both, the AG and the KGaA, is governed by section 116 sentence 2 AktG (section 278(3) AktG).

(xii) Representation of the company vis-à-vis members of the management bodies

The supervisory board of the AG represents the company vis-a-vis management board members, both in court and out of court (see section 112 AktG). The KGaA's supervisory board represents the entirety of the limited shareholders in legal disputes with the general partners (see section 287(2) AktG). In addition, the supervisory board represents the company in legal transactions with the general partners (see sections 278(3), 112 AktG).

(xiii) Remuneration of supervisory board members, agreements with supervisory board members, granting of loans to supervisory board members

The provisions of sections 113 to 115 AktG applicable to the AG that govern the remuneration of supervisory board members, agreements with supervisory board members, and the granting of loans to supervisory board members also apply to the KGaA pursuant to section 278(3) AktG. The remuneration of the supervisory board of a financial holding company may not cause any conflicts of interest (cf. section 25d para. 5 KWG). Pursuant to section 113(1) sentence 2 1st alternative AktG, the future remuneration of the supervisory board is specified in the proposed articles of association of PCH AG (see section 6.3.4), whereby the underlying remuneration system is explained in section 4.5. The current remuneration of the supervisory board of PCH is regulated in Article 14 of the articles of association of PCH.

(c) General meeting

(i) Rights of the general meeting

Shareholders of the AG exercise their rights regarding the company's matters in the general meeting, unless the law provides otherwise (see section 118(1) AktG). The members of the management board and of the supervisory board should attend the general meeting (see section 118(3) sentence 1 AktG). The AG's general meeting resolves, in particular, on the

appointment of members of the supervisory board, the appropriation of distributable profit, the discharge of management board and supervisory board members, the appointment of the auditor, amendments to the articles of association, actions to raise capital or to reduce capital, the appointment of auditors to audit matters relating to the company's formation or management, and its dissolution (see section 119(1) AktG). The AG's general meeting may generally resolve on management actions only if the management board so requests (see section 119(2) AktG). Exceptions apply to the so-called "Holzmüller/Gelatine" cases, i.e., to structural measures which due to their significance encroach on shareholders' rights, although being within the scope of the management board's management powers. The AG's general meeting further resolves on transformation measures under the Transformation Act (e.g. mergers, divisions, asset transfers or conversions).

The powers of the KGaA's general meeting are generally the same as the powers of the AG's general meeting described above, insofar as they are based on the Stock Corporation Act. Instead of approving the acts of the management board members, the general meeting approves the acts of the general partners (see section 285(1) sentence 2 no. 2 AktG). The so-called "Holzmüller/Gelatine" principles, on which an unwritten responsibility of the general meeting may be based, also apply to the KGaA; this view is not uncontroversial, however.

In addition to the powers conferred under the Stock Corporation Act, the general meeting of the KGaA has the powers conferred under the law governing partnerships. Subject to any special provisions of law and unless provided otherwise in the articles of association, the KGaA's general meeting has the same powers as a limited partner of a limited partnership (see sections 278(2), 285(2) sentence 1 AktG). This concerns, in particular, management actions outside the ordinary course of business and fundamental transactions (see section 278(2) AktG, section 161(2), section 164 sentence 1, section 114, section 116(2) HGB), the withdrawal of the management and representation authorities (see section 278(2) AktG, sections 161(2), 117, 127 HGB), changes to the general partners' capital contributions (see section 281(2) AktG), changes to the management and representation authorities (see section 278(2) AktG, sections 161(2), 114, 125 HGB), the admission of new general partners and the withdrawal and expulsion of general partners (see section 278(2) AktG in conjunction with sections 161(2), 109 HGB).

Except for fundamental transactions that are central to membership, the powers of the general meeting in such cases are determined by the articles of association; the articles of association may thus exclude such powers. Accordingly, PCH's articles of association provide in article 8(2) sentence 2 that, in derogation of the provisions of law, management actions outside the ordinary course of business taken by the general partners do not require consent by the general meeting. In the aforementioned cases, resolutions adopted by the general meeting require the general partners' consent by operation of law. This consent requirement applies to all matters which, in the case of a limited partnership, require the consent of both the general partners and the limited partners (see section 285(2) sentence 1 AktG). Accordingly, the consent requirement also covers further amendments to the articles of association and other resolutions regarding fundamental issues, such as resolutions in connection with capital

measures, inter-company agreements, transformation measures (such as a merger or conversion), and the dissolution of the company.

In addition, the Stock Corporation Act grants powers to the KGaA's general meeting based on special provisions of law. This includes, in particular, the adoption of annual financial statements (see section 286(1) sentence 1 AktG). The general meeting resolution on the adoption of annual financial statements also requires the consent of the general partners (see section 286(1) sentence 2 AktG).

(ii) Voting right

The voting rights of shareholders of an AG are regulated in sections 134 to 137 AktG. The exercise of voting rights by the KGaA's limited shareholders is also governed by the provisions of stock corporation law (see section 278(3) AktG). If the general partners also have voting rights in the general meeting based on limited partnership shares held by them, such voting rights are subject to specific restrictions. For example, the general partners are prohibited from voting on the election and removal of supervisory board members, the discharge of general partners and supervisory board members, the appointment of special auditors, the assertion of compensation claims, the waiver of compensation claims, and the election of auditors (see section 285(1) AktG). These prohibitions from voting are to prevent a potential conflict of interests of the general partners.

(iii) Discharge of the management body and of the supervisory board

The general meeting of the AG resolves on the discharge of the management board and of the supervisory board within the first eight months of the financial year, thus approving the company's management by the members of the management board and of the supervisory board (see section 119(1) no. 4, section 120 AktG). In the KGaA, the discharge of the general partners and of the supervisory board is governed by the provisions applicable to the AG (see section 278(3) AktG). The general partners are prohibited from voting on the discharge of the general partners and of the supervisory board members (see section 285(1) sentence 2 no. 2 AktG).

(iv) Convocation of the general meeting

The general meeting of the AG may be convened at any time by the management board or by other persons who have this right by law or under the articles of association. The general meeting is held at least once each year, within eight months of the end of the financial year (see section 175(1) sentence 2 AktG). In the KGaA, the provisions applying to the convocation of the AG's general meeting apply accordingly to the general partners (see section 283 no. 6 AktG).

(v) Virtual general meeting

Pursuant to section 118a(1) sentence 1 AktG, the articles of association may provide, or authorise the AG's management board or the KGaA's general partner to provide, that the general meeting is held without the physical presence of shareholders or their proxies at the place of the general meeting (virtual general meeting). It is intended that the general meeting on June 5, 2023 will pass a resolution under agenda item 9 on a corresponding authorization of

the general partner until and including 31 August 2025. Article 17(1) of the proposed articles of association of PCH AG contains the same authorization of the management board of PCH AG (cf. Section 6.3.4(f)(iii)).

- (vi) Convocation of the general meeting at the request of a minority/Addition of items to the agenda at the request of a minority

In the KGaA, the convocation of the general meeting and addition of items to the agenda at the request of a minority are governed by the provisions applicable to the AG (see section 283 no. 6 and section 278(3) in conjunction with section 122(2) AktG). The AG's general meeting must be convened if shareholders who together hold at least 5% of the share capital so demand in writing, stating the purpose and reasons (see section 122(1) AktG). The shareholders must prove that they have held the shares for at least three months before the date of the general meeting – according to a different view, the relevant date is the day the request for adding items to the agenda is submitted or received – and that they continue to hold the shares until the decision on the request is made (i.e., until judicial authorisation is granted or until the meeting is convened by the management board) (see section 122(1) sentence 3 in conjunction with section 142(2) sentence 2 AktG).

Similarly, shareholders whose shares together reach 5% of the share capital or represent an amount of EUR 500,000.00 in the share capital may request that items be put on the agenda and announced for a resolution to be adopted by the general meeting (see section 122(2) AktG). If the request is not granted, a court may authorise the shareholders submitting the request to convene the general meeting or to announce the item (see section 122(3) sentence 1 AktG).

- (vii) Organisation and conduct of the general meeting

With regard to organisation and conduct, the same provisions as for the AG apply to the KGaA's general meeting (see section 278(3) AktG). Accordingly, the AG and the KGaA are subject to the same provisions concerning the limitation to the right to speak, among other things.

- (viii) Shareholders' right to request information at the general meeting

The basis of information to shareholders is provided by the annual financial statements, including the notes thereto, and the management report of the management board (see section 175(2) AktG) as well as the report of the supervisory board (see section 171(2) AktG). In addition, section 131 AktG grants each shareholder, regardless of the amount of their interest, a right to request information at the general meeting to the extent that this is necessary to appropriately assess the agenda. This right cannot be restricted by the articles of association (see section 23(5) AktG); it is mandatory. The management board may refuse only to provide information for specific reasons listed in section 131(3) AktG. Such right to refuse to provide information exists, for example, where the provision of the information, according to reasonable commercial judgement, is likely to cause significant disadvantage to the company. In the case of a virtual general meeting pursuant to section 118a AktG, the right to request information pursuant to section 131(1) sentence 1 AktG may be modified pursuant to sections 131(1a) et seqq. AktG. The shareholders of a KGaA also have the right to be provided with sufficient information. This right is, in principle, also governed by the provisions applicable to an AG (see section 278(3) AktG).

(ix) Rules of procedure

The general meeting of an AG, with a majority of at least three quarters of the share capital represented in the adoption of the resolution, may adopt for itself rules of procedure governing the preparation and conduct of the general meeting (see section 129(1) sentence 1 AktG). This provision also applies to the general meeting of the KGaA (see section 278(3) AktG).

(x) Ordinary resolutions of the general meeting (not amending the articles of association)

Ordinary resolutions of a KGaA's general meeting, as is the case for such resolutions of an AG's general meeting, require the majority of votes cast (simple majority of votes) to be adopted, unless the law or the articles of association provide for a larger majority or additional requirements (see section 278(3), section 133(1) AktG).

(xi) Resolutions of the general meeting amending the articles of association

The majority required at the KGaA's general meeting, including with regard to resolutions amending the articles of association, is generally determined in accordance with the provisions applying to the AG (see section 278(3) AktG). Accordingly, such resolutions require a majority of at least three quarters of the share capital represented in the adoption of the resolution and a simple majority of votes (see section 179(2), section 133 sentence 1 AktG). The articles of association may provide for a different majority, but may only provide for a larger capital majority where the company objects are to be amended (see section 179(2) sentence 2 AktG).

Certain resolutions of a KGaA's general meeting additionally require the general partners' consent (see section 285(2) sentence 1 AktG). This consent requirement applies to all matters which, in the case of a limited partnership, require the consent of both the general partners and the limited partners (see section 285(2) sentence 1 AktG). The consent requirement covers, for example, resolutions relating to capital measures, inter-company agreements, transformation measures (such as a merger or conversion), and the dissolution of the company.

(xii) Special audit

The provisions applicable to an AG with regard to a special audit (see sections 142, 258, 315 AktG) also apply to the KGaA by virtue of section 278(3) AktG.

(xiii) Assertion of compensation claims against corporate bodies/Shareholders' actions

The assertion of compensation claims against corporate bodies in the case of the AG is governed by sections 147 et seqq. AktG. Pursuant to section 278 (3) AktG, these provisions apply also to the KGaA.

#### 6.2.5 Annual financial statements/consolidated financial statements

The annual financial statements of the KGaA are prepared and submitted by the managing general partners within the first three months of the financial year (see section 283 no. 9 AktG, section 264 HGB). Thereafter, to the extent required by law, the annual financial statements must be audited by the auditors. Without delay after receipt of the auditors' audit report, the managing general partners must submit to the supervisory board the annual financial statements, the management report and the audit report as well as a proposal for the

appropriation of profits (see section 283 no. 9 and 10 AktG in conjunction with section 170 AktG). The supervisory board must examine the documents submitted (see sections 278(3), 171 AktG), but in the case of the KGaA – unlike the AG – is not otherwise involved in adopting the annual financial statements. Pursuant to section 286(1) AktG, the annual financial statements are adopted by resolution of the general meeting with the consent of the general partners. Pursuant to section 278(3) AktG, all provisions governing measurement, classification and valuation to be complied with by an AG apply in general to the annual financial statements of the KGaA.

#### 6.2.6 Actions to raise capital or to reduce capital

In the AG, actions to raise capital or to reduce capital are based on sections 182 et seqq. AktG. In the KGaA, equity capital may be raised both in the form of limited partnership shares and – in deviation from the AG – through contributions of assets by general partners which are not paid towards the share capital (see section 281(2) AktG). An increase in the KGaA's share capital, i.e., the capital provided by the limited shareholders, is governed by the provisions applicable to the AG (see section 278(3) AktG). This requires, in addition to the general meeting's resolution to increase the capital, a resolution by the general partners granting their consent pursuant to section 285(2) sentence 1 AktG.

#### 6.2.7 Invalidity of general meeting resolutions and of adopted annual financial statements/Special audit due to unlawful undervaluation

##### (a) Invalidity of general meeting resolutions

Pursuant to section 278(3) AktG, the provisions regarding the invalidity of general meeting resolutions in the AG (see sections 241 et seqq. AktG) also apply to the KGaA.

##### (b) Invalidity or challenging of the election of supervisory board members

The provisions applying to the AG with regard to the invalidity or challenging of the election of supervisory board members (see sections 250 et seqq. AktG) also apply in principle to the KGaA pursuant to section 278(3) AktG.

##### (c) Invalidity of adopted annual financial statements

Provisions applicable to the AG with regard to the invalidity of adopted annual financial statements (see sections 256 et seq. AktG) also apply to the KGaA pursuant to section 278(3) AktG.

##### (d) Special audit due to unlawful undervaluation

The provisions regarding a special audit due to unlawful undervaluation in the AG (see sections 258 to 261a AktG) apply to the KGaA pursuant to section 278(3) AktG.

##### (e) Dissolution of the Company

In the AG, dissolution is governed by section 262 AktG. In the KGaA, section 289 AktG applies. Accordingly, relevant provisions are those regarding limited partnerships, supplemented by specific provisions for the KGaA. In this case, however, dissolution is

governed by the provisions of stock corporation law, which, pursuant to section 290 AktG, apply subject to specific exceptions according to the legal form.

#### 6.2.8 Affiliated undertakings

The AG, as is the KGaA, is subject to the provisions governing affiliated undertakings in sections 291 et seqq. AktG. Therefore, if a control and/or profit transfer agreement has been concluded, outside shareholders have the rights to adequate compensation provided for in respect of an AG or KGaA. This also applies in the case of a squeeze-out of minority shareholders against adequate cash compensation (sections 327a et seqq. AktG).

#### 6.2.9 Dissolution by a court

The regulations on the dissolution of an AG or KGaA by a court are provided for in sections 396 to 398 AktG.

