



DEUTSCHE
PFANDBRIEFBANK

Invitation to the Annual General Shareholders' Meeting

We hereby invite our shareholders to attend the Annual General Shareholders' Meeting of Deutsche Pfandbriefbank AG:
Thursday, 21 June 2018
10.00 hours (CEST)
Hotel Hilton Munich Park
Am Tucherpark 7, 80538 München

I. Agenda

- 1. Presentation of the adopted annual financial statement of Deutsche Pfandbriefbank AG, and the approved consolidated financial statements of Deutsche Pfandbriefbank Group, in each case as at 31 December 2017, as well as the combined management report of Deutsche Pfandbriefbank AG and of Deutsche Pfandbriefbank Group, including the explanatory report regarding the information in accordance with sections 289a (1) and 315a (1) of the German Commercial Code (Handelsgesetzbuch, "HGB"), as well as the report of the Supervisory Board and the corporate governance report for the 2017 financial year**

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

The Supervisory Board has approved the annual financial statements and the consolidated financial statements prepared by the Management Board. Therefore, the annual financial statements have been adopted in accordance with section 172 sentence 1 of the German Stock Corporation Act (Aktiengesetz, "AktG"). Therefore, in accordance with the statutory provisions, no resolution of the Annual General Shareholders' 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 € 143,888,579.56 of the distributable profit (Bilanzgewinn) of € 143,888,579.56 reported by Deutsche Pfandbriefbank AG for the 2017 financial year in its annual financial statements in accordance with the German Commercial Code (Handelsgesetzbuch, HGB), to pay a dividend of

€ 1.07 per no-par value share entitled to dividends,

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

This results in the following appropriation of distributable profit:

Net profit	€ 143,888,579.56
thereof:	
Distribution to shareholders	€ 143,888,579.56
thereof:	
Allocation to other revenue reserves	€ 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 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 Supervisory Board will submit an adjusted proposal for the appropriation of distributable profits. However, such a proposal will still provide for a distribution of € 1.07 per no-par value share entitled to dividends, with a corresponding adjustment in the amount allocated to other revenue reserves.

According to section 58 (4) sentence 2 of the AktG, the right to the dividend payment is due on the third business day following the Annual General Shareholders' Meeting, i.e. on Tuesday, 26 June 2018. An earlier due date is not permitted pursuant to section 58 (4) sentence 3 of the AktG.

3. Discharge of the members of the Management Board

The Management Board and the Supervisory Board propose that discharge be granted, for the 2017 financial year, for the members of the Management Board who were in office during that period.

4. Discharge of the members of the Supervisory Board

The Management Board and the Supervisory Board propose that discharge be granted, for the 2017 financial year, for the members of the Supervisory Board who were in office during that period.

5. Resolution on the appointment of the auditor for the annual financial statements and the consolidated financial statements, and the auditor for any review of interim financial information

The Supervisory Board, based on the recommendation of its Audit Committee, proposes that KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, be appointed as auditor for the annual financial statements (HGB) and the consolidated financial statements (IFRS) for the 2018 financial year, and as auditor for the review of any condensed set of interim financial statements and any interim group management reports for the 2018 financial year, if and to the extent that they are subject to review.

The recommendation made by the Audit Committee to the Supervisory Board, as well as the proposal made by the Supervisory Board, are free from any undue influence by third parties. Furthermore, no arrangements were in place which could have restricted the selection of the auditor.

6. Election to the Supervisory Board

The mandate of Mrs. Dr. Hedda von Wedel as shareholder representative on the Company's Supervisory Board will end at the end of the 2018 Annual General Shareholders' Meeting. Therefore, one member of the Supervisory Board is to be newly elected by the Annual General Shareholders' Meeting.

