

[convenience translation]

## **Deutsche Pfandbriefbank AG**

Unterschleißheim

ISIN DE0008019001

We hereby invite our shareholders to attend the Annual General Meeting of Deutsche Pfandbriefbank AG which will be held on Friday, 13 May 2016, at 10:00 a.m. (CEST) at the Hotel Hilton Munich Park, Am Tucherpark 7, 80538 Munich, Germany.

### **I. Agenda**

- 1. Presentation of the adopted annual financial statement of Deutsche Pfandbriefbank AG and the approved consolidated financial statements of Deutsche Pfandbriefbank AG and the Group, in each case as of 31 December 2015, the management report of Deutsche Pfandbriefbank AG and the consolidated management report of Deutsche Pfandbriefbank AG and the Group, including the explanatory report regarding the information in accordance with sections 289 (4) and 315 (4) of the German Commercial Code (*Handelsgesetzbuch*, HGB) as well as the report of the Supervisory Board for the financial year of 2015.**

The above-mentioned documents have been published on the internet at <http://www.pfandbriefbank.com/hauptversammlung/>. They will also be made available at the Annual General Meeting and will be further explained by the Management Board and – as far as the Supervisory Board's report is concerned – by the Chairman of the Supervisory Board.

The Supervisory Board has approved the annual financial statements and the consolidated financial statements prepared by the Management Board. Therefore the financial statements have been adopted in accordance with section 172 sentence 1 of the German Stock Corporation Act (*Aktiengesetz*, AktG). In accordance with the statutory provisions, no resolution of the Annual General Meeting is required with regard to this item on the agenda.

### **2. Appropriation of the distributable profit**

The Management Board and the Supervisory Board propose to allocate EUR 57,824,382.44 of the distributable profit (*Bilanzgewinn*) reported by Deutsche Pfandbriefbank AG for the financial year of 2015 in its annual financial statement under German GAAP (HGB) to pay a dividend of

EUR 0.43 per no-par value share entitled to dividends

and to allocate the remaining amount of EUR 0.00 to other revenue reserves.

This results in the following appropriation of distributable profit:

|                                       |                   |
|---------------------------------------|-------------------|
| Net profit                            | EUR 57,824,382.44 |
| Distribution to shareholders:         | EUR 57,824,382.44 |
| Allocation to other revenue reserves: | EUR 0.00          |

This proposal for a resolution takes into consideration that the Company is not holding any treasury shares at the time of convocation and that therefore all shares in the Company are entitled to dividend payments and entitled to vote.

In the event of a change in the number of shares entitled to dividend payments by the time a resolution is passed on the appropriation of distributable profits, the Management Board and the Supervisory Board will submit an adjusted proposal for the appropriation of distributable profits. However, such proposal will still provide, unchanged, for a distribution of EUR 0.43 per dividend-bearing, no-par value share with a corresponding adjustment in the amount allocated to other reserved revenues.

**3. Approval of the actions of the members of the Management Board**

The Management Board and the Supervisory Board propose that the acts of the members of the Management Board in office in financial year 2015 be approved for this period.

**4. Approval of the actions of the members of the Supervisory Board**

The Management Board and the Supervisory Board propose that the acts of the members of the Supervisory Board in office in financial year 2015 be approved for this period.

**5. Elections to the Supervisory Board**

The mandates of all shareholder representatives on the Company's Supervisory Board will regularly end at the end of the 2016 Annual General Meeting. Therefore, six members of the Supervisory Board are to be newly elected by the Annual General Meeting.

In accordance with sections 96 (1) and 101 (1) AktG, sections 4 (1) and 1 (1) German One-Third Co-Determination Act (*Drittelbeteiligungsgesetz*) in conjunction with Article 8 (1) of the Memorandum and Articles of Association, the Supervisory Board is composed of six members elected by the shareholders and three members elected by the employees.