#### 6.2.10 Provisions on fines and penalties

Pursuant to section 408 AktG, the provisions on fines and penalties under stock corporation law (see sections 399 et seqq. AktG) apply analogously to the KGaA.

### **6.3 Legal structure of PCH AG**

The Company is to be transformed into a stock corporation (*Aktiengesellschaft – AG*) by means of a conversion. This will not change the shareholders' current participation in the share capital of the Company. The corporate structure of PCH AG can be graphically shown as follows:

#### 6.3.1 General information on the AG as a legal form

PCH in the legal form of an AG continues to be a legal entity with share capital divided into shares. No natural person is liable with their private assets for the liabilities of the Company. Liability is limited to the share capital. In addition to the management board, the corporate bodies of an AG comprise the supervisory board, which has a monitoring function, and the general meeting, which is responsible for adopting resolutions (see 6.3.2). The powers of these bodies are governed by the Stock Corporation Act and the articles of association.

#### 6.3.2 The corporate bodies of PCH AG

##### (a) Management board

In the course of the transformation of PCH into PCH AG, PCGP will cease to be the sole general partner of the Company by operation of law (section 247(2) UmwG). The role of PCGP as the management and representative body of PCH will in future be performed by the management board of PCH AG.

The members of the management board of PCH AG are appointed at a constituent supervisory board meeting. The management board of PCH AG shall consist of at least two members (see Article 6(1) of the draft articles of association of PCH AG). According to the current state of knowledge of the general partner, it is intended to appoint all current members of the

management board of PCGP who will be in office expected as of 1 May 2023 as members of the management board of PCH AG as described in Section 2.4.1.

The management board manages the Company under its own responsibility in accordance with the law, the provisions of the articles of association and the rules of procedure for the management board and the supervisory board, and taking into account the resolutions of the general meeting.

The relationship between the corporate bodies within PCH AG is similar to the existing stipulations for PCH. Therefore, management measures for which the prior approval of the supervisory board of PCGP has been required to date will require the prior approval of the supervisory board of PCH AG in the future.

(b) Supervisory board

The supervisory board monitors the management of PCH AG and performs the other duties incumbent upon it under the law and the articles of association. According to Article 8(1) of the draft articles of association of PCH AG, it shall consist of eight members.

ProCredit Staff Invest GmbH & Co. KG and Zeitinger Invest GmbH shall each be entitled to a right of appointment for the appointment of one supervisory board member each in accordance with Article 8(2) and (3) of PCH AG's draft articles of association. The general meeting of PCH AG elects in principle the remaining supervisory board members for a term until the close of the general meeting resolving on the formal approval of their actions for the fourth financial year after beginning of their term of office, with the financial year in which the term of office begins not being counted. The shareholders may set a shorter term of office when the election is being held at the general meeting. Substitute members may be elected for one or more members of the supervisory board at the same time as the ordinary members of the supervisory board. Any supervisory board member can resign from office without good cause by giving four weeks' written notice. The supervisory board elects a chairperson and one or several deputy chairperson(s) from among its members during the first meeting following its election.

The incumbent members of the supervisory board of PCH – Rainer Ottenstein, Helen Alexander, Dr H.P.M. (Ben) Knapen, Marianne Loner, Jovanka Joleska Popovska and Dr Jan Martin Witte – have each resigned from office by mutual agreement with the Company with effect from the end of the general meeting on 5 June 2023. As described in greater detail in section 4.4, the persons named therein shall be elected as members of the supervisory board of PCH by the general meeting on 5 June 2023 and shall become members of the supervisory board of PCH AG through the process explained in section 4.4.

(c) General meeting

The conversion will not affect the shareholders' proportionate interest in the share capital and thus will not result in any change in the voting situation at the general meeting.

As is already the case with the KGaA, the general meeting of an AG resolves in particular on the formal discharge of the management board and the supervisory board, appropriation of distributable profit, the election of the auditor and on amendments to the articles of association.



In contrast to a KGaA, the general meeting of an AG only decides on the adoption of the annual financial statements in exceptional cases; normally the annual financial statements of an AG are adopted by the supervisory board of the AG.

The general meeting is held at least once a year in the first eight months of the financial year. In addition, extraordinary general meetings are to be convened in the cases specified by law and when the welfare of the Company so requires. In all other respects, the procedure at the general meeting is the same as the procedure at the general meeting of PCH.

### 6.3.3 Capital measures

According to the German Stock Corporation Act, a resolution by the general meeting is required to increase the share capital. In deviation from the principle of the majority of three quarters of the share capital represented when the resolution is adopted (section 182(1) sentence 1 AktG), a simple majority of the share capital represented is generally sufficient for a resolution to increase the capital, in accordance with in accordance with Article 20 of the draft articles of association of PCH AG in conjunction with section 182(1) sentence 2 AktG. However, this does not apply in the case of an exclusion of the shareholders' subscription rights in connection with the capital increase (section 186(1) sentence 1 AktG); in this case, a three-quarters majority is always required (section 186(3) sentence 2 AktG).

In addition, authorised capital may be created by way of a general meeting resolution authorising the management board, with the approval of the supervisory board, to increase the share capital up to a specified nominal amount by issuing new shares within a maximum period of five years. Such authorization is to be granted to the management board in accordance with Article 4(3) of PCH AG's articles of association (**Annex 3**) (see section 6.3.4(c)(i)). The resolution of the general meeting on the creation of authorised capital also requires a majority of at least three quarters of the share capital represented when the resolution is adopted (cf. section 202(2) sentence 3 AktG). The reduction to a simple majority of votes provided for in Article 20 of the draft articles of association is not applicable in this respect.

Furthermore, the general meeting may resolve to create conditional capital. However, this should only be done to grant conversion or subscription rights to holders of convertible bonds, prepare a merger of several entities, or grant subscription rights to employees and the management of the Company or of an affiliated entity. As in the case of authorised capital, the resolution of the general meeting on this requires at least a majority of three quarters of the share capital represented when the resolution is adopted (cf. section 193(1) sentence 2 AktG); Article 20 of the draft articles of association is not applicable in this respect either.

### 6.3.4 Explanation of the PCH AG articles of association

The proposed articles of association for PCH AG, which are attached to this Conversion Report as **Annex 3**, are based, at the point of origin, on the current articles of association of PCH. Key provisions of the articles of association of PCH have been incorporated into the proposed articles of association of PCH AG, unless adjustments to the new legal form were deemed necessary or expedient. The latter applies in particular to the corporate bodies of the supervisory

board and the management board (e.g. the provisions on the composition of the supervisory board, its personnel competence and its right to establish reservations of consent to management measures or the provisions regarding the management and representation competence of the management board). In addition, the Company objects were specified, an authorisation to convene a virtual general meeting was introduced and the authorized capital of the company was renewed. In the following, a comparative tabular overview of selected contents of the statutes is given (see (a)), before individual elements of the statutes are explained (see (b) to (h)).

(a) Comparative overview of selected statute contents

The following overview contains a summary of selected aspects and is intended to provide an overview comparison of the articles of association of PCH with the proposed articles of association of PCH AG.

Item	PCH articles of association	Draft PCH AG articles of association
<b>Company name of entity</b>	ProCredit Holding AG & Co. KGaA	ProCredit Holding AG
<b>Registered office</b>	Frankfurt am Main	
<b>Purpose of the Company</b>	Acquire long-term and if possible majority equity participations in financial institutions which serve the financial needs of small and medium-sized enterprises and of private clients in developing countries, emerging economies and Germany Support and manage all these institutions and ensure they achieve, over the long term, an optimal rate of return on the capital employed, and maintain a high degree of orientation towards the target group.	Acquire long-term and if possible majority equity participations in financial institutions which serve, in particular, the financial needs of small and medium-sized enterprises and of private individuals. The aim of the Company is to support and manage all financial institutions in which it invests and to ensure that the ProCredit Group achieves a sustainable return on the capital employed over the long term, whilst at the same time achieving and maintaining a high degree of impact orientation towards the target group. In particular, the Company’s business activities aim to ensure that the institutions in which it invests (i) provide

Item	PCH articles of association	Draft PCH AG articles of association
		<p>responsible and transparent banking services to small and medium-sized enterprises as well as to private individuals in the countries in which these institutions are active and thereby, to the extent possible, positively contribute to economic, environmental and social development, to job creation and to the facilitation of investments in green technologies to mitigate climate change; (ii) are well-managed and commercially sustainable, and in doing so attach high value to staff development; and (iii) conduct their business in accordance with applicable law, the standards of good banking practice and with due regard for their social responsibility and refrain from activities that the Company deems unethical or damaging for clients, the economy or the society.</p>
<b>Share capital</b>	<p style="text-align: center;">EUR 294,492,460.00 (For authorised capital, see section 6.3.4(c)(ii))</p>	
<b>Shares</b>	<p style="text-align: center;">58,898,492 no-par value shares</p>	
<b>Management/representation</b>	<ul style="list-style-type: none"> <li>• Management and representation by the general partner.</li> <li>• Representation of the Company vis-à-vis the</li> </ul>	<ul style="list-style-type: none"> <li>• The management board is responsible for managing the Company.</li> <li>• The Company is represented by two members of the management board or by</li> </ul>

Item	PCH articles of association	Draft PCH AG articles of association
	<p>general partner by the supervisory board.</p>	<p>one member of the management board acting jointly with a holder of general commercial power of attorney (<i>Prokurist</i>).</p> <ul style="list-style-type: none"> <li>Representation of the company towards the board of management by the supervisory board</li> </ul>
<p><b>Composition and term of office of the supervisory board</b></p>	<ul style="list-style-type: none"> <li>6 members, unless a different number of members is required by mandatory statutory provisions.</li> </ul>	<ul style="list-style-type: none"> <li>8 members, unless a different number of members is required by mandatory statutory provisions.</li> </ul>
	<ul style="list-style-type: none"> <li>Appointment of the 6 supervisory board members by the general meeting</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of 6 Supervisory Board members by the general meeting; 2 members of the supervisory board are appointed by the exercise statutory rights of delegation (see above section 4.4).</li> </ul>
	<ul style="list-style-type: none"> <li>Unless the general meeting expressly resolves otherwise, the members of the supervisory board are appointed for the period until the end of the general meeting resolving on the discharge of the supervisory board members for the fourth financial year after the beginning of their term of</li> </ul>	<ul style="list-style-type: none"> <li>Insofar as the general meeting (or the delegate in respect of members sent to the end) expressly decides otherwise, the election (or delegation) of the supervisory board members for the period until the end of the general meeting which decides on the</li> </ul>

Item	PCH articles of association	Draft PCH AG articles of association
	office. The financial year in which the term of office begins is not counted.	discharge for the fourth business year after the beginning of the term of office. The financial year in which the term of office begins is not counted.
<b>Constitution of the supervisory board</b>	<ul style="list-style-type: none"> <li>The supervisory board shall elect from among its members a chairperson and one deputy chairperson during its first meeting after being appointed to office.</li> </ul>	<ul style="list-style-type: none"> <li>Following the general meeting in which the members of the supervisory board are appointed by shareholders, the supervisory board, at a meeting that takes place without being specially convened, elects a chairperson and a deputy chairperson from among its members.</li> </ul>
	<ul style="list-style-type: none"> <li>The election of the chairman and a deputy chairman shall be for the term of office of the elected persons or for a shorter period determined by the supervisory board.</li> </ul>	
<b>Supervisory board meetings and resolutions</b>	<ul style="list-style-type: none"> <li>A meeting is to be held once per calendar quarter and must be held twice per half calendar year. Otherwise, where required by law or seemingly necessary in the interests of the Company.</li> </ul>	
	<ul style="list-style-type: none"> <li>Convening by the chairman of the supervisory board</li> </ul>	
	<ul style="list-style-type: none"> <li>Quorum only if all members of the supervisory board have been duly and properly invited and at least half of them attend.</li> </ul>	
	<ul style="list-style-type: none"> <li>Resolutions adopted by simple majority, subject to mandatory statutory provisions.</li> </ul>	<ul style="list-style-type: none"> <li>No casting vote of chairperson of the</li> </ul>

Item	PCH articles of association	Draft PCH AG articles of association
	<p>the supervisory board or, if he or she does not participate in the resolution, by the deputy chairperson of the supervisory board.</p>	<p>supervisory board or deputy chairperson.</p>
	<ul style="list-style-type: none"> <li>The chairperson is authorised to issue and to accept the declarations of intent required in order to carry out resolutions of the supervisory board.</li> </ul>	
<p><b>Supervisory board remuneration</b></p>	<ul style="list-style-type: none"> <li>Fixed annual remuneration (each member of the supervisory board receives EUR 10,000.00, the chairperson of the supervisory board receives EUR 30,000.00 and the deputy chairperson of the supervisory board receives EUR 15,000.00).</li> </ul>	<ul style="list-style-type: none"> <li>Fixed annual remuneration (each member of the supervisory board receives EUR 20,000.00, the chairperson of the supervisory board receives EUR 60,000.00 and the deputy chairperson of the supervisory board receives EUR 30,000.00).</li> </ul>
	<ul style="list-style-type: none"> <li>Additional annual remuneration for membership or chairpersonship of the risk and audit committee (EUR 5,000.00 and EUR 10,000.00, respectively) and the Nomination Committee and other committees (EUR 2,500.00 and EUR 5,000.00, respectively).</li> </ul>	<ul style="list-style-type: none"> <li>Additional annual remuneration for membership or chairpersonship of the risk and audit committee (EUR 5,000.00 and EUR 10,000.00, respectively) and other committees (EUR 2,500.00 and EUR 5,000.00, respectively).</li> </ul>

Item	PCH articles of association	Draft PCH AG articles of association
	<ul style="list-style-type: none"> <li>Additional attendance fee (EUR 500.00 for each meeting of the supervisory board or EUR 1,000.00 for each meeting of the risk and audit committee or EUR 500.00 for each meeting of the Nomination Committee or any other committee formed by the supervisory board).</li> </ul>	<ul style="list-style-type: none"> <li>Additional attendance fee (EUR 500.00 for each meeting of the supervisory board or EUR 1,000.00 for each meeting of the risk and audit committee or EUR 500.00 for each meeting of any other committee formed by the supervisory board).</li> </ul>
	<ul style="list-style-type: none"> <li>Pro rata temporis remuneration in the event of leaving or joining the supervisory board or a function or a function associated with additional compensation during a financial year.</li> </ul>	
	<ul style="list-style-type: none"> <li>Reimbursement of expenses and reimbursement of any VAT payable on the expenses.</li> </ul>	
	<ul style="list-style-type: none"> <li>Insurance coverage (D&amp;O) for the performance of supervisory board work.</li> </ul>	
<b>Convening the general meeting</b>	<ul style="list-style-type: none"> <li>Convened by the general partner subject to the statutory convening rights of the supervisory board.</li> </ul>	<ul style="list-style-type: none"> <li>Convened by the management board, subject to the statutory convening rights of the supervisory board and of a minority of shareholders.</li> </ul>
	<ul style="list-style-type: none"> <li>The general meeting must, unless the law permits a shorter period of notice, be convened at least 30 days before the last day by which the shareholders must have registered to participate, as set forth in the articles of association. The day on which the meeting is called and the last day of the registration period shall not be counted.</li> </ul>	