The Supervisory Board proposes to elect

Mrs. Dr. Jutta Dönges

Member of the management board of Bundesrepublik Deutschland – Finanzagentur GmbH, Frankfurt/Main

with effect as of the end of the 2018 Annual Shareholder's Meeting as shareholder representative to the Supervisory Board. The appointment shall be for a term of office ending at the end of the General Shareholders' Meeting resolving on the discharge (Entlastung) for the second financial year following commencement of her term of office; for this purpose, the financial year in which her term of office commences shall be disregarded. Given this, the term of office of Mrs. Dr. Jutta Dönges will presumably end with the commencement of the General Shareholders' Meeting which

resolves on the discharge (Entlastung) for the financial year 2020, i.e. simultaneously with the term of office of the other members of the Supervisory Board that had been elected by the shareholders.

The election proposal is 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, pursuant to section 5.4.1 (2) of the German Corporate Governance Codex (Deutscher Corporate Governance Kodex) with regard to its composition as well as the profile of expertise (Kompetenzprofil) for the Supervisory Board as such, which has been developed by the Supervisory Board. The Supervisory Board is convinced that Mrs. Dr. Jutta Dönges is a candidate who, due to her personality and integrity as well as her professional skills and experience, will be able to successfully perform the duties incumbent on a member of the Company's Supervisory Board.

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

It is intended that Mrs. Dr. Jutta Dönges, if elected member of the Supervisory Board, will become member of the Supervisory Board's Risk Management and Liquidity Strategy Committee and member of the Supervisory Board's Audit Committee and thereby replace the retiring Mrs. Dr. Hedda von Wedel.

Further information on the proposed member of the Supervisory Board is set out in section II. 2.

7. Approval of the system of remuneration of the members of the Management Board

The General Shareholders' Meeting of the Company may, pursuant to section 120 (4) of the AktG, resolve on its approval of the system of remuneration of the members of the Management Board. Until now, the system of remuneration of the members of the Management Board has not been approved by the Shareholders pursuant to section 120 (4) of the AktG.

Such approval shall be resolved during this General Shareholders' Meeting.

The system of remuneration of the members of the Management Board has been amended in the year 2015 following the Company's initial public offering. The Chairman of the Supervisory Board has already given a detailed report on this during the 2016 Annual General Shareholders' Meeting and will do so again during this General Shareholders' Meeting. The system of remuneration of the members of the Management Board has not been amended thereafter.

Details regarding the system of remuneration of the members of the Management Board can be found in the Company's remuneration report, which has been published at <http://www.pfandbriefbank.com/hauptversammlung/>.

The Management Board and the Supervisory Board propose to approve the system of remuneration of the members of the Management Board.

According to section 120 (4) of the AktG, the Shareholders' resolution will not result in rights and duties; particularly, the duties of the Supervisory Board pursuant to section 87 of the AktG to determine, in its own responsibility, the remuneration of the members of the Management Board will remain unaffected. Furthermore, the Shareholders' resolution may not be challenged on the grounds of section 243 of the AktG.

II. Additional information

1. Total number of shares and voting rights

At the time of the convocation of the Annual General Shareholders' Meeting, the Company's share capital in the amount of € 380,376,059.67 is divided into 134,475,308 no-par value shares, each entitling the shareholder to one vote.

If the Company, directly or indirectly, holds any treasury shares within the meaning of section 71d of the AktG, section 71b of the AktG prohibits the exercise of any rights arising from such shares. Hence, any treasury shares would not confer any voting or dividend rights in the Company's Annual General Shareholders' Meeting. At the time of the convocation of the Annual General Shareholders' Meeting, the Company is

not holding any treasury shares and does neither intend to acquire any treasury shares, either directly or indirectly, until the Annual General Shareholders' Meeting.

2. Information regarding agenda item 6

Candidate	Membership in other supervisory boards required to be established by law	Membership in comparable German and foreign supervisory bodies of business enterprises
Mrs. Dr. Jutta Dönges	<ul style="list-style-type: none"> • FMS Wertmanagement AöR, München, Deputy chairwoman of the Supervisory Board • Erste Abwicklungsanstalt AöR, Düsseldorf Member of the Supervisory Board 	<ul style="list-style-type: none"> • None

CVs of the candidate proposed for election as well as the current members of the Supervisory Board are available on the Company's website at <http://www.pfandbriefbank.com/hauptversammlung/>.

