Joint Report

of the Managing Board of
Siemens Aktiengesellschaft,
Berlin and Munich,

and Management of
Siemens Bank GmbH,
Munich,

in accordance with Section 293a of the German Stock Corporation Act (AktG)

on the

Agreement Amending the Profit-and-Loss Transfer Agreement

between

Siemens Aktiengesellschaft,
Berlin and Munich,
and
Siemens Bank GmbH,
Munich

1. Introduction

On October 29/November 5, 2010, Siemens Aktiengesellschaft, with its registered offices in Berlin and Munich, registered with the Commercial Registry of the Berlin Charlottenburg District Court under HRB 12300 B and with the Commercial Registry of the Munich District Court under HRB 6684 (hereinafter referred to as "Siemens AG"), and Siemens Bank GmbH, with its registered offices in Munich, registered with the Commercial Registry of the Munich District Court under 185214 (hereinafter referred to as "Subsidiary"), concluded a Profit-and-Loss Transfer Agreement, under which the Subsidiary undertakes to transfer its entire profits to Siemens AG. In turn, Siemens AG undertakes to assume the losses of the Subsidiary. The Subsidiary was still operating under the name Siemens Finance GmbH at the time the Profit-and-Loss Transfer Agreement was concluded. The Annual Shareholders' Meeting of Siemens AG approved the Profit-and-Loss Transfer Agreement under Agenda Item 12 on January 25, 2011, after the General Meeting (*Gesellschafterversammlung*) of the Subsidiary had previously given its approval on December 10, 2010. The Profit-and-Loss Transfer Agreement became effective by its registration in the Commercial Registry of the Subsidiary on April 4, 2011.

As a result of the Profit-and-Loss Transfer Agreement, an integrated intercompany relationship between Siemens AG and the Subsidiary exists for both corporate tax and trade tax purposes.

Amendments to the legal framework have now meant that the Profit-and-Loss Transfer Agreement must be modified. Consequently, Siemens AG and the Subsidiary concluded an agreement containing amendments to individual provisions of the Profit-and-Loss Transfer Agreement ("Amendment Agreement") on November 27, 2020.

The Managing Board of Siemens AG and Management of the Subsidiary have jointly prepared the following report on the Amendment Agreement in accordance with Section 293a of the German Stock Corporation Act (AktG).

2. Parties

The parties are Siemens AG and Siemens Bank GmbH. Siemens AG is still the sole shareholder of the Subsidiary.

2.1 Siemens AG

Siemens AG is the parent company of the Siemens Group, which mainly operates worldwide in the fields of industry, infrastructure, transportation and – through its majority stake in the listed company Siemens Healthineers – healthcare. The Energy division was spun off and is run by the listed company Siemens Energy AG, in which Siemens has been a shareholder that is not fully consolidated and has held only a minority stake since September 25, 2020. The Siemens Group employed around 293,000 people on September 30, 2020.

The Managing Board of Siemens AG has the following members: Joe Kaeser (President and CEO), Dr. Roland Busch (Deputy CEO), Klaus Helmrich, Cedrik Neike, Matthias Rebellius, Prof. Dr. Ralf P. Thomas and Judith Wiese.

The Supervisory Board has the following members: Jim Hagemann Snabe (Chairman), Birgit Steinborn (First Deputy Chairwoman), Werner Wenning (Second Deputy Chairman), Tobias Bäumler, Dr. Werner Brandt, Michael Diekmann, Dr. Andrea Fehrmann, Bettina Haller, Harald Kern, Jürgen Kerner, Dr. Nicola Leibinger-Kammüller, Benoît Potier, Hagen Reimer, Dr.-Ing. Dr.-Ing. E. h. Norbert Reithofer, Baroness Nemat Shafik (DBE, DPhil), Dr. Nathalie von Siemens, Michael Sigmund, Dorothea Simon, Matthias Zachert and Gunnar Zukunft.

2.2 Siemens Bank GmbH

The main changes at the Subsidiary since the Profit-and-Loss Transfer Agreement was concluded are as follows:

With the notification dated November 30, 2011, the Subsidiary received permission from the German Federal Financial Supervisory Authority (BaFin) to conduct banking business in accordance with Section 32 of the German Banking Act (KWG) in the form of deposit business, loan business and guaranty business and to conduct proprietary business. The object of the company as currently specified in the Commercial Registry is: "Conduct of banking business in the form of deposit business (Section 1 (1) sentence 2 number 1 of the German Banking Act (KWG), loan business (Section 1 (1) sentence 2 number 2 KWG) and guaranty business (Section 1 (1) sentence 2 number 8 KWG), conduct of proprietary business (Section 32 (1a) KWG) and the provision of other services, where that appears directly or indirectly conducive to promoting the business of Siemens AG and its affiliated companies."

The Subsidiary's subscribed capital is still €5,000,000.00. Siemens AG contributed liquid funds to the Subsidiary's capital reserves in several steps, the last time being on December 2, 2013. They now total €995,000,000.00.