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		<ul style="list-style-type: none"> <li>The management board is authorised to provide that general meetings, which take place until and including 31 August 2025, can be held without physical presence of shareholders or their proxies at the place of the general meeting (virtual general meeting).</li> </ul>
<b>General meeting participation</b>	<ul style="list-style-type: none"> <li>Only shareholders who have been registered in a timely manner and for the shares registered in the share ledger shall be entitled to participate and vote in the general meeting.</li> <li>Registration must have been received by the Company, using the address indicated for this purpose, at least six days prior to the general meeting. The date of the general meeting and the day on which the registration is received will not be counted.</li> </ul>	
		<ul style="list-style-type: none"> <li>The board of management may include a shorter registration period to be measured in days in the convocation of the general meeting.</li> </ul>
	<ul style="list-style-type: none"> <li>The registration must be performed in written form using either German or English.</li> </ul>	



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		<ul style="list-style-type: none"> <li>If a virtual general meeting is held, the members of the supervisory board may also participate by means of a video and audio transmission. This shall not apply to the chair of the meeting if he/she is a member of the supervisory board.</li> </ul>
<b>Chairing the general meeting</b>		<ul style="list-style-type: none"> <li>The general meeting is chaired by the chairperson of the supervisory board, or by another member of the supervisory board as chosen by the chairperson of the supervisory board. In the event that neither the chairperson of the supervisory board nor another supervisory board member designated by him/her takes the chair, the chairperson of the meeting shall be elected by the supervisory board.</li> <li>The chairperson directs the proceedings of the general meeting, decides the order in which the agenda items are to be handled and decides on the type and form of voting.</li> <li>The chairperson may set reasonable limits on the time allotted to shareholders for questions and statements.</li> <li>The chairperson may authorise the partial or complete transmission of the general meeting in audio or video format. The transmission may also be undertaken in a manner which provides unrestricted public access.</li> </ul>
<b>Voting at the general meeting</b>		<ul style="list-style-type: none"> <li>Unless otherwise required by law or the articles of association, resolutions are adopted by a simple majority of the votes cast and, if a capital majority is required by law, by a simple majority of the share capital represented at the time of the resolution.</li> </ul>

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	<ul style="list-style-type: none"> <li>Resolutions of the general meeting require the approval of the general partner, insofar as they relate to matters for which, in the case of a limited partnership, the agreement of the general partners and the limited partners is required.</li> <li>If approval is required, the general partner declares whether the resolution is approved or rejected.</li> </ul>	
	<ul style="list-style-type: none"> <li>Every ordinary share confers one vote.</li> <li>Voting rights may be exercised through a power of attorney.</li> <li>The granting of a power of attorney, its revocation and the proof of authority have to be in writing. Section 135 AktG remains unaffected. In the calling of the general meeting, it may be decided to relax the form requirement.</li> </ul>	
	<ul style="list-style-type: none"> <li>The general partner is authorised to provide that shareholders may cast their votes by postal vote even without attending the meeting.</li> </ul>	<ul style="list-style-type: none"> <li>The management board is authorised to provide that shareholders may cast their votes by postal vote even without attending the meeting.</li> </ul>
<b>Annual financial statements</b>	<ul style="list-style-type: none"> <li>Prepared by the general partner within the statutory periods after the end of the financial year.</li> </ul>	<ul style="list-style-type: none"> <li>Prepared by the management board within the statutory periods after the end of the financial year.</li> </ul>

Item	PCH articles of association	Draft PCH AG articles of association
	<ul style="list-style-type: none"> <li>Obligation to submit to the supervisory board and the auditor without undue delay after their preparation.</li> </ul>	
	<ul style="list-style-type: none"> <li>Upon receipt of the supervisory board's audit report by the general partner, the general meeting must be convened without undue delay.</li> </ul>	<ul style="list-style-type: none"> <li>Upon receipt of the supervisory board's audit report by the management board, the general meeting must be convened without undue delay.</li> </ul>
	<ul style="list-style-type: none"> <li>Formal approval by the general meeting with the consent of the general partner.</li> </ul>	<ul style="list-style-type: none"> <li>Formal approval by the supervisory board, unless the management board and the supervisory board exceptionally decide to leave the formal approval of the annual financial statements to the general meeting.</li> </ul>
<p><b>Appropriation of earnings</b></p>		<ul style="list-style-type: none"> <li>The management board and the supervisory board can allocate amounts of up to half of the annual net profit to other retained earnings.</li> <li>If determined by the management board and the supervisory board, they can transfer further amounts of up to 100% of the annual net profit to other retained earnings as long and insofar as the other retained earnings do not exceed half of the share capital and also would not exceed this amount even after the</li> </ul>

Item	PCH articles of association	Draft PCH AG articles of association
		transfer and insofar as the remaining annual net profit does not drop below 4% of the share capital.

Relevant provisions of the PCH AG articles of association are explained in more detail below. In particular, material departures from the current provisions in PCH’s articles of association are addressed.

(b) General provisions

The general provisions of the proposed articles of association (Article 1 to 3 of the draft articles of association) have essentially been taken from PCH’s articles of association.

(i) Company name, registered office and financial year (Article 1 of the draft articles of association)

The current company name provided for in Article 1(1) of PCH’s articles of association corresponds to the provision of section 279(2) AktG, whereby the name of the company must contain a liability limitation supplement if no natural person in the company is personally liable. As a result of the Conversion, this requirement no longer applies, meaning the addition “& Co. KGaA” also no longer applies. In all other respects, the company name of the entity does not change as a result of the Conversion. Like PCH, PCH AG will have its registered office in Frankfurt am Main, Germany, in accordance with Article 1(2) of the draft articles of association. In accordance with Article 1(3) of the draft articles of association, the financial year shall remain the calendar year.

(ii) The purpose of the Company (Article 2 of the draft articles of association)

Fundamentally, PCH AG will have the same purpose as PCH. The purpose of the Company will be to acquire long-term and if possible majority equity participations in financial institutions which serve the financial needs of small and medium-sized enterprises and of private individuals. As previously, the Company’s objective as the ProCredit Group is to support and manage all the institutions in which it invests.

Compared to Article 2(1) of PCH’s articles of association, which beyond this only refers to maintaining long-term optimisation of earnings and a high degree of orientation towards the target group, Article 2(1) of the draft articles of association of PCH AG provides additional specificity to the objective, requires the Company to ensure that the ProCredit Group achieves a sustainable return on the capital employed over the long term, whilst at the same time achieving and maintaining a high degree of impact orientation towards the target group. In particular, the Company’s business activities aim to ensure that the institutions in which it invests (i) provide responsible and transparent banking services to small and medium-sized

enterprises as well as to private individuals in the countries in which these institutions are active and thereby, to the extent possible, positively contribute to economic, environmental and social development, to job creation and to the facilitation of investments in green technologies to mitigate climate change; (ii) are well-managed and commercially sustainable, and in doing so attach high value to staff development; and (iii) conduct their business in accordance with applicable law, the standards of good banking practice and with due regard for their social responsibility and refrain from activities that the Company deems as unethical or damaging for clients, the economy or the society.

Pursuant to Article 2(2) of the draft articles of association, the Company continues to be authorised to carry out all types of transactions and take all measures which are necessary for or are deemed to be beneficial to furthering the achievement of the purpose of the Company, and in particular to acquire equity participations in enterprises of the same or a similar type, or enterprises whose business activities are related to the purpose of the Company, both in Germany and in foreign countries, and to establish branch offices.

(iii) Announcements and transmission of information (Article 3 of the draft articles of association)

Pursuant to Article 3(1) of the draft articles of association, announcements by the Company shall continue to be made by publishing them in the German Federal Gazette (*Bundesanzeiger*). Where another means of announcement is required by law, this mandatory form of announcement shall replace announcement in the German Federal Gazette. Pursuant to Article 3(2) of the draft articles of association, information for the holders of Company securities which are admitted to trading may also be conveyed to them via electronic data transmission, where permitted by law. The provisions are identical in content to Article 3 of PCH's articles of association, with the exception of the reservations of mandatory statutory regulations.

(c) Share capital and shares

The provisions on the share capital and shares of PCH AG in section 4 et seq. of the draft articles of association of PCH AG are largely identical to the current articles of association of the Company. However, it was taken into account that the general partner's powers are being transferred to the management board.

(i) Share capital (Article 4 of the draft articles of association)

Article 4(1) sentence 1 of the draft PCH AG articles of association corresponds to Article 4(1) of PCH's articles of association and stipulates unchanged that the share capital of the Company amounts to EUR 294,492,460.00. Article 4(1) sentence 2 of the draft articles of association sets out how the share capital of PCH AG will be provided upon the transformation of PCH into PCH AG. A corresponding provision is necessary with regard to the application of the law on the formation of companies, meaning a corresponding reference to the provision of share capital has also been included in the articles of association of PCH AG.

Article 4(2) of the draft articles of association provides that the share capital shall continue to be divided into 58,898,492 no-par value shares.

Article 4(3) of the draft articles of association adopts and renews the provision on Authorised Capital 2018 and the provisions on the exclusion of subscription rights from PCH's articles of association, taking into account the transfer of management authority from the general partner to the management board. The authorisation to exclude subscription rights for the reasons set out in (ii) below is appropriate and adequate.

The supervisory board shall continue to be authorised in the future to amend the articles of association to reflect the relevant utilisation of the Authorised Capital or after expiration of the authorisation period.

- (ii) Authorisation to exclude subscription rights (Article 4(3) sentence 4 of the draft articles of association)

The current articles of association of the Company provide in Article 4(3) for authorised capital with the authorisation to exclude subscription rights (the *Authorised Capital 2018*). This has not yet been utilised by the general partner. The regulation proposed in Article 4(3) of the draft Articles of Association is intended to renew the existing Authorised Capital 2018.

In particular, it is planned to authorise the management board of the PCH AG to increase the share capital of the Company in the period up to 4 June 2028, with the approval of the supervisory board, on one or more occasions in partial amounts by up to a total of EUR 29,449,245.00 by issuing up to 5,889,849 new no-par value registered shares against contributions in cash and/or kind (*Authorised Capital 2023*).

Thereby, shareholders are in principle to be granted subscription rights (Article 4(3) sentence 2 of the draft articles of association). The new shares may be assumed by one or more credit institution(s) or enterprises within the meaning of section 186(5) sentence 1 AktG with the obligation to offer them to the shareholders of the Company for subscription ("indirect subscription right") (Article 4(3) sentence 2 of the draft articles of association).

However, the management board shall be authorised, subject to the conditions set forth in Article 4(3) sentence 4 of the draft articles of association, to exclude shareholders' subscription rights with the approval of the supervisory board, within the scope of the exercise of the Authorised Capital 2023 in the following cases:

Firstly, the authorisation is to provide for the exclusion of shareholders' subscription rights in order to exclude fractional amounts (*Spitzenbeträge*) from the subscription right of the shareholders. This serves to enable the utilisation of the authorisation by round amounts and thus to facilitate the technical implementation of the share issue. The shares excluded from the shareholders' subscription right as free fractional shares will be utilised either via the stock exchange or in another manner in the best possible way for the Company.

Secondly, the authorisation is to provide for the exclusion of shareholders' subscription rights in the event of a capital increase in return for cash contributions if the issue price of the new shares is not significantly lower than the stock market price of the Company's shares already listed at the time the issue price is finally fixed. However, this authorisation shall only apply with the proviso that the arithmetical proportion of the capital stock represented by the shares issued with the exclusion of subscription rights pursuant to section 203(1) and (2), section

186(3) sentence 4 AktG may not exceed the limit of 10% of the capital stock either at the time this authorisation takes effect (in this case, at the time the conversion takes effect) or – if this amount is lower – at the time this authorisation is exercised.

This possibility of excluding subscription rights is provided for by law in section 203(1) and (2), section 186(3) sentence 4 AktG. It enables the management to take advantage of favourable stock market situations at short notice and, by setting a price close to the market price, to achieve a high issue price and thus the best possible strengthening of equity. By excluding the subscription right, a placement close to the stock market price is made possible, so that the usual discount for subscription right issues does not apply. The amount provided for the authorisation corresponds to the legally prescribed limit of 10% of the share capital for the simplified exclusion of subscription rights. In the event of the utilisation of this option to exclude subscription rights when increasing the share capital, the administration will keep any discount of the issue price compared to the stock exchange price as low as possible within the framework of the legal requirements. By issuing the new shares close to the stock exchange price in this way, it is ensured that an economic dilution of the shareholders' shareholdings occurs to a very small extent at most. This takes into account the shareholders' needs for protection against dilution of their shareholdings. With regard to the liquid market and the number of shares held in free float, it is ensured that shareholders can acquire shares on the market at approximately comparable conditions in order to maintain their participation quotas.

This limit of 10% of the share capital includes shares which (a) are issued or sold during the term of this authorisation until the time it is exercised, by direct or analogous application of section 186(3) sentence 4 AktG, as well as (b) are issued to fulfil subscription rights or to fulfil conversion obligations under convertible bonds and/or bonds with warrants, profit participation rights and/or participating bonds (or combinations thereof), to the extent that the relevant instruments are issued with the exclusion of shareholders' subscription rights after this authorisation becomes effective by analogous application of section 186 (3) sentence 4 AktG.

Thirdly, the authorisation is to comprise the option to exclude subscription rights in the context of a capital increase against contributions in kind, including in particular for acquiring (directly or indirectly) undertakings, operations, parts of undertakings, interests or other assets or entitlements to the acquisition of assets, including claims against the Company or its group companies. If the acquisition of companies, parts of companies or participations in companies or the acquisition of other assets by way of a capital increase against contributions in kind leads to tax savings for the seller or if the seller is for other reasons more interested in the acquisition of shares in the company than in a cash payment, the possibility of being able to offer shares as consideration strengthens the negotiating position of the company. In individual cases, it may also be necessary due to a special interest of the company to offer the seller new shares as consideration for an acquisition.

The Authorised Capital 2023 enables the Company to react quickly and flexibly when opportunities arise in order to acquire companies, parts of companies, participations in companies or other assets or claims to the acquisition of assets including claims against the Company or its Group companies against the issue of new shares in suitable individual cases. The proposed authorisation thus enables an optimal financing of the acquisition against the

issue of new shares in individual cases with the associated strengthening of the equity base of the Company. The issue price at which the new shares are issued in this case depends on the circumstances of the individual case and the time. The management board and the supervisory board will be guided by the interests of the company when setting the price. There are currently no concrete plans to make use of the authorisation. The management board and supervisory board will carefully examine in each individual case whether the exclusion of the subscription right is in the interest of the Company. The basis for the valuation of the shares of the Company on the one hand and the companies, parts of companies, participations in companies or the other assets or claims to the acquisition of assets including claims against the Company or its Group companies to be acquired on the other hand will be the neutral valuation report of an auditing firm or a renowned investment bank.

