



**DEUTSCHE
PFANDBRIEFBANK**

Invitation to the Annual General Shareholders' Meeting

Convenience translation

Please note that only the German language version of the invitation to the 2023 Annual General Shareholders' Meeting of Deutsche Pfandbriefbank AG, as published in the German Federal Gazette (*Bundesanzeiger*), is effective.

Deutsche Pfandbriefbank AG
Registered office: Munich
ISIN DE0008019001

Overview of the Agenda

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We hereby invite our shareholders to attend the Annual General Shareholders' Meeting of Deutsche Pfandbriefbank AG (the "**Company**") which will be held on Thursday, 25 May 2023, at 10:00 hours (CEST) as a virtual General Shareholders' Meeting without any physical presence of shareholders or their authorized representatives.

For properly registered shareholders, the Annual General Shareholders' Meeting will be broadcast in a live video and audio stream on the Internet. The shareholders will exercise their voting rights exclusively by postal vote or by issuing powers of attorney to the Company-appointed proxies (*Stimmrechtsvertreter*). The venue of the Annual General Shareholders' Meeting within the meaning of the German Stock Corporation Act (*Aktiengesetz*, "**AktG**") is Alte Kongresshalle, Am Bavariapark 14, 80339 Munich, Germany.

I. Agenda

1. Presentation of the adopted annual financial statement and the approved consolidated financial statements as well as the combined management report of Deutsche Pfandbriefbank AG and of Deutsche Pfandbriefbank Group for the 2022 financial year, the Management Board's proposal for the appropriation of the distributable profit as well as the report of the Supervisory Board for the 2022 financial year

The above-mentioned documents also include the explanatory report for the notes pursuant to sections 289a and 315a of the German Commercial Code (*Handelsgesetzbuch*, "**HGB**"). The previously-mentioned documents as well as the remuneration report and the declaration on corporate governance, which also contains the corporate governance report, and the non-financial report for the Company's Group according to sections 315b, 315c in conjunction with sections 289c – 289e HGB have been published at www.pfandbriefbank.com/investoren/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 fully allocate the distributable profit (*Bilanzgewinn*) of EUR 127,751,542.60 reported by the Company for the 2022 financial year in its annual financial statements in accordance with the HGB, to pay a dividend of EUR 0.95 per no-par value share entitled to dividends. This results in the following appropriation of distributable profit:

| | |
|--|--------------------|
| i) Distributable profit: | EUR 127,751,542.60 |
| ii) Distribution to shareholders: | EUR 127,751,542.60 |
| iii) Allocation to other revenue reserves: | EUR 0.00 |

This proposal takes into consideration that the Company is not holding any treasury shares at the time of convocation of this Annual General Shareholders' Meeting, 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 the Supervisory Board will submit an adjusted proposal for the appropriation of distributable profits to the Annual General Shareholders' Meeting. However,

such a proposal will still provide for a distribution of EUR 0.95 per no-par value share entitled to dividends, with a corresponding adjustment of the distribution amount and the amount allocated to other revenue reserves.

According to section 58 (4) sentence 2 AktG, the right to the dividend payment is due on the third business day following the Annual General Shareholders' Meeting, i.e. on Wednesday, 31 May 2023.

Given that the dividend for the 2022 financial year will be fully made from the tax deposit account in the meaning of section 27 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz*, "KStG"), there will be no deduction of German capital gains tax, solidarity surcharge and church tax. The dividend distribution will not be subject to taxation for domestic shareholders, but will reduce the acquisition costs of the shares for tax purposes. If the distributions exceed the acquisition costs of the shares of the shareholders, the resulting profit may be taxable.

3. Discharge of the members of the Management Board

The Management Board and the Supervisory Board propose that discharge be granted, for the 2022 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 2022 financial year, for the members of the Supervisory Board who were in office during that period.

5. Elections to the Supervisory Board

In accordance with sections 96 (1) and 101 (1) AktG, sections 4 (1) and 1 (1) of the German One-Third Co-Determination Act (*Drittelbeteiligungsgesetz*) in conjunction with article 8 (1) of the Company's Articles of Association, the Supervisory Board is composed of six members elected by the shareholders and three members elected by the employees. Oliver Puhl has resigned his mandate as a member of the Supervisory Board elected by the shareholders with effect from 19 May 2022. At the joint request of the Management Board and the Supervisory Board of the Company, Prof. Dr. Kerstin Hiska Hennig was court-appointed as a member of the Supervisory Board by resolution of 19 July 2022. Her mandate will expire at the end of the 2023 Annual General Shareholders' Meeting. The mandate of Dr. Günther Bräunig, Chairman of the Supervisory Board, will also expire at the end of the 2023 Annual General Shareholders' Meeting. Therefore, two members of the Supervisory Board are to be elected by the Annual General Shareholders' Meeting.

The Supervisory Board proposes to elect

Dr. Louis Hagen, attorney (*Rechtsanwalt*), Starnberg, Germany,

and

Prof. Dr. Kerstin Hiska Hennig, university professor, Schmitten, Germany,

as shareholder representatives to the Supervisory Board. The appointments are made for a term of office until the end of the Annual General Shareholders' Meeting which decides on discharge for the third financial year after the start of the term of office; the financial year in which the term of office begins is not included.

It is intended to hold the elections to the Supervisory Board in accordance with recommendation C.15 sentence 1 of the German Corporate Governance Code by way of individual elections. It is further

intended that, after the election, the Supervisory Board will elect from among its members Dr. Louis Hagen as chair of the Supervisory Board provided that he is elected to the Supervisory Board.

The nomination is based on the recommendation of the Presidential and Nomination Committee of the Supervisory Board and takes into account the objectives resolved by the Supervisory Board for its composition (including the target (minimum) quota for the underrepresented sex in each case) as well as the individual requirement profile for members of the Supervisory Board specified in pbb's internal Suitability Policy and the competence profile for the full board. Furthermore, the nomination takes into account recommendations C.1 to C.12 of the German Corporate Governance Code as well as the legal and regulatory requirements, e.g. with regard to the required expertise, reliability, avoidance of conflicts of interest and the maximum number of mandates.

Prof. Dr. Kerstin Hiska Hennig meets the requirement profile defined by the Supervisory Board to a high degree given her many years of work in international real estate project development and as a university professor and head of the Real Estate Economics department at the European Business School. With her special real estate expertise, she ideally complements the Supervisory Board and can contribute her expertise here, for example, in the important area of ESG.

Dr. Louis Hagen has a high level of industry expertise, seniority and management experience, both from his activity as a member and later as Chairman of the Board of Directors of Münchener Hypothekbank eG from 2009 to 2022 and from his many years as President of the Verband deutscher Pfandbriefbanken (vdp) e.V. His outstanding technical expertise in the Pfandbrief banking business and his leadership skills not only complement the skills profile of the Supervisory Board very well, but also predestine Dr. Louis Hagen also as successor of Dr. Günther Bräunig as Chairman of the Supervisory Board.

| Candidate | Membership in other statutory Supervisory Boards | Membership in comparable domestic and foreign supervisory bodies of commercial enterprises |
|--------------------------------|--|--|
| Dr. Louis Hagen | LBBW Asset Management Investmentgesellschaft mbH, Stuttgart / Germany Member of the Supervisory Board | n/a |
| Prof. Dr. Kerstin Hiska Hennig | DWS Grundbesitz GmbH, Frankfurt am Main / Germany Member of the Supervisory Board DEMIRE Deutsche Mittelstand Real Estate AG, Frankfurt am Main / Germany Member of the Supervisory Board | n/a |

Résumés of the persons proposed for election are included as Annex I to this Agenda. You can also find these résumés as well as those of all current members of the Supervisory Board, the competency profile for the Supervisory Board and the declaration on corporate governance including a competency matrix on the Company's website at www.pfandbriefbank.com/investoren/hauptversammlung/.

Information in accordance with recommendation C.13 of the German Corporate Governance Code

The Company has no knowledge of shareholders who directly or indirectly hold more than 10% of the voting shares in the Company. Thus, as far as the Company is aware, there are currently no significant shareholders within the meaning of recommendation C.13 sentence 3 of the German Corporate Governance Code. Hence, there is also no controlling shareholder within the meaning of recommendation C.9 of the German Corporate Governance Code.

The Company has no business relationships with the members of the Supervisory Board – with the exception of the service/employment contracts of the three Supervisory Board members elected by the employees. In particular, the Company does not grant the members of the Supervisory Board any loans. There are also no other personal or business relationships between members of the Supervisory Board on the one hand and the Company or its legal bodies (*Organe*) on the other hand, which, according to the Supervisory Board's assessment, an objectively judging shareholder would consider authoritative for his election decision. All of this also applies to Prof. Dr. Kerstin Hiska Hennig, who is proposed for election by the Supervisory Board and has been a member of the Company's Supervisory Board since 19 July 2022 by court appointment, as well as to Dr. Louis Hagen, who is proposed for election by the Supervisory Board.

According to the Supervisory Board's assessment, Dr. Louis Hagen and Prof. Dr. Kerstin Hiska Hennig are independent from the Company and the Management Board within the meaning of recommendation C.7 of the German Corporate Governance Code. According to the Supervisory Board's assessment, the minimum proportion of independent shareholder representatives provided for in recommendations C.6 and C.7 of the German Corporate Governance Code is fulfilled.

Further information on the competency profile for the Supervisory Board and the status of its implementation as well as on the working methods and composition of the Supervisory Board, including the qualification matrix as set out in recommendation C.1 of the German Corporate Governance Code and the information on the independence of the members of the Supervisory Board, can be found in the Corporate Governance Statement and the Report of the Supervisory Board, which are part of the Company's Annual Report for the financial year 2022. It can be found on the Company's website at www.pfandbriefbank.com/investoren/finanzberichte.html.

6. 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 proposes, based on the recommendation of its Audit Committee, to resolve:

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, shall be appointed as auditor for the annual financial statements (HGB) and group auditor (IFRS) for the financial year 2023 and as the auditor for the review of any interim condensed financial statements and any interim management reports for the Group for the financial year 2023, if and insofar as they are subject to an audit 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.

7. Approval of the remuneration report

The Management Board and the Supervisory Board propose to approve the remuneration report, as printed as Annex II to this Agenda.

8. Amendment of the Articles of Association to provide for the holding of virtual general shareholders' meetings

The newly added section 118a AktG allows for the purely virtual form of General Shareholders' Meetings (i.e., a General Shareholders' Meeting without the physical presence of the shareholders at the meeting place), that has already been exceptionally permissible during the COVID-19 pandemic, to be established permanently as an alternative for holding General Shareholders' Meetings. The holding of virtual General Shareholders' Meetings is intended to be available alongside the classic face-to-face meetings and the (hybrid) form of online meetings, which is already permitted pursuant to the Company's Articles of Association. Which type of implementation is to be used in a specific case will – in the event that the corresponding authorization is granted – be at the dutiful discretion of the Management Board. In accordance with the legal requirements, the authorization to hold virtual General Shareholders' Meetings shall be limited to a maximum period of five years after its entry in the Company's commercial register. For reasons of good corporate governance, however, this period will not be fully utilized. Instead, the authorization will only apply for a period of around two and a half years, in order to be able to use it for the next two ordinary General Shareholders' Meetings as well as for any extraordinary General Shareholders' Meetings until the end of 2025 if need be. The Management Board will take its decision on the format in which the General Shareholders' Meeting is to be held in each case taking into account the specific circumstances at the relevant time and the interests of the Company and its shareholders. In this respect, the Management Board will take into account in particular the safeguarding of shareholders' rights as well as aspects of health and safety of participants, the effort and costs involved, sustainability considerations and experience with the virtual format. The decision will always be made in consultation with the Supervisory Board. For the future, the Management Board does not intend to provide that questions must be submitted by the shareholders prior to a General Shareholders' Meeting that is held as a virtual General Shareholders' Meeting pursuant to section 131 (1a) AktG and to thereby limit the scope of the submission of questions in the invitation to the General Shareholders' Meeting. The Management Board and the Supervisory Board will discuss, in due course, as to whether they will submit a corresponding authorization proposal to the General Shareholders' Meeting, taking into account the experience gained up to that point and any market standards that may be developing.

The Management Board and the Supervisory Board propose that article 14 of the Company's Articles of Association shall be supplemented by the following paragraph 11:

“(11) With respect to General Shareholders' Meetings held up to (and including) 31 December 2025, the Management Board is authorized to provide that the General Shareholders' Meeting shall be held without the physical presence of the shareholders or their authorized representatives at its venue (virtual General Shareholders' Meeting).”

9. Amendment of the Articles of Association regarding virtual participation of supervisory board members in general meetings

Pursuant to section 118 (3) sentence 1 AktG, supervisory board members are to participate in general meetings in person. Section 118 (3) sentence 2 AktG allows articles of association to provide for certain cases in which supervisory board members may participate by means of video and audio transmission. A corresponding provision is already contained in article 14 (10) of the Company's Articles of Association. As part of the further development of the technical possibilities, this provision is to be made more flexible and additionally supplemented by the case that the General Shareholders' Meeting is held virtually.

Therefore, the Management Board and the Supervisory Board propose to resolve as follows:

Article 14 (10) of the Articles of Association of the Company is amended to read as follows:

“(10) Supervisory Board members may, in coordination with the chair of the Supervisory Board, participate in the General Meeting by way of video and audio transmission if the Supervisory Board member concerned is unable to physically attend the meeting at the venue of the General Meeting, if the Supervisory Board member has his/her place of residence outside of the Federal Republic of Germany or if the member’s presence at the venue of the General Meeting would entail an unreasonably long travel time or if the General Meeting is held as a virtual General Meeting without the shareholders or their authorized representatives being physically present at the venue of the General Meeting.”

II. Additional information

1. Conducting the Annual General Shareholders' Meeting as a virtual general shareholders' meeting

On the basis of section 26n (1) of the Act introducing the German Stock Corporation Act (*Einführungsgesetz zum Aktiengesetz*), the Management Board has resolved, with the consent of the Supervisory Board, to hold the Annual General Shareholders' Meeting as a virtual general shareholders' meeting without the shareholders or their authorized representatives being physically present ("**virtual General Shareholders' Meeting**"). It is therefore not possible for shareholders or their authorized representatives to physically attend the Meeting (except for the proxies appointed by the Company).

Holding the Annual General Shareholders' Meeting as a virtual general shareholders' meeting according to the new statutory provision of section 118a AktG entails some modifications in the procedure of the Meeting as well as the exercise of shareholder rights compared to both an in-person general shareholders' meeting and the last virtual General Shareholders' Meeting, which was conducted according to the special legislation in connection with the COVID-19 pandemic. We therefore ask for particular attention to be paid to the information below, especially with regard to the option of tuning in to the Annual General Shareholders' Meeting by video and audio and on exercising voting rights, the right to file motions, the right to submit comments, the right to speak, the right to information and the right to lodge objections.

