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Report of the Management Board to the General Meeting on the proposal under agenda item 9.2 to exclude the subscription right pursuant to section 221 (4) sentence 2 in conjunction with section 186 (4) sentence 2 AktG

The proposed resolution under agenda item 9.2 concerning the authorisation to issue profit participation rights is intended to secure and expand the options available to ProCredit Holding AG for raising equity eligible for regulatory recognition, and to increase its flexibility in doing so.

The General Meeting on 31 May 2022 confirmed under agenda item 3 the resolution under agenda item 2 of the General Meeting on 8 December 2021, according to which the then General Partner of the Company was authorised until 7 December 2026 to issue profit participation rights with a total nominal amount of up to EUR 100 million, as further specified therein.

The authorisation to issue profit participation rights was addressed to the Company's general partner. When the change in legal form took effect upon entry in the commercial register on 27 September 2023, the Company's legal form was converted from an AG & Co. KGaA to a stock corporation (Aktiengesellschaft - AG). In this context, the general partner is, by operation of law, no longer part of the Company. In view of the legal uncertainty as to whether the authorisation of the general partner to issue profit participation rights automatically transfers to the Management Board in the event of a change in legal form, the authorisation is to be adapted to the current organisational structure and renewed, as a matter of legal caution. Furthermore, the total nominal amount of the authorisation is to be increased to up to EUR 200 million.

This aims to provide the necessary flexibility to enable the ProCredit group to meet its future needs for equity eligible for regulatory recognition. The Management Board is thus to be authorised, until 3 June 2030, to issue profit participation rights once or several times with or without a limited term against cash or non-cash contributions (including in the form of existing bonds and profit participation rights) up to a total nominal amount of EUR 200 million. The further increase of the profit participation rights framework is in line with market practice and regulatory expectations to maintain an authorisation framework that will continue to provide issuance flexibility in the future. This authorisation gives the Management Board the necessary room for manoeuvre to be able to raise further equity at any time and in accordance with the situation on the market.

In order to achieve ProCredit Holding AG's objective of strengthening the ProCredit group's regulatory own funds base by issuing profit participation rights, the profit participation rights must be structured in such a way that they qualify as instruments of Additional Tier 1 capital in accordance with article 52 (1) of Regulation (EU) no. 575/2013 (CRR), as amended or replaced from time to time, in particular by Regulation (EU) no. 2019/876 (CRR.II) or otherwise may be recognised as regulatory own funds.

In principle, the profit participation rights are to be offered to shareholders for subscription. In accordance with the usual placement practices, profit participation rights may also be underwritten by one or more credit institutions or other companies within the meaning of section 186 (5) sentence

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1 AktG, with the obligation to offer them to shareholders for subscription; consequently, shareholders have an indirect subscription right and a direct subscription right is therefore excluded.

In addition, the possibility of excluding the subscription right of the shareholders of ProCredit Holding AG is provided for by the Management Board, with the consent of the Supervisory Board, in the proposed resolution under agenda item 9.2 as follows:

- a. The exclusion of the subscription right for fractional amounts enables the utilisation of the requested authorisation with round amounts and facilitates the processing of the capital measure.
- b. Furthermore, it will be possible to exclude the subscription right altogether,
 - aa. insofar as the profit participation rights are solely structured similarly to obligations.
 - and
 - bb. insofar as the interest rate and the issue amount of the profit participation rights correspond to the current market conditions for comparable borrowings at the time of issue.

Should the profit participation rights not be structured similarly to obligations, the subscription right of the shareholders remains in place. Profit participation rights are structured similarly to obligations if they

- i. do not confer any membership rights or subscription or conversion rights to shares,
- ii. do not grant any participation in liquidation proceeds and
- iii. do not provide for any profit-oriented interest payments.

Participation in the liquidation proceeds within the meaning of point ii. above is also not applicable if the profit participation rights do not have a fixed term and repayment is only permissible with the approval of the supervisory authorities. An interest payment is also not profit-oriented within the meaning of point iii. above if it is conditional on there being no net loss for the year or balance sheet loss or if it arises as a result of the interest payment or if interest may only be paid from distributable items within the meaning of article 4 (1) no. 128 CRR, as amended or superseded from time to time.

In these cases, excluding the subscription right does not lead to any relevant encroachment on the rights of the shareholders. Furthermore, the exclusion of subscription rights gives ProCredit Holding AG the flexibility it needs to take advantage of favourable capital market situations at short notice. Otherwise, there would be a corresponding interest rate risk between the beginning of the subscription period, when the conditions are determined, and the end of the subscription period. Should market interest rates rise within the subscription period, the subscription rights would either not be exercised or only exercised to a minimal extent. A subsequent placement of the unsubscribed profit participation rights could not be guaranteed due to the non-market conditions. In the event of falling market interest rates, the conditions for borrowing would also no longer be in line with the

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market at the time of issue. An interest rate above the market level would have to be paid for the entire issuance. In the case of such an exclusion of subscription rights, the return on the profit participation rights must also correspond to the current market conditions for comparable borrowings. Consequently, the subscription right has no value of its own. Therefore, the shareholder will suffer no economic disadvantage as a result of the exclusion of the subscription right. The shareholders' need for protection with regard to a possible economic dilution of their shareholdings is therefore taken into account; the shareholders' membership position remains unaffected.

- c. The Management Board shall also be authorised to exclude the subscription right in order to be able to issue obligation-like profit participation rights against non-cash contributions. The non-cash contribution must consist of the acquisition of securities or comparable instruments issued by ProCredit Holding AG directly or indirectly through its subsidiaries or other issuers. In such cases, it can be an interesting alternative to offer profit participation rights instead of or in addition to cash benefits. This also provides the ProCredit Holding AG with further flexibility to place profit participation rights in the capital market and at the same time to acquire already issued securities or comparable instruments. Thus, in the case of a new placement of profit participation rights, it may be advisable also or even exclusively to address groups of investors with whom corresponding securities or comparable instruments have already been placed. This may be the case, for example, if the new profit participation rights to be issued are more advantageous for the capital situation of ProCredit Holding AG than older instruments that have already been placed. In addition, such an approach may also facilitate the successful placement of the new profit participation rights. In these cases, the interests of the shareholders are taken into account by the fact that ProCredit Holding AG must maintain an appropriate ratio between the value of the non-cash contribution and the profit participation right when acquiring non-cash contributions in exchange for the issue of profit participation rights; the relevant date for this is the date on which the resolution on the issue of profit participation rights is passed.