The proposed term of the Authorised Capital 2023 until 4 June 2028 corresponds to the legally permissible framework.

In the event that the authorisation is utilised, the management board will report on this at the next general meeting.

Finally, according to Article 4(3) of the draft articles of association, the management board is to be authorised, with the consent of the supervisory board, to determine the additional details of the capital increase and its implementation. As was already the case with Authorised Capital 2018, the supervisory board is to be authorised to amend the wording of the adopted articles of association accordingly after the Authorised Capital 2023 has been utilised or after expiry of the period for the utilisation of Authorised Capital 2023.

(iii) Share certificates (Article 5 of the draft articles of association)

Article 5 of the draft articles of association of PCH AG largely corresponds to the provision in Article 5 of the articles of association of PCH. The shares are divided into no-par value bearer shares. The only adjustment was that it is no longer the general partner but the management board that determines the form and content of share certificates, of dividend coupons and renewal coupons, and of bonds (see Article 5(2) of the draft articles of association).

(d) Management board

The provisions in the articles of association of PCH relating to the general partner (see Article 6 to Article 10 of the articles of association) have been replaced in the proposed articles of association of PCH AG by new provisions relating to the management board of PCH AG (Article 6 and Article 7 of the draft articles of association).

These are the most extensive changes in the proposed articles of association for PCH AG compared to the articles of association of PCH. The reason for this is that following the Conversion to an AG, the general partner as such will leave the Company and, as a result, the power to conduct business and represent the Company will be the exclusive competence of the management board of PCH AG. Therefore, the composition and powers of the management board are redefined in the articles of association of PCH AG as follows:

(i) Composition of the management board (Article 6 of the draft articles of association)



According to Article 6(1) of the draft articles of association, the management board shall consist of at least two members, with the exact number of members to be determined by the supervisory board. Furthermore, the supervisory board is given the option of appointing a chairperson of the management board and a deputy chairperson of the management board (Article 6(2) of the draft articles of association). In addition, in accordance with the statutory provisions (see 84 AktG), the supervisory board is responsible for appointing and revoking the appointment of management board members (Article 6(3) of the draft articles of association), as well as for the associated conclusion, amendment and termination of employment contracts.

(ii) Management and representation of the Company (Article 7 of the draft articles of association)

Article 7(1) of the draft articles of association of PCH AG regulates the management of PCH AG by the management board and reproduces the statutory provision on the management authority of the management board (see sections 76 and 77 AktG).

Article 7(2) of the draft articles of association transfers the ability to the supervisory board to issue rules of procedure for the management board. If the supervisory board does not make use of this and the management board issues its own rules of procedure, these shall require the approval of the supervisory board.

Article 7(3) of the draft articles of association regulates the representation of PCH AG by the management board and repeats, by way of declaration, the statutory provision on the representation of an AG (see section 78 AktG). According to this, PCH AG is represented in external matters by its management board. In addition, the articles of association allow PCH AG to be represented by a member of the management board acting jointly with a holder of general commercial power of attorney (*Prokurist*) (Article 7(3) of the draft articles of association, see also section 78(3) sentence 1 AktG).

Furthermore, the supervisory board may exempt the members of the management board from the prohibition on multiple representation pursuant to section 181 scenario 2 BGB. Article 7(4) sentence 2 of the draft articles of association also makes declaratory reference to section 112 AktG, according to which PCH AG is represented by its supervisory board vis-à-vis the members of the management board.

(e) Supervisory board

The section on the supervisory board (Articles 8 to 14) makes it clear that the constitution of the supervisory board as a corporate body remains fundamentally unaffected by the Conversion. However, the legal form of the AG results in changes to the tasks and competences of the supervisory board.

(i) Composition, appointment, term of office and resignation from office (Article 8 of the draft articles of association)

Article 8 of the draft articles of association for PCH AG is largely based on the provisions on composition, appointment, term of office and resignation from office previously contained in Article 11 of the articles of association of PCH.

The supervisory board of PCH AG shall consist of eight members (see Article 8(1) of the draft articles of association). Unlike the existing articles of association of PCH, however, a right to appoint one member each (see section 101(2) AktG) shall be granted to ProCredit Staff Invest GmbH and Zeitinger Invest GmbH in accordance with Article 8(2) and (3) of the draft articles of association. The remaining members of the supervisory board shall be elected by the general meeting, in accordance with statutory provisions, unless their appointment is subject to co-determination rules (section 101(1) AktG).

Article 8(4) governs the term of office of the supervisory board members. The members of the supervisory board are generally appointed for a term until the close of the general meeting resolving on the formal approval of their actions for the fourth financial year after beginning of their term of office, with the financial year in which the term of office begins not being counted. A shorter term of office may be expressly resolved by the general meeting (or the person authorised to delegate in the case of delegated members of the supervisory board).

If a member appointed by the general meeting resigns from the supervisory board before the end of that member's term of office, a by-election shall be held for this member at the next general meeting. The term of office of the newly elected member shall last for the remainder of the term of office of the resigning member.

In addition, Article 8(6) of the draft articles of association provides that the general meeting may simultaneously appoint a substitute member for supervisory board members. A substitute member becomes a member of the supervisory board if the supervisory board member for whom the substitute member was appointed resigns before the end of their term of office without a successor having been appointed. The term of office of a substitute member who has stepped in shall continue until the by-election or until expiry of the term of office of the departing supervisory board member at the latest. If a by-election is held and the substitute member departing due to such by-election had been appointed as substitute member for several supervisory board members, their position as a substitute member shall revive.

Finally, Article 8(7) of the draft articles of association provides that members of the supervisory board may resign from office without good cause by giving four weeks' notice in writing to the management board by notifying the chairperson of the supervisory board. The chairperson of the supervisory board or, in case of a resignation by the chairperson, their deputy, can consent to a shortening or to a waiver of this period. As in the existing articles of association, this shall not affect the resignation from office for good cause.

(ii) Chairperson and deputy chairperson (Article 9 of the draft articles of association)

Article 9(1) of the draft articles of association of PCH AG largely corresponds to Article 12(1) of the Company's articles of association and provides that, following the general meeting at which the members of the supervisory board were appointed by the general meeting, the supervisory board shall elect a chairperson and one or several deputy chairpersons from among its members for the term of office of the respective person appointed or for a shorter term determined by the supervisory board.

If the chairperson or one of their deputy chairpersons resigns from office before the end of their terms of office, the supervisory board must immediately elect, in accordance with Article 9(2) of the draft articles of association, a replacement for the remainder of the term of office of the departing individual. This rule corresponds to Article 11(2) of articles of association of PCH.

- (iii) Calling of meetings of, and voting by, the supervisory board (Article 10 of the draft articles of association)

The convening of meetings of and the adoption of resolutions by the supervisory board are governed by Article 10 of the draft articles of association. This also includes provisions on the frequency of meetings, the presence of a quorum and on the majority requirement for supervisory board resolutions. In addition, the chairperson of the supervisory board is authorised to issue and to accept, on behalf of the supervisory board, the manifestations of intent required in order to carry out resolutions of the supervisory board. In this respect, Article 10 of the draft articles of association is nearly identical to Article 13 of the articles of association of PCH. Article 10(2) sentence 2 of the draft articles of association adds declaratory, that the provisions of the rules of procedure for the supervisory board and statutory provisions apply with regard to the convening of Supervisory Board meetings. Compared to Section 13 (4) sentence 2 of the previous articles of association of PCH, there is no longer a casting vote of the chairman of the supervisory board or his deputy in the case of resolutions with a tie.

- (iv) Remuneration, reimbursement of expenses and insurance cover (Article 11 of the draft articles of association)

The provisions on remuneration have changed in comparison with the provisions in Article 14 of the articles of association of PCH. The duties of the supervisory board members were previously divided between the supervisory board of PCH and the supervisory board of PCGP, which has the same members, with identical remuneration rules. With the conversion, the duties of the two supervisory boards will be combined within the supervisory board of PCH AG. The system of remuneration and the concrete remuneration of the members of the supervisory board of the PCH AG is explained in more detail in section 4.5.

- (v) Rules of procedure, committees and changes to the wording of the articles of association (Articles 12 to 14 of the draft articles of association)

Article 12 of the draft articles of association of PCH AG includes a provision on the rules of procedure of the supervisory board and corresponds to Article 15 of the articles of association of PCH. Article 13 of the draft articles of association of PCH AG contains provisions on the committees of the supervisory board and corresponds to Article 16 of the articles of association of PCH. Article 14 of the draft articles of association of PCH AG contains a provision on the authority of the supervisory board to make changes to the wording of the articles of association and corresponds to Article 17 of the articles of association of PCH.

- (f) General meeting

The provisions on the general meeting contained in the proposed articles of association of PCH AG (Articles 15 to 20 of the draft articles of association) largely correspond to the provisions of the current articles of association of PCH (Articles 18 to 22 there).

(i) Location and convening of the meeting (Article 15 of the draft articles of association)

Pursuant to Article 15(1) of the draft articles of association of PCH AG – as previously pursuant to Article 18(1) of the articles of association of PCH – the general meeting shall be held at the Company’s registered office, at a German stock exchange location, in another major city with more than 100,000 inhabitants, or at the premises of ProCredit Academy GmbH in Fürth/Odenwald, Weschnitz district.

Article 15(2) of the draft articles of association of PCH AG stipulates that the general meeting shall be convened by the management board, subject to the statutory convening rights of the supervisory board and a minority of the shareholders, it thus adapts the provision of Article 18(2) of the articles of association of PCH to the changed legal form.

As already provided for by Article 18(3) of the articles of association of PCH, Article 15(3) of the draft articles of association of PCH AG also provides that, unless the law permits a shorter period of notice, the general meeting must be convened at least 30 days before the last day by which the shareholders must have registered to participate, as set forth in Article 16 of the draft articles of association, with the day of the convocation and the last day of the registration period not being counted.

(ii) Participation (Article 16 of the draft articles of association)

Article 16(1) and (2) of the draft articles of association of PCH AG regulates the registration of the shareholders to attend the general meeting and to exercise their voting rights; it is nearly identical to Article 19(1) and (2) of the articles of association of PCH. Article 16(2) sentence 2 of the draft Articles of Association of PCH AG now exclusively provides that the management board may stipulate in the notice convening the annual general meeting a shorter registration period, to be measured in days, than the six days stipulated in Article 16(2) sentence 1 of the draft articles of association of PCH AG or previously in Article 19(2) sentence 1 of the articles of association of PCH.

(iii) Virtual general meeting (Article 17 of the draft articles of association)

Article 17 of the draft articles of association of PCH AG introduces new rules governing a virtual general meeting. The articles of association of PCH do not contain any provisions to this effect. The new provisions are based on section 118a AktG, which was newly introduced as of 20 July 2022, and on the associated future option of holding virtual general meetings in addition to on-site meetings.

Article 17(1) of the draft articles of association authorises the management board to provide for general meetings taking place by and including 31 August 2025 to be held without the physical presence of the shareholders or their proxies at the place of the general meeting.

According to Article 17(2) of the draft articles of association, the members of the supervisory board may attend a virtual general meeting by means of video and audio broadcast. This does not apply to the person chairing the meeting if they are a member of the supervisory board.

Pursuant to Article 17(3) of the draft articles of association, all provisions concerning the general meeting and contained in the articles of association (including Article 19(2) of the draft

articles of association), shall apply to virtual general meetings, unless mandatory provisions of law or the articles of association expressly provide otherwise.

(iv) Exercise of voting rights (Article 18 of the draft articles of association)

In terms of content, the provisions on the exercise of voting rights in Article 18 of the draft articles of association of PCH AG correspond to Article 20 of the articles of association of PCH, with the exception of the addressee and the authorisation to provide for the option of absentee voting in the respective paragraph 3; due to the conversion it is now no longer up to the general partner but to the management board to allow absentee voting (see section 6.3.3).

(v) Chair of the general meeting (Article 19 of the draft articles of association)

Article 19 of the draft articles of association of PCH AG contains provisions on the chair and conduct of the general meeting and is identical to Article 21 of PCH's articles of association.

(vi) Adoption of resolutions by the general meeting and Minutes (Article 20 of the draft articles of association)

Just like Article 22(1) of the articles of association of PCH, Article 20 of the draft articles of association of PCH AG provides that resolutions shall be passed by simple majority of the votes cast and that, where a capital majority is required by law in addition to the majority of the votes cast, resolutions shall be passed by a simple majority of share capital represented when the resolution is passed, unless mandatorily required otherwise by the law or the articles of association (see hereto section 6.3.3).

Due to the change of legal form, the provision on the approval of the general partner in Article 22(2) of the articles of association of PCH shall be omitted without substitution.

(g) Annual financial statements

Article 21 of the draft articles of association adapts the provisions on the annual financial statements to the changed legal form.

The management board of the PCH AG is responsible for the preparing the annual financial statements and the consolidated and unconsolidated financial statements as well as the corresponding management report and the group management report. The management board shall submit these documents to the supervisory board and the auditor without undue delay. In contrast to the legal form of a KGaA, the approval and adoption of the annual financial statements is the sole responsibility of the supervisory board (unless the management board and supervisory board exceptionally decide to leave the adoption of the annual financial statements to the general meeting, see section 172 AktG). In contrast, the general meeting resolves on the appropriation of the balance sheet profit (cf. section 174(1) sentence 1 AktG).

The newly introduced Article 21(2) of the draft articles of association partly regulates the allocation of profits. This means that, when approving and adopting the annual financial statements, the management board and the supervisory board may allocate amounts of up to half - or even up to 100% - of the annual net profit to other retained earnings as long and insofar as the other retained earnings do not exceed half of the share capital and also would not do so

after the allocation and insofar as the remaining distributable profit does not drop below 4% of the share capital.

(h) Severability; formation and conversion costs

In Article 22 of the draft articles of association, a customary severability clause intended to reverse the presumption of overall invalidity pursuant to section 139 BGB in the case of (partially) null or invalid clauses in the articles of association is carried over from the previous articles of association (Article 25) for legal protection. Pursuant to section 197 UmwG, section 26(2) AktG, the cost of the transformation is to be included in the draft articles of association (see Article 23(3) of the draft articles of association). Article 23(1) and (2) of the draft articles of association make clear that the (existing) Article 26 of the articles of association of PCH on the costs associated with the incorporation and transformation of the Company shall be maintained and quotes it verbatim.