The Supervisory Board proposes to elect the following persons:

- a) Dr Günther Bräunig  
Member of the executive board of KfW  
Frankfurt am Main

- b) Ms Dagmar P. Kollmann  
Entrepreneur and member of the Austrian Monopoly Commission  
Vienna, Austria
- c) Dr. Thomas Duhnkrack  
Co-founder and partner at PREMIUM Equity Partners GmbH  
Kronberg im Taunus
- d) Mr Joachim Plessner  
Consultant  
Ratingen
- e) Dr. Hedda von Wedel  
Vice-Chair of Transparency International – Deutschland e.V.  
Andernach  
  
and
- f) Mr Oliver Puhl  
Founder and managing director (*Geschäftsführer*) of Puhl GmbH & Co. KG  
Frankfurt am Main

as shareholder representatives to the Supervisory Board. Pursuant to Article 8 (2) of the Articles of Association, the appointment of Dr. Günther Bräunig, Ms Dagmar P. Kollmann, Dr. Thomas Duhnkrack, Mr Joachim Plessner and Mr Oliver Puhl will be for a term of office ending at the end of the General Meeting resolving on the approval of the acts (*Entlastung*) for the fourth financial year following commencement of their term of office; for this purpose, the financial year in which the term of office commences shall be disregarded. Dr. Hedda von Wedel shall be appointed for a term of office ending at the General Meeting resolving on the approval of the acts for the 2017 financial year.

The election proposals are based on the recommendation of the Executive and Nomination Committee of the Supervisory Board and take into account the objectives resolved by the Supervisory Board with regard to its composition.

It is intended to elect each Supervisory Board member individually in accordance with section 5.4.3 sentence 1 of the German Corporate Governance Code. It is further intended that, after the election, the newly constituted Supervisory Board will re-elect from among its members Dr Günther Bräunig as chair of the Supervisory Board and Ms Dagmar P. Kollmann as the deputy chair of the Supervisory Board, in each case provided that they are elected to the Supervisory Board.

Further information on the proposed members of the Supervisory Board is set out in Section II below under no. 2 "Information regarding agenda item 5".

**6. Resolution on the appointment of the auditor of the annual financial statements, the Group auditor and the auditor for review of the interim financial information**

The Supervisory Board, in each case based on the recommendation of the Audit Committee of the Supervisory Board, proposes that KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, be appointed:

- a) as auditor under German GAAP (HGB) and as Group auditor (IFRS) for the 2016 financial year;
- b) as auditor for the review of any condensed set of interim financial statements and any interim management reports of the Group for the 2016 financial year, if and to the extent that they are subject to review,  
  
as well as
- c) as auditor for the review of any condensed interim financial statements and any interim management reports of the Group for any quarters of the 2017 financial year that end before the date of the Annual General Meeting for the 2017 financial year, if to the extent that they are subject to review.

**II. Additional information**

**1. Total number of shares and voting rights**

At the time of the convocation of the Annual General Meeting, the Company's share capital of EUR 380,376,059.67 is divided into 134,475,308 no-par value shares; each of the shares carries one vote.

If the Company, directly or indirectly, holds any treasury shares within the meaning of section 71d AktG, the Company is not entitled to any rights from any such shares according to section 71b AktG. This means that any treasury shares would not confer any voting or dividend rights in the Company's Annual General Meeting. At the time of the convocation of the Annual General Meeting, the Company is not holding any treasury shares and does not intend to acquire any treasury shares, whether directly or indirectly, before the Annual General Meeting.

**2. Information regarding agenda item 5:**

| Candidate          | Membership in other supervisory boards required to be established by law | Membership in comparable German and foreign supervisory bodies of business enterprises  |
|--------------------|--|---|
| Dr Günther Bräunig | None   | <p><b>AFT - Agence France Tresor</b>, Paris (France), member of the strategy committee (<i>Strategieausschuss</i>)</p> <p><b>True Sale International GmbH</b>, Frankfurt am Main, chair of the advisory board (<i>Gesellschafterbeirat</i>)</p> |