Disclosure pursuant to section 5.4.1 (5) to (7) of the German Corporate Governance Code

Mrs. Dr. Jutta Dönges, the candidate for election to the Supervisory Board, is a member of the management board of the state-owned Bundesrepublik Deutschland – Finanzagentur GmbH ("Finanzagentur") and has been chairwoman of the executive committee of the German Financial Markets Stabilization Agency (Bundesanstalt für Finanzmarktstabilisierung, "FMSA") until 31 December 2017. The Financial Markets Stabilisation Fund (Finanzmarktstabilisierungsfonds, "FMS"), Frankfurt/Main, has been managed until 31 December 2017 by the FMSA and thereafter by Finanzagentur. The FMS holds all the shares in Hypo Real Estate Holding GmbH, 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.

Mrs. Dr. Jutta Dönges is also member of the Supervisory Boards of FMS Wertmanagement AöR ("FMS-WM") and Erste Abwicklungsanstalt AöR, which had each been supervised by the FMSA until 31 December 2017 and which are now, since 1 January 2018, supervised by the Finanzagentur. FMS-WM as the winding-up institution (Abwicklungsanstalt) that assumed numerous risk positions and non-strategic business divisions of, inter alia, the Company as of 30 September 2010, has had, and still has, manifold business relations with the Company.

The proposal to elect Mrs. Dr. Jutta Dönges 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 FMSA 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 candidate 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.

The Supervisory Board has obtained assurance from the candidate proposed for election to the Supervisory Board that she can commit the time expected for service on the Supervisory Board.

3. Preconditions for the participation in the Annual General Shareholders' Meeting and for the exercise of voting rights

a) Registration

All shareholders who have registered for the Annual General Shareholders' Meeting by no later than Thursday, 14 June 2018, 24:00 hours (CEST) while providing proof of their share ownership, are entitled, pursuant to Article 14 of the Articles of Association, to participate in the Annual General Shareholders' Meeting and to exercise their voting rights either in person or through authorised representatives.

Proof of such share ownership must be provided in form of a confirmation from the custodian bank. This proof must refer to the existence of share ownership as of 21 days prior to the Annual General Shareholders' Meeting (record date), i.e. Thursday, 31 May 2018, 0:00 hours (CEST). The record date is the decisive cut-off date for the determination of the shareholder status regarding the participation in the Annual General Shareholders' Meeting and the exercise of voting rights. According to section 123 (4) sentence 5 of the AktG, only those shareholders who have provided proof of their shareholder status will be deemed a shareholder vis-à-vis the Company for the purposes of attending the Annual General Shareholders' Meeting or exercising their voting rights.

Both the registration and the proof of shareholding must be submitted in text form (Textform) in German or English language i) to the address of Deutsche Pfandbriefbank AG, c/o UniCredit Bank AG, CBS51DS/GM, 80311 Munich, or ii) to the fax number +49-89-5400-2519, or iii) to the e-mail address hauptversammlungen@unicredit.de. The time of receipt of the registration in the Company's mailroom is decisive for meeting the deadline.

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

Following receipt of registration and proof of their shareholdings, admission tickets for the Annual General Shareholders' Meeting will be forwarded to the eligible shareholders. We kindly ask shareholders wanting to attend the Annual General Shareholders' Meeting or to exercise their voting rights by appointing authorised representatives or by means of postal vote – to request their admission tickets from their custodian bank in a timely manner. In such cases, the required registration and shareholding proof will be submitted directly by the custodian bank. Therefore, shareholders who have requested the admission ticket from their custodian bank in a timely manner will not need to take any further action.

b) Authorised representatives

Shareholders may either exercise their voting rights personally or by using an authorised representative – for example, a credit institution or a shareholders' association willing to exercise the voting rights at the Annual General Shareholders' Meeting. Please note that, also in such cases, the registration must be carried out in a timely manner and in accordance with formal requirements. Details of the authorisation process are provided in section II. 4. a) to c) of this invitation.

c) Postal vote

Furthermore, shareholders may exercise their voting rights by means of a postal vote without attending the Annual General Shareholders' Meeting in person, or by appointing an authorised representative. Please note that also in such a case a timely registration in due form is required. The same formal requirements apply, including the timely registration. Details on the postal voting procedure are provided in section II. 4. a) and d) of this invitation.