Since the Subsidiary began operating as a bank, its business model has essentially been and still is based on three pillars:

- Loan and guaranty business: In loan business, which is the Subsidiary's core business, the emphasis is on medium- to long-term financing, focusing on corporate customers, project companies and public sector borrowers. Guaranties are extended in particular as part of project financing, but currently play a minor role.

- Deposit and treasury business: The focus of deposit business is on taking in and investing call money and term deposits from Group companies and selected institutional third parties. The treasury business comprises Group financing activities and asset liability management, including management of a portfolio of highly liquid assets.

- Service business: Key resources for managing financial risks and handling financial transactions of the Siemens Group are pooled at the Subsidiary. They are not only used to run the bank's own operations. The Subsidiary also provides services to companies in the Siemens Group.

The Subsidiary does not conduct retail banking business and does not run a trading book.

The Subsidiary continually examines whether and how changes at the Siemens Group may necessitate adjustment to its business model so that it can fulfill its purpose of promoting the Siemens Group's business. That may result in changes to the product portfolio and scope of its license.

The Subsidiary also conducts loan and guaranty business internationally, both directly in other EU countries and through branches in London and Singapore. The branch in Singapore is a merchant bank that is supervised locally by the Monetary Authority of Singapore (MAS).

The Subsidiary's Management has the following members: Mr. Roland Wilhelm Chalons-Browne (CEO), Dr. Ingeborg Anna Hampl and Dr. Christoph Baumgarten.

The Subsidiary's Supervisory Board, which was formerly called the Advisory Board, has the following members: Ms. Veronika Bienert (CFO of Siemens Financial Services) as Chairwoman and Dr. Peter Rathgeb (Corporate Treasurer of Siemens AG) as Deputy Chairman.

On September 30, 2020, the Subsidiary employed 230 people, of whom 33 worked at the London branch and 22 at the Singapore branch.

The Subsidiary's financial condition and results of operations according to the Annual Financial Statements as of September 30, 2020, which were prepared on the basis of the German Commercial Code (HGB), is as follows: The business has interest income, commission income and other operating income of around €262 million. The result from ordinary activities is around €73.7 million. Earnings after tax, which were transferred to Siemens AG for fiscal year 2020 under the existing Profit-and-Loss Transfer Agreement, are around €61.3 million. Total assets are around €8,164 million.

The Subsidiary has transferred profits to Siemens AG every year since the Profit-and-Loss Transfer Agreement was concluded. There has been no compensation for losses to date.

As far as is currently foreseeable, the Subsidiary's financial condition and results of operations – now and as expected on the basis of current assessments – do not indicate that the Subsidiary might assert its rights to demand that Siemens AG assume losses in fiscal years 2021 to 2023.

3. Legal and economic reasons for concluding the Amendment Agreement; effects of the Amendment Agreement

Amendments to the legal framework meant that the Profit-and-Loss Transfer Agreement must be modified.

First, an amendment to Article 28 (3) of Regulation (EU) No 575/2013 (Capital Requirements Regulation (CRR)) came into force on June 27, 2019. So that the equity of the Subsidiary can qualify as "Common Equity Tier 1 capital" under the regulatory framework if there is a Profit-and-Loss Transfer Agreement, Article 28 (3) CRR now stipulates, among other things, that (i) allocation of part or all of the profit as retained earnings within the meaning of Section 272 (3) of the German Commercial Code (HGB) or as a special item for general banking risks within the meaning of Section 340g of the German Commercial Code (HGB) is a discretionary decision by the Subsidiary (controlled company) and (ii) the Agreement must have a notice period under which it can be terminated with effect only at the end of a fiscal year, without that entailing any change to the parent company's obligation to fully compensate the Subsidiary for all losses incurred during the current fiscal year.

Moreover, German lawmakers are planning to supplement Article 28 (3) CRR under what is termed the Risk Reduction Act (*Risikoreduzierungsgesetz*). The draft law dated September 23, 2020 envisages supplementing Section 10 (5) of the German Banking Act (KWG) to the effect that Sections 297 (1), 304 (4) and 305 (5) sentence 4 of the German Stock Corporation Act (AktG) are not applicable if capital is provided for use as own funds. In particular, the extraordinary right of termination in accordance with Section 297 (1) of the German Stock Corporation Act (AktG) would be relevant to the Profit-and-

Loss Transfer Agreement. The amendment to Section 10 (5) of the German Banking Act (KWG) is expected to come into force on December 29, 2020.

In order to satisfy these regulatory requirements – some of which have already been enacted and some of which are planned – and also to continue leveraging the potential tax benefits due to the integrated inter-company relationship, Siemens AG has concluded the Amendment Agreement with the Subsidiary. The integrated inter-company relationship for corporate tax and trade tax purposes between Siemens AG and the Subsidiary, the establishment of which was why the Profit-and-Loss Transfer Agreement was concluded in 2010, can thereby still be safeguarded. As a result of the integrated inter-company relationship, profits and losses of the Subsidiary (the controlled company) can continue to be ascribed directly to Siemens AG (the controlling company) under fiscal law, and positive and negative earnings can be offset against tax at the level of Siemens AG. That may result in tax advantages, depending on the taxable earnings of the companies involved.