## **7. Legal effects of the Conversion**

### **7.1 Effects on the Company**

#### 7.1.1 Identity of the legal entity

As a result of the Conversion, PCH, as the legal entity being converted, will change its legal form and become an AG. The Company will continue to exist in its new legal form (section 202(1) no. 1 UmwG). Contractual relations, official approvals, permits or suchlike and other legal relations with third parties will, therefore, also continue to exist and will not be affected by the Conversion (see section 7.4 of this Conversion Report).

#### 7.1.2 Change in the legal structure

With PCH's transformation from a KGaA into an AG, the Company's legal relationships will in future be governed by the law applicable to AGs. The AG's share capital like that of the KGaA is divided into shares. Therefore, the AG is suitable for a broad range of investors due to the simple tradability of its shares. Apart from the KGaA and the *Societas Europaea* (SE), the AG is the only legal form under German law whose shares can be traded on a stock exchange. The changes resulting from the Conversion for the Company's corporate bodies are described in section 6.3 of this Conversion Report. The draft articles of association of PCH AG are in principle based on the articles of association of PCH. Significant amendments to the articles of association made in the course of the Conversion are described at 6.3.4. of this Conversion Report.

#### 7.1.3 German Corporate Governance Code

Pursuant to section 161 AktG, the management board and the supervisory board of a listed company declare annually that the company has complied, and will comply, with the recommendations of the "Government Commission on the German Corporate Governance Code" published by the German Federal Ministry of Justice in the official section of the electronic Federal Gazette (*Bundesanzeiger*) or which recommendations the company has not applied or will not apply. The German Corporate Governance Code is tailored to an AG under the German Stock Corporation Act. Therefore, the Company's management previously

provided a corresponding declaration in a form modified with regard to the KGaA. Upon registration of the Conversion, the Company's management board and supervisory board will provide an accordingly adjusted declaration and make it permanently available to the shareholders (section 161 sentence 2 AktG).

## **7.2 Effects on the Company's corporate bodies**

### **7.2.1 Effect on the general partner**

The general partner managing the KGaA leaves the Company upon the Conversion (section 247(2) UmwG).

The duties of management, conduct of business and representation of the Company will in future fall to the management board of the PCH AG pursuant to sections 76 et seqq. AktG (see sections 6.2.4(a) and 6.3.2(a)).

### **7.2.2 Effects on the supervisory board**

The effects on PCH's supervisory board are explained in more detail at 4.4.

### **7.2.3 Effects on the general meeting**

The responsibilities of the general meeting will be extended by a company's conversion into an AG. In contrast to the KGaA, resolutions passed by the AG's general meeting do not require management approval. In a KGaA, general meeting resolutions require approval by the general partners if they concern matters that in a limited partnership require the agreement of the general partners and the limited partners (section 285(2) sentence 1 AktG). In the case of an AG, stock corporation law does not provide for such a requirement of management approval for resolutions passed by the general meeting.

## **7.3 Effects on the limited shareholders**

### **7.3.1 Effects on participation rights**

The limited shareholders of PCH will become shareholders of PCH AG as of the time the Conversion is registered with the commercial register. The shareholders' rights shall then be determined in accordance with the provisions of the German Stock Corporation Act applicable to the AG.

#### **(a) Continued membership**

Pursuant to section 202(1) no. 2 sentence 1 UmwG, the shareholders of the legal entity changing its legal form will hold an interest in the legal entity in accordance with the provisions applicable to the new legal form unless their interest ceases to exist under sections 190 to 304 UmwG. Accordingly, conversion law considers the shareholders of the previous company to be "automatically" also shareholders of the company having changed its legal form, without any further act being required for this purpose. In the present case, however, this will not apply to the general partner, which will cease to be a member of the Company upon the Conversion in accordance with section 247(2) UmwG.

Pursuant to section 202(1) no. 2 sentence 2 UmwG, any rights of third parties to the shares or memberships in the legal entity changing its legal form shall continue in existence in respect of the shares or memberships in the legal entity in its new legal form taking their place. Accordingly, any liens or usufructuary rights will also remain in existence.

Furthermore, the ownership structure of the legal entity will not change either. Therefore, the shareholders will hold shares in the AG in the same ratio that existed in PCH before (see section 2.7.2 for the previous shareholder structure).

#### (b) Membership rights

The shareholders' rights and obligations associated with their membership will now be subject to the provisions governing the AG. The individual rights of each shareholder will remain unchanged in the AG compared to the KGaA. The rights of a minority of shareholders such as the right to convene a general meeting (section 122 AktG), to appoint special auditors (sections 142 et seqq. AktG) or to claim damages (sections 147 et seqq. AktG) will also remain unchanged.

Regarding the powers of the general meeting, they will be extended and are described in more detail under section 6.3.2(c) of this Conversion Report.

#### 7.3.2 No compensation offer

Section 207 UmwG is not applicable to a conversion of a KGaA (section 250 UmwG) since a conversion of a KGaA does not result in any adverse effects for the limited shareholders which are eligible for or require compensation. Therefore, a compensation offer pursuant to section 207 UmwG will not be made.

### **7.4 Effects on contractual relationships and other legal relations with third parties**

The Conversion will have no effect on the Company's contracts, which continue to exist as before. Entries in public registers, including entries in the land register, will become incorrect at the time the Conversion takes effect and will, therefore, have to be corrected.

## **8. Securities and trading**

The Company's limited partnership shares with voting rights are currently listed in the Regulated Market (Prime Standard) of the FSE with ISIN DE0006223407. In addition, the shares are included in the XETRA electronic trading system.

The Conversion of the Company into the legal form of an AG will become effective upon registration with the commercial register. The limited shareholders that are limited shareholders in PCH at the time the Conversion is registered with the commercial register will become shareholders of PCH AG. They will participate in PCH AG to the same extent and will hold the same number of shares in PCH AG as previously in PCH before the Conversion became effective. After the Conversion becomes effective, the securities designation of the registered shares of PCH shall be changed to registered shares of PCH AG at the same time.



The PCH AG shares will be exclusively represented by global certificates deposited with Clearstream Banking AG, Frankfurt am Main. The shareholders of PCH AG will participate in the collective holding of shares in the Company held at Clearstream Banking AG in proportion to their share as co-owners. A right of the shareholders to certification of their shares shall be excluded unless certification is required by the regulations of a stock exchange on which the shares are listed.

As all shares in the Company are held in collective safe custody by custodian banks for the respective shareholders, the exchange of the shares in PCH for shares in PCH AG will also be carried out exclusively via the collective custody system. Therefore, nothing is to be done by the shareholders. The exchange of the shares will take place via Clearstream Banking AG, Frankfurt am Main, by way of transfer of entries in the shareholders' securities accounts by the respective custodian banks. The shareholders will be notified of the transfer of entries.

Following a change in the FSE's relevant admission practice in February 2023, it is likely, with regard to the fact that the shares of PCH (ISIN: ISIN DE0006223407) are listed on the Regulated Market (Prime Standard) of the FSE and included in the XETRA electronic trading system, that the shares of PCH AG will not have to be newly admitted to trading after the Conversion from PCH to PCH AG, but that the shares of the converted PCH AG will continue to be admitted to trading. Therefore, an uninterrupted trading in PCH shares is likely to be guaranteed also after the Conversion has been completed.

*[The signatures follow on the next page.]*

Frankfurt am Main, 20 April 2023

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Hubert Spechtenhauser  
*Chairman of the management board*

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Christian Dargosa  
*Member of the management board*

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Sandrine Massiani  
*Member of the management board*

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Gian Marco Felice  
*Member of the management board*

**Annex 1: Agenda for the general meeting including the Conversion Resolution under  
agenda item 10**

## Agenda:

**1. Presentation of the annual financial statements and consolidated financial statements, the combined management report for ProCredit Holding AG & Co. KGaA and the group, each as approved by the Supervisory Board, including the explanatory report with disclosures pursuant to section 289a (1) sentence 1 and section 315a (1) sentence 1 HGB, and the Report of the Supervisory Board for the 2022 financial year, as well as the adoption of a resolution to approve the annual financial statements for ProCredit Holding AG & Co. KGaA for the 2022 financial year**

In accordance with section 278 (3) and section 171 AktG, the Supervisory Board has approved the annual financial statements and consolidated financial statements for the group for the 2022 financial year as prepared by the General Partner. Pursuant to section 286 (1) sentence 1 AktG and article 23 (3) of the Company's Articles of Association, the General Meeting shall resolve upon approval of the annual financial statements; in addition, the aforementioned documents of the General Meeting are to be made accessible, with no further resolution being required for this purpose. These will be available on the Company's website at <https://www.procredit-holding.com/investor-relations/general-meetings/both> before and during the General Meeting.

The General Partner and Supervisory Board propose that approval be granted for the annual financial statements as presented with the recognition of profit (unappropriated earnings [*Bilanzgewinn*]) in the amount of EUR 60,250,867.82.

**2. Adoption of a resolution on the appropriation of unappropriated earnings [*Bilanzgewinn*]**

The General Partner and Supervisory Board propose that the unappropriated earnings for the 2022 financial year in the amount of EUR 60,250,867.82 be allocated as follows:

- |  |                   |
|--|-------------------|
| a) Dividend payment of<br>EUR 0.00 per share<br>(58,898,492 shares)              | EUR 0.00          |
| b) Full amount of the unappropriated<br>earnings [ <i>Bilanzgewinn</i> ] carried | EUR 60,250,867.82 |

forward to new account (retained earnings)

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= EUR 60,250,867.82

**3. Adoption of a resolution on the ratification of the acts of the General Partner**

The General Partner and Supervisory Board propose that approval be granted for the acts of the General Partner in the 2022 financial year.

**4. Adoption of a resolution on the ratification of the acts of the members of the Supervisory Board**

The General Partner and Supervisory Board propose that approval be granted for the acts of the members of the Supervisory Board serving during the 2022 financial year.

**5. Adoption of a resolution on the appointment of the auditor of the annual financial statements and the auditor of the consolidated financial statements for the financial year 2023 as well as the auditor for the review of the abridged financial statements and the interim management report for the first half of 2023**

The Supervisory Board proposes that BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, be appointed auditor for the annual financial statements and the consolidated financial statements as well as auditor for any review of the interim financial reports for the financial year 2023.

This proposal is based on the considered recommendation of the Risk and Audit Committee of the Supervisory Board within the meaning of Article 16 (2) of Regulation (EU) No 537/2014 of the European Parliament and Council of 16 April 2014 (**Statutory Audit Regulation**).

The Risk and Audit Committee declares that its recommendation is free from undue influence by third parties and that it is not subject to any regulatory constraints within the meaning of Article 16 (6) of the Statutory Audit Regulation which would have limited the scope for selecting a particular auditor or auditing company to carry out the statutory annual audit.

**6. Adoption of a resolution on the approval of the remuneration report for the 2022 financial year**

Pursuant to section 162 AktG, the Management Board and Supervisory Board of listed companies shall annually prepare a clear and comprehensible report on the remuneration granted and owed to the members of the Management Board and the

Supervisory Board in the previous financial year and submit it to the General Meeting for approval pursuant to section 120a (4) AktG.

In accordance with sections 278 (3) and 162 (3) AktG, the remuneration report was audited by the auditing firm BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg to determine whether the legally required disclosures pursuant to sections 278 (3) and 162 (1) and (2) AktG had been made. The remuneration report for financial year 2022 and the auditors' report thereon are reproduced in section III below and are also available on the Company's website at <https://www.procredit-holding.com/investor-relations/general-meetings/>.

The General Partner and the Supervisory Board propose that the remuneration report for 2022 financial year, which was prepared and audited in accordance with sections 278 (3) and 162 AktG, be approved.

**7. Adoption of a resolution on the approval of the remuneration system for the members of the Management Board of the General Partner**

Section 120a (1) AktG stipulates that the General Meeting of a listed company is to resolve on the Supervisory Board's approval of the remuneration system for the members of the Management Board of the General Partner in accordance with the requirements of Section 87a AktG whenever there is a significant change, but at least every four years. Due to the legal form-specific peculiarities of a partnership limited by shares whose general partner is a stock corporation, as in the case of the Company, the Supervisory Board of the General Partner decides on the remuneration system of its Management Board.

On 9 November 2022, taking into account the requirements of section 87a (1) AktG, the Supervisory Board of the General Partner of the Company adopted a remuneration system for the members of the Management Board of the General Partner, which came into effect on 1 November 2022.

The Supervisory Board of the Company proposes to approve the remuneration system for the members of the Management Board of the General Partner of the Company as described in detail in section IV. following the Agenda.

**8. Adoption of a resolution on the creation of new authorised capital with the authority to exclude subscription rights and to amend the Articles of Association**

By resolution of the General Meeting of 23 May 2018, the General Partner was authorised, with the consent of the Supervisory Board, to increase the share capital of

the Company once or several times in partial amounts in the period up to 22 May 2023 by a total of up to EUR 29,449,246.00 by issuing new registered non-par value shares against cash contributions and/or contributions in kind and, in doing so, to also exclude the statutory subscription right of shareholders in certain cases (Authorised Capital 2018, Article 4 (3) of the Articles of Association). The authorisation thus expires on 22 May 2023.

In order to ensure that the Company will always be in a position to adjust its capital base flexibly and sustainably to cover future requirements and take advantage of opportunities, it is proposed that new authorised capital be raised. In the event that the General Meeting adopts the resolution on the transformation of legal form proposed under Agenda Item 10, a corresponding amount of authorised capital shall also be included in the Articles of Association of the Stock Corporation which will come into force after the transformation of legal form has become effective (see pages 56 to 59 of the report on the transformation of legal form submitted under Agenda Item 10).

The General Partner and Supervisory Board propose to resolve as follows:

8.1 The General Partner shall be authorised, with the consent of the Supervisory Board, to increase the Company's share capital in the period until 4 June 2028, once or in several smaller amounts, by a total amount of up to EUR 29,449,245.00 (in words: twenty-nine million, four hundred and forty-nine thousand, two hundred and forty-five euros) by issuing up to 5,889,849 new registered non-par value shares against contributions in cash and/or in kind (**Authorised Capital 2023**).

Shareholders will generally be granted subscription rights. The new shares may be acquired by one or more credit institutions or companies within the meaning of section 186 (5) sentence 1 AktG insofar as they accept the obligation to offer them to the Company's shareholders for subscription (indirect subscription rights).