4. Voting procedure

a) General

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

b) Voting through an authorised representative

Shareholders who wish to exercise their voting rights at the Annual General Shareholders' Meeting through an authorised representative rather than personally must ensure that they grant an adequate power of attorney to the authorised representative prior to voting. In this case, shareholders must consider the following:

If neither a credit institution nor another person or institution of equivalent standing under 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 i) vis-à-vis the Company at any of the addresses set forth above under section II. 3. a) of this invitation for registration purposes, or ii) directly to the authorised representative (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 representatives.

Shareholders and their authorised representatives must submit the proof of authorisation, or of the revocation of the power of attorney no later than Wednesday, 20 June 2018, 18:00 hours (CEST) to the Company at any of the addresses set forth above under section II. 3. a) of this invitation for registration purposes. On the day of the Annual General Shareholders' Meeting, such proof can be submitted at the entrance/exit point to the Annual General Shareholders' 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) of the 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 or person 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 relating to the exercise of the voting rights. Therefore, if you wish to authorise a credit institution, a shareholders' association or any other person or institution of equivalent standing under sections 135 (8), 135 (10) and 125 (5) of the AktG to act as an authorised representative, please consult with them as to the formal requirements of such a power of attorney. However, any infringement of these and certain other requirements stated in section 135 of the AktG regarding the authorisation of a credit institution, a shareholders' association or another person or institution of equivalent standing under sections 135 (8), 135 (10) and 125 (5) of the AktG does not, pursuant to section 135 (7) of the AktG, affect the validity of the votes cast.

In the event that a shareholder appoints more than one person as authorised representative, section 134 (3) sentence 2 of the AktG entitles the Company to reject one or several of these persons.

c) Voting by proxy

Shareholders may also opt to be represented by staff members of the Company appointed by the Company (so-called Company Proxies) at the Annual General Shareholders' Meeting. In this case, shareholders must consider the following:

Company Proxies may only vote on agenda items for which they have received explicit instructions regarding the exercise of the voting right. Said Company Proxies are under an obligation to cast their votes in line with the instructions given. 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 against Annual General Shareholders' 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) of the AktG or of shareholders pursuant to section 124 (1) of the AktG were either included in this invitation to the Annual General Shareholders' Meeting or announced subsequently, or which are made public in accordance with sections 126 and 127 of the AktG.

Powers of attorney and instructions for Company Proxies may be issued, amended or revoked in text form until Wednesday, 20 June 2018, 18:00 hours (CEST) at the latest i) to Deutsche Pfandbriefbank AG, Hauptversammlung 2018, c/oLink Market Services GmbH, Landshuter Allee 10, 80637 Munich, or ii) under the fax number +49-89-21027-289, or iii) under the e-mail address inhaberaktien@linkmarketservices.de. The time of receipt of the power of attorney, instruction, amendment, or revocation in the Company's mailroom is decisive for meeting the deadline. On the day of the Annual General Shareholders' Meeting, powers of attorney and instructions may be issued, amended or revoked in text form to the Company Proxies at the entrance/exit point to the Annual General Shareholders' Meeting until the end of the general debate. Shareholders entitled to attend the Annual General Shareholders' Meeting, or their authorised representatives will receive a corresponding form at the entrance point of the Annual General Shareholders' Meeting.

The personal attendance of a shareholder or of an authorised third party will automatically be considered 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 entitled to dividend payments.

