ProCredit
HOLDING

Report of the General Partner to the General Meeting on the utilisation of Authorised Capital 2016 under the exclusion of subscription rights

The General Partner submits the following written report to the Annual General Meeting in accordance with section 278 (3) AktG and in analogous application of section 203 (2) and section 186 (4) sentence 2 AktG:

On the basis of the last authorisation granted by the Annual General Meeting on 30 November 2016 in article 4 (3) of the Articles of Association (Authorised Capital 2016), the General Partner resolved, with the approval of the Supervisory Board, on 2 February 2018 to increase the Company's share capital by EUR 26,772,040.00 from EUR 267,772,420.00 to EUR 294,492,460.00 by issuing 5,354,408 new registered shares against cash contributions, excluding shareholders' subscription rights. The increase in share capital and the number of new shares corresponds to 10% of the share capital existing at the time of the resolution on the utilisation. The placement price per new share was set by the General Partner, with the approval of the Supervisory Board, at EUR 11.40 at a closing price of EUR 11.90 in Xetra trading on the Frankfurt Stock Exchange on the previous day. The total proceeds from the capital increase amounted to EUR 61,040,025.20. Against the background of the strong development of its loan portfolio in the second half of the 2017 financial year, the capital increase further strengthened the Company's capital base and enabled further growth prospects in its target segment of small and medium-sized enterprises (SMEs).

The new shares were issued to 18 institutional investors on the basis of an accelerated bookbuilding procedure resolved by the General Partner with the approval of the Supervisory Board on the evening of 1 February 2018. Among the buyers were the European Bank for Reconstruction and Development, London, UK, 40.00%; and MainFirst SICAV, Senningerberg, Luxembourg, 34.07%.The subscription rights of existing shareholders were excluded pursuant to section 186 (3) sentence 4 AktG and the authorisation in article 4 (3)(iii) of the Articles of Association. The capital increase was entered into the commercial register on 6 February 2018. As a result of this utilisation, the entire existing authorised capital was used. The authorisation under the Articles of Association has thus been exhausted.

Article 4 (3)(iii) of the Company's Articles of Association (Status: 30 November 2016) allowed the General Partner to exclude the subscription rights of existing shareholders within the scope of the Authorised Capital 2016, subject to the provisos that the issue price of the new shares is not more than 5% below the stock exchange price of the Company's already listed shares the at the time the final issue price is set and that the calculated proportion of the share capital attributable to the shares issued under exclusion of the subscription right does not exceed the limit of 10% of the Company's share capital either at the time the authorisation becomes effective or at the time the Authorised Capital 2016 is utilised. Both provisos were met within the framework of the above-mentioned capital increase.

In the interest of the Company, the General Partner strived for the best possible placement of the capital increase for the Company at the highest possible placement price – taking into account the current market environment – while at the same time ensuring a high degree of transaction security. In order to be able on the one hand to react quickly to a market environment considered favourable for the placement and to reduce costs on the other hand, the General Partner set itself the goal of executing the transaction without drawing up a securities prospectus and by addressing the offer exclusively to selected qualified investors by means of an accelerated placement procedure. This goal could only be achieved by excluding the subscription rights of existing shareholders, many of whom are private investors. After the publication of the capital increase with the exclusion of subscription rights, all shareholders had the option of maintaining their level of participation by purchasing shares on the stock exchange during the following trading days. Due to the slight deviation from the applicable closing price, the placement price was not significantly lower than the stock exchange price and stayed within the margin for a discount set by the Articles of Association. A lower discount would have considerably reduced the chances of the successful placement of the Authorized Capital 2016.

Frankfurt am Main, April 2018

The Management Board of ProCredit General Partner AG
as the sole General Partner
of ProCredit Holding AG & Co. KGaA

Borislav Kostadinov Sandrine Massiani Dr Gabriel Schor