However, with the consent of the Supervisory Board, the general partner is authorised to exclude shareholders' subscription rights for one or more capital increases in connection with the Authorised Capital 2023:

- (i) to exclude fractional amounts from the subscription right
- (ii) if the Company's shares already issued are listed on a stock exchange at the time this authorisation is exercised, in case of a capital increase against cash contributions, if the issue price of new shares is not significantly below the stock

exchange price of the Company's shares already listed at the time the issue price is finally determined. This authorisation is subject to the proviso that the total calculated proportion represented by the shares issued with an exclusion of the subscription right pursuant to section 203 (1) and (2), section 186 (3) sentence 4 AktG in the Company's share capital must not exceed a limit of 10% of the share capital neither at the time this authorisation becomes effective nor – if this amount is lower – at the time this authorisation is exercised. This limit of 10% of the share capital includes shares which (a) are issued or sold during the term of this authorisation until the time it is exercised, by direct or analogous application of section 186 (3) sentence 4 AktG, as well as (b) are issued to fulfil subscription rights or to fulfil conversion obligations under convertible bonds and/or bonds with warrants, profit participation rights and/or participating bonds (or combinations thereof) (together "Debt Securities"), to the extent that the relevant Debt Securities are issued with the exclusion of shareholders' subscription rights after this authorisation becomes effective by analogous application of section 186 (3) sentence 4 AktG; or

- (iii) in the case of a capital increase against contributions in kind, including in particular for acquiring (directly or indirectly) undertakings, operations, parts of undertakings, interests or other assets or entitlements to the acquisition of assets, including claims against the Company or its group companies.

The General Partner is authorised, with the consent of the Supervisory Board, to determine the further details of the capital increase and its implementation; this also includes determining the dividend rights of new shares which may also be declared, notwithstanding section 60 (2) AktG, for a financial year already ended. However, the authorisation does not entitle the General Partner to create new classes of shares.

The Supervisory Board is authorised, after using the Authorised Capital 2023 or after expiry of the period for using the Authorised Capital 2023, to amend the Articles of Association accordingly.

8.2 Article 4 (3) of the Company's Articles of Association shall be revised to read as follows:

*“(3) The General Partner is authorised, with the consent of the Supervisory Board, to increase the Company's share capital until the end of 4 June 2028, once or in several smaller amounts, by a total amount of up to EUR 29,449,245.00 (in words: twenty-nine million, four hundred and forty-nine thousand, two hundred*



and forty-five euros) by issuing up to 5,889,849 new registered non-par value shares against contributions in cash and/or in kind (**Authorised Capital 2023**).

Shareholders will generally be granted subscription rights. The new shares may be acquired by one or more credit institutions or companies within the meaning of section 186 (5) sentence 1 AktG insofar as they accept the obligation to offer them to the Company's shareholders for subscription (indirect subscription rights).

However, with the consent of the Supervisory Board, the General Partner is authorised to exclude shareholders' subscription rights for one or more capital increases in connection with the Authorised Capital 2023:

- (i) to exclude fractional amounts from the subscription right
  
- (ii) if the Company's shares already issued are listed on a stock exchange at the time this authorisation is exercised, in case of a capital increase against cash contributions, if the issue price of new shares is not significantly below the stock exchange price of the Company's shares already listed at the time the issue price is finally determined. This authorisation is subject to the proviso that the total calculated proportion represented by the shares issued with an exclusion of the subscription right pursuant to section 203 (1) and (2), section 186 (3) sentence 4 AktG in the Company's share capital must not exceed a limit of 10% of the share capital neither at the time this authorisation becomes effective nor – if this amount is lower – at the time this authorisation is exercised. This limit of 10% of the share capital includes shares which (a) are issued or sold during the term of this authorisation until the time it is exercised, by direct or analogous application of section 186 (3) sentence 4 AktG, as well as (b) are issued to fulfil subscription rights or to fulfil conversion obligations under convertible bonds and/or bonds with warrants, profit participation rights and/or participating bonds (or combinations thereof) (together **Debt Securities**), to the extent that the relevant Debt Securities are issued with the exclusion of shareholders' subscription rights after this authorisation becomes effective by analogous application of section 186 (3) sentence 4 AktG; or
  
- (iii) in the case of a capital increase against contributions in kind, including in particular for acquiring (directly or indirectly) undertakings, operations, parts of undertakings, interests or other assets or entitlements to the

*acquisition of assets, including claims against the Company or its group companies.*

*The General Partner is authorised, with the consent of the Supervisory Board, to determine the further details of the capital increase and its implementation; this also includes determining the dividend rights of new shares which may also be declared, notwithstanding section 60 (2) AktG, for a financial year already ended. However, the authorisation does not entitle the General Partner to create new classes of shares.*

*The Supervisory Board is authorised, after using the Authorised Capital 2023 or after expiry of the period for using the Authorised Capital 2023, to amend the Articles of Association accordingly.*

**9. Adoption of a resolution to amend the Articles of Association to include a new Article 19a (Virtual General Meeting)**

In order to grant the General Partner of the Company sufficient flexibility in the future, the Company's Articles of Association shall be amended to include an authorisation of the General Partner pursuant to section 118a (1) AktG. Accordingly, the Management Board may provide for the General Meeting to be held without the physical presence of the shareholders or their proxies at the place of the General Meeting (***virtual General Meeting***). In the event that the General Meeting adopts the resolution on the change of the legal form proposed under agenda item 10, a corresponding authorisation to hold a virtual General Meeting shall also be included in the Articles of Association of the Stock Corporation applicable after the change of the legal form takes effect (see page 63 of the report on the change of the legal form prepared for agenda item 10).

In addition, the members of the Supervisory Board shall in principle attend the General Meeting in person. However, in accordance with section 118 (3) sentence 2 AktG, the Articles of Association may provide for certain cases in which members of the Supervisory Board may participate in the General Meeting by means of audiovisual transmission. In order to grant the Supervisory Board of the Company sufficient flexibility in the future and not to generate unreasonable travel expenses from a sustainability point of view, the Articles of Association of the Company shall therefore provide that, when a virtual General Meeting is held, the participation of Supervisory Board members may take place by means of audiovisual transmission.

The General Partner and the Supervisory Board therefore propose to resolve as follows:

After Article 19 of the Articles of Association of the Company, the following Article 19a shall be inserted into the Articles of Association:

*“Article 19a Virtual General Meetings*

- (1) The General Partner is authorised to provide that General Meetings held up to and including 31 August 2025 may be held without the physical presence of the shareholders or their proxies at the place of the General Meeting (virtual General Meeting).*
  
- (2) If a virtual General Meeting is held, the members of the Supervisory Board may also participate by means of audiovisual transmission; however, this does not apply to the Chair of the Meeting if he or she is a member of the Supervisory Board.*
  
- (3) All the provisions of the Articles of Association relating to General Meetings, including Article 21 (2), shall apply to the virtual General Meeting, except where otherwise provided by law or expressly provided in the Articles of Association.”*

**10. Adoption of a resolution on the change of the legal form of the Company to a stock corporation (Aktiengesellschaft)**

ProCredit Holding AG & Co. KGaA is to be converted into a stock corporation (AG) by way of a change of legal form in accordance with the provisions of the German Transformation Act (“UmwG”).

The rationale behind the intended change of form is to increase investor acceptance of a stock corporation and to simplify the structure of the company. A detailed legal and economic explanation of the change of the legal form and its reasons and in particular of the future participation of the shareholders is contained in the Conversion Report prepared by the General Partner as general partner of the Company pursuant to section 192 of the German Transformation Act (UmwG). Section 4.5 (pages 20 to 23) of the Conversion Report also contains a description of the remuneration system for the members of the Supervisory Board which shall be set out in section 11 of the Articles of Association of ProCredit Holding AG.

The conversion report, the annual financial statements and the consolidated financial statements as well as the combined management reports of ProCredit Holding AG & Co. KGaA for the last three financial years 2020, 2021 and 2022 will be available on the Company’s website at [www.procredit-holding.com/de/investor-relations/general](http://www.procredit-holding.com/de/investor-relations/general)

meetings/ from the day on which the General Meeting is convened. The aforementioned documents will also be made available to the shareholders during the General Meeting.

The General Partner and Supervisory Board propose to resolve as follows:

10.1 The Company shall be converted into the legal form of a stock corporation (AG) in accordance with the provisions of sections 190ff, 226f and 238ff UmwG.

10.2 The legal entity in its new legal form shall be named ProCredit Holding AG.

10.3 ProCredit Holding AG shall have its registered office in Frankfurt am Main. It is to be entered in the Commercial Register of the District Court (*Amtsgericht*) of Frankfurt am Main. In all other respects, the rights and obligations of the shareholders of the Company shall be governed by the Articles of Association of ProCredit Holding AG following its conversion into an AG.

10.4 The Articles of Association of ProCredit Holding AG, which are an integral part of this resolution on the change of legal form, are hereby adopted with the wording contained in section VI. of the notice convening the General Meeting of 5 June 2023.

10.4.1 Accordingly, pursuant to Article 4 (3) of the Articles of Association of ProCredit Holding AG, the Management Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the Company until the end of 4 June 2028 by a total amount of up to EUR 29,449,245.00 by issuing up to 5,889,849 new non-par value registered shares (*Stückaktien*) against contributions in cash and/or in kind (Authorised Capital 2023) and to exclude the shareholders' subscription rights under the conditions set out in Article 4 (3) of the Articles of Association of ProCredit Holding AG.

10.4.2 Furthermore, the remuneration system as described in section 4.5 of the Conversion Report prepared in relation to agenda item 10 and the specific remuneration for the members of the Supervisory Board are hereby determined as provided in Article 11 of the Articles of Association of ProCredit Holding AG.

10.4.3 Finally, the management board is authorised, pursuant to Article 17 (1) of the Articles of Association of ProCredit Holding AG, to provide for General Meetings to be held up to and including 31 August 2025, without the physical presence of the shareholders or their proxies at the location of the general meeting (virtual General Meeting).

10.5 The share capital of the Company shall become the share capital of ProCredit Holding AG. Thus, it amounts to EUR 294,492,460.00. The share capital is divided into 58,898,492 non-par value registered shares (*Stückaktien*).

10.6 ProCredit General Partner AG, with its registered office in Frankfurt am Main, registered with the commercial register (*Handelsregister*) of the district court (*Amtsgericht*) of Frankfurt am Main under HRB 91486, shall withdraw (*ausscheiden*) from the Company pursuant to section 247 (2) UmwG.

10.7 Shareholders of ProCredit Holding AG shall be those persons who are limited shareholders of the Company at the time of registration of the conversion with the commercial register.

Their shareholding in the share capital of the Company will not be changed by the conversion, i.e., they will participate in ProCredit Holding AG to the same extent and with the same number of non-par value registered shares as they did in the Company as limited shareholders before the conversion became effective. The notional amount of EUR 5.00 of each non-par value registered share remains unchanged from that which existed immediately before the effectiveness of the conversion. If the Company holds treasury shares at the time of the registration of the conversion with the commercial register, these shares shall become treasury shares of ProCredit Holding AG.

10.8 Statements regarding rights pursuant to section 194(1) no. 5 UmwG:

10.8.1 ProCredit Staff Invest GmbH & Co. KG as shareholder of the Company and thus future shareholder of Pro Credit Holding AG shall be granted a right to appoint a member to the Supervisory Board of ProCredit Holding AG (appointment right pursuant to section 101 (2) sentence 1 AktG) in accordance with the conditions set out in Article 8 (2) of the Articles of Association of ProCredit Holding AG adopted as part of this conversion resolution (cf. clause (4) of this resolution).

10.8.2 Zeitinger Invest GmbH as shareholder of the Company and thus future shareholder of Pro Credit Holding AG shall be granted a right to appoint a member to the Supervisory Board of ProCredit Holding AG (appointment right pursuant to section 101 (2) sentence 1 AktG) in accordance with the conditions set out in Article 8 (3) of the Articles of Association of ProCredit Holding AG adopted as part of this conversion resolution (cf. clause (4) of this resolution).

10.8.3 (Further rights within the meaning of section 194 (1) no. 5 1st alternative UmwG do not exist and will not be granted in relation to ProCredit Holding AG. Further measures pursuant to section 194 (1) no. 5 2nd alternative UmwG are not intended.

For reasons of precaution, it is pointed out that it is intended to appoint the current members of the Management Board of ProCredit General Partner AG as the sole general partner of the Company (Mr Hubert Spechtenhauser, Mr Christian Dagrosa, Dr Gian Marco Felice, Ms Sandrine Massiani) and Ms Eriola Bibolli as members of the Management Board of ProCredit Holding AG.

For reasons of precaution, it is pointed out that it is intended to appoint the following current Supervisory Board members of the Company or of ProCredit General Partner AG as the sole general partner of the Company, Rainer Peter Ottenstein, Dr H.P.M. (Ben) Knapen, Helen Alexander, and Jovanka Joleska Popovska, as members of the Supervisory Board of ProCredit Holding AG.

10.9 A cash compensation offer pursuant to section 207 UmwG is not required in accordance with sections 227 and 250 UmwG.

10.10 The conversion will affect the employees and their representative bodies as follows:

10.10.1 The rights and obligations of the employees under existing service and employment relationships remain unaffected. Section 613a of the German Civil Code (BGB) does not apply in the event of a conversion. No measures are envisaged in this respect. Following the conversion, the employer's directive powers are exercised by ProCredit Holding AG, represented by its Management Board.

10.10.2 Any existing company practices, general commitments, company agreements and collective agreements remain in force in accordance with the existing regulations; no measures are envisaged in this respect either.

10.10.3 The periods of service of the employees of the Company (including periods of service already recognised) will not be interrupted by the conversion.

10.10.4 Any existing pension entitlements of the employees remain unaffected and exist vis-à-vis ProCredit Holding AG following the conversion. Any pension obligations of the Company vis-à-vis former employees (current pensions and vested pension

rights) remain unaffected as well and will also be directed against ProCredit Holding AG following the conversion.

10.10.5 According to the applicable statutory provisions for partnerships limited by shares (*Kommanditgesellschaften auf Aktien*), the General Partner of the Company was fully liable with its entire assets for claims in connection with the employment relationships and the limited partner in the amount of his/her own deposits. Since the General Partner of the Company was already an AG prior to the conversion, its liability was in fact already limited to the assets of ProCredit General Partner AG. Following the conversion, the liability of ProCredit Holding AG as a capital company for claims in connection with the employment relationships is in principle limited to its company assets. Its share capital after the transformation of legal form will amount to EUR 294,492,460.00.

10.10.6 The works constitution according to the German Works Constitution Act (*Betriebsverfassungsgesetz*) remains unaffected. Any bodies, committees and other representations under the German Works Constitution Act and other statutory provisions remain in force (however, cf. below (h) regarding the non-existence of works councils).

10.10.7 It is intended to reappoint (*neu zu bestellen*) the Supervisory Board members of the Company in accordance with the proposed resolution under agenda item 11 of the convocation of the General Meeting with effect from the end of the General Meeting on 5 June 2023 for a term of office specified in the resolution proposal. ProCredit Holding AG, similar to the Company, is also obliged to form a supervisory board on the basis of applicable statutory provisions. Since the Company generally employs less than 500 employees, ProCredit Holding AG will also not be obliged to form a supervisory board with employee participation pursuant to the German One-Third Participation Act (*Drittelbeteiligungsgesetz*) or the German Co-Determination Act 1976 (*Mitbestimmungsgesetz 1976*) following the conversion.