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) Postal vote

For shareholders to exercise their voting rights via postal voting, they must consider the following:

Postal votes may be sent in, amended or revoked in text form until Wednesday, 20 June 2018, 18:00 hours (CEST) at the latest i) to the address Deutsche Pfandbriefbank AG, Hauptversammlung 2018, c/o Link Market Services GmbH, Landshuter Allee 10, 80637 Munich, or ii) under the fax number +49-89-21027-289, or iii) under the e-mail address inhaberaktien@linkmarketservices.de. The time of receipt of the postal vote, amendment, or revocation in the Company's mailroom is decisive for meeting the deadline.

Please note that shareholders using the postal vote will only be able to vote 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) of the AktG or of shareholders pursuant to section 124 (1) of the AktG were either included in this invitation to the Annual General Shareholders' Meeting or announced subsequently, or which are made available in accordance with sections 126 and 127 of the AktG.

Authorised representatives, including authorised credit institutions or other persons or institutions of equivalent standing under sections 135 (8), 135 (10) and 125 (5) of the AktG

(for example shareholders' associations), may also use the postal vote.

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

Should Company Proxies receive powers of attorney/instructions, and postal votes are also submitted, postal votes will always be given priority.

Postal votes 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 entitled to dividend payments.

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

e) Forms for granting power of attorney and postal vote

Shareholders may appoint an authorised representative, or vote by postal vote using the form enclosed with the admission ticket, but also by any other method respecting the formal requirements. 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.

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

5. Shareholders' rights

Shareholders' rights, before and during the Annual General Shareholders' Meeting, include – among others – the following rights. More information regarding such rights is available on our website <http://www.pfandbriefbank.com/hauptversammlung/>.

a) Additions to the agenda

Pursuant to section 122 (2) of the AktG, shareholders whose combined shareholdings add up to a twentieth of the share capital, or reach the nominal amount of € 500,000.00 of the Company's share capital (corresponding to 176,767 shares), may request that certain items be included in the agenda and communicated. Each new agenda item must be accompanied by an explanation or a proposal.

Such a request must be addressed, in writing, to the Management Board of Deutsche Pfandbriefbank AG, Freisinger Str. 5, 85716 Unterschleissheim, Germany. The Company must receive such a request no later than Monday, 21 May 2018, 24:00 hours (CEST). Applicants must prove that they have held the shares for at least 90 days before the request is received, and that they will hold the shares until the Management Board decides on the request.

For the calculation of the shareholding period, section 70 of the AktG applies. Furthermore, section 121 (7) of the AktG shall apply mutatis mutandis. As such, the day of receipt of the request shall not be included in the calculation of the deadline. Postponing to or bringing forward from a Sunday, Saturday or a public holiday to a preceding or following business day is not permissible. Sections 187 to 193 of the German Civil Code (Bürgerliches Gesetzbuch, BGB) shall not apply analogously.

Amendments to the agenda that require communication (unless they were already communicated with the convocation) will be published, without undue delay following receipt of the request, in the German Federal Gazette and will be forwarded to such other media for publication that can be assumed to distribute information throughout the entire European Union. In addition, they will also be published on our website <http://www.pfandbriefbank.com/hauptversammlung/>, and communicated to the shareholders in accordance with section 125 (1) sentence 3 of the AktG.

b) Counter-proposals; nominations

Each shareholder is entitled to lodge 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 Shareholders' Meeting, they must be sent to the Company no later than 14 days prior to the Annual General Shareholders' Meeting, i.e. by Wednesday, 6 June 2018, 24:00 hours (CEST), either i) by post, to the address Deutsche Pfandbriefbank AG, Investor Relations, Attn. Mr. Michael Heuber, Freisinger Straße 5, 85716 Unterschleissheim, Germany, or ii) via fax to +49-89-2880-10319. Counter-proposals sent to other addresses need not be made available.

The time of receipt of a counter-proposal in the Company's mailroom is decisive for meeting the deadline.

In the case that one of the exclusions in accordance with section 126 (2) of the AktG applies, a counter-proposal need not be made available. Substantiations of a counter-proposal need not be made accessible where they exceed 5,000 characters in total.