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|                     |  |   |
|---------------------|--|---|
| Dagmar P. Kollmann  | <p><b>Deutsche Telekom AG</b>, Bonn, member of the supervisory board</p> <p><b>KfW IPEX-Bank GmbH</b>, Frankfurt am Main, member of the supervisory board</p>  | <p><b>Landeskreditbank Baden-Württemberg (L-Bank)</b>, Stuttgart/Karlsruhe, member of the advisory board (<i>Beirat</i>)</p> <p><b>Bank Gutmann AG</b>, Vienna (Austria), member of the supervisory board</p> <p><b>Unibail-Rodamco SE</b>, Paris (France), member of the supervisory board</p> |
| Dr Thomas Duhnkrack | <p><b>Hauck &amp; Aufhäuser Privatbankiers KGaA</b>, Frankfurt am Main, member of the supervisory board</p> <p><b>Lloyd Fonds AG</b>, Hamburg, deputy chairman of the supervisory board</p>  | None  |
| Joachim Plessner    | <p><b>DIC Beteiligungs AG</b>, Frankfurt am Main, member of the supervisory board</p> <p><b>GEG German Estate Group AG</b>, Frankfurt am Main, member of the supervisory board</p> <p><b>Pandion AG</b>, Cologne, chair of the supervisory board</p> | <b>Commerz Real Investmentgesellschaft mbH</b> , Wiesbaden, member of the supervisory board   |
| Dr Hedda von Wedel  | None   | None  |
| Oliver Puhl         | None   | None  |

CVs of the candidates proposed for election are available on the Company's website at <http://www.pfandbriefbank.com/hauptversammlung/>.

#### **Disclosure pursuant to section 5.4.1 (paras. 5 to 7) of the German Corporate Governance Code**

The candidate for election to the Supervisory Board Dr Günther Bräunig is a member of the executive board of the state-owned KfW. The Federal Republic of Germany holds, via the Financial Markets Stabilisation Fund (*Finanzmarktstabilisierungsfonds*, "FMS"), Frankfurt am Main, all the shares in Hypo Real Estate Holding AG, Munich ("HRE Holding"), which in turn holds a total of just above 20% of the shares in the Company. As a consequence, the Federal Republic of Germany, the FMS and HRE Holding are deemed to be enterprises holding a material interest in the Company within the meaning of section. 5.4.1 (5) of the German Corporate Governance Code. The proposal to elect Dr Günther Bräunig and Dr Hedda von Wedel to the Supervisory Board of the Company is not only based on the recommendation of the Supervisory Board's Executive and Nomination Committee but also on the right of the German Financial Markets Stabilisation Agency (*Bundesanstalt für Finanzmarktstabilisierung*, "FMSA"), Frankfurt am Main, to propose two members for election to the Supervisory

Board (as set forth in section 14 (1) of the master agreement concluded between the FMSA, the FMS and the Company).

Apart from the relations described above, there are no other personal or business relationships between the candidates proposed by the Supervisory Board for election to the Company's Supervisory Board and the Company, its executive bodies or with shareholders holding a material interest in the Company, which – in the view of the Supervisory Board – a shareholder would consider to be relevant for the election of a candidate based on objective evaluation.

### **3. Requirements for participation in the Annual General Meeting and exercising of voting rights**

#### **a) Registration**

All shareholders who have registered for the Annual General Meeting by no later than Friday, 6 May 2016, 24:00 hours (CEST) providing proof of their share ownership are entitled, pursuant to Article 14 of the Articles of Association, to participate in the Annual General Meeting and to exercise their voting rights either in person or through authorised parties or proxies.

Proof of such share ownership must be provided in the form of a confirmation from their depositary bank. This proof must refer to the existence of share ownership as of Friday, 22 April 2016, 00:00 hours (CEST).

Both the registration and the proof of shareholding must be submitted in text form (*Textform*) in German or the English language i) to the address of Deutsche Pfandbriefbank AG, c/o Deutsche Bank AG, Securities Production, General Meetings, Postfach 20 01 07, 60605 Frankfurt am Main, or ii) to the fax number +49-69-12012-86045, or iii) to the e-mail address wp.hv@db-is.com. The time of receipt of the registration by the Company is decisive on meeting this deadline.

Shares will not be blocked due to the registration for the Annual General Meeting. Shareholders can continue to freely dispose of their shares even after registration.