10.10.8 Neither at the Company nor at other companies of ProCredit group which are affiliated with the Company a works council has been established. A notification pursuant to section 194 (2) UmwG was therefore not necessary and has not occurred.

10.11 The costs of the conversion shall be borne by the Company up to the amount of EUR 1,500,000.00.

## **11. Adoption of a resolution on the election of the Supervisory Board**

The members of the Supervisory Board of the Company have resigned as members of the Supervisory Board of the Company with effect from the end of this General Meeting, necessitating the election of new Supervisory Board members.

Pursuant to Article 11 (1) of the Articles of Association of the Company, the Supervisory Board of the Company is currently composed of six members, all of whom are elected by the General Meeting. These six members of the Supervisory Board of the Company shall all be re-elected by the General Meeting of the Company. With regard to the persons named in the following proposed resolution under items 11.1 to 11.4, this election shall, in accordance with the principle of continuity of office pursuant to section 203 sentence 1 UmwG, expressly also apply to the stock corporation created after the conversion of legal form proposed under agenda item 10 takes effect.

Pursuant to Article 8 (1) of the Articles of Association to be adopted for ProCredit Holding AG under agenda item 10, ProCredit Staff Invest GmbH & Co. KG and Zeitinger Invest GmbH, as shareholders of the Company, shall each be granted representation rights within the meaning of section 101 (2) AktG for one Supervisory Board member each, which may be exercised under the conditions of section 8 (2) and (3) of the Articles of Association for ProCredit Holding AG to be adopted under agenda item 10. These rights of appointment will only become effective for ProCredit Holding AG when the conversion of the company proposed under agenda item 10 and thus the provision of the Articles of Association in Article 8 (2) and (3) of the Articles of Association to be adopted under agenda item 10 become effective, i.e. when the conversion of legal form is entered in the appropriate commercial register. Therefore, the persons named in the following proposed resolution under items 11.5 and 11.6 shall be appointed as members of the Supervisory Board until the conversion of legal form takes effect. In this respect, the statutory continuity of office of the Supervisory Board members pursuant to section 203 sentence 1 UmwG therefore does not apply.

Pursuant to Article 8 (1) of the Articles of Association to be adopted for ProCredit Holding AG under agenda item 10, the future Supervisory Board of ProCredit Holding AG shall also be expanded by two additional members to a total of eight members in the future after the change of legal form takes effect. In principle, these additional Supervisory Board members are to be elected by the future General Meeting of ProCredit Holding AG. For the interim period from the effective date of the change of legal form proposed under agenda item 10 until the first General Meeting of ProCredit Holding AG in its new legal form, it is intended to have the new seventh and eighth



members of the Supervisory Board appointed by a court of law as provided for in section 104 AktG.

Further information on the future composition of the Supervisory Board and the related effects of the change of legal form can be found in the Conversion Report presented under agenda item 10 (see pages 17 to 20 thereof).

In the light of the above, the Supervisory Board proposes, based on the recommendation of its Nomination Committee of 6 April 2023,

- 11.1 Rainer Ottenstein, Diplom-Kaufmann, Frankfurt am Main, Germany
- 11.2 Dr. H.P.M. (Ben) Knapen, Member of the Dutch Senate (1<sup>st</sup> Chamber) and group parliamentary leader of the *Christen-Democratisch Appèl (CDA)*, Amsterdam, Kingdom of the Netherlands
- 11.3 Helen Alexander, independent member of the Supervisory Board, Potsdam, Germany
- 11.4 Frau Jovanka Joleska Popovska, Chair of the Supervisory Board of ProCredit Bank AD Skopje, North Macedonia
- 11.5 Dr Jan Marcus Schroeder-Hohenwarth, Diplom-Betriebswirt, Cologne, Germany
- 11.6 Nicholas Tesseyman, independent member of the Supervisory Board, Thaxted, United Kingdom

each to be elected to the Supervisory Board with effect from the end of this General Meeting, as follows

- (i) the persons named in items 11.1 and 11.2 with a term of office until the end of the General Meeting which resolves on the ratification of acts for the financial year 2025 (even if this date is after the effective date of the conversion of the Company's legal form proposed under agenda item 10), and
- (ii) the persons named in sections 11.3 and 11.4 with a term of office until the end of the General Meeting resolving on the ratification of acts for the financial year 2026 (even if this date is after the effective date of the conversion of the Company's legal form proposed under agenda item 10), and
- (iii) the persons named in sections 11.5 and 11.6 with a term of office until the effective date of the conversion of the Company's legal form proposed under agenda item 10, but no longer than until the end of the General Meeting resolving on the ratification of acts for the financial year 2026.

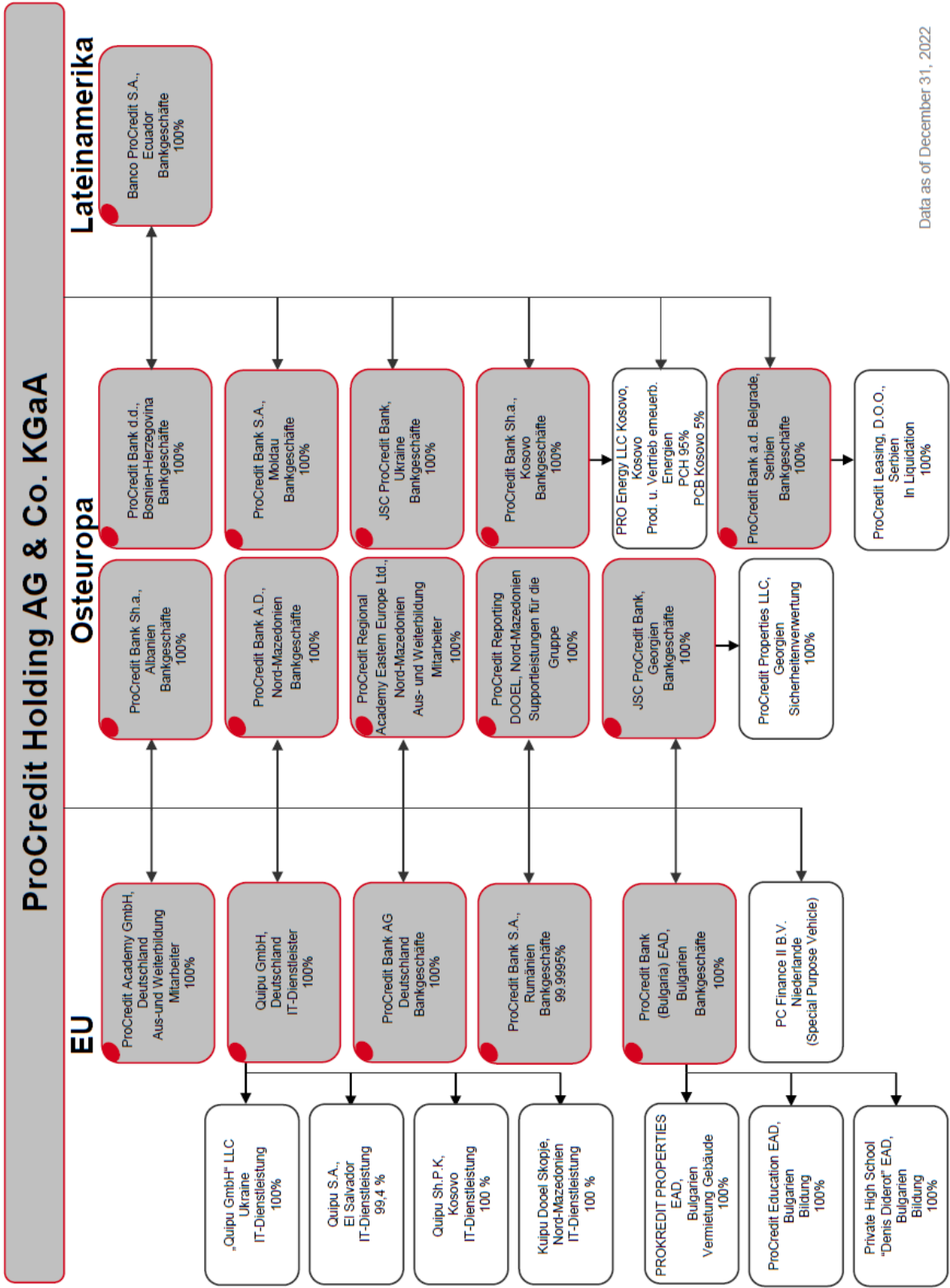
The curricula vitae of the proposed candidates as well as supplementary information, in particular on memberships of other statutory supervisory boards and comparable supervisory bodies as well as on the respective relevant knowledge, skills and experience (including expertise within the meaning of section 278 (3), section 100 (5) AktG ) are included in this notice of convocation below in Section VII (“Information on the Supervisory Board candidates proposed for election (Agenda item 11)”) and are available on the Company’s website at

<https://www.procredit-holding.com/investor-relations/general-meetings/>.

In accordance with Recommendation C.1 of the German Corporate Governance Code as amended on 28 April 2022 (GCGC), the nomination proposals take into account the specific objectives determined by the Supervisory Board regarding its composition, while striving to fulfil the overall competence profile developed by the Supervisory Board for the entire body.

It is the opinion of the Supervisory Board as well as of its Nomination Committee that all proposed candidates are independent within the meaning of Recommendations C.6 and C.7 GCGC. Furthermore, the Supervisory Board has ascertained from all proposed candidates that they are able to devote the requisite amount of time to serving on the Supervisory Board of the Company. The candidates are to be elected individually at the Supervisory Board election within the meaning of Recommendation C.15 GCGC.

## **Annex 2: List of significant affiliates and other companies**



Data as of December 31, 2022

### **Annex 3: Articles of association of ProCredit Holding AG**

## ARTICLES OF ASSOCIATION

for

### **ProCredit Holding AG**

#### **I. General Provisions**

##### Article 1 Company, Registered Office and Financial Year

- (1) The Company operates under the company name

**ProCredit Holding AG.**

- (2) The registered office of the Company is in Frankfurt am Main.  
(3) The financial year is the calendar year.

##### Article 2 Purpose of the Company

- (1) The purpose of the Company is to acquire long-term and if possible majority equity participations in financial institutions which serve, in particular, the financial needs of small and medium-sized enterprises and of private individuals. The aim of the Company is to support and manage all financial institutions in which it invests and to ensure that the ProCredit Group achieves a sustainable return on the capital employed over the long term, whilst at the same time achieving and maintaining a high degree of impact orientation towards the target group. In particular, the Company's business activities aim to ensure that the institutions in which it invests (i) provide responsible and transparent banking services to small and medium-sized enterprises as well as to private individuals in the countries in which these institutions are active and thereby, to the extent possible, positively contribute to economic, environmental and social development, to job creation and to the facilitation of investments in green technologies to mitigate climate change; (ii) are well-managed and commercially sustainable, and in doing so attach high value to staff development; and (iii) conduct their business in accordance with applicable law, the standards of good banking practice and with due regard for their social responsibility and refrain from activities that the Company deems unethical or damaging for clients, the economy or the society.
- (2) The Company is authorised to carry out all types of transactions and take all measures which are necessary for or are deemed to be beneficial to furthering the achievement of the purpose of the Company, and in particular to acquire equity participations in enterprises of the same or a similar type, or enterprises whose business activities are related to the purpose of the Company, both in Germany and in foreign countries, and to establish branch offices.

### Article 3 Announcements and Notifications

- (1) The announcements of the Company are published in the German Federal Gazette (Bundesanzeiger). If another form of announcement is required by law, this form of announcement shall replace the announcement in the Federal Gazette (Bundesanzeiger).
- (2) Notifications for the holders of authorised securities of the Company may, to the extent permitted by law, also be conveyed by means of electronic data transmission.

## **II. Share Capital and Shares**

### Article 4 Amount of Share Capital and Division into Shares

- (1) The share capital of the Company amounts to EUR 294,492,460.00 (in words: euros two hundred and ninety-four million four hundred and ninety-two thousand four hundred and sixty).

The share capital was paid up in the amount of EUR 294,492,460.00 (in words: euros two hundred and ninety-four million four hundred and ninety-two thousand four hundred and sixty) by means of the conversion of ProCredit Holding AG & Co. KGaA with its registered office in Frankfurt am Main, registered with the commercial register (Handelsregister) of the local court (Amtsgericht) of Frankfurt am Main under HRB 91858, into a stock corporation (Aktiengesellschaft – AG) pursuant to sections 190 et seqq. of the German Transformation Act (Umwandlungsgesetz – UmwG).

- (2) The share capital is divided into 58,898,492 non-par value shares.
- (3) The management board is authorised, with the consent of the supervisory board, to increase the Company's share capital until the end of 4 June 2028, once or in several smaller amounts, by a total amount of up to EUR 29,449,245.00 (in words: euros twenty-nine million four hundred and forty-nine thousand two hundred and forty-five), by issuing up to 5,889,849 new registered non-par value shares against contributions in cash and/or in kind (Authorised Capital 2023).

Shareholders will generally be granted subscription rights. The new shares may be acquired by one or more credit institutions or companies within the meaning of section 186 (5) sentence 1 AktG insofar as they accept the obligation to offer them to the Company's shareholders for subscription (indirect subscription rights).

However, with the consent of the supervisory board, the management board is authorised to exclude shareholders' subscription rights for one or more capital increases in connection with the Authorised Capital 2023:

- (a) to exclude fractional amounts from the subscription right;
- (b) if the Company's shares already issued are listed on a stock exchange at the time this authorisation is exercised, in case of a capital increase against cash contributions, if the issue price of new shares is not significantly below the stock exchange price of the Company's shares already listed at the time the issue price

is finally determined. This authorisation is subject to the proviso that the total calculated proportion represented by the shares issued with an exclusion of the subscription right pursuant to section 203 (1) and (2), section 186 (3) sentence 4 AktG in the Company's share capital must not exceed a limit of 10% of the share capital neither at the time this authorisation becomes effective nor – if this amount is lower – at the time this authorisation is exercised. This limit of 10 % of the share capital includes shares which (a) are issued or sold during the term of this authorisation until the time it is exercised, by direct or analogous application of section 186 (3) sentence 4 AktG, as well as (b) are issued to fulfil subscription rights or to fulfil conversion obligations under convertible bonds and/or bonds with warrants, profit participation rights and/or participating bonds (or combinations thereof) (together Debt Securities), to the extent that the relevant Debt Securities are issued with the exclusion of shareholders' subscription rights after this authorisation becomes effective by analogous application of section 186 (3) sentence 4 AktG; or

- (c) in the case of a capital increase against contributions in kind, including in particular for acquiring (directly or indirectly) undertakings, operations, parts of undertakings, interests or other assets or entitlements to the acquisition of assets, including claims against the Company or its group companies.