Subject to section 126 (2) and (3) of the AktG, shareholders' 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 statements by the management.

The right of every shareholder to table counter-proposals or submit nominations regarding the various items of the agenda at the Annual General Shareholders' Meeting without having sent them to the Company previously shall remain unaffected. Please note that even those counter-proposals or nominations submitted to the Company in good time will only be taken into consideration at the Annual General Shareholders' Meeting if they are made or presented orally.

According to section 127 of the AktG, these rules also apply, mutatis mutandis, to shareholder nominations for the appointment of members of the Supervisory Board or of auditors. Such nominations must 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 justified. In addition to the grounds defined in section 126 (2) of the AktG, a nomination need not be made available by the Management

Board, inter alia, if the nomination does not contain name, executed profession 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 of the AktG.

c) Right to disclosure

In accordance with section 131 (1) of the AktG, every shareholder may request that the Management Board provide information on the Company's affairs at the Annual General Shareholders' Meeting to the extent that such information is necessary to make a reasonable assessment of an agenda item, and provided that no privilege of non-disclosure pursuant to the grounds defined in section 131 (3) of the AktG applies. The Management Board's disclosure obligation also relates to the legal and commercial relationships between the Company and its affiliated companies. The duty of disclosure also includes information on the position of Deutsche Pfandbriefbank Group and of the companies included in the consolidated financial statements of Deutsche Pfandbriefbank AG.

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

This convocation of the Annual General Shareholders' Meeting, including the legally required information and explanations, as well as the documents to be made available (pursuant to section 124a of the AktG), can be accessed at and downloaded from our website, on <http://www.pfandbriefbank.com/hauptversammlung/>. All documents required to be made available to the Annual General Shareholders' Meeting by law will also be available for inspection at the Annual General Shareholders' Meeting. The voting results will be published on the same website following the Annual General Shareholders' Meeting.

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

The Annual General Shareholders' Meeting will neither be transmitted by video nor by audio broadcast. However, video and audio recordings will be made of speeches given by the Management Board.

III. Report of the Management Board on the Exclusion of Subscription Rights in the course of the Issuance of AT1 Capital in April 2018

The General Meeting of Deutsche Pfandbriefbank AG held on 10 June 2015 authorised the Management Board to issue convertible bonds, warrant bonds, participation rights or hybrid bonds (in the context of the authorisation, the term "hybrid bonds" refers to hybrid bonds which fulfil the requirements of banking regulatory law to be attributable to the Company's Additional Tier 1 capital ("Additional Tier 1 Capital – AT1 Capital") but are possibly legally not classified as participation rights) (with or without conversion or option rights or obligations to convert or the Company's right to substitute, all financial instruments listed above collectively referred to as "Financial Instruments") on one or more occasions on or before 9 June 2020 with or without limitation of maturities against contributions in cash or in kind (the "Authorisation 2015").

The total nominal amount of all Financial Instruments to be issued under the Authorisation 2015 shall not exceed a total value of € 3,000,000,000.00.

Interest payable on the Financial Instruments under the Authorisation 2015 may be variable; it may also be fully or partially dependent on key profit figures of the Company or the Group (including net retained earnings (Bilanzgewinn) or the dividend payable on Company shares as set by the resolution on the appropriation of profits). Moreover, the conditions of the Financial Instruments may provide for a subsequent payment for benefits not provided in previous years.

The Financial Instruments may be structured to qualify as Additional Tier 1 Capital (AT1 Capital) instruments or otherwise as regulatory capital at the time of issue.