Following receipt of the registration and the proof of shareholding, admission tickets for the Annual General Meeting will be sent to the eligible shareholders. We kindly ask shareholders who wish to attend the Annual General Meeting or to exercise their voting rights via proxy or by postal vote to request their admission tickets in a timely manner in advance from their depositary bank. In this case, the required registration and provision of proof of the shareholding will be submitted directly by the depositary bank. Therefore, shareholders who have requested their admission ticket from their depositary bank in a timely manner do not need to take any further action.

**b) Authorised representatives**

Shareholders may either exercise their voting rights personally or by authorised parties, for example a credit institution or a shareholders' association willing to exercise the voting rights at the Annual General Meeting. Please note that it is also necessary in these cases to register in good time and in accordance with the formal requirements. Details of how to authorise a third party or a proxy are provided in section II. 4 a) to c) of this invitation.

**c) Postal vote**

Shareholders may exercise their voting rights means of a postal vote without attending the Annual General Meeting in person or by proxy. In this case, a registration in good time and in accordance with the formal requirements is necessary as well. No. II. 4 a) and d) of this invitation contains further information on the postal vote procedure.

**4. Voting procedure**

**a) General**

Once properly registered, you may attend the Annual General Meeting in person and exercise your voting rights personally. You may also exercise your voting right through an authorised representative, a proxy or by postal vote.

**b) Procedure for voting through an authorised representative**

Shareholders who wish to exercise their voting rights at the Annual General Meeting through an authorised representative rather than personally must ensure that they grant a proper power of attorney to the authorised representative prior to the voting. Shareholders wishing to vote through an authorised party must consider the following:

If neither a credit institution nor another person or institution of equivalent standing pursuant to sections 135 (8), 135 (10) and 125 (5) of the AktG (for example a shareholders' association) is authorised, the power of attorney must be issued either in text form (*Textform*) i) vis-à-vis the Company at any of the addresses set forth above under section II.3. a) for registration purposes, or ii) directly to the authorised party (in which case, proof of such authorisation is required to be provided to the Company in text form).

The same applies if a shareholder wishes to revoke a power of attorney. The personal attendance of a shareholder will automatically be considered a revocation of any authorisations or instructions previously granted or given to authorised parties.

Shareholders and their authorised representatives may submit the proof of authorisation or of revocation of the power of attorney by Thursday, 12 May

2016, 18:00 hours (CEST) the latest to the Company at any of the addresses set forth above under section II. 3. a) for registration purposes. On the day of the Annual General Meeting, such proof can still be submitted at the entrance/exit point to the Annual General Meeting until the end of the general debate.

If a credit institution, a shareholders' association or another person or institution of equivalent standing under sections 135 (8), 135 (10) and 125 (5) AktG has been authorised, text form is not required. According to applicable law, in such cases the power of attorney must be issued to a specific representative and the authorised institution is required to keep verifiable records of the power of attorney. Furthermore, the declaration of the power of attorney must be complete and may contain only statements and declarations relating to the exercise of the voting right. Therefore, if you wish to authorise a bank, a shareholders' association or any other person or institution of equivalent standing under sections 135 (8), (10) and 125 (5) of the AktG, please coordinate with the respective institution as to what kind of formal requirements such power of attorney should meet. However, any infringement of these and any other requirements stated in section 135 AktG regarding the authorisation of a bank, a shareholders' association or another person or institution of equivalent standing under sections 135 (8), 135 (10) and 125 (5) AktG does not, pursuant to section 135 (7) AktG, affect the validity of the votes cast.

In the event that a shareholder grants one power of attorney to more than one person, section 134 (3) sentence 2 AktG entitles the Company to reject one or more of these persons or entities.

**c) Procedure for voting by proxy**

Shareholders may also opt to be represented at the Annual General Meeting by staff members of the Company (so-called Company Proxies) appointed by the Company. Shareholders wishing to vote by Company Proxy must consider the following:

Company Proxies may only vote on items on the agenda for which they have been issued explicit instructions regarding the exercise of the voting right. The Company Proxies are obligated to vote in accordance with the instructions issued to them. Company Proxies will not exercise voting rights for which they have not received instructions.