The Company has set up an online service for the Annual General Shareholders' Meeting ("**AGM Portal**"). Properly registered shareholders can tune in to the Annual General Shareholders' Meeting electronically via the AGM Portal and in this way participate in the Meeting and exercise shareholder rights as well as follow along with the entire Annual General Shareholders' Meeting in a live audio and video stream by means of electronic communication. The password-protected AGM Portal may be accessed as from 4 May 2023 via the Company's website at

www.pfandbriefbank.com/investoren/hauptversammlung/.

Other interested parties may also watch and listen to the opening of the Annual General Shareholders' Meeting by the chair of the Meeting as well as the chairman of the Management Board's speech live on the Internet at www.pfandbriefbank.com/investoren/hauptversammlung/.

Properly registered shareholders will receive their personal login details for the AGM Portal with their voting card together with further information on the use of the AGM Portal.

Shareholders or their authorized representatives have the opportunity to exercise their voting rights by postal vote (in electronic form or on paper) or by authorizing the Company-appointed proxies as specified below.

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

All shareholders who have registered for the Annual General Shareholders' Meeting by no later than Thursday, 18 May 2023, 24:00 hours (CEST), while providing proof of their share ownership, are entitled, pursuant to article 14 (5) of the Articles of Association, to participate in the virtual Annual General Shareholders' Meeting by electronic means and to exercise their voting rights either in person or through authorized representatives. Proof of such share ownership is required by the ultimate intermediary. 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, 4 May 2023, 0:00 hours (CEST). The record date is the decisive cut-off date for the determination of the shareholder status regarding the exercise of the shareholder rights in the Annual General Shareholders' Meeting. According to section 123 (4) sentence 5 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 to the address of Deutsche Pfandbriefbank AG, Annual General Shareholders' Meeting 2023, c/o Link Market Services GmbH, Landshuter Allee 10, 80637 Munich, Germany, or to the e-mail address inhaberaktien@linkmarketservices.de. The time of receipt of the registration by the Company is decisive for meeting the deadline. Proof of shareholding provided by the ultimate intermediary pursuant to the requirements stipulated in section 67c (3) AktG is sufficient.

We kindly ask shareholders wanting to attend the Annual General Shareholders' Meeting or to exercise their voting rights to have their custodian bank submit the required registration and shareholding proof in good time.

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. The record date is not relevant for the dividend entitlement.

3. Voting procedure

a) General

Once duly registered, you may exercise your voting rights by way of postal vote, through a proxy or through an authorized representative. In all of these cases, a timely and formal registration is required.

b) Postal voting

Shareholders who wish to exercise their voting rights by postal vote (including by electronic communication) must consider the following: The Company offers a password-protected AGM Portal at www.pfandbriefbank.com/investoren/hauptversammlung/ for voting by (electronic) postal vote. You will receive the required personal login details for the AGM Portal with your voting card. Votes may be cast, amended and revoked during the General Shareholders' Meeting via the AGM Portal or by e-mail to inhaberaktien@linkmarketservices.de until the time stipulated by the chair of the Meeting, with the time of receipt by the Company being decisive in each case. In addition, postal votes may be cast, amended or revoked in text form until Wednesday, 24 May 2023, 18:00 hours (CEST) under the address of Deutsche Pfandbriefbank AG, Hauptversammlung 2023, c/o Link Market Services GmbH, Landshuter Allee 10, 80637 Munich, Germany. You will receive a form for this purpose with your voting card. In addition, a universal postal vote form is available on the Company's website at www.pfandbriefbank.com/investoren/hauptversammlung/. This form will also be sent to you free of charge on request. In all such cases, receipt of the postal vote, its amendment or its revocation at the Company is decisive.

c) Voting by proxy

Shareholders may also opt to be represented by proxies who are appointed by the Company and bound by instructions. In this case, shareholders must consider the following:

Proxies may only vote on Agenda items for which they have received explicit instructions regarding the exercise of the voting right. Said proxies are under an obligation to cast their votes in line with the instructions given. Proxies will not exercise voting rights for which they have not received instructions. Please note that the proxies will not accept any instructions to raise objections

against Annual General Shareholders' Meeting resolutions or to ask questions or submit motions or to submit comments. Powers of attorney and instructions for proxies may be issued, amended or revoked in text form until Wednesday, 24 May 2023, 18:00 hours (CEST), at the latest to the address of Deutsche Pfandbriefbank AG, Annual General Shareholders' Meeting 2023, c/o Link Market Services GmbH, Landshuter Allee 10, 80637 Munich, Germany. In addition, powers of attorney and instructions may be granted or issued to proxies – as well as amended and revoked – via the AGM Portal at www.pfandbriefbank.com/investoren/hauptversammlung/ and by e-mail to inhaberaktien@linkmarketservices.de before and even during the Annual General Shareholders' Meeting, but must be made available no later than by the time stipulated by the chair of the Meeting. You will receive the login details for the AGM Portal together with your voting card. The time of receipt of the power of attorney, instruction, amendment, or revocation by the Company is decisive for meeting the deadline.

d) Ranking of votes and other information on voting

If separate votes are held on an Agenda item instead of collective voting, the declaration made on this Agenda item applies accordingly to each item of the individual vote. Postal votes or voting instructions on the proposed resolution announced under Agenda item 2 shall remain valid even in the event of an adjustment of the proposed resolution at the Annual General Shareholders' Meeting due to a change in the number of shares entitled to dividends as described under Agenda item 2. The instruction to vote in favor of a candidate for election to the Supervisory Board proposed by the management will be deemed a rejection of any opposing candidate. Likewise, a vote cast by way of postal voting in favor of a management candidate will be deemed a vote against any opposing candidate. This only applies in both of these cases insofar as no explicit instruction is issued or vote is cast with regard to the opposing candidate. Postal votes or power of attorney and instructions that cannot be clearly assigned to a proper registration will not be taken into account.

If divergent, formally valid declarations are received via different transmission channels and it is not possible to determine which was submitted last, these declarations will be considered in the following order, with the first-mentioned transmission channel having priority in each case: (1) via the AGM Portal, (2) via e-mail and (3) in paper form. If postal votes and powers of attorney / instructions to the proxies are received, postal votes will always be given priority.

e) Voting through other authorized representatives

Shareholders may also have their voting right exercised by other authorized representatives, to whom they have granted proper power of attorney for this purpose. In this case, shareholders must consider the following:

If no power of attorney is granted pursuant to section 135 AktG, the power of attorney must be issued in text form to the Company at any of the addresses set forth above under section II. 2. of this invitation for registration purposes or directly to the authorized representative (in which case, proof of such authorization is required to be provided to the Company in text form). The same applies if a shareholder wishes to revoke a power of attorney.

Shareholders and their authorized representatives may submit the proof of authorization or the revocation of the power of attorney on or before Wednesday, 24 May 2023, 18:00 hours (CEST) to the Company at any of the addresses set forth above under section II. 2. for registration.

Where power of attorney is granted pursuant to section 135 AktG (granting of power of attorney to intermediaries (in particular credit institutions), proxy advisors, shareholders' associations or commercial proxy services), the authorized representative 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. In these cases, shareholders should coordinate the form of the power of attorney with the intended representative.

Authorized representatives (other than the proxies appointed by the Company) cannot physically participate in the Annual General Shareholders' Meeting. They may exercise the voting rights of the shareholders they represent only by postal vote or by granting (sub-)powers of attorney to the Company-appointed proxies. For an authorized representative to be able to exercise rights via the AGM Portal, the authorized representative must receive from the authorizer the personal login details sent along with the voting card. The use of the personal login details by the authorized representative is also considered proof of authorization.

If a shareholder grants power of attorney to more than one individual, the Company may reject one or more of these individuals in accordance with section 134 (3) sentence 2 AktG.

4. 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 www.pfandbriefbank.com/investoren/hauptversammlung/.

a) Additions to the Agenda pursuant to section 122 (2) AktG

Pursuant to section 122 (2) AktG, shareholders whose combined shareholdings add up to a twentieth of the share capital, or reach the nominal amount of EUR 500,000.00 of the Company's share capital (the latter 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 or in electronic form according to section 126a of the German Civil Code (*Bürgerliches Gesetzbuch*, "BGB") (i.e., with qualified electronic signature), to the Management Board of Deutsche Pfandbriefbank AG, Parkring 28, 85748 Garching, Germany, or by e-mail (with qualified electronic signature) to inhaberaktien@linkmarketservices.de. The Company must receive such a request no later than Monday, 24 April 2023, 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 AktG applies. Furthermore, section 121 (7) 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 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 www.pfandbriefbank.com/investoren/hauptversammlung/, and communicated to the shareholders in accordance with section 125 (1) sentence 3 AktG.

b) Counter-proposals and nominations pursuant to sections 126, 127 AktG

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, 10 May 2023, 24:00 hours (CEST), either to the address of Deutsche Pfandbriefbank AG, Investor Relations, Attn. Michael Heuber, Parkring 28, 85748 Garching, Germany, stating the reasons for them. 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) AktG applies, a counter-proposal need not be made available. Substantiations of a counter-proposal do not need to be made accessible where they exceed 5,000 characters in total. Subject to section 126 (2) and (3) AktG, shareholders' counter-proposals that are to be made available will be published at www.pfandbriefbank.com/investoren/hauptversammlung/ together with the shareholder's name and an explanatory remark as well as any related statements by the management.

According to section 127 AktG, these rules also apply, mutatis mutandis, to shareholder nominations for the appointment of members of the Supervisory Board or of auditors. Shareholder nominations must also be sent exclusively to the address specified above under section II. 4. b) by no later than 14 days prior to the Annual General Meeting, i.e., by Wednesday, 10 May 2023, 24:00 hours (CEST). Such nominations need not be justified. 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 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 AktG.

Pursuant to section 126 (4) AktG, counter-proposals and nominations that are to be made available will be deemed made at the time they are made available. Voting rights may be exercised regarding such counter-proposals and nominations after timely registration through the channels described above. If the shareholder submitting the proposal or nomination is not duly entitled to do so and properly registered for the Annual General Shareholders' Meeting, the proposal need not be dealt with at the Meeting.

Counter-proposals, nominations and other motions may also be submitted during the Annual General Shareholders' Meeting by means of video communication, i.e., within the scope of the right to speak.

c) Right to submit comments pursuant to sections 118a (1) sentence 2 no. 6, 130a (1) to (4) AktG

Properly registered shareholders have the possibility to submit comments regarding the agenda before the Annual General Shareholders' Meeting in order to make them available to other shareholders via the AGM Portal. Shareholders wishing to submit comments must send them to the Company in text form via e-mail to inhaberaktien@linkmarketservices.de, stating their name and the number of their voting card, no later than Friday, 19 May 2023, 24:00 hours (CEST). Comments should not exceed 10,000 characters.

In the cases set forth in sections 126 (2) sentence 1 nos. 1, 3 or 6 AktG, comments will not be published. This also applies to comments exceeding 10,000 characters and those not received by the Company in text form by Friday, 19 May 2023, 24:00 hours (CEST).

Comments to be made available, including the name and place of residence or, as applicable, registered office of the submitting shareholder, will be published for properly registered shareholders and their representatives via the AGM Portal at www.pfandbriefbank.com/investoren/hauptversammlung/ no later than on 20 May 2023. Any comments by the management will also be published in the AGM Portal at that web address.

The possibility to submit comments does not constitute a possibility to submit questions in advance pursuant to section 131 (1a) AktG. Any questions included in comments will therefore not be answered at the virtual Annual General Shareholders' Meeting unless they are asked by way of video communication during the Meeting. Motions, nominations or objections to resolutions of the Annual General Shareholders' Meeting contained in comments will not be considered either. These are to be submitted or made or declared exclusively in the ways described separately in this notice.

d) Right to speak pursuant to sections 118a (1) sentence 2 no. 7, 130a (5) and (6) AktG

At the Annual General Shareholders' Meeting, properly registered shareholders and their representatives who are attending the Meeting by electronic means have the right to speak using video communication. As part of their speech, shareholders may submit motions and nominations pursuant to section 118a (1) sentence 2 no. 3 AktG as well as all types of requests for information pursuant to section 131 AktG.

Requests to speak must be submitted during the Annual General Shareholders' Meeting when called by the chair of the Meeting via the AGM Portal at the Internet address www.pfandbriefbank.com/investoren/hauptversammlung/. The chair of the Meeting will give more detailed information during the Annual General Shareholders' Meeting regarding the procedure for requests to speak and their granting.

The Company reserves the right to check the proper functioning of the video communication between the shareholder and the Company during the Annual General Shareholders' Meeting and prior to that shareholder's turn to speak and will refuse the shareholders' right to speak if a properly functioning connection cannot be ensured. The minimum technical requirements for being permitted to speak via live video are therefore a web-enabled device equipped with a camera and microphone and a stable Internet connection. Tips on how to optimize the proper functioning of video communication can be found at www.pfandbriefbank.com/investoren/hauptversammlung/.

e) Right to disclosure pursuant to section 131 (1) AktG

At the Annual General Shareholders' Meeting, every shareholder or shareholder representative may – after having submitted a request in due time pursuant to section 131 (1) AktG – request to be informed by the Management Board about the Company's affairs, the Company's legal and business relationships with affiliated companies, and the position of the Group and the companies included in the consolidated financial statements to the extent that such information is necessary for proper assessment of an agenda item. Furthermore, section 131 (1d) AktG permits questions to be asked during the Annual General Shareholders' Meeting regarding all answers given by the Management Board.

If the chair of the Meeting so orders based on section 131 (1f) AktG, the right to information under section 131 AktG may be exercised (in all its forms) at the Annual General Shareholders' Meeting exclusively by way of video communication via the AGM Portal. Submitting questions any other way, whether by electronic or other form of communication, will not be possible either before or during the Annual General Shareholders' Meeting.

f) Lodging an objection to a resolution for the record (*Widerspruch zur Niederschrift*) pursuant to sections 118a (1) sentence 2 no. 8, 245 AktG

Objections to resolutions of the Annual General Shareholders' Meeting can be stated for the record in accordance with sections 118a (1) sentence 2 no. 8, 245 no. 1 AktG by shareholders who have properly registered via the AGM Portal at www.pfandbriefbank.com/investoren/hauptversammlung/. A statement may be made via the AGM Portal from the start of the Annual General Shareholders' Meeting until the end of the Meeting. The notary has authorized the Company to accept objections via the AGM Portal and will have access to the AGM Portal himself/herself.

5. Information and documents on the Annual General Shareholders' Meeting; recording and publicly accessible transmission

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 AktG, can be viewed and downloaded on www.pfandbriefbank.com/investoren/hauptversammlung/. All documents required to be made available to the Annual General Shareholders' Meeting by law will also be available on the Company's website during the Annual General Shareholders' Meeting. The voting results will be published on the same website following the Annual General Shareholders' Meeting.

The opening of the General Shareholders' Meeting by the chair of the Meeting and the speech by the chairman of the Management Board can also be followed by other interested parties in audio and video live on the Internet at www.pfandbriefbank.com/investoren/hauptversammlung/. The speech of the chairman of the Management Board will be recorded and made available on the same website after the Annual General Shareholders' Meeting.