The management board is authorised, with the consent of the supervisory board, to determine the further details of the capital increase and its implementation; this also includes determining the dividend rights of new shares which may also be declared, notwithstanding section 60 (2) AktG, for a financial year already ended. However, the authorisation does not entitle the management board to create new classes of shares.

The supervisory board is authorised, after using the Authorised Capital 2023 or after expiry of the period for using the Authorised Capital 2023, to amend the articles of association accordingly.

#### Article 5      Share Certificates

- (1) The shares are registered shares.
- (2) The shareholders are not entitled to the issuance of individual share certificates, to the extent permitted by law and unless such issuance is required according to the rules applicable for a stock exchange where the share has been admitted for trading. The Company may issue certificates for individual shares (single-share certificates) or for more than one or all shares (multiple-share certificates). Additionally, the shareholders are not entitled to the issuance of dividend and renewal coupons.
- (3) The form and content of share certificates, dividend and renewal coupons, and bonds and interest coupons is determined by the management board, subject to the approval of the supervisory board.



### **III. Management Board**

#### Article 6 Composition

- (1) The management board consists of at least two members. The supervisory board determines the number of members of the management board.
- (2) The supervisory board may appoint a chairperson of the management board as well as a deputy chairperson.
- (3) The appointment of members of the management board, the conclusion of the service contracts and the revocation of appointments as well as the amendment and termination of service contracts are effected by the supervisory board.

#### Article 7 Management and Representation of the Company

- (1) The management board manages the Company in its own responsibility. The members of the management board are obliged towards the Company to comply with the restrictions imposed by the general meeting, the articles of association, the supervisory board or the rules of procedure for the management authorities in accordance with the statutory provisions.
- (2) The supervisory board may issue rules of procedure for the management board. If the management board itself issues rules of procedure, these require the approval of the supervisory board.
- (3) The Company is represented by two members of the management board or by one member of the management board acting jointly with a holder of a commercial power of attorney (Prokurist).
- (4) The supervisory board may grant exemption from the prohibition of multiple representation pursuant to section 181 case 2 German Civil Code (Bürgerliches Gesetzbuch - BGB) to all or individual members of the management board in general or in individual cases; section 112 AktG remains unaffected.

### **IV. Supervisory Board**

#### Article 8 Composition, Appointment, Term of Office, Resignation from Office

- (1) The supervisory board of the Company shall comprise eight members, insofar as another number of members is not mandatorily required according to legal provisions.
- (2) ProCredit Staff Investment GmbH & Co. KG is entitled to appoint one member of the supervisory board as long as ProCredit Staff Investment GmbH & Co. KG is a shareholder of the Company and there is no employee representation on the supervisory board of the Company pursuant to statutory provisions.
- (3) Zeitinger Invest GmbH is entitled to appoint one member of the supervisory board, as long as Zeitinger Invest GmbH holds in excess of 15% of the Company's total number of issued shares. However, if the shareholding falls short of the quota for only a

temporary period of no more than three months, the right to appoint one member shall merely be suspended and shall re-apply if the number of shares required to reach the quota is acquired again within the three-month period. Zeiting Invest GmbH shall only appoint someone who at the time of the appointment and during its entire term meets the following criteria cumulatively:

- (a) The person has (i) a sound knowledge of banking including sufficient knowledge of financial analysis and risk aspects of banking; (ii) a good understanding of and interest in the ProCredit Group's core business; (iii) the time and interest to travel to the region to understand and access the operations of the ProCredit subsidiaries, and ideally a seat on at least one supervisory board of a subsidiary; and (iv) a good understanding of and interest in development finance and sustainability aspects.
  - (b) The person has not yet reached the age of 75 years.
  - (c) The person (i) is not a member of the managing body of Zeiting Invest GmbH and (ii) is not subject to a material – and not merely temporary – conflict of interest.
- (4) Provided that the general meeting does not adopt a resolution stipulating otherwise, the members of the supervisory board shall be appointed to a term of office which shall end when the general meeting ends which votes on whether to ratify the acts of the supervisory board during the fourth financial year after the beginning of the term of office. The financial year in which the term of office begins shall not be counted. Members may be re-elected to the supervisory board.
- (5) A by-election for a member of the supervisory board who is leaving prior to the expiration of his/ her term of office shall be held for the remainder of the term of office of the departing member, unless the general meeting determines the term of office of the successor otherwise.
- (6) The general meeting may elect substitute members at the same time. These substitute members shall take the place, in the order determined at the time of the election, of members of the supervisory board who depart before the expiry of their regular term of office. If a substitute member takes the place of the departed member, his/her office shall expire at the end of the general meeting at which a by-election is held in accordance with Article 8 (5) above, but at the latest at the end of the term of office of the departed supervisory board member. If the substitute member who departed as a result of a by-election was appointed for several supervisory board members, his/her position as substitute member shall be revived.
- (7) Any member of the supervisory board and any substitute member may resign, also without cause, from his/her office if he/she gives four weeks' prior notice of his/her intention to do so. The declaration announcing the resignation shall be submitted in writing to the management board with a notification of the chairperson of the supervisory board or, if the chairperson intends to resign, of his/her deputy. The

chairperson of the supervisory board or, if the chairperson intends to resign, his/her deputy may shorten or waive the notice period. The right to resign from office for cause remains unaffected by this provision.

- (8) The provisions in paragraph (4) to (7) apply mutatis mutandis to members of the supervisory board who are appointed pursuant to paragraph (2) or (3).

#### Article 9 Chairperson and Deputy Chairperson

- (1) The supervisory board shall elect a chairperson and a deputy chairperson from among its members at a meeting without special notice following the general meeting at which the members of the supervisory board have been appointed. The chairperson and deputy chairperson shall serve for the duration of their terms of office as members, unless the supervisory board has set a shorter duration.
- (2) If the chairperson or the deputy chairperson leaves office prior to the end of his/her term of office, the supervisory board must immediately elect a replacement for the remainder of the term of office of the departing individual.

#### Article 10 Convocation and Resolutions

- (1) The supervisory board shall as a general rule hold a meeting each quarter of the calendar year, with at least two meetings during each half of the calendar year being mandatory. Furthermore, meetings must also be held if required by law or if otherwise deemed to be in the interest of the Company.
- (2) The supervisory board shall be convened by the chairperson of the supervisory board. In all other respects, the statutory provisions and rules of procedure for the supervisory board shall apply.
- (3) A meeting of the supervisory board shall be regarded as constituting a quorum if all of the members are invited in a due and proper manner and at least half of the total number of members participate in the voting.
- (4) To the extent that the applicable laws do not set mandatory provisions stipulating otherwise, resolutions of the supervisory board are passed with a simple majority of the votes cast.
- (5) The chairperson of the supervisory board is authorised to issue, in the name of the supervisory board, the manifestations of intent which are required in order to carry out resolutions of the supervisory board. Only the chairperson of the supervisory board is authorised to accept manifestations of intent directed to the supervisory board.

#### Article 11 Remuneration, Reimbursement of Expenses and Insurance Cover

- (1) The members of the supervisory board shall receive a fixed annual remuneration of EUR 20,000.00 (in words: euros twenty thousand). The chairperson shall receive a fixed annual remuneration of EUR 60,000.00 (in words: euros sixty thousand) and the deputy

chairperson shall receive a fixed annual remuneration of EUR 30,000.00 (in words: euros thirty thousand).

- (2) For the membership in the risk and audit committee, the members of the supervisory board shall receive annual remuneration of EUR 5,000.00 (in words: euros five thousand) in addition to their basic remuneration, and the chairperson of the risk and audit committee shall receive annual remuneration of EUR 10,000.00 (in words: euros ten thousand) in addition to their basic remuneration. For the membership in further committees formed by the supervisory board, the members of the supervisory board shall receive annual remuneration of EUR 2,500.00 (in words: euros two thousand five hundred) in addition to their basic remuneration, and the chairperson of the respective committee shall receive annual remuneration of EUR 5,000.00 (in words: euros five thousand) in addition to their basic remuneration.
- (3) For every meeting of the supervisory board that they attend, the members of the supervisory board shall receive an attendance fee of EUR 500.00 (in words: euros five hundred). For every meeting of the risk and audit committee that they attend, the members of the risk and audit committee shall receive an attendance fee of EUR 1,000.00 (in words: euros one thousand). For every meeting of a further committee formed by the supervisory board that they attend, the members of the respective committee shall receive an attendance fee of EUR 500.00 (in words: euros five hundred). Members who participate in the committees via telephone or video conference or using other comparable common means of telecommunication shall also be entitled to attendance fees. In the event that several meetings of the supervisory board and/or its committees take place on one calendar day, the attendance fee shall be paid only once.
- (4) Compensation shall become due at the end of the financial year in which the supervisory board member was active. If members of the supervisory board begin or end their term of office in the course of a financial year, they receive the remuneration on a pro rata basis. This shall apply analogously if a member of the supervisory board takes over or resigns from a position entitling to additional compensation. Pro rata remuneration for committee activities requires that the committee concerned has met during the relevant period in order to perform its duties.
- (5) The members of the supervisory board shall be reimbursed for expenses incurred in connection with the performance of their duties, including any value added tax which may apply.
- (6) For the execution of supervisory board activities, the Company shall provide the members of the supervisory board with insurance cover (D&O insurance).

#### Article 12 Internal Rules of Procedure

The supervisory board shall, in accordance with the statutory regulations and the provisions of these articles of association, create for itself a set of internal rules of procedure.

## Article 13 Committees

The supervisory board may form committees drawn from among its own members, subject to the provisions of the applicable laws. The tasks, scope of authority and procedures of the committees are determined by the supervisory board. To the extent legally permissible, the supervisory board may also delegate decision-making powers to the committees.

## Article 14 Changes to the Wording of the Articles of Association

The supervisory board is authorised to make changes to the articles of association which affect only their wording.

## **V. General Meeting**

### Article 15 Location and Convening of Meeting

- (1) The general meeting shall be held at the registered office of the company, or at a German stock exchange, or in another major German city with more than 100,000 inhabitants, or at the premises of ProCredit Academy GmbH in Fürth/Odenwald, district of Weschnitz.
- (2) The general meeting is convened by the management board subject to the statutory convening rights of the supervisory board and a minority of shareholders.
- (3) The general meeting must, unless the law permits a shorter period of notice, be convened at least 30 days before the last day by which the shareholders must have registered to participate, as set forth in Article 16 of the articles of association. The day on which the meeting is convened and the last day of the registration period shall not be counted.

### Article 16 Participation

- (1) Only shareholders who have been registered in a timely manner and for the shares registered in the share ledger shall be entitled to participate and vote in the general meeting.
- (2) Registration must have been received by the Company, using the address indicated for this purpose in the convocation for the general meeting, at least six days prior to the general meeting. The management board can provide for a shorter registration period, to be measured in days, in the convocation for the general meeting. The date of the general meeting and the day on which the registration is received shall not be counted. Registration must be performed in written form using either German or English. The management board may provide in the convocation of the general meeting that deletions and new entries in the share register shall not be made on the day of the general meeting and in the last up to six days prior to the day of the general meeting.

#### Article 17 Virtual General Meeting

- (1) The management board is authorised to provide that general meetings, which take place until and including 31 August 2025, can be held without physical presence of shareholders or their proxies at the place of the general meeting (virtual general meeting).
- (2) If a virtual general meeting is held, the members of the supervisory board may also participate by means of video and audio transmission; however, this shall not apply to the chairperson of the meeting if he/she is a member of the supervisory board.
- (3) All provisions of these articles of association relating to general meetings, including section 19 (2), shall apply to the virtual general meeting, unless the law or these articles of association expressly provide otherwise.

#### Article 18 Exercising of Voting Rights

- (1) Every ordinary share confers one vote at the general meeting.
- (2) Voting rights may be exercised through a power of attorney. The granting of a power of attorney, its revocation and the proof of authority have to be in writing; section 135 AktG remains unaffected. In the convocation of the general meeting, it may be decided to relax the form requirement.
- (3) The management board is authorised to allow shareholders to cast their votes in writing or through electronic means, even without participating in the meeting (absentee vote).

#### Article 19 Chair of the General Meeting

- (1) The general meeting is chaired by the chairperson of the supervisory board, or by another member of the supervisory board as chosen by the chairperson of the supervisory board. In the event that neither the chairperson of the supervisory board nor the other supervisory board member chosen by the chairperson of the supervisory board assume the role of chairperson, then a meeting spokesperson shall be appointed by the supervisory board.
- (2) The chair directs the proceedings of the general meeting, decides the order in which the agenda items are to be handled and decides on the type and form of voting. The chair may set reasonable limits on the time allotted to shareholders for questions and statements. The chair may authorise the partial or complete transmission of the general meeting in audio or video format. The transmission may also be undertaken in a manner which provides unrestricted public access.

#### Article 20 Resolutions of the General Meeting and Minutes

The resolutions of the general meeting shall, unless otherwise stipulated by law or the articles of association, be passed by a simple majority of the votes cast, or, if a majority of shares is required by law, by a simple majority of the share capital represented at the time of the resolution.

## **VI. Financial Reporting**

### Article 21 Annual Financial Statements

- (1) Within the legally prescribed time limit after the end of the financial year, the management board shall prepare, to the extent required by law, the annual consolidated and unconsolidated financial statements and management reports for the preceding financial year and submit these without delay to the supervisory board and the auditor. At the same time, the management board shall submit to the supervisory board a proposal that it intends to submit to the general meeting for the allocation of unappropriated profit.
- (2) If the management board and the supervisory board adopt the annual financial statements, they may allocate amounts up to half of the annual net profit to other retained earnings. In addition, they are authorized to transfer further amounts of up to 100% of the annual net profit to other retained earnings as long as and insofar as the other retained earnings do not exceed half of the share capital and would not exceed this amount even after the transfer and insofar as the remaining annual net profit does not drop below 4% of the share capital.

## **VII. Final Provisions**

### Article 22 Severability Clause

Should any provision of these articles of association prove to be fully or partially null or void, should any provision become invalid or unenforceable at any point in the future or should any provision be missing, the remaining provisions of these articles of association shall remain unaffected. Insofar as legally possible, an appropriate provision which comes as close as possible to capturing the aim and purpose of these articles of association shall take the place of the invalid or missing provision.

### Article 23 Costs Associated with the Incorporation and Conversion of the Company

- (1) The Company shall bear the costs arising in connection with the incorporation of the Company, in particular legal costs and notary fees as well as publishing costs of up to DM 30,000.00 (plus VAT).
- (2) The Company shall bear the costs arising in connection with its conversion from ProCredit Holding AG to ProCredit Holding AG & Co. KGaA in the total amount of approximately EUR 415,000.00 (plus VAT).
- (3) The Company shall bear the costs arising in connection with its conversion from ProCredit Holding AG & Co. KGaA into ProCredit Holding AG (in particular notary and court fees, publication costs, taxes, audit or consulting fees) up to an amount of EUR 1,500,000.00.