



ProCredit
H O L D I N G

DECLARATION OF CONFORMITY

18 March 2021

ProCredit Holding AG & Co. KGaA



Statement on the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to section 161 of the German Stock Corporation Act

Pursuant to section 161 of the German Stock Corporation Act (AktG), the "Management Board" of ProCredit General Partner AG, as the sole "General Partner", and the "Supervisory Board" of ProCredit Holding AG & Co. KGaA ("Company") declare that the Company, in accordance with the special legal characteristics of a partnership limited by shares, has been in compliance, unless otherwise indicated below, with the recommendations of the German Corporate Governance Code ("GCGC 2017") of 7 February 2017, as published by the Federal Ministry of Justice in the official part of the German Federal Gazette on 24 April 2017, since its last statement of compliance on 18 March 2020, with the deviations listed therein. Excepting the deviations listed in the following, the Company shall comply in the future with the recommendations of the German Corporate Governance Code of 16 December 2019 ("GCCG 2020"), as published by the Federal Ministry of Justice in the official part of the German Federal Gazette on 20 March 2020.

Deviations based on the legal form of the Company

- The Company's legal form is that of a partnership limited by shares ("KGaA" – Kommanditgesellschaft auf Aktien). In the case of a KGaA, the managerial duties of a stock corporation ("AG" – Aktiengesellschaft) are incumbent upon the General Partner. The sole personally liable general partner of the Company is ProCredit General Partner AG ("General Partner"), whose Management Board ("Management Board") is thereby responsible for managing the Company's business operations.
- Compared to the supervisory board of an AG, the rights and obligations of the supervisory board of a KGaA are more restricted. In particular, the Company's Supervisory Board has no authority to appoint the General Partner or its Management Board and to set the terms of the contractual agreement with the General Partner, nor to issue any internal rules of procedure governing the Company's management, nor to determine which transactions require authorisation. These duties are performed by the supervisory board of the General Partner.
- The General Meeting of a KGaA has essentially the same rights as that of an AG. It also decides upon the approval of the Company's annual financial statements as well as the ratification of the acts of the Supervisory Board and of the General Partner. Many of the resolutions of the General Meeting require the consent of the General Partner; this includes the approval of the Company's annual financial statements.

Deviations from the statement of the GCGC compliance dated 18 March 2020

5.3.2 GCGC 2017

The GCGC 2017 recommended that the Supervisory Board set up an audit committee, which – insofar as no other committee is responsible – shall be entrusted with monitoring the accounting process, the effectiveness of the internal control mechanisms, the risk management system, the internal audit system and the external auditing of the annual financial statements, in particular the independence of and the additional services provided by the external auditor, the awarding of the contract to the external auditor, the determination of the main focus of the audit and concluding the fee agreement as well as overseeing compliance issues.

There was no audit committee within the Company's Supervisory Board, because the Company is of the opinion that the relatively small Supervisory Board, which has only six members, and the limited scope of the business activities of the Company and the group as a whole generally made the formation of committees, particularly an audit committee, superfluous. In order to comply with the new requirements of section 25d of the German

Banking Act as amended on 29 December 2020 ("KWG"), the Supervisory Board established at its meeting on 12 February 2021 a Risk and Audit Committee that would commence its activities in March 2021. In view of the small size of the Supervisory Board, the Committee is composed of the same members as the Supervisory Board, as they are also equally qualified for this task.

5.3.3 GCGC 2017

The GCGC 2017 recommended that the Supervisory Board set up a nominations committee which comprises exclusively shareholder representatives and whose purpose it is to nominate suitable candidates for the Supervisory Board to propose to the General Meeting for election to the Supervisory Board.

Until the end of financial year 2020, there was no nominations committee within the Company's Supervisory Board, because the Company is of the opinion that the relatively small Supervisory Board, which has only six members, and the limited scope of the business activities of the Company and the group as a whole, made the formation of committees superfluous. In order to comply with the new requirements of section 25d KWG, the Supervisory Board of the Company established at its meeting on 12 February 2021 a Nominations Committee that would commence its activities in March 2021. In view of the small size of the Supervisory Board, the Committee is composed of the same members as the Supervisory Board, as they are also equally qualified for this task.

Deviations from the recommendations of the GCGC 2020

Recommendation B.3

The GCGC 2020 recommends that initial appointment of management board members should be for a maximum of three years.

By resolution of the Supervisory Board of the General Partner dated 8 May 2020, Dr Gian Marco Felice was appointed, with effect from 3 June 2020, as a member of the Management Board for the first time, with a term of four years.

He gained extensive experience as an executive in senior management in various ProCredit banks and at Quipu GmbH, the IT consulting and software development company which is part of the ProCredit group. He was managing director of Quipu GmbH, which is responsible, among other things, for the development of the core banking systems used by the banks of the ProCredit group. Against this background, the Supervisory Board of the General Partner considered an initial appointment of three years to be too short; instead, this body is of the opinion that Dr Felice could have been appointed, without any reservations, to the Management Board for five years. In order to nonetheless acknowledge the spirit of the GCGC, the Supervisory Board of the General Partner decided to appoint Dr Felice for an initial period of four years.

Recommendation G.17

The GCGC 2020 recommends that the higher time commitments of the Chairman and Deputy Chairman of the Supervisory Board as well as the Chairman and members of committees should be adequately taken into account in the remuneration of Supervisory Board members.

The Supervisory Board members receive a uniform remuneration of EUR 10,000 per annum. Although there is a Chairman on the Supervisory Board and positions on committees, these individuals receive no additional remuneration. The Management Board and the Supervisory Board are of the opinion that the current level of remuneration for the Supervisory Board members is adequate and that additional remuneration is unnecessary.

Frankfurt am Main, 18 March 2021

Management Board of
ProCredit General Partner AG

Supervisory Board of
ProCredit Holding AG & Co. KGaA



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