Furthermore, during the virtual Annual General Shareholders' Meeting prior to the first vote, the list of participants will be made available via the AGM Portal at www.pfandbriefbank.com/investoren/hauptversammlung/ to all shareholders and their representatives who have properly registered for the Annual General Shareholders' Meeting and are attending it by electronic means.

After the Annual General Shareholders' Meeting, a confirmation of the counting of the votes pursuant to section 129 (5) AktG will be made available automatically via the AGM Portal and can be downloaded within one month after the day of the Annual General Shareholders' Meeting.

6. 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 EUR 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 AktG, section 71b 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, neither directly nor indirectly, and does not intend to acquire any treasury shares, either directly or indirectly, until the Annual General Shareholders' Meeting.

7. Information on data protection

The following notice is intended to provide you with information on processing of your personal data by the Company and your rights under data protection law. You can obtain additional information on data protection law regarding the processing of personal data that we collect when our website (including the AGM Portal) is used, in the Privacy Notice that can be viewed on the Internet at www.pfandbriefbank.com/en/privacy.

The responsible data controller is Deutsche Pfandbriefbank AG, Parkring 28, 85748 Garching, Germany. You can contact the data privacy officer of the Company by regular mail under the aforementioned address or by e-mail to group.dataprotection@pfandbriefbank.com.

With regard to the virtual General Shareholders' Meeting, the Company processes your personal data (e.g., repository data of the shareholder, the name, address and e-mail address of his/her representative, if applicable, the type of ownership of the shares, postal votes / voting instructions, and the number of the voting card) on the basis of prevailing data protection legislation.

Processing of your personal data is legally mandatory to enable the Company to organize, and enable you as a shareholder to participate in, the virtual Annual General Shareholders' Meeting, in particular as regards the exercise of voting rights and the audio and video transmission of the virtual Annual General Shareholders' Meeting, and to conduct the virtual Annual General Shareholders' Meeting. The legal basis for the processing in this respect is point (c) of article 6 (1) sentence 1 of the EU General Data Protection Regulation ("**GDPR**") in conjunction with sections 118 et seqq. AktG, sections 130a and 67e AktG and article 14 of the Company's Articles of Association. In general, the Company receives the shareholder's personal data from the registration office of the credit institution that the shareholders have entrusted with the safekeeping of their shares. In addition, data processing that is expedient for the organization of the Annual General Shareholders' Meeting (e.g., publication of comments on the Agenda submitted in advance via the AGM Portal) can take place on the basis of our overriding legitimate interests (point (f) of article 6 (1) sentence 1 GDPR). Moreover, the publication and/or transfer of your personal data to third parties, in particular to other shareholders and their representatives, may also be required, e.g. as a result of the legal notification obligations under sections 126, 129 AktG. The legal basis for the data processing in this case is point (f) of article 6 (1) sentence 1 GDPR in conjunction with the relevant applicable law.

The Company uses the services of external service providers and their subcontractors for conducting the virtual General Shareholders' Meeting. They are based in the European Union. The service providers commissioned for conducting the virtual General Shareholders' Meeting process your personal data exclusively in Member States of the European Union or the European Economic Area and in accordance with the instructions of the Company and only to the extent that this is required for executing the commissioned service. All employees of the Company and the employees of the commissioned service providers who have access to and/or process personal data of shareholders and shareholder representatives are obliged to treat this data confidentially.

The Company will delete your personal data in accordance with the statutory regulations, in particular if your personal data is no longer necessary for the original purpose of the collection, the data is no longer required in connection with any administrative or court proceedings and there are no statutory storage obligations.

At the aforementioned address, you can demand information on the data stored about you. If the legal requirements are met, you also have the right to demand that your data be rectified or erased or that processing of it is restricted and you further have the right to receive your personal data in a structured, commonly used and machine-readable format.

If the legal basis for the processing of personal data is point (f) of article 6 (1) sentence 1 GDPR, you also have a right of objection under the statutory conditions.

In addition, you have the possibility to contact the aforementioned data privacy officer or a data protection supervisory authority.

Garching, April 2023

Deutsche Pfandbriefbank AG

The Management Board

Annex I

Résumés of the persons nominated to be elected to the Supervisory Board under Agenda item #5

Dr. Louis Hagen

| | |
|--|---|
| Date and place of birth: | 15 May 1958, Orléans / France |
| Nationality: | German |
| First appointment effective from: | 25 May 2023 (nomination proposal of the Supervisory Board) |
| Professional career: | |
| 04/1988 – 03/1991 | Lawyer in a Munich law firm, Munich / Germany |
| 04/1991 – 10/1991 | Bayerische Vereinsbank AG , Munich / Germany, Credit Training |
| 11/1991 – 03/1993 | BV-Beteiligungsgesellschaft , Munich / Germany, (a company of Bayerische Vereinsbank AG), Manager with general commercial power of attorney (<i>Prokura</i>); assessment and closing of investments in medium-sized companies |
| 04/1993 – 03/1996 | Verband deutscher Hypothekenbanken e.V. (VDH) , Brussels / Belgium, Head of Brussels office |
| 04/1996 – 03/2000 | Bayerische Hypo- und Vereinsbank AG , Munich / Germany, Director Real Estate Work Out |
| 04/2000 – 03/2001 | Verband deutscher Hypothekenbanken e.V. (VDH) , Bonn / Germany, Managing Director |
| 04/2001 – 06/2009 | Verband deutscher Hypothekenbanken e.V. (VDH) , Berlin / Germany, (since July 2005: Verband deutscher Pfandbriefbanken (vdp) e.V.) Chief Executive Officer |
| 05/2004 – 06/2007 | European Covered Bond Council (ECBC) , Brussels / Belgium, Chairman |
| 07/2009 – 03/2010 | Münchener Hypothekenbank eG , Munich / Germany, Member of the Management Board |
| 04/2010 – 03/2016 | Münchener Hypothekenbank eG , Munich / Germany, Spokesman of the Management Board |

| | |
|--|--|
| 06/2010 – 12/2022 | Verband deutscher Pfandbriefbanken (vdp) e.V., Berlin / Germany Member of the Board of Directors |
| 06/2016 – 06/2022 | President |
| 04/2016 – 12/2022 | Münchener Hypothekenbank eG, Munich / Germany, Chairman of the Management Board |
| Education: | |
| 09/1977 – 08/1979 | Bank apprenticeship at Bayerische Vereinsbank AG, Munich / Germany |
| 10/1979 – 04/1988 | Studied law at the University of Munich / Germany (first state examination in law), Doctorate in law at the University of Berlin / Germany and trainee lawyer in Munich / Germany and New York / USA (second state examination in law) |
| Supervisory Board memberships and equivalent positions: | |
| Statutory domestic Supervisory Boards: | LBBW Asset Management Investmentgesellschaft mbH, Stuttgart / Germany, Member of the Supervisory Board |
| Equivalent domestic and foreign supervisory bodies: | ./. |
| Other mandates: | Recura Kliniken SE, Beelitz-Heilstätten / Germany, Member of the Advisory Board |

Prof. Dr. Kerstin Hiska Hennig**Date and place of birth:** 2 October 1964, St. Gallen / Switzerland**Nationality:** German**First appointment effective from:** 19 July 2022 (appointed by court order)**Professional career:**

11/1991 – 05/1996

EBS University, Oestrich-Winkel / Germany,
Teaching & Research Assistant, Real Estate Academy

06/1996 – 02/1997

Daimler-Benz Interservices Immobilien Management GmbH,
Berlin / Germany,
Head of Marketing and Research

03/1997 – 03/1999

ebs Immobilienakademie GmbH, Oestrich-Winkel / Germany,
Head of Project Group

06/1999 – 04/2002

Tishman Speyer Properties, London / UK and New York / USA,
European Director of Marketing & Research

05/2002 – 12/2005

Sabbatical

03/2006 – 03/2010

UBS Deutschland & UBS Schweiz AG,
Frankfurt am Main / Germany and Zurich / Switzerland,
Director, Key Account Management & Investment Solutions
Director, Real Estate Investment Management (REIM)
Director, Special Solutions Advisor Real Estate (Family Office)

03/2010 – 06/2012

IVG Immobilien AG, Bonn and Frankfurt am Main / Germany,
Managing Director
Head of Marketing & Research Europe

05/2013 – 03/2018

Groß und Partner GmbH, Frankfurt am Main / Germany,
Managing Director
Head of Strategic Projects
Head of Central Marketing & CommunicationManagement Board Grundstücksgesellschaft Gateway
Gardens GmbH

since 04/2018

EBS Universität für Wirtschaft & Recht,
Wiesbaden and Oestrich-Winkel / Germany,
Head of Real Estate Management Institute (REMI)
Chair in Real Estate Management
Appointment as professor of Real Estate Economics

Education:

Master of Business Administration (*Diplom-Kaufmann*),
ebs European Business School, Oestrich-Winkel / Germany

Post graduate studies of Real Estate Economics at
ebs Real Estate Academy (*Immobilienökonom ebs*),
Oestrich-Winkel / Germany

Doctorate in Business Administration,
ebs European Business School, Oestrich-Winkel / Germany

Supervisory Board memberships and equivalent positions:

Statutory domestic

Supervisory Boards:

DWS Grundbesitz GmbH,
Frankfurt am Main / Germany,
Member of the Supervisory Board

DEMIRE Deutsche Mittelstand Real Estate AG,
Frankfurt am Main / Germany,
Member of the Supervisory Board

Equivalent domestic and foreign
supervisory bodies:

n/a

Other mandates:

ECORE,
Cologne / Germany,
Member of the Academic Advisory Board

ZIA Zentraler Immobilien Ausschuss e.V.,
Berlin / Germany,
Member of the Regional Management Board
„Deutschland Mitte“

**iddiw Institut der Deutschen
Immobilienwirtschaft e.V.,**
Frankfurt am Main / Germany,
Member of the Presidium

ULI Urban Land Institute,
Frankfurt am Main / Germany,
Member of the Executive Committee

Annex II

Remuneration Report 2022

The Remuneration Report follows the recommendations of the German Corporate Governance Code (the "Code" or "GCGC") in its latest version and includes the information required pursuant to the German Commercial Code (*Handelsgesetzbuch* – "HGB") and in accordance with the International Financial Reporting Standards (IFRS), complying with the requirements under section 162 of the German Stock Corporation Act (*Aktiengesetz* – "AktG").

The first section of the Remuneration Report describes the structure, specifications and amount of remuneration for members of the Management Board and Supervisory Board. Next, a brief overview of the remuneration system for employees is given. The final section comprises information on the governance structure regarding remuneration. This Remuneration Report does not comprise any quantitative remuneration information on employees, to be disclosed in compliance with article 450 of the CRR in conjunction with section 16 of the German Regulation on Remuneration in Financial Institutions (*Institutsvergütungsverordnung* – "InstVergV").

This Remuneration Report was jointly prepared by the Management Board and the Supervisory Board of Deutsche Pfandbriefbank AG. The external auditors have formally reviewed the Remuneration Report to ensure that information stated in the Remuneration Report is in line with section 162 (1) and (2) of the AktG. In accordance with section 162 (3) of the AktG, the contents of the Remuneration Report were not audited. The audit opinions in accordance with section 162 (3) of the AktG are attached to the Remuneration Report.

Contribution to promoting corporate strategy and long-term development of the Company

The remuneration system and the remuneration strategy are integral components of the business and risk strategy. The remuneration strategy sets out the framework for the performance and remuneration of Management Board members. It was developed as part of the business and risk strategy, involving all of the relevant business divisions and the Remuneration Officer, and was most recently updated on 11 November 2022.

The strategy aims to guarantee a performance-oriented and appropriate remuneration – one that is geared to achieving the targets enshrined in the business and risk strategy. It reflects the basic principle of appropriateness regarding the amount and structure of individual remuneration components. Another goal is to avoid incentives for taking disproportionately high risks.

Within the performance-related variable remuneration system, performance measurement at the level of pbb as an institution ("institution's performance") represents an integral part of business management targeted towards a sustainable enhancement of profitability, whilst maintaining the Group's strict risk policy. Referring to performance measurement at institutional level, particular attention is given to (key) performance indicators – as defined within the business and risk strategy as well as business planning – which particularly reflect the defined business and risk strategy, fulfil all regulatory requirements regarding risk, capital and liquidity, and are transparent as well as comprehensible.

The institution's performance is measured based on the key control parameters of (adjusted) profit before tax and the risk-reward ratio, each of which is assigned a 50% weighting. The average performance of the institution, measured on the basis of these key performance indicators for the remuneration year in question and the two preceding financial years, defines the total amount of variable remuneration available for disbursement. Hence, variable remuneration for Management Board members is directly linked to – and driven by – the business and risk strategy. Moreover, this guarantees compatibility of the remuneration system with the Group's capital and liquidity planning, as stipulated in the applicable regulatory requirements. The target achievement level for the institution's performance is assigned a weighting of 60% when measuring performance. The target achievement level at the level of the institution that is relevant to variable remuneration depends on the achievement of the institution's targets for three financial years, i.e. for the remuneration year concerned and the two preceding financial years, with each year being assigned a weighting of one-third.

Performance measurement comprises two other performance levels: divisional performance and individual performance. Targets for these subsequent performance levels are derived from the business and risk strategy. The performance criteria set by the Supervisory Board for the divisional and individual targets and to be agreed with the Management Board members are also based on the long-term/sustainable business strategy, meaning that they support pbb Group's strategic objectives. The annual targets for variable remuneration promote pbb Group's long-term/sustainable development. The financial and non-financial performance criteria include strategic targets relating to new business, risk management, digitalisation and funding, as well as environmental, social and governance (ESG) targets. Divisional and individual performance is assigned a combined weight 40%. Further details on performance measurement and the performance criteria set by the Supervisory Board can be found in the section entitled "Principles Governing the Remuneration System".

The (disbursement) structure of variable remuneration also takes pbb Group's long-term/sustainable development into account. 60% of the variable remuneration is subject to pro rata vesting with a total deferral period of five years ("deferral portion"). When granting deferral portions at the end of the annual deferral period, the Supervisory Board takes into account – as part of a retrospective review – any subsequent negative deviations affecting the performance of the institution, the organisational unit, or the individual Management Board member (back-testing). The Supervisory Board also considers any unethical behaviour or behaviour in breach of duties, as well as negative performance contributions within the meaning of section 18 (5) of the InstVergV (malus test). In particular in the event of serious misconduct on the part of a member of the Management Board, the Supervisory Board has the option of cancelling variable remuneration components that have not yet been paid out, or of clawing back variable remuneration components that have already been paid from the Management Board member concerned (malus and clawback rule). These aspects reinforce and incentivise the long-term nature/sustainability of target achievement. Further details on the (disbursement) structure and the malus and clawback rule are set out in the section entitled "Principles governing the remuneration system".