By concluding the Profit-and-Loss Transfer Agreement, Siemens AG undertook to assume the Subsidiary's losses in accordance with the provisions in Section 302 of the German Stock Corporation Act (AktG). That obligation will remain in effect after conclusion of the Amendment Agreement. Apart from that, there are no special consequences as a result of the conclusion of the Amendment Agreement, in particular because no compensation payment or financial settlement is owed to outside shareholders.

4. Alternatives to concluding the Amendment Agreement

There is no economically reasonable alternative to concluding the Amendment Agreement.

The Profit-and-Loss Transfer Agreement can be adapted to the above-described changes to the legal framework only through the conclusion of the Amendment Agreement.

Without such an Amendment Agreement, the Subsidiary's equity would no longer meet the requirements for qualifying as Common Equity Tier 1 capital under banking supervision law. That could mean that the Subsidiary is no longer able to fulfill its business purpose unless it terminates the Profit-and-Loss Transfer Agreement at the next possible opportunity. In turn, termination of the Profit-and-Loss Transfer Agreement would entail tax disadvantages for the Siemens Group. An integrated inter-company relationship for corporate tax and trade tax purposes would then no longer exist between Siemens AG and the Subsidiary. Profits and losses of the Subsidiary (the controlled company) could no longer be ascribed directly to Siemens AG (the controlling company) under fiscal law. As a result, positive and negative earnings might no longer be able to be offset against tax at the Group level. At most, profits made by the Subsidiary could be paid over to Siemens AG by way of a dividend distribution. In that case, 5% of the dividend distribution at Siemens AG would be subject to corporate tax and trade tax under current fiscal law.

5. Explanation of the Amendment Agreement

The Amendment Agreement modifies individual provisions of the Profit-and-Loss Transfer Agreement, an intercompany agreement as defined by Section 291 (1) sentence 1 of the German Stock Corporation Act (AktG). The provisions of Sections 293 to 294 of the German Stock Corporation Act (AktG) governing intercompany agreements apply *mutatis mutandis* to the Amendment Agreement in accordance with Section 295 (1) sentence 2 of the German Stock Corporation Act (AktG). Consequently, the Amendment Agreement must be approved by the Annual Shareholders' Meeting of Siemens AG and by the General Meeting (*Gesellschafterversammlung*) of the Subsidiary and must be registered in the Commercial Registry at the domicile of the Subsidiary. The Amendment Agreement will be submitted for approval to the Annual Shareholders' Meeting of Siemens AG on February 3, 2021, and to the General Meeting (*Gesellschafterversammlung*) of the Subsidiary, probably in December 2020. The Amendment Agreement will become effective upon registration in the Commercial Registry of the Subsidiary.

The following should be noted in relation to the individual provisions of the Amendment Agreement:

Number 1 (amendment to the preamble)

The preamble to the Profit-and-Loss Transfer Agreement is to be adapted to the changes that have been made in the meantime, namely renaming the Subsidiary from Siemens Finance GmbH to Siemens Bank GmbH and granting permission to conduct banking business that the Subsidiary did not apply for until the time when the Profit-and-Loss Transfer Agreement was concluded.

Number 2 (amendment to Articles 1.2 and 1.3)

In accordance with the amended Article 1.2, the Subsidiary may appropriate amounts from the net income to other retained earnings pursuant to Section 272 (3) of the German Commercial Code (HGB) or to the special item "Fund for general banking risks" in accordance with Section 340g of the German Commercial Code (HGB) insofar as this is permitted under commercial law and, in relation to allocation to other retained earnings, is economically justified based on reasonable business judgment or, in relation to allocation to the special item "Fund for general banking risks," is necessary based on reasonable business judgment due to the special risks of its line of business as a credit institution.

Article 28 (3) subparagraph 2 (d) CRR specifies that, in preparing its annual financial statements, the Subsidiary has discretion to reduce the amount it distributes as dividends by appropriating its profits in whole or part to its own reserves or the "Fund for general banking risks" before transferring profits to its parent company. The amended Article 1.2 reflects this by explicitly mentioning the possibility of appropriating amounts from the net income to the special item "Fund for general banking risks" in accordance with Section 340g of the German Commercial Code (HGB) provided that this is permitted under commercial law and is necessary based on reasonable business judgment due to the special risks of its line of business as a credit institution and also by removing the requirement for Siemens AG to give its consent to any appropriation made to other retained earnings. That means that, subject to the above conditions, the Subsidiary can approve without Siemens AG's consent whether and to what extent amounts are appropriated to retained earnings before profits are transferred to Siemens AG.