Please note that the Company Proxies i) will not accept any instructions to speak, to raise objections to Annual General Meeting resolutions or to ask questions or submit motions and ii) that they will only be available for the voting on such motions and election nominations in respect of which proposals by the Management Board and/or the Supervisory Board pursuant to section 124 (3) AktG or of shareholders pursuant to section 124 (1) AktG are available and included in this invitation to the Annual General Meeting or an-



nounced subsequently, or which are made public in accordance with sections 126 and 127 AktG.

Powers of attorney and instructions for Company Proxies may be issued, amended or revoked in text form (*Textform*) until Thursday, 12 May 2016, 18:00 hours (CEST) the latest i) to Deutsche Pfandbriefbank AG, Hauptversammlung 2016, c/o HCE Haubrok AG, Landshuter Allee 10, 80637 Munich, or ii) under the fax number +49-89-21027-289, or iii) under the e-mail address vollmacht@hce.de. The time of receipt of the power of attorney, instruction, amendment or revocation is decisive on meeting this deadline. On the day of the Annual General Meeting, powers of attorney and instructions for Company Proxies may still be issued, amended or revoked in text form (*Textform*) at the entrance/exit point to the Annual General Meeting until the end of the general debate.

The personal attendance of a shareholder or an authorised third party will automatically be deemed a revocation of any authorisations or instructions previously granted or given to Company Proxies.

Instructions issued to Company Proxies regarding item no. 2 on the agenda will remain valid even if the proposal for the appropriation of distributable profits is adjusted as a consequence of a change in the number of shares qualifying for payment of a dividend.

If separate votes are held on an agenda item instead of collective voting, the instructions given to the Company Proxy on this item will apply accordingly to each item of the separate votes.

**d) Procedure for postal vote**

Shareholders wishing to exercise their voting rights by postal vote must consider the following:

Postal votes may be cast, amended or revoked in text form (*Textform*) until Thursday, 12 May 2016, 18:00 hours (CEST) the latest i) to the address of Deutsche Pfandbriefbank AG, Hauptversammlung 2016, c/o HCE Haubrok AG, Landshuter Allee 10, 80637 Munich, or ii) under the fax number +49-89-21027-289, or iii) under the e-mail address briefwahl@hce.de. The time of receipt of the postal vote, amendment or revocation is decisive on meeting this deadline.

Please note that shareholders using the postal vote will only be able to vote on such motions or election nominations by the Management Board and/or the Supervisory Board pursuant to section 124 (3) AktG or by shareholders pursuant to section 124 (1) AktG, which are either included in this invitation or announced subsequently, or which are made available in accordance with sections 126 and 127 of the AktG.

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Authorised parties, including duly authorised credit institutions or other persons or institutions of equivalent standing under sections 135 (8), 135 (10) and 125 (5) AktG (for example shareholders' associations) may also use postal vote.

The personal attendance of a shareholder or an authorised third party at the Annual General Meeting will automatically be deemed a revocation of any previously submitted postal votes.

Votes cast by postal vote on item no. 2 on the agenda will remain valid even if the proposal for the appropriation of distributable profits is adjusted as a consequence of a change in the number of shares qualifying for payment of a dividend.

If separate votes are held on an agenda item instead of collective voting, any postal vote cast for this item will apply accordingly to each item of the separate votes.

**e) Forms for granting power of attorney and postal vote**

Shareholders may appoint a proxy or vote by postal vote by using the form enclosed with the admission ticket, but also by any other formally acceptable method. An authorisation and postal voting form that may be used universally is available for download at <http://www.pfandbriefbank.com/hauptversammlung/>. This form will also be forwarded to you free of charge upon request.

Furthermore, the Company Proxies may still be authorised at the Annual General Meeting until commencement of voting. Shareholders entitled to participate in the Annual General Meeting or their authorised representatives will receive the relevant form on the day of the Annual General Meeting at the entrance to the Annual General Meeting.

Shareholders wishing to directly authorise a credit institution or any other person or institution of equivalent standing under sections 135 (8), 135 (10) and 125 (5) AktG (for example a shareholders' association) should consult with them as to the formal requirements of such power of attorney.