In addition, a total of 50% of the variable remuneration is share-based, in the sense that the amount initially determined by the Supervisory Board – following the calculation of the target achievement level, and the decision to grant a deferral portion – participates in calculatory terms in pbb's share price performance during a one-year holding period, and is converted into a cash payment, based on pbb's share price at that time, once this holding period has expired. This supports the sustainable/long-term development of the Company as well as strengthening the extent to which Management Board members identify with the Company. Further details on the share-based structure can be found in the section entitled "Principles governing the remuneration system".

Management Board

In November 2015, the Supervisory Board adopted the remuneration system for the Management Board members that has been in effect since 1 January 2016. The adjustment of the remuneration system to reflect the revised version of the InstVergV dated 4 August 2017 was adopted and implemented by the Supervisory Board on 17 December 2018, with effect from 1 January 2018. On 6 November 2020, the Supervisory Board adjusted the remuneration system to reflect the new requirements set out in the ARUG II legislation and adopted this system after consulting with the Remuneration Committee accordingly. The maximum remuneration, in particular, was newly regulated in this context. The 2021 ordinary Annual General Meeting adopted the remuneration system by around 95.42% of the valid votes cast.

There were no deviations from the remuneration system for the members of the Management Board in the 2022 financial year. In view of the broad approval, the Supervisory Board did not envisage any changes to the remuneration system for 2023.

PRINCIPLES GOVERNING THE REMUNERATION SYSTEM

The remuneration paid to pbb's Management Board members consists of non-performance related fixed remuneration components and performance-related variable remuneration.

The non-performance related fixed remuneration components comprise the basic annual remuneration, as well as fringe benefits (in particular non-cash benefits) and the company pension scheme.

The performance-related variable remuneration is granted in cash, with half of the amount depending on pbb's share price performance (share-based remuneration system).

In principle, remuneration for members of the Management Board is designed to ensure a performance-oriented payment, taking the Company's size and international business activities into account. The remuneration is compared, on the one hand, against the remuneration paid to Management Board members at comparable companies in Germany and abroad (horizontal remuneration comparison based on the remuneration paid to Management Board members) and, on the other hand, against the remuneration paid to those employees who report directly to the Management Board members (second level of management), as well as that paid to other employees within pbb Group (vertical remuneration comparison). The economic and financial situation of pbb Group is also taken into account when determining the remuneration.

In terms of the horizontal remuneration review, the Supervisory Board takes the following peer group into account (as at November 2022):

- Berlin Hyp AG
- Münchener Hypothekenbank eG
- Aareal Bank AG
- DZ HYP AG
- Landesbank Hessen-Thüringen Girozentrale
- Landesbank Baden-Württemberg
- Hamburg Commercial Bank AG
- UniCredit Bank AG
- Commerzbank AG
- DZ BANK AG

Due to the merger of Deutsche Hypothekenbank into Norddeutsche Landesbank on 1 July 2021, Deutsche Hypothekenbank is no longer included in the peer group, instead, Hamburg Commercial Bank is included as a private ECB-regulated institution with a “real estate” focus.

In order to conduct the horizontal remuneration review, pbb has positioned itself within the peer group on the basis of the indicators – total assets and number of employees – customarily used for this purpose.

As part of the vertical remuneration comparison, the Supervisory Board generally includes the remuneration paid to pbb Group’s senior management team, i.e. employees at the second level of management. It also looks at the remuneration paid to employees not covered, as well as those covered, by collective wage agreements. In its vertical comparison, the Supervisory Board checks whether the Management Board remuneration can be classed as appropriate based on the pay differential between the Management Board and the workforce as a whole.

The Supervisory Board also takes care to ensure that the remuneration system for members of the Management Board has a largely similar structure to the remuneration system for all employees in Germany and abroad. As a result, and with the exception of deviations required under supervisory law, the structure of the variable remuneration system for the members of the Management Board largely matches the structure of the variable remuneration paid to employees not covered by collective bargaining agreements who can exert a significant influence over the Bank’s risk profile (“risk takers”).

Non-performance-related Remuneration

The non-performance related fixed remuneration components comprise the basic annual remuneration, fringe benefits (in particular non-cash benefits) and the company pension scheme.

The basic annual remuneration is a fixed annual salary that is paid out in twelve equal monthly instalments. It is reviewed, and adjusted if appropriate, at regular intervals, using an external market survey. No automatic adjustment will take place.

In addition, pbb grants fringe benefits (non-cash benefits) to the members of the Management Board which are within the customary scope. These include the following fringe benefits in particular: pbb provides each member of the Management Board with a company car and a driver, also for their personal use. Due to the bank-wide abolishment of company cars, pbb will grant an economically equivalent payment to the members of the Management Board upon expiry of the respective lease agreement. In addition, the members of the Management Board are included in pbb’s D&O insurance scheme. pbb reimburses the Management Board members for the employer’s contribution to health and long-term

care insurance. Relocation costs are assumed to the extent, and in the amount, that is customary, in particular in cases involving new hires. For employees with dual residence, pbb covers the travel expenses for one trip home a week to their previous place of residence, as well as the costs for a second home at their place of work for a period that is generally limited to two years. Moreover, the Company has taken out a group accident insurance policy for the members of the Management Board (providing death and invalidity cover). The Management Board members pay taxes due on these benefits in kind for all the ancillary benefits referred to above.

The Management Board members are also entitled to company pension benefits which are described in a separate section below.

Non-performance-related Remuneration for the 2022 financial year

For the year 2022, the fixed remuneration of the members of the Management Board was increased for the first time since the year 2015, which previously amounted to € 500,000 gross per year. For the Chairman of the Management Board, the fixed remuneration has been set to € 550,000 gross per year since 2022; for the other members of the Management Board it has been set to € 525,000 gross per year.

Performance-related Variable Remuneration

The performance-related variable remuneration system is described in detail below. In particular, this information clarifies the link between the achievement of the performance criteria and the defined variable remuneration amount, any remuneration amount that may be redefined following backtesting and the malus test, and the amount paid out as part of the variable remuneration system. The information also explains when and in what form Management Board members have access to the variable remuneration components that have been defined.

pbb's variable remuneration system is in line with the regulatory requirements as set out in the CRD, the Commission Delegated Regulation (EU) 2021/923, the German Banking Act (*Kreditwesengesetz – "KWG"*), the InstVergV and the requirements of the AktG, and generally in line with the requirements set out in the GCGC. Regarding the deviations from the GCGC which exist with regard to the InstVergV, please refer to the declaration of compliance in accordance with section 161 of the AktG.

The variable remuneration is determined on the basis of an individual calculatory reference value agreed with each Management Board member in his or her service contract. The calculatory reference value is shown as an annual amount. This is a calculated value that reflects the amount of the allocation of variable remuneration on the basis of 100% target achievement at the three relevant levels, i.e. the institution's performance, the performance of the organisational unit (the Management Board member's respective division) and the Management Board member's individual performance. If the employment relationship is established or terminated during the year, the calculatory reference value is reduced accordingly pro rata temporis. This also applies to any periods of absence due to illness or for other reasons during which the member has no statutory or contractual entitlement to continued salary payments, as well as to periods during which the employment relationship is suspended.

The calculatory reference value for 2022 has been set at € 315,000 for the Chairman of the Management Board, and at € 240,000 for all other Management Board members. With effect from the year 2023, the calculatory reference value for the Chairman of the Management Board has been increased to € 350,000 and for each of the other members of the Management Board to € 270,000. The increase in the calculatory reference values is appropriate in a market comparison and takes into account the customary differentiation between the Chairman of the Management Board and the other members of the Management Board.

The variable remuneration allocated to each Management Board member for a given year is capped at 150% of his / her individual calculatory reference value.

According to section 25a (5) sentence 2 of the KWG, the variable remuneration may not exceed 100% of fixed remuneration. pbb's Annual General Meeting may increase this threshold to 200% of fixed remuneration. No such resolution has been taken by pbb's Annual General Meeting to date, and neither the Management Board nor the Supervisory Board intend to submit such a proposal to the Annual General Meeting.

Target-setting process

Before the start of every financial year, the Supervisory Board sets targets for the members of the Management Board. As described above, the targets are defined based on the business strategy. In addition, the quantitative targets are set on the basis of the multi-year plan, depending on the Management Board members' departmental responsibilities. The targets are aimed at ensuring success-oriented, sustainable and long-term corporate management.

Institutional targets

Before the start of every financial year, the Supervisory Board sets the institutional targets for all members of the Management Board based on the proposal put forward by the Remuneration Committee and defines the target value for 100% target achievement.

The performance of the institution is determined by adding together two equally-weighted key performance indicators, the target achievement levels for (adjusted) profit before taxes and the risk-reward ratio. The (adjusted) profit before tax resembles the profit before taxes, as reported in the financial statements (based on the audited and adopted consolidated financial statements in accordance with IFRS) and reflects pbb Group's overall performance, for which the Management Board is jointly responsible. The risk-reward ratio is calculated as the ratio between net margin times average portfolio volume and risk-weighted assets, and reflects client profitability and risk allocation. The Supervisory Board sets the target for the institution's performance at the beginning of each financial year at the latest. The target for (adjusted) profit before tax is defined as an amount in euros, while the target for the risk-reward ratio is expressed as a percentage.

| Key performance indicators | Definition | Weighting |
|----------------------------|--|-----------|
| Profit before tax | <ul style="list-style-type: none"> ■ reflects profit before taxes, as reported in the financial statements (consolidated figures in accordance with IFRS) ■ reflects the Bank's overall performance, for which the Management Board is jointly responsible | 50% |
| Risk-reward ratio | <ul style="list-style-type: none"> ■ is defined as the net margin from client business multiplied by portfolio volume, divided by risk-weighted assets ■ reflects client profitability and risk allocation | 50% |

Figure 1: Key performance indicators for the institution's performance

The target achievement level at the level of the institution depends on the achievement of the institution's targets for the remuneration year concerned and the two preceding financial years, with each year being assigned a weighting of one-third.

With a weighting of 60%, the institutional targets are the decisive factor for the overall target achievement level of the Management Board members in a given financial year.

Divisional/individual targets

In addition to the institutional targets, divisional and individual targets are defined with each Management Board member in a target agreement. These contribute 40% to the overall target achievement level and are defined based on the institutional targets and the plans for the financial year in question in accordance with the long-term/sustainable business strategy.

The Supervisory Board defines quantitative and qualitative targets, the bases for assessment and the target values that constitute 100% target achievement, as well as the weightings to be assigned to the targets, based on a proposal made by the Remuneration Committee.

The details about the targets and target achievement set for the 2022 financial year can be found in the section entitled "Targets and Target Achievement for the 2022 Financial Year".

Target achievement

After the end of every financial year, the Supervisory Board makes a decision, based on a recommendation by the Remuneration Committee, on the extent to which the targets have been achieved. 60% is allocated to the institution's performance, while 40% is allocated to the divisional and individual performance on a combined basis. The target achievement level is calculated based on the calculation basis/target values defined back when the targets were set.

The target achievement level at the level of the institution that is relevant to variable remuneration depends on the institution's performance for the remuneration year concerned and the two preceding financial years, with each year being assigned a weighting of one-third. The calculation is performed by comparing the planned target values against the actual values achieved for the financial year in question, based on the year-end results, and calculating the percentage target achievement level. An average percentage target achievement level is then calculated for the three relevant financial years.

In the event that extraordinary overall conditions arise that are beyond pbb Group's control, the Supervisory Board can increase or reduce the target achievement level at institutional level by up to 20 percentage points in order to neutralise positive and negative effects on the target achievement level as appropriate (known as 'modifiers'). The list of modifiers includes, for instance: short-term changes of regulatory requirements considered material to pbb Group, short-term macroeconomic events, one-off effects or foreign trade limitations due to the acquisition or disposal of material business units, particularly in the case of external M&A activities.

The target achievement level at divisional and individual level is determined separately for each target. For the quantitative targets, this is generally done by comparing the defined target value for 100% target achievement with the actual values achieved. For qualitative targets, the procedure involves the Supervisory Board evaluating the performance on the basis of the target value for 100% target achievement that was defined in advance. The average percentage target achievement level for each Management Board member (which is weighted depending on the target level) is calculated for each target at the divisional and individual level.

Target achievement can range from 0% to 150% at both the institutional and the divisional/individual level and is thus capped at 150%.

On the basis of the target achievement level at institutional, divisional and individual level as described above, a share of the calculatory reference value is calculated and allocated to each Management Board member as a variable remuneration amount for the financial year as follows (the envisaged personal reward value, "EPR value"):

The first step involves calculating the total variable remuneration amount for the Management Board members. This means adding up the calculatory reference values for the Management Board members and multiplying the amount by the target achievement level at institutional level, i.e. by the average percentage target achievement level for the three relevant financial years. The total variable remuneration amount calculated in this manner is allocated to the two levels of performance measurement, namely 60% to the institutional level ("institution pool") and 40% to the divisional and individual level ("division and individual pool").

In a second step, at the institutional level, the institution pool (60%) is allocated to the Management Board members, weighted based on the amount of the relevant calculatory reference value. At the joint divisional and individual performance level, the division and individual pool (40%) is distributed among the Management Board members, weighted based on the amount of the relevant calculatory reference value, and is then multiplied by the average percentage target achievement level for the individual targets at divisional and individual level. If the division and individual pool is insufficient to account for the target achievement level measured for all targets at the divisional and individual level, pro rata reductions are to be applied accordingly.

In a third step, the EPR value is calculated for each Management Board member as the sum of the value at institutional level and the value at the joint divisional and individual performance level. In principle, the calculatory EPR value allocated to the individual Management Board member can range between a minimum of 0% and a maximum of 150% of the relevant calculatory reference value.

When calculating the EPR value, the Supervisory Board also takes into account whether the Management Board member can be accused of any unethical behaviour or behaviour in breach of duties during the relevant assessment period. This inevitably leads to a reduction in the EPR value and cannot be offset by positive performance contributions.

In addition, the Supervisory Board reviews any negative performance contributions within the meaning of section 18 (5) of the InstVergV (malus test). In particular in the event of serious misconduct on the part of a member of the Management Board, it has the option of reducing the EPR value to an appropriate extent and even to zero if necessary (malus and clawback rule) (for details on the malus and clawback rule, please refer to the section below).

The Supervisory Board also reviews the financial conditions for disbursement in accordance with section 7 of the InstVergV. Based on this review, the Supervisory Board can reduce or cancel the variable remuneration due to a Management Board member. The Supervisory Board can also limit the EPR value in the event of extraordinary developments (e.g. windfall profits).

According to section 25a (5) sentence 2 of the KWG, the variable remuneration may not exceed 100% of fixed remuneration. pbb's Annual General Meeting may increase this threshold to 200% of fixed remuneration. No such resolution has been taken by pbb's Annual General Meeting to date, and neither the Management Board nor the Supervisory Board intend to submit such a proposal to the Annual General Meeting.