Under the Authorisation 2015, subscription rights with regard to Financial Instruments must be granted to the Company's shareholders to the extent a statutory subscription right applies. However, subject to the approval of the Supervisory Board, the Management Board may exclude shareholders' subscription rights with regard to the Financial Instruments in the cases specified in the authorisation and, in the case of participation rights or hybrid bonds without conversion or

option rights or obligations to convert (or without the Company's right to substitute), provided these are structured similar to obligations, i.e. (i) do not confer any rights of membership in the Company or (ii) do not grant participation in liquidation proceeds and (iii) the amount of interest is not based on the amount of net profit for the year, the net retained earnings (Bilanzgewinn) or the dividend of the Company. Furthermore, the interest payable and the issue price of the participation rights or hybrid bonds reflect current market conditions for similar fund-raising transactions at the time of issue.

The Management Board was authorised to determine within the framework defined above further details concerning the issuance and features of the Financial Instruments, in particular, volume, time of issue, rate of interest, method of interest calculation, issue price, variable ratio of conversion or variable option price, term and denomination, provisions on protection against dilution as well as the option or conversion period.

The above authorisation became effective without registration in the commercial register.

By resolutions of 12 March, 5 April and 12 April 2018, the Management Board, with the approval of the Supervisory Board granted on 23 March 2018 and of the Executive and Nomination Committee granted on 4 April and 12 April 2018, decided to issue, on the basis of the authorisation resolution of the General Meeting held on 10 June 2015, participation rights structured to qualify as AT1 Capital in an aggregate principal amount of € 300 million against cash contributions in a denomination of € 200,000 each (the "AT1 Notes").

The AT1 Notes were issued on 19 April 2018 at an issue price of 100%. The rate of interest for the period to but excluding the first reset date, being 28 April 2023, is 5.750%. The rate of interest for each interest period commencing on or after 28 April 2023 is equal to the applicable 5-Year EUR Mid Swap Rate determined in relation to the reset period into which the relevant interest period falls plus a margin of 5.383% per annum. The principal amount of the AT1 Notes shall be written down if the CET1 ratio of the pbb Group falls below 7% but may, at the discretion of the Management Board, also be written up to the original amount if cer-

tain conditions are met. Apart from that, the AT1 Notes were structured to qualify as Additional Tier 1 Capital (AT1 Capital) instruments or otherwise as regulatory capital at the time of issue.

The AT1 Notes were subscribed by UBS Limited as Structuring Advisor and Joint Lead Manager as well as by Goldman Sachs International and J.P. Morgan Securities plc as additional Joint Lead Managers and placed with institutional investors in the market, in particular in the United Kingdom, through a private placement by way of a so-called "accelerated bookbuilding" process.

By resolution of 5 April 2018, the Management Board, with the approval of the Supervisory Board in the form of the Executive and Nomination Committee granted on 4 April 2018, excluded shareholders' subscription rights with regard to the Financial Instruments. In the opinion of the Management Board and of the Executive and Nomination Committee, the conditions for an exclusion of subscription rights were met because the AT1 Notes were issued without conversion or option rights or obligations to convert as participation rights structured similar to obligations, i.e. (i) do not confer any rights of membership in the Company or (ii) do not grant participation in liquidation proceeds and (iii) the amount of interest is not based on the amount of net profit for the year, the net retained earnings (Bilanzgewinn) or the dividend of the Company. Furthermore, the interest payable and the issue price of the participation rights or hybrid bonds reflect current market conditions for similar fund-raising transactions at the time of issue.

The AT1 Notes do not grant participation in liquidation proceeds within the meaning of (ii) of the authorisation even if, as in the case at hand, the participation rights have no fixed maturity date and redemption is subject to the prior permission of the supervisory authorities. The interest paid on the AT1 Notes within the meaning of (iii) of the authorisation is not calculated based on earnings even if interest payments may only be made out of available distributable items in accordance with Art. 4 (1) No. 128 CRR and only if no annual net loss or accumulated loss (Bilanzverlust) has been recorded or would be recorded as a result of the interest payment. In

such cases, the exclusion of shareholders' subscription rights does not constitute a relevant encroachment upon shareholder rights.

Moreover, the exclusion of shareholders' subscription rights provided the Company with the flexibility to quickly respond to favourable capital market situations, which played an important role given recent short-term volatility of the capital market. Otherwise, there would have been an interest rate risk during the period between the commencement of the subscription period when the terms and conditions have to be determined and the end of the subscription period. In the event of a rise in market interest rates during the subscription period, no subscription rights or only a small part thereof would have been exercised. As the terms and conditions would not have been in line with market conditions, there would have been no guarantee that the participation rights not subscribed for would have been placed. In the event of a decline in market interest rates, the terms and conditions for the raising of funds would likewise have no longer been in line with market conditions at the time of issue. An above-market interest rate would have had to be paid for the entire issue.

Thus, for the reasons stated above, an exclusion of the subscription right was in the interest of the Company.

The return on the participation rights reflects current market conditions for similar fund-raising transactions. Accordingly, the subscription right has no intrinsic value, which is why the shareholders suffered no economic disadvantage from the exclusion of the subscription rights. Therefore, in the opinion of the Management Board and the Executive and Nomination Committee, the shareholders' need for protection against a potential financial dilution of their shareholdings was taken into account; the membership status of the shareholders was not affected.

The gross proceeds from the issue of the AT1 Notes amounted to € 300 million. The net proceeds from the issue remaining after deduction of the transaction costs will be used for general corporate purposes and to strengthen the Issuer's regulatory capital base by providing AT1 capital.

The Notes are listed on the regulated market of the Luxembourg Stock Exchange. In view of the exchange trading, shareholders have, in principle, the possibility to acquire the AT1 Notes by purchasing them on the stock exchange under comparable terms.

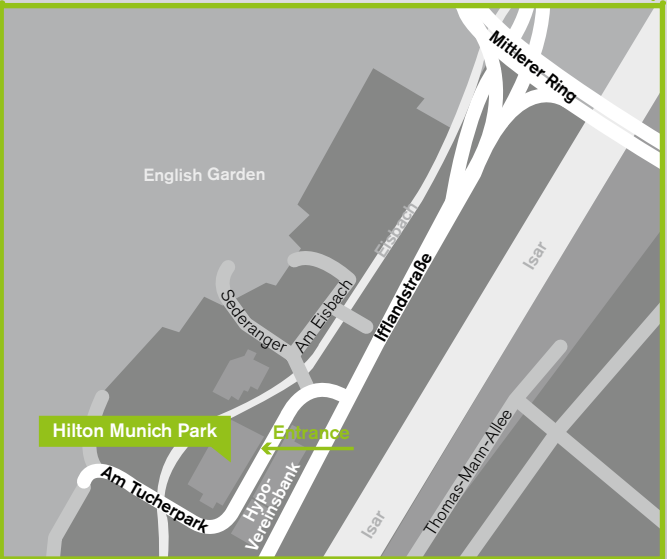
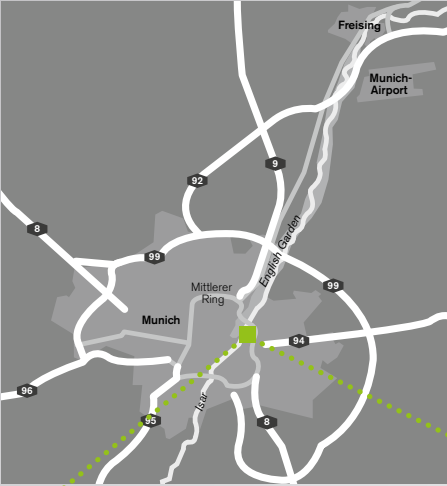
On the basis of the above considerations, the exclusion of shareholders' subscription rights in connection with the utilization of the Authorisation 2015, taking into consideration the requirements of the authorisation resolution adopted by the General Meeting held on 10 June 2015, was overall materially justified.

Unterschleissheim, May 2018

Deutsche Pfandbriefbank AG

The Management Board

How to find us



Deutsche Pfandbriefbank AG

Freisinger Strasse 5

85716 Unterschleissheim

Phone +49 89 210 27 250

hv@pfandbriefbank.com

www.pfandbriefbank.com