**5. Shareholders' rights**

Shareholders' rights, before and during the Annual General Meeting, include *inter alia* the following rights. Further details are available the internet at <http://www.pfandbriefbank.com/hauptversammlung/>.

**a) Additions to the agenda**

Pursuant to section 122 (2) of the AktG shareholders whose combined shareholdings reach the nominal amount of EUR 500,000 in the Company's regis-

tered share capital (corresponding to 176,767 shares) may request that items be added to the agenda and be announced. Each new item must be accompanied by an explanation or a resolution proposal.

Such request must be addressed, in writing, to the Management Board of Deutsche Pfandbriefbank AG, Freisinger Str. 5, 85716 Unterschleißheim. Receipt of the request by the company must occur by no later than Tuesday, 12 April 2016 (24:00 hours CEST).

Supplements to the agenda that must be announced (unless they were already announced at the time of convocation) will be published without undue delay following receipt of the request in the Federal Gazette (*Bundesanzeiger*) and forwarded for publication to such other media that can be assumed to distribute the information throughout the entire European Union. In addition, such supplements will be published on the internet at <http://www.pfandbriefbank.com/hauptversammlung/> and will be communicated to the shareholders in accordance with section 125 (1) sentence 3 AktG.

**b) Counter-proposals or nominations**

Each shareholder is entitled to submit counter-proposals in response to resolutions proposed on the items on the agenda.

If the counter-proposals are to be made available by the Company prior to the Annual General Meeting, they must be directed to the Company at one of the following addresses no later than 14 days prior to the Annual General Meeting, i.e. by Thursday, 28 April 2016, 24:00 hours (CEST): i) at the address of Deutsche Pfandbriefbank AG, Investor Relations, Attn.: Mr Michael Heuber, Freisinger Straße 5, 85716 Unterschleißheim, or ii) under fax number +49-89-2880-10319. Counter-proposals sent to other addresses need not be made available.

Whenever a counter-proposal has been filed, the time of receipt of the counter-proposal is decisive on meeting this deadline.

Subject to section 126 (2), (3) AktG, shareholder counter-proposals that are to be made available will be published at <http://www.pfandbriefbank.com/hauptversammlung/> together with the shareholder's name and an explanatory remark as well as any related comments by the management.

According to section 127 AktG, these rules also apply accordingly to shareholders proposals in respect of nominations of candidates for election to the Supervisory Board and the appointment of auditors. Such nominations may also be sent exclusively to the addresses specified above under section II. 5. b) i) or section II. 5. b) ii). Such nominations need not be substantiated. In addition to the grounds defined in section 126 (2) AktG, a nomination need not be made

available by the Management Board *inter alia* if the nomination does not contain the name, occupation and residence of the candidate. Nominations for the election of Supervisory Board members do not need to be made available if they do not include details on the membership of the proposed candidates for election to the Supervisory Board in other statutory supervisory boards within the meaning of section 125 (1) sentence 5 AktG.

**c) Right to information**

In accordance with section 131 (1) AktG, every shareholder may request that the Management Board provides information on the affairs of the Company at the Annual General Meeting to the extent that such information is necessary to assess an item on the agenda in proper manner and provided that no privilege of non-disclosure applies. The Management Board's disclosure obligation also relates to the legal and commercial relationships between the Company and its affiliated companies. The duty to disclose also includes information on the situation of the Deutsche Pfandbriefbank AG Group and of the companies included in the consolidated financial statements of Deutsche Pfandbriefbank AG.

**6. Information and documents on the Annual General Meeting; website**

The information and documents pursuant to section 124a of the AktG may be viewed and downloaded on the internet at <http://www.pfandbriefbank.com/hauptversammlung/>. All documents required to be made available by law will also be available for inspection at the Annual General Meeting.

**7. Broadcasting of the Annual General Meeting; video and audio recording**

The Annual General Meeting will not be transmitted by video or audio broadcast. Video and audio recordings of the speech held by the Management Board will be made.

Unterschleißheim, April 2016

Deutsche Pfandbriefbank AG

The Management Board