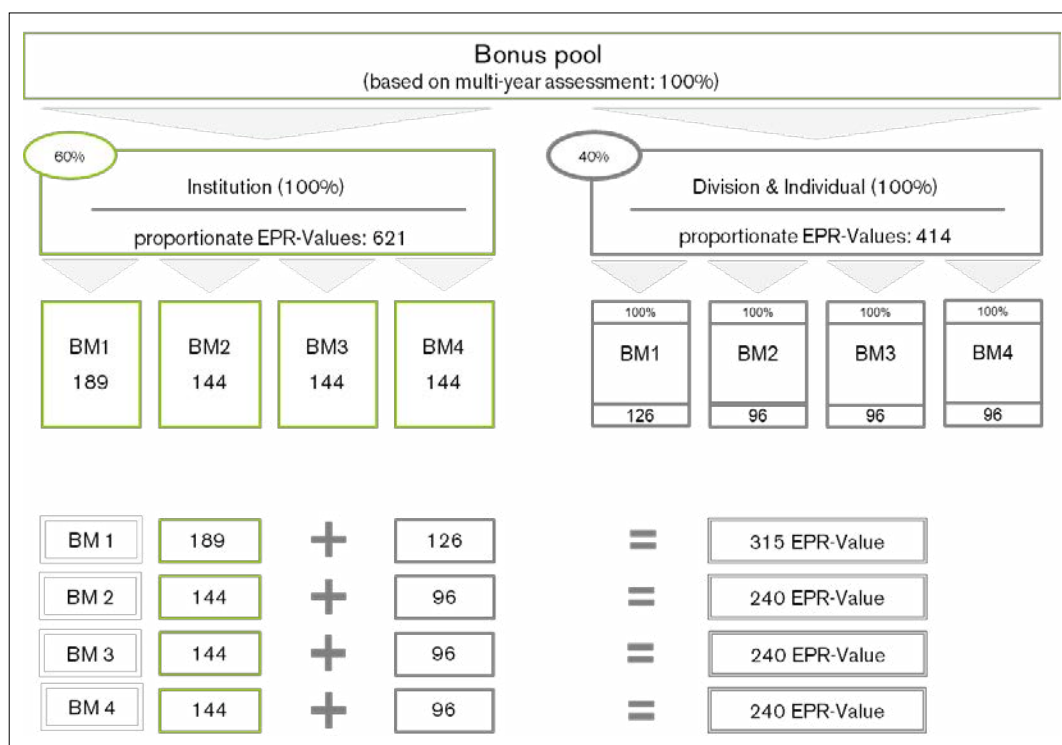


Figure 2: Calculation of the EPR value (sample calculation based on 100% target achievement at all levels of performance measurement); €'000

Examination of requirements according to section 7 of the InstVergV

The granting and disbursement of variable remuneration to Management Board members is subject to the prior determination of a total amount of variable remuneration by the Supervisory Board (taking into account the requirements of section 7 of the InstVergV). This amount is determined at the end of each financial year, within the framework of a formal and transparent process. The Supervisory Board uses relevant recovery threshold values, as set out in the recovery plan, as indicators. If the requirements are met, a total amount is made available for variable remuneration. If the requirements are not met or are only met to a limited extent, the Supervisory Board has to reduce or cancel the variable remuneration.

Disbursement structure: short-term and long-term variable remuneration

As a significant institution, as defined by section 1 (3c) of the KWG, pbb must in particular observe the requirements of section 20 of the InstVergV regarding variable remuneration of risk takers. Management Board members are risk takers. The disbursement structure of the variable remuneration for Management Board members is therefore generally subject to the following conditions:

The EPR value is broken down into a disbursement portion and a deferral portion, whereby the purpose of the latter includes establishing a multi-year assessment basis and thus – just like the multi-year measurement of the institution's success – gears the variable remuneration of the Management Board members upon the Company's long-term/sustainable performance.

The disbursement for Management Board members amounts to 40% of their personal EPR value, with the deferral portion amounting to 60%.

50% of the disbursement portion is generally paid out in cash at the end of the first half of the financial year following the remuneration year and in September of that year at the latest, provided that the disbursement conditions pursuant to section 7 of the InstVergV are met. The remaining 50% is disbursed after a holding period of one year, with the amount being adjusted in line with pbb's share price performance during the holding period (virtual shares; no physical share option programme). The applicable amount is translated into the corresponding number of virtual shares at the start of the holding period. The calculation of the number of virtual shares is based on the average Xetra closing price of the pbb share in February of the year subsequent to the financial year for which the variable remuneration is granted (subscription price). The resulting number of virtual shares is automatically converted into a cash amount after a holding period of one year, and is paid out with the variable remuneration for the financial year following the remuneration year. The conversion is based on the average Xetra closing price of the pbb share in February of the disbursement year (disbursement price). The EPR value portions linked to the sustainability component are granted on the basis of the performance of the pbb share during the retention period.

The deferral period for the deferral portion due to Management Board members is five years. In the five years following establishment of the EPR value, the Supervisory Board takes a resolution, every year, regarding the granting of one fifth of the deferral portion. The beneficiary may not claim the relevant remuneration component until the end of each deferral period. As soon as the Management Board members have the right to claim a deferred remuneration component, half of the respective deferral portion is paid out in cash. Another retention period of one year applies to the other half of the respective deferral portion, during which it is subject to a sustainable share performance according to the share-based sustainability component described earlier.

When granting / recalculating deferral portions at the end of the annual deferral period, the Supervisory Board takes the following aspects into account:

As part of a retrospective review of the variable remuneration (ex-post risk adjustment), the Supervisory Board checks any subsequent negative deviations affecting the performance of the institution, the organisational unit, or the individual Management Board member (back-testing). This retrospective performance evaluation allows the Supervisory Board to check whether the originally calculated target achievement level is still accurate in retrospect, e.g. whether risks were underestimated or were not identified or whether any unexpected losses have occurred. If the Supervisory Board finds that any targets were missed as part of the backtesting process, the deferral portion is to be reduced to the extent required to reduce the variable remuneration to the newly calculated level.

The Supervisory Board also checks whether the respective Management Board member can be accused of any unethical behaviour or behaviour in breach of duties during the relevant assessment period. This inevitably leads to a reduction in the deferral portion and cannot be offset by positive performance contributions.

In addition, the Supervisory Board reviews any negative performance contributions within the meaning of section 18 (5) of the InstVergV (malus test) and, in particular in the event of serious misconduct on the part of a member of the Management Board, has the option of cancelling variable remuneration components that have not yet been paid out, or of clawing back variable remuneration components that have already been paid from the Management Board member concerned (malus and clawback rule) (for details on the malus and clawback rule, please refer to the section below).

Finally, the Supervisory Board reviews the financial conditions for disbursement in accordance with section 7 of the InstVergV. Based on this review, the Supervisory Board can reduce or cancel the variable remuneration due to a Management Board member.

If a Management Board member ends his or her employment relationship as what is known as a “bad leaver”, pbb decides at its reasonable discretion whether, and to what extent, the variable remuneration portion that has not yet been re-calculated at the time the notice of termination is received will be forfeited. A member of the Management Board is considered to be a bad leaver if his or her employment relationship ends (also) due to legally effective extraordinary termination by the Company or due to unjustified extraordinary termination by the Management Board member. If the employment relationship ends before the variable remuneration portion that has not yet been determined has been paid out in full, without the Management Board member being classed as a bad leaver, the rules on the disbursement structure and the due date for payment remain unaffected.

In individual cases and to the extent that is permissible under supervisory law, the Supervisory Board can also, for the purposes of attracting new Management Board members, enter into agreements to compensate new Management Board members for remuneration entitlements they have forfeited under a previous employment relationship and/or agree on sign-on bonuses and/or an appropriate amount of guaranteed variable remuneration with the new Management Board member.

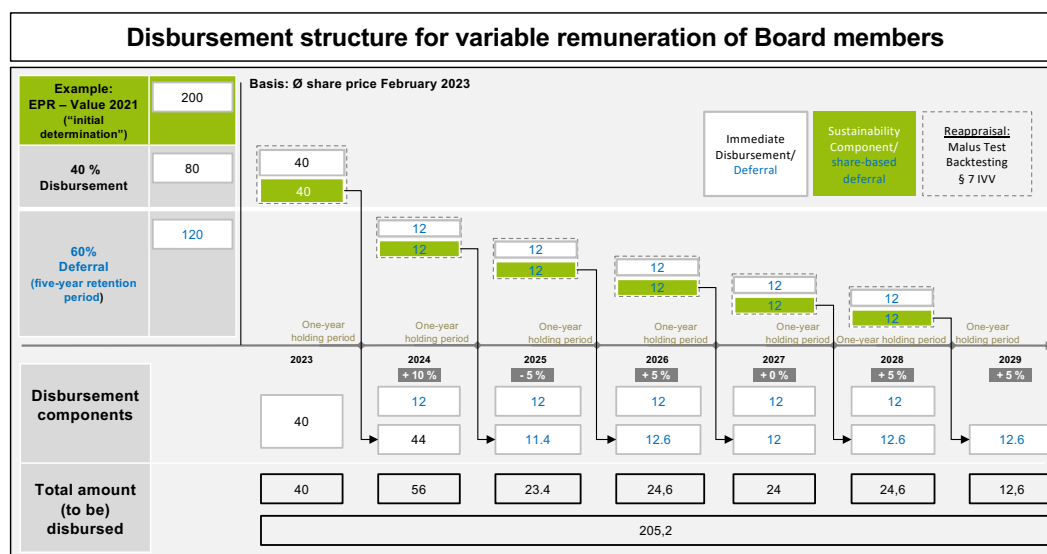


Figure 3: Disbursement system for variable remuneration for Management Board members (illustrative); € 000's

Malus and clawback

pbb has concluded agreements with the members of the Management Board regarding clawbacks of variable remuneration (“Clawback Agreement”). Under this agreement, all entitlements to payment of variable remuneration for the relevant assessment period that have not yet been paid out lapse, or the Management Board member is obliged to pay back the variable remuneration already paid out for the relevant assessment period, if he or she was significantly involved in, or responsible for, any behaviour which led to considerable losses, or material regulatory sanctions, for the Bank. The same applies if a Management Board member breached external or internal provisions related to suitability and conduct to a serious degree. pbb can claw back variable remuneration already paid out up to two years after the end of the retention period for the financial year concerned. In its specific implementation of the InstVergV criteria for clawback purposes, pbb Group considers and applies all regulatory requirements, taking the distinctive features of pbb Group’s business model and risk profile into account, and reflecting the overall sustainability aspects of the Company’s performance – as well as the synchronisation of Company performance and bonus payments.

Hedging ban (section 8 of the InstVergV)

The risk adjustment of variable remuneration must not be restricted or neutralised by way of hedging or other countermeasures, such as third-party contracts obliging the third party to make direct or indirect compensation payments to the Management Board member or employee in the event of a reduction of variable remuneration (insurance); this applies mutatis mutandis to derivatives designed to hedge price losses of pbb financial instruments.

pbb Group has taken appropriate measures to prevent hedging or other countermeasures of members of the Management Board and employees in this context. Moreover, the banning of hedging and other countermeasures is contractually regulated in individual employment agreements. Compliance with these agreements is subject to reviews (spot checks).

Targets and target achievement for the 2022 financial year

At its meeting on 10 November 2021, the Supervisory Board set the institutional target and the Management Board's divisional and individual targets for the 2022 financial year; the Supervisory Board determined target achievement levels at its meeting on 24 February 2023.

Institutional target: at 104.5%, the institution's performance exceeded the defined target value.

| Key performance indicators | Weighting | Target value | Actual value | Overall target achievement at pbb |
|----------------------------|-----------|--------------|--------------|-----------------------------------|
| Profit before taxes (€ mn) | 50 % | 200 – 220 | 213 | 104 % |
| Risk-reward ratio (%) | 50 % | 2.76 | 2.87 | |

Figure 4: Target achievement on institutional level in 2022

The average percentage target achievement level for the three relevant financial years 2022, 2021 and 2020 is 103 %.

Divisional and individual targets: at its meeting on 10 November 2021, the Supervisory Board set the divisional and individual targets for the members of the Management Board for the 2022 financial year.

Five corporate strategic priorities were determined as divisional targets, which were defined in line with the individual divisional responsibilities.

The divisional targets comprise two environmental, social and governance (ESG) targets, the embedding of the risk models in the overall management, as well as the creation and design of pbb Group's digitalisation initiatives. In addition, targets were set for conception and implementation of key strategic projects as part of the Bank's further strategic development.

The 2022 ESG target relevant to environmental and climate issues focused on the one hand on the alignment of pbb Group's business and risk strategy with ESG aspects and on the new business and portfolio planning aiming for a green asset share of 30 %. On the other hand, the Management Board was responsible for ex-post data collection, stocktaking and risk assessment of the portfolio in terms of ESG criteria and impending reporting obligations as well as the implementation of the ESG risk analysis into the credit process. Moreover, targets were set for the continuation of green bonds issuance and extensive ESG operationalisation in the departments and core banking processes. Through the promotion of young people and women, talent management and diversity, the Management Board once again focused on key social sustainability targets, which are complemented by targets for the further development of governance requirements.

With the objective of embedding the risk models in the Bank's overall management, this targeted the further establishment of internal rating models (IRBA models) *vis-à-vis* the supervisory authorities as well as in the overall management, and compliance with the planned RWA targets.

The creation and implementation of the digitalisation initiatives comprised in particular the implementation of the digital client portal and of measures for digital credit processes.

In addition, the conception and implementation of key strategic projects was defined as a strategic priority, especially regarding the diversification of the business model, expansion of the product range, portfolio growth and regional expansion.

In relation to the individual targets, the Chairman of the Management Board, Andreas Arndt was again responsible for the ongoing maintenance, selection and acquisition of strategic investors.

As the Management Board member responsible for Real Estate Finance, Thomas Köntgen's targets related to the results from client business in the REF segment, measured in terms of plan achievement, based on the KPIs of average margin, new business volume, and portfolio development.

As CRO, Andreas Schenk was responsible in particular for securing the constructive implementation of the risk strategy.

In his division, Marcus Schulte was responsible for Treasury and IT, defining quantitative and qualitative targets for funding and stable and efficient IT operations.

| | Andreas Arndt | Thomas Köntgen | Andreas Schenk | Marcus Schulte |
|---|---|---|--|---|
| ESG "E" | Alignment of the business strategy with ESG aspects, adjustment of the reporting, establishment of green asset ratio portfolio planning | Alignment of distribution activities with the implementation of the ESG strategy and with green investment and transition loans, as well as support of the portfolio transformation | Alignment of the risk strategy with ESG aspects, stocktaking and risk assessment of the portfolio regarding ESG criteria; ESG risk analysis in the credit process, establishment of an ESG credit risk reporting | Overall responsibility for ESG programme; expansion of sustainable finance; ESG portfolio data collection as well as ESG scoring of the REF loan portfolio; identification/reduction of pbb's CO2 footprint |
| ESG "S&G" | Promotion of young people and women, talent management and diversity; further development of governance requirements | Promotion of young people and women, talent management and diversity; further development of governance requirements | Promotion of young people and women, talent management and diversity; further development of governance requirements | Promotion of young people and women, talent management and diversity; further development of governance requirements |
| Digitalisation | Divisional digitalisation initiatives; in particular: Client Portal, digital credit workplace, CAPVERIANT | Divisional digitalisation initiatives; in particular: Client Portal, digital credit workplace | Divisional digitalisation initiatives; in particular: Client Portal, digital credit workplace | Divisional digitalisation initiatives; in particular: Client Portal, digital credit workplace, integration / expansion in existing IT architecture / infrastructure |
| Risk models and overall Bank management | Embedding the risk models in the overall Bank management | Embedding the risk models in the overall Bank management | Embedding the risk models in the overall Bank management | Embedding the risk models in the overall Bank management |
| Key strategic projects | Strategic projects, especially for the diversification of the business model, expansion of the product range, portfolio growth and regional expansion | Strategic projects, especially for the diversification of the business model, expansion of the product range, portfolio growth and regional expansion | Strategic projects, especially for the diversification of the business model, expansion of the product range, portfolio growth and regional expansion | Strategic projects, especially for the diversification of the business model, expansion of the product range, portfolio growth and regional expansion |
| Individual targets | Further broadening of the investor base | Results from client business in the REF segment – measured in terms of plan achievement, based on the KPIs of average margin, new business volume, and portfolio development | Constructive implementation of the risk strategy | Quantitative (refinancing according to planning) and qualitative (external representation of pbb as an issuer) funding targets, stable and efficient IT |
| Average target achievement level | 110% | 108% | 112% | 109% |
| Achievement level range | 93% – 130% | 100% – 120% | 100% – 125% | 100% – 125% |

Figure 5: Divisional/individual target achievement in 2022

Overall target achievement level for 2022: the overall target achievement of the Management Board members averages 110%, before applying the respective pro rata reductions.

Variable remuneration retained for previous years

At its meeting on 24 February 2023, the Supervisory Board decided on the recalculation of deferral portions for variable remuneration for 2016 to 2021. The review conducted by the Supervisory Board of the requirements for a malus and/or clawback and backtesting did not reveal any findings. The Supervisory Board therefore did not make use of the option to reduce or claw back any variable remuneration components.

REMUNERATION GRANTED AND OWED TO ACTIVE MANAGEMENT BOARD MEMBERS IN THE 2022 FINANCIAL YEAR.

The following tables show the remuneration granted and owed to active Management Board members in the financial years 2022 and 2021 in accordance with section 162 (1) sentence 1 of the AktG.

The tables contain all the amounts granted for their activities in the financial year under review (granted remuneration). This includes the fixed salary and ancillary benefits granted on the one hand and the one-year and multi-year variable remuneration on the other hand, some of which is share-based. The variable remuneration is reported at the value set initially by the Supervisory Board for the respective financial year. This facilitates transparent and understandable reporting that shows the correlation between the performance of the individual Management Board members and the remuneration granted for this in the period under review, even if the disbursement – especially of variable components – takes place after the end of the respective financial year.

The tables also include (on a voluntary basis) all amounts paid to the respective Management Board member in the financial years 2022 or 2021 from variable remuneration for previous years.

The pension expenses incurred as part of company pension schemes are reported separately in the section "Company pension scheme".

Minor differences may occur regarding the figures added, due to rounding.

Andreas Arndt

CEO/CFO

| | 2022 | | 2021 | |
|--|------------|-------------------------|------------|-------------------------|
| | €'000 | % of total remuneration | €'000 | % of total remuneration |
| Fixed remuneration | | | | |
| Fixed remuneration | 550 | 62% | 500 | 58% |
| Ancillary benefits ¹⁾ | 19 | 2% | 19 | 1% |
| Total | 569 | 64% | 519 | 59% |
| Variable remuneration for the financial year | | | | |
| One-year variable remuneration | 65 | 8% | 66 | 8% |
| Multi-year variable remuneration | | | | |
| Disbursement portion subject to holding period (second quarter 2023) | - | - | 66 | 8% |
| Disbursement portion subject to holding period (second quarter 2024) | 65 | 8% | - | - |
| Deferral (second quarter 2023) | - | - | 40 | 5% |
| Deferral (second quarter 2024) | 39 | 4% | 40 | 5% |
| Deferral (second quarter 2025) | 39 | 4% | 40 | 5% |
| Deferral (second quarter 2026) | 39 | 4% | 40 | 5% |
| Deferral (second quarter 2027) | 39 | 4% | 40 | 5% |
| Deferral (second quarter 2028) | 39 | 4% | - | - |
| Total remuneration | 894 | 100% | 851 | 100% |
| Additional voluntary information²⁾ | | | | |
| Variable remuneration 2021 | 66 | - | - | - |
| Variable remuneration 2020 | 112 | - | 68 | - |
| Variable remuneration 2019 | 30 | - | 49 | - |
| Variable remuneration 2018 | 38 | - | 33 | - |
| Variable remuneration 2017 | 27 | - | 24 | - |
| Variable remuneration 2016 | 32 | - | 28 | - |

¹⁾ Including expenses for taxable non-cash benefits within the customary scope.

²⁾ Statement of the variable remuneration paid out to the Management Board member in the 2022 or 2021 financial year from previous years.

Due to the performance of the share-based variable remuneration, the variable remuneration portion received in the 2022 financial year from multi-year remuneration for previous years is € 19 thousand higher overall than the amount determined at the beginning of the respective holding period.

Thomas Köntgen

Deputy Chairman of the Management Board,
Real Estate Finance

| | 2022 | | 2021 | |
|--|------------|-------------------------|------------|-------------------------|
| | €'000 | % of total remuneration | €'000 | % of total remuneration |
| Fixed remuneration | | | | |
| Fixed remuneration | 525 | 66% | 500 | 64% |
| Ancillary benefits ¹⁾ | 17 | 2% | 18 | 2% |
| Total | 542 | 68% | 518 | 66% |
| Variable remuneration for the financial year | | | | |
| One-year variable remuneration | 49 | 6% | 50 | 7% |
| Multi-year variable remuneration | | | | |
| Disbursement portion subject to holding period (second quarter 2023) | - | - | 50 | 7% |
| Disbursement portion subject to holding period (second quarter 2024) | 49 | 6% | - | - |
| Deferral (second quarter 2023) | - | - | 30 | 4% |
| Deferral (second quarter 2024) | 29 | 4% | 30 | 4% |
| Deferral (second quarter 2025) | 29 | 4% | 30 | 4% |
| Deferral (second quarter 2026) | 29 | 4% | 30 | 4% |
| Deferral (second quarter 2027) | 29 | 4% | 30 | 4% |
| Deferral (second quarter 2028) | 29 | 4% | - | - |
| Total remuneration | 785 | 100% | 768 | 100% |
| Additional voluntary information²⁾ | | | | |
| Variable remuneration 2021 | 50 | - | - | - |
| Variable remuneration 2020 | 84 | - | 51 | - |
| Variable remuneration 2019 | 26 | - | 42 | - |
| Variable remuneration 2018 | 31 | - | 27 | - |
| Variable remuneration 2017 | 27 | - | 24 | - |
| Variable remuneration 2016 | 32 | - | 28 | - |

¹⁾ Including expenses for taxable non-cash benefits within the customary scope.

²⁾ Statement of the variable remuneration paid out to the Management Board member in the 2022 or 2021 financial year from previous years.

Due to the performance of the share-based variable remuneration, the variable remuneration portion received in the 2022 financial year from multi-year remuneration for previous years is € 14 thousand higher overall than the amount determined at the beginning of the respective holding period.

Andreas Schenk

CRO

| | 2022 | | 2021 | |
|--|------------|-------------------------|------------|-------------------------|
| | €'000 | % of total remuneration | €'000 | % of total remuneration |
| Fixed remuneration | | | | |
| Fixed remuneration | 525 | 67% | 500 | 65% |
| Ancillary benefits ¹⁾ | 7 | 1% | 7 | 1% |
| Total | 532 | 68% | 507 | 66% |
| Variable remuneration for the financial year | | | | |
| One-year variable remuneration | 50 | 6% | 50 | 7% |
| Multi-year variable remuneration | | | | |
| Disbursement portion subject to holding period (second quarter 2023) | - | - | 50 | 7% |
| Disbursement portion subject to holding period (second quarter 2024) | 50 | 6% | - | - |
| Deferral (second quarter 2023) | - | - | 30 | 4% |
| Deferral (second quarter 2024) | 30 | 4% | 30 | 4% |
| Deferral (second quarter 2025) | 30 | 4% | 30 | 4% |
| Deferral (second quarter 2026) | 30 | 4% | 30 | 4% |
| Deferral (second quarter 2027) | 30 | 4% | 30 | 4% |
| Deferral (second quarter 2028) | 30 | 4% | - | - |
| Total remuneration | 782 | 100% | 757 | 100% |
| Additional voluntary information²⁾ | | | | |
| Variable remuneration 2021 | 50 | - | - | - |
| Variable remuneration 2020 | 85 | - | 52 | - |
| Variable remuneration 2019 | 25 | - | 41 | - |
| Variable remuneration 2018 | 31 | - | 27 | - |
| Variable remuneration 2017 | 27 | - | 24 | - |
| Variable remuneration 2016 | 32 | - | 28 | - |

¹⁾Including expenses for taxable non-cash benefits within the customary scope.

²⁾Statement of the variable remuneration paid out to the Management Board member in the 2022 or 2021 financial year from previous years.

Due to the performance of the share-based variable remuneration, the variable remuneration portion received in the 2022 financial year from multi-year remuneration for previous years is € 14 thousand higher overall than the amount determined at the beginning of the respective holding period.

Marcus Schulte

Treasurer

| | 2022 | | 2021 | |
|--|------------|-------------------------|------------|-------------------------|
| | €'000 | % of total remuneration | €'000 | % of total remuneration |
| Fixed remuneration | | | | |
| Fixed remuneration | 525 | 67% | 500 | 65% |
| Ancillary benefits ¹⁾ | 13 | 1% | 16 | 1% |
| Total | 538 | 68% | 516 | 66% |
| Variable remuneration for the financial year | | | | |
| One-year variable remuneration | 49 | 6% | 50 | 7% |
| Multi-year variable remuneration | | | | |
| Disbursement portion subject to holding period (second quarter 2023) | - | - | 50 | 7% |
| Disbursement portion subject to holding period (second quarter 2024) | 49 | 6% | - | - |
| Deferral (second quarter 2022) | - | - | 30 | 4% |
| Deferral (second quarter 2023) | 30 | 4% | 30 | 4% |
| Deferral (second quarter 2024) | 30 | 4% | 30 | 4% |
| Deferral (second quarter 2025) | 30 | 4% | 30 | 4% |
| Deferral (second quarter 2026) | 30 | 4% | 30 | 4% |
| Deferral (second quarter 2027) | 30 | 4% | - | - |
| Total remuneration | 786 | 100% | 766 | 100% |
| Additional voluntary information²⁾ | | | | |
| Variable remuneration 2021 | 50 | - | - | - |
| Variable remuneration 2020 | 85 | - | 52 | - |
| Variable remuneration 2019 | 25 | - | 41 | - |
| Variable remuneration 2018 ³⁾ | - | - | - | - |
| Variable remuneration 2017 ³⁾ | - | - | - | - |
| Variable remuneration 2016 ³⁾ | - | - | - | - |

¹⁾Including expenses for taxable non-cash benefits within the customary scope.

²⁾Statement of the variable remuneration paid out to the Management Board member in the 2022 or 2021 financial year from previous years.

³⁾Marcus Schulte joined pbb on 1 January 2017 and was appointed as member of the Management Board with effect from 1 January 2019. Only details about the activity as member of the Management Board are reported.

Due to the performance of the share-based variable remuneration, the variable remuneration portion received in the 2022 financial year from multi-year remuneration for previous years is € 14 thousand higher overall than the amount determined at the beginning of the respective holding period.

REMUNERATION GRANTED AND OWED TO FORMER MANAGEMENT BOARD MEMBERS

The following table shows the remuneration granted and owed to former Management Board members in the 2022 financial year in accordance with section 162 (1) sentence 1 of the AktG. Pursuant to section 162 (5) sentence 2 of the AktG, no personal details are provided for former members of the Management Board who left the Bank's Management Board prior to 31 December 2012.

Dr Bernhard Scholz

Member of the Management Board until 30 April 2017

| € 000's | <u>Benefits received</u> |
|---|--------------------------|
| | 2022 |
| Pensions | |
| Pension | 13 |
| Additional voluntary information | |
| Multi-year variable remuneration for 2016 | 32 |
| Multi-year variable remuneration for 2017 | 9 |

Due to the performance of the share-based variable remuneration, the variable remuneration portion received in the 2022 financial year from multi-year remuneration for previous years is € 1 thousand higher overall than the amount determined at the beginning of the respective holding period.

Pension payments of € 4,758 thousand were paid in 2022 to former members of the Management Board who had retired before 31 December 2012.

PENSION COMMITMENTS

Commitments to pension benefits for old age, and for occupational or general disability, were made to members of the Management Board who were in office in 2022, based on individual contractual agreements.

As member of pbb's Management Board, Andreas Arndt receives a pension in the amount of 5.2% of his basic annual remuneration for each completed year of service, subject to a cap of 60%. The pension entitlements are considered to be immediately vested. They may be drawn upon once the age of 62 has been reached. However, they shall be suspended as long as (and to the extent that) the service contract continues beyond the age of 62. The basic annual remuneration of € 550,000 p.a. applies as the relevant basic annual remuneration for the pension commitment as of 1 January 2022.

As member of pbb's Management Board, Thomas Köntgen receives a pension in the amount of 5.2% of his basic annual remuneration for each completed year of service, subject to a cap of 55%. The pension entitlements are considered to be immediately vested. They may be drawn upon once the age of 62 has been reached. However, they shall be suspended as long as (and to the extent that) the service contract continues beyond the age of 62. For all pension entitlements acquired up to 31 December 2021, the relevant basic annual remuneration is € 500,000; for all pension entitlements to be acquired since 1 January 2022, the relevant basic annual remuneration is € 525,000.

As member of pbb's Management Board, Andreas Schenk receives a pension in the amount of 5.2% of his basic annual remuneration for each completed year of service, subject to a cap of 50%. The pension entitlements are considered to be immediately vested. They may be drawn upon once the age of 63 has been reached. However, they shall be suspended as long as (and to the extent that) the service contract continues beyond the age of 63. For all pension entitlements acquired up to 31 December 2021, the relevant basic annual remuneration is € 500,000; for all pension entitlements to be acquired since 1 January 2022, the relevant basic annual remuneration is € 525,000.

Section 16 of the German Company Pensions Act (*Betriebsrentengesetz*) applies to the examination of whether pension benefits need to be adjusted after retirement.

pbb makes increased defined-contribution pension commitments to Marcus Schulte in the amount of € 310,000 p.a. with effect from 1 January 2022. The pension entitlements may be drawn upon once the age of 63 has been reached and may be paid out as a one-off payment or as pension payments. However, they shall be suspended as long as (and to the extent that) the service contract continues beyond the age of 63. Starting from the date of the first pension payment, the guaranteed amount is adjusted by 1% p.a.

In case of the death of a Management Board member, his or her spouse receives 60% of the pension entitlement. In addition, pensions to half-orphans or orphans are paid until the respective children reach the age of 18. Where a child is still in education beyond the age of 18, orphans' benefits will continue to be paid until conclusion of vocational training – however, not after the child has reached the age of 25. The total amounts received by half-orphans must not exceed 30% of the pension entitlement of the deceased Management Board member as long as the surviving spouse receives survivor benefits. Full orphans will jointly receive up to 60% of the pension of the deceased Management Board member. Surviving spouses and children from a marriage that the member of the Management Board enters into after retirement are not entitled.

Pension obligations to pbb Management Board members who were in office in the 2022 financial year (in accordance with IFRS)¹⁾

| | 2022 | | | | 2021 | | | |
|------------------------------|--|-------------------|--------------------|---------------------------------------|--|-------------------|--------------------|---------------------------------------|
| | Present value of pension claims earned during the financial year | Interest expenses | Past service costs | Pension obligations as at 31 Dec 2022 | Present value of pension claims earned during the financial year | Interest expenses | Past service costs | Pension obligations as at 31 Dec 2021 |
| € 000's | | | | | | | | |
| Andreas Arndt | 690 | 63 | - | 4,116 | 717 | 43 | 439 | 4,829 |
| Thomas Köntgen | 739 | 68 | - | 3,807 | 757 | 48 | - | 5,173 |
| Andreas Schenk | 693 | 61 | - | 2,939 | 715 | 43 | - | 4,643 |
| Marcus Schulte ²⁾ | - | - | - | - | - | - | - | - |
| Total | 2,122 | 192 | - | 10,862 | 2,189 | 134 | 439 | 14,645 |

¹⁾ Excluding deferred compensation.

²⁾ A defined-contribution pension commitment (no defined-benefit pension commitment) is in place for Marcus Schulte, so that no pension obligations have to be recognised.

The pension obligation for Dr Bernhard Scholz from his employment relationship amounts to € 272 thousand as at 31 December 2022 (€ 364 thousand as at 31 December 2021). The pension obligations for the other former members of the Management Board who had retired before 31 December 2012 amounted to € 41,059 thousand as at 31 December 2022.

Pension obligations to pbb Management Board members who were in office in the 2022 financial year (in accordance with HGB)¹⁾

| | 2022 | | 2021 | |
|------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
| | Pension provisions as at 31 Dec 2022 | Additions to pension provisions | Pension provisions as at 31 Dec 2021 | Additions to pension provisions |
| € 000's | | | | |
| Andreas Arndt | 6,686 | 1,539 | 5,147 | 1,276 |
| Thomas Köntgen | 6,338 | 1,782 | 4,556 | 1,059 |
| Andreas Schenk | 5,544 | 1,574 | 3,970 | 1,022 |
| Marcus Schulte ²⁾ | - | - | - | - |
| Total | 18,568 | 4,895 | 13,673 | 3,357 |

¹⁾ Excluding deferred compensation.

²⁾ A defined-contribution pension commitment (no defined-benefit pension commitment) is in place for Marcus Schulte, so that no pension obligations have to be recognised.

Pension provisions for Dr Bernhard Scholz from his employment relationship amount to € 380 thousand as at 31 December 2022 (€ 335 thousand at 31 December 2021). Pension provisions for the other former members of the Management Board who had retired before 31 December 2011 amounted to € 52,325 thousand as at 31 December 2022.

The fair value of the defined-contribution pension commitments for Marcus Schulte amounted to € 1,282 thousand as at 31 December 2022, taking the contributions from the years 2017 – 2021 into account.

Maximum remuneration

The Supervisory Board has set a maximum remuneration amount for the members of the Management Board.

The maximum remuneration is the maximum total remuneration to be granted in a given financial year, i.e. the sum of all remuneration amounts paid for the financial year in question, including the basic annual salary, performance-related variable remuneration, company pension expenses and fringe benefits.

The maximum remuneration does not represent the level of remuneration that the Supervisory Board is aiming for, or the level that is necessarily considered appropriate. It merely sets an absolute upper limit to avoid disproportionately high remuneration for Management Board members. This means that it can be clearly distinguished from the total target remuneration.

The maximum remuneration is € 2,200,000 for the Chairman of the Management Board and € 2,000,000 for ordinary members of the Management Board. Should the maximum remuneration for a financial year be exceeded, the disbursement amount of performance-related variable remuneration for the financial year in question will be reduced accordingly.

The actual remuneration granted or promised can exceed the defined maximum remuneration in the first twelve months after a new Management Board member takes up his or her position, provided that this is permissible under supervisory law and that the Supervisory Board has entered – in individual cases and for the purposes of attracting new Management Board members – into agreements to compensate new Management Board members for remuneration entitlements they have forfeited under a previous employment relationship and/or has agreed on sign-on bonuses and/or an appropriate amount of guaranteed variable remuneration with the new Management Board member.

Since the fifth and last (share-based) deferral portion of the variable remuneration for the 2022 financial year does not fall due before 2029, a final review whether the maximum remuneration has been complied with has to wait until a subsequent financial year. Irrespective of the defined maximum remuneration, the disbursement amounts for performance-related variable remuneration are also capped at 150% of the individually agreed calculatory reference value in any given calendar year.

Pursuant to section 25a (5) sentence 2 of the KWG, the variable remuneration must not exceed 100% of the fixed remuneration unless the threshold is increased by way of a resolution passed by the Annual General Meeting. Neither the Management Board nor the Supervisory Board intend to submit such a proposal to the Annual General Meeting. Pursuant to section 5 (5) sentence 3 of the InstVergV, guaranteed variable remuneration (including sign-on bonuses) can be disregarded when calculating the ratio of variable to fixed annual remuneration pursuant to section 25a (5) sentence 2 of the KWG if this remuneration was promised before the individual took up his or her position.

OTHER RULES

A claim to severance payments was neither agreed upon in the service contracts of the Management Board members nor elsewhere. Specifically, the service contracts entered into with the Management Board members do not contain any clauses for severance payments upon a change of control. Nor have compensation agreements, as defined in section 315a (1) no. 9 of the HGB, which provide for compensation in the event of a takeover bid, been entered into with Management Board members or employees. However, it has been agreed that if Management Board activities are terminated prematurely without good cause, a cap of two years' remuneration will apply to any severance payment agreed for Management Board members in such cases. The two years' remuneration represents twice the sum of the basic annual remuneration for the previous calendar year and the share of the calculatory variable remuneration attributable to the previous calendar year relating exclusively to the institution's performance. In this context, the Supervisory Board is entitled to determine a higher or lower amount for the share of the calculatory variable remuneration attributable to a given calendar year, if there is sufficient evidence that the institution's performance during the current calendar year will be higher or lower than its performance in the preceding calendar year. Furthermore, the severance payment would be limited to the extent that it must not exceed the remuneration due for the remaining term of the employment relationship.

To the best of our knowledge, no member of the Management Board received payments from or benefits committed upon by third parties, by reference to the office held as member of the Management Board during the year under review.

Supervisory Board

Remuneration for Supervisory Board members is specified in article 11 of the Articles of Association. The remuneration systems for the Supervisory Board complies with the relevant requirements under company law and regulatory provisions. Recently, the 2022 Annual General Meeting adopted such a resolution on the remuneration of the Supervisory Board members, which also included an amendment to article 11 of the Company's Articles of Association. With this amendment, the provision of attendance fees was abolished, while the fixed remuneration for membership on the Supervisory Board and its committees was moderately increased. Thus, as of 2022, in accordance with currently applicable law, remuneration for Supervisory Board members is no longer subject to VAT, reducing pbb's costs correspondingly. The remuneration system for Supervisory Board members and the proposed amendment of article 11 of the Articles of Association were passed by a majority of 98.47% of the valid votes cast. In accordance with the resolution of the Annual General Meeting, the amended Supervisory Board remuneration already applies for the entire financial year 2022.

In accordance with article 11 (1) of the Articles of Association, the members of the Supervisory Board receive a basic annual remuneration of € 40,000 – with the exception of the Chairman, who receives a basic annual remuneration of € 85,000, and the Deputy Chairman, who receives a basic annual remuneration of € 55,000.

The basic remuneration is increased by € 13,500 p.a. for any Executive and Nomination Committee member, and by € 23,500 p.a. for chairmanship of this committee. The basic remuneration is increased by € 18,500 p.a. for membership in the highly time-consuming Audit and Digitalisation Committee, and by € 33,500 p.a. for chairmanship of this committee. Any member of the Risk Management and Liquidity Strategy Committee receives an additional remuneration of € 17,500 p.a., and of € 32,500 p.a. for chairmanship of this committee. The basic remuneration is increased by € 12,500 p.a. for any member in another Supervisory Board committee, and by € 22,500 p.a. for chairmanship of the respective Supervisory Board committee. Remuneration entitlements accrue on a pro rata basis for the period of the appointment in each case.

The members of the Supervisory Board receive their remuneration plus statutory value-added tax. As set out above, the remuneration system for the Supervisory Board is, however, VAT-exempt in accordance with currently applicable law.

Furthermore, members of the Supervisory Board are reimbursed for their reasonable expenses.

pbb may take out a Directors & Officers (D&O) liability insurance policy in favour of members of the Supervisory Board, with a maximum annual aggregate cover of € 200 million, which covers statutory third-party liability claims which may arise from Supervisory Board work (including work on Supervisory Board committees), as well as any statutory third-party liability claims arising from Supervisory Board members' work on corporate bodies and committees of the institution's subordinated associates.

pbb has entered into a liability insurance policy with an aggregate cover of € 175 million, which covers all Supervisory Board members, all Management Board members, as well as certain specific other employees of pbb Group. The Management Board and the Supervisory Board are convinced that, given its risk profile, the aggregate cover is adequate. pbb shall bear the costs of this insurance. In addition, in the year 2022 pbb has taken out supplementary insurance cover for legacy risks.

Remuneration granted and owed to current and retired members of the Supervisory Board on the 2022 and 2021 financial year¹⁾

| €'000 | 2022 | | | | | 2021 |
|---|--------------|-------------------|-------------------------------------|-------------------|---------------------|-------|
| | Basic salary | % of remuneration | Remuneration for committee activity | % of remuneration | Total ³⁾ | Total |
| Dr Günther Bräunig | 85 | 49% | 88 | 51% | 173 | 154 |
| Gertraud Dirscherl (since 2 February 2022) | 36 | 42% | 51 | 58% | 87 | - |
| Dr Jutta Dönges (until 24 March 2021) | - | - | - | - | - | 21 |
| Dr Thomas Duhnkrack | 40 | 56% | 32 | 44% | 72 | 70 |
| Dr Christian Gebauer-Rochholz ⁴⁾ (until 12 May 2021) | - | - | - | - | - | 18 |
| Prof. Dr Kerstin Hennig (since 19 July 2022) | 18 | 72% | 7 | 28% | 25 | - |
| Dagmar Kollmann ⁵⁾ (until 31 October 2021) | - | - | - | - | - | 108 |
| Susanne Klöß-Braekler | 40 | 61% | 26 | 39% | 66 | 49 |
| Georg Kordick ⁴⁾ | 40 | 100% | 0 | - | 40 | 48 |
| Olaf Neumann ⁴⁾ | 40 | 100% | 0 | - | 40 | 30 |
| Joachim Plesser (until 12 May 2021) | - | - | - | - | - | 45 |
| Oliver Puhl (until 19 May 2022) | 15 | 68% | 7 | 32% | 22 | 68 |
| Hanns-Peter Storr | 55 | 52% | 51 | 48% | 106 | 71 |
| Heike Theißing ⁴⁾ | 40 | 76% | 13 | 24% | 53 | 62 |
| Total | 409 | - | 275 | - | 684 | 744 |

¹⁾ The cost of the D&O insurance policy taken out in favour of members of the Supervisory Board is not shown separately in this table, as pbb has entered into a group insurance policy. In addition to the Supervisory Board members, this also covers the members of the Management Board and certain other employees of pbb Group. The total cost of this D&O insurance amounts to approximately €1.427 million p.a. plus insurance tax. Remuneration received by the employee representatives on the Supervisory Board are not shown here either, as this is included in the employment contracts agreed with them.

²⁾ Minor differences may occur regarding the figures added, due to rounding. Deviations from the Note "Related party disclosures" in pbb Group's 2022 annual report are due to figures being rounded to €000's.

³⁾ In accordance with a change in case law on the VAT liability of Supervisory Board remuneration, no VAT was incurred for such remuneration for the year 2022. In contrast, some of the Supervisory Board remuneration for 2021 was still subject to VAT, so that the amounts reported for 2021 include this tax.

⁴⁾ Employee representative

⁵⁾ No statutory value-added tax applies due to the domicile abroad. pbb pays the Supervisory Board tax on behalf of the Supervisory Board member.

Comparison of earnings development and the annual change in remuneration

Pursuant to section 162 (1) sentence 2 no. 2 of the AktG, the follows table shows pbb Group's earnings development, the annual change in the remuneration paid to members of the Management Board and the Supervisory Board, as well as the annual change in the average remuneration paid to employees on a full-time equivalent basis over the last five financial years.

Earnings development is shown on the basis of pbb Group's profit before tax and operating income. Remuneration granted and owed within the meaning of section 162 (1) sentence 1 of the AktG to members of the Management Board and the Supervisory Board is shown in the respective year. The average remuneration paid to employees is shown on the basis of pbb Group's workforce (employees, excluding interns, temporary staff and working students). The workforce in the 2022 financial year comprised on average 782 employees (on a full-time equivalent basis). The average remuneration paid to employees comprises personnel expenses for wages and salaries, for ancillary benefits, for employer contributions to social insurance and for any variable remuneration component granted for the financial year, regardless of their due date. Earnings development and employee remuneration therefore each relate economically to one financial year.

Minor differences may occur regarding the figures added, due to rounding.

Results of operations

| € mn | 2018 | 2019 | Change in % | 2020 | Change in % | 2021 | Change in % | 2022 | Change in % |
|-------------------|------|------|-------------|------|-------------|------|-------------|------|-------------|
| Profit before tax | 215 | 216 | 0% | 151 | -30% | 242 | 60% | 213 | -12% |
| Operating income | 471 | 506 | 7% | 526 | 4% | 591 | 12% | 531 | -10% |

Average remuneration paid to employees¹⁾

| €'000 | 2018 | 2019 | Change in % | 2020 | Change in % | 2021 | Change in % | 2022 | Change in % |
|---------------------|------|------|-------------|------|-------------|------|-------------|------|-------------|
| pbb Group workforce | 138 | 146 | 6% | 140 | -4% | 147 | 5% | 146 | -1% |

¹⁾ Remuneration includes (positive and negative) inflows from multi-year variable remuneration, which are based on the development of the share-based remuneration.

Remuneration of current members of the Management Board

| €'000 | | 2018 | 2019 | Change in % | 2020 ²⁾ | Change in % | 2021 | Change in % | 2022 | Change in % |
|------------------------------------|------------------------------------|---------------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|
| Andreas Arndt (since Apr 2014) | remuneration | 813 | 795 | -2% | 859 | 8% | 851 | -1% | 893 | 5% |
| | Previous years' share-based inflow | (+22) ¹⁾ | (-14) ¹⁾ | - | (+36) ¹⁾ | - | (-36) ¹⁾ | - | (+19) ¹⁾ | - |
| Thomas Köntgen (since Oct 2014) | remuneration | 769 | 761 | -1% | 774 | 2% | 768 | -1% | 787 | 2% |
| | Previous years' share-based inflow | (+22) ¹⁾ | (-14) ¹⁾ | - | (+32) ¹⁾ | - | (-32) ¹⁾ | - | (+14) ¹⁾ | - |
| Andreas Schenk (since Mar 2014) | remuneration | 759 | 751 | -1% | 765 | 2% | 757 | -1% | 781 | 3% |
| | Previous years' share-based inflow | (+22) ¹⁾ | (-13) ¹⁾ | - | (+32) ¹⁾ | - | (-32) ¹⁾ | - | (+14) ¹⁾ | - |
| Marcus Schulte (since Jan 2019) | remuneration | - | 763 | - | 781 | 2% | 766 | 2% | 784 | 2% |
| | Previous years' share-based inflow | - | - | - | - | - | (-21) ¹⁾ | - | (+14) ¹⁾ | - |

¹⁾ Positive and negative inflows from multi-year variable remuneration, which are based on the development of the share-based remuneration.

²⁾ The calculatory reference value for 2020 for the Chairman of the Management Board was increased from € 240,000 to € 315,000 and the calculatory reference values for the ordinary Management Board members from € 200,000 to € 240,000.

Due to the share-based development of the multi-year variable remuneration, Dr Bernhard Scholz received € 22,000 in 2018 and € 8,000 in 2020. Due to the share-based development of the multi-year variable remuneration, the amount received in 2019 and 2021 was € 4,000 lower than the amount set at the beginning of the respective holding period. In 2022, the amount received was € 1,000.

Remuneration of current and former Supervisory Board members

| €'000 | 2018 | 2019 ¹⁾ | Change in % | 2020 | Change in % | 2021 | Change in % | 2022 ⁶⁾ | Change in % |
|--|------------------|--------------------|----------------|------|----------------|-------------------|----------------|--------------------|----------------|
| Dr Günther Bräunig | 167 | 174 | 4% | 171 | -2% | 154 | -10% | 173 | 12% |
| Gertraud Dirscherl (since 2 February 2022) | - | - | - | - | - | - | - | 87 ⁴⁾ | - |
| Dr Jutta Dönges (until 24 March 2021) | 36 | 87 | 59% | 86 | -1% | 21 ⁵⁾ | -76% | - | - |
| Dr Thomas Duhnkrack | 54 | 64 | 15% | 66 | 3% | 70 | 6% | 72 | 3% |
| Dr Christian Gebauer-Rochholz ²⁾ (until 12 May 2021) | 39 | 45 | 13% | 45 | 0% | 18 ⁵⁾ | -60% | - | - |
| Prof. Dr Kerstin Hennig (since 19 July 2022) | - | - | - | - | - | - | - | 25 ⁴⁾ | - |
| Dagmar Kollmann ³⁾ (until 31 October 2021) | 101 | 129 | 28% | 130 | 1% | 108 ⁵⁾ | -17% | - | - |
| Susanne Klöß-Braekler | - | - | - | - | - | 49 ⁴⁾ | - | 66 | 35% |
| Georg Kordick ²⁾ | 39 | 45 | 13% | 45 | 0% | 48 | 7% | 40 | -17% |
| Olaf Neumann ²⁾ | - | - | - | - | - | 30 ⁴⁾ | - | 40 | 33% |
| Joachim Plesser (until 12 May 2021) | 95 | 113 | 16% | 112 | -1% | 45 ⁵⁾ | -60% | - | - |
| Oliver Puhl (until 19 May 2022) | 53 | 65 | 18% | 65 | 0% | 68 | 4% | 22 ⁵⁾ | -68% |
| Hanns-Peter Storr | - | - | - | - | - | 71 ⁴⁾ | - | 106 | 49% |
| Heike Theißing ²⁾ | 54 | 60 | 10% | 59 | -2% | 62 | 5% | 53 | -15% |
| Dr Hedda von Wedel (until 21 June 2018) | 33 ⁵⁾ | - | - | - | - | - | - | - | - |

¹⁾ The remuneration of Supervisory Board members was adjusted with effect from 1 January 2019.

²⁾ Employee representative

³⁾ No statutory value-added tax applies due to the domicile abroad. pbb pays the Supervisory Board tax on behalf of the Supervisory Board member.

⁴⁾ Remuneration in year of joining

⁵⁾ Remuneration in year of retirement

⁶⁾ In accordance with a change in case law on the VAT liability of Supervisory Board remuneration, no VAT was incurred for such remuneration for the year 2022. In contrast, some of the Supervisory Board remuneration for previous years was still subject to VAT, so that the amounts reported for previous years include this tax.

Employees

Remuneration Components

In the financial year 2022, total remuneration of senior staff and employees comprised the following elements:

- Non-performance-related (monetary) remuneration, including social insurance and fringe benefits
- Performance-related variable remuneration

Non-performance-related Remuneration

All employees receive an annual fixed salary, which is reviewed – and adjusted if necessary – as part of an annual standard process. pbb Group uses functional and country-specific market comparisons for the determination of fixed salaries. The appropriateness and competitiveness of fixed salaries, and compliance with regulatory requirements, is subject to review by independent external remuneration and legal advisors.

Taking various tax and social security aspects into account, pbb Group offers its employees social insurance and fringe benefits. pbb Group established a series of company pension schemes in order to provide retirement benefits to employees.

Performance-related Variable Remuneration

The key elements of the variable remuneration system are harmonised for Management Board members and employees. This applies to the following elements:

- examination of requirements for determining the total amount of variable remuneration;
- risk-adjusted performance measurement parameters at the level of the institution;
- maximum level of target achievement (150%);
- disbursement structure for risk takers; and
- determination of the variable remuneration component on the basis of an individual calculatory reference value.

Performance Measurement

Employee performance is also measured on three levels: institutional, organisational unit (division) and individual performance. Allocation of variable remuneration is based on the achievement of qualitative and quantitative targets at both divisional and individual level – to the extent possible, reference shall be made to pbb Group's business and risk strategy; target achievement shall be determined for every division and every employee.

Employee performance measurement is based on a pool system which links the three levels of performance measurement. For this purpose, pbb compiles the calculatory reference values of all employees into a bonus pool, the total amount of which is based on institutional performance. The bonus pool is subsequently allocated to the different divisions: 50% is allocated based on divisional performance, and 50% based on institutional performance. Divisional bonus pools are allocated to the employees of the respective division on the basis of their individual performance. The share in the relevant divisional pool is allocated to each respective employee in the form of a calculatory EPR value. In principle, the calculatory EPR value allocated may range between a minimum of 0% and a maximum of 150% of the relevant personal calculatory reference value.

Disbursement Structure

Regarding the disbursement structure, pbb distinguishes between employees who have a material influence on pbb Group's overall risk profile (so-called risk takers), and other employees (so-called non-risk takers). If an employee becomes a risk taker in the course of a year for a period of at least three months, the risk-taker regulations apply to his/her variable remuneration earned during the entire financial year.

For non-risk takers, the EPR value corresponds to the variable remuneration, which is usually granted in cash at the end of the first half of the year subsequent to the financial year for which the variable remuneration is granted.

The requirements to the disbursement of variable remuneration, pursuant to section 20 of the InstVergV, were implemented on a uniform basis for Management Board members and employees. This applies in particular to:

- the deferral portion (60% for Management Board members and second-level managers; 40% for all other risk takers);
- the deferral period (five years for Management Board members and second-level managers; three or four years, respectively, for all other risk takers) and the rule governing the (pro rata) vesting of deferrals;
- the requirements for back-testing and malus tests as well as clawbacks; and
- the sustainability component.

Regarding risk takers who are employees, the Company implemented a threshold specific to the institution for annual variable remuneration, from which the deferral for risk takers is increased from 40% to 60% (employees with a particularly high level of variable remuneration, in accordance with section 20 (3) of the InstVergV). For employees in sales functions, the threshold was set at € 150,000. The threshold for non-sales employees was set at € 100,000, given their usually low variable remuneration. The threshold for pbb's employees in New York is higher than the threshold at other locations due to the overall higher local remuneration level in New York.

However, the separation of variable remuneration into a disbursement and a deferral portion does not apply if the EPR value established for an employee and a specific financial year is below the threshold value established for regulatory purposes.

For 2022, pbb identified risk takers according to section 18 of the InstVergV, in line with the criteria laid out in Delegated Regulation (EU) 2021/923. These criteria refer in particular to:

- function of senior manager or other form of executive position;
- lending authorities;
- voting rights in important committees; and
- remuneration of the employee.

In total, besides the four members of the Management Board, a further 110 employees (2021: 106 risk takers, of which 93 employees) were identified as risk takers in 2022. The Management Board informed the Supervisory Board concerning the identified risk takers, while details of the internal risk analysis were documented.

Governance of the Remuneration System

pbb established a two-tier organisational and management structure in line with the AktG: it comprises the Supervisory Board as an independent supervisory body, and the Management Board, responsible for the management of the Bank. The Supervisory Board monitors, determines, and is responsible for the remuneration of the Management Board members, while the Management Board monitors, determines, and is responsible for the remuneration systems pertaining to senior staff and other employees of the pbb Group; in addition, the Management Board ratifies the amount and allocation of the remuneration granted. In accordance with section 111 (4) of the AktG, the Supervisory Board has introduced a requirement that the remuneration system for employees requires Supervisory Board approval.

In line with the regulatory requirements as set by the KWG and the InstVergV, pbb's remuneration governance comprises the Remuneration Committee established by the Supervisory Board, and the Remuneration Officer appointed by the Management Board.

The Remuneration Committee supports the Supervisory Board in ensuring that the remuneration systems for the members of the Management Board have an appropriate structure, and prepares Supervisory Board resolutions on the remuneration of Management Board members. This includes in particular the preparation of Supervisory Board resolutions regarding the determination of the total amount available for variable remuneration as well as the determination of appropriate remuneration parameters, performance contributions, performance and retention periods, the conditions for partial or full reduction, or clawback, of variable remuneration. In addition, the Remuneration Committee supports the Supervisory Board with a regular – at least annual – review considering the appropriateness of the regulations of the remuneration system established by the Supervisory Board.

Furthermore, the Remuneration Committee monitors the appropriate structure of the remuneration systems for employees, and in particular for the heads of Risk Controlling and Compliance, and for risk takers. In this context, the Remuneration Committee assesses the effects of the remuneration systems on the Group's risk, capital, and liquidity management.

In addition, the Remuneration Committee supports the Supervisory Board in monitoring the proper inclusion of internal control instances and any other relevant areas in the structuring of remuneration systems. As part of its duties, the Remuneration Committee assesses the impact of remuneration systems on the Bank's risk, capital and liquidity situation; it also ensures that remuneration systems are in line with (i) the Bank's business strategy (which is geared towards the Bank's sustainable development) and the risk strategies derived from such strategy, as well as (ii) the remuneration strategies at institutional and Group level.

The Remuneration Committee consists of the Supervisory Board's Chairman, two members of the shareholders' representatives as well as one employee representative. The Remuneration Committee convened four times during 2022.

pbb appointed a Remuneration Officer and a deputy in order to ensure appropriate, sustained and effective monitoring of employee remuneration. The Remuneration Officer is responsible for the constant monitoring of the appropriateness of pbb's remuneration systems for employees. Therefore, the Remuneration Officer is involved with the ongoing processes regarding remuneration systems, both in terms of the conceptual and further redevelopment of such systems, as well as with regard to their current implementation. An institutional reporting channel was established for the Remuneration Officer to report directly – i.e. excluding involvement of the Management Board – to the chair of the Remuneration Committee. At least once per year, the Remuneration Officer produces a remuneration report containing an assessment of the appropriateness of the remuneration systems for employees (section 24 of the InstVergV).

Munich/Germany, 17 March 2023

Deutsche Pfandbriefbank AG
The Management Board

Deutsche Pfandbriefbank AG
The Supervisory Board

Signed:
Andreas Arndt

Signed:
Andreas Schenk

Signed:
Dr. Günther Bräunig

CEO/CFO

CRO

Chairman

Report of the independent auditor on the audit of the remuneration report in accordance with Section 162 (3) AktG

To Deutsche Pfandbriefbank AG, Munich/Germany

Audit Opinion

We conducted a formal audit of the remuneration report of Deutsche Pfandbriefbank AG, Munich/Germany, for the financial year from 1 January to 31 December 2022, to assess whether the disclosures required under section 162 (1) and (2) German Stock Corporation Act (AktG) have been made in the remuneration report. In accordance with section 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required under section 162 (1) and (2) AktG have been made, in all material respects, in the accompanying remuneration report. Our audit opinion does not cover the content of the remuneration report.

Basis for the Audit Opinion

We conducted our audit of the remuneration report in accordance with Section 162 (3) AktG and in compliance with the *IDW Auditing Standard: Audit of the Remuneration Report pursuant to Section 162 (3) AktG (IDW AuS 870 (08.2021))*. Our responsibilities under those requirements and this standard are further described in the "Auditor's Responsibilities" section of our auditor's report. Our audit firm has applied the requirements of the *IDW Quality Assurance Standard: Quality Assurance Requirements in Audit Practices (IDW QS 1)*. We have fulfilled our professional responsibilities in accordance with the German Public Auditor Act (WPO) and the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) including the requirements on independence.

Responsibilities of the Executive Board and the Supervisory Board

The executive board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the disclosures required under section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report, and to express an opinion on this in a report.

We planned and conducted our audit in such a way to be able to determine whether the remuneration report is formally complete by comparing the disclosures made in the remuneration report with the disclosures required under section 162 (1) and (2) AktG. In accordance with section 162 (3) AktG, we have neither audited the correctness of the content of the disclosures, nor the completeness of the content of the individual disclosures, nor the adequate presentation of the remuneration report.

Handling of possible misrepresentations

In connection with our audit, our responsibility is to read the remuneration report taking into account our knowledge obtained in the financial statement audit while remaining attentive to any signs of misrepresentations in the remuneration report regarding the correctness of the disclosures' contents, the completeness of individual disclosures' contents or the adequate presentation of the remuneration report.

If, based on the work we have performed, we conclude that there is such a misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Munich / Germany, 17 March 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Prof. Dr. Carl-Friedrich Leuschner

Wirtschaftsprüfer
(German Public Auditor)

Signed:
Martin Kopatschek

Wirtschaftsprüfer
(German Public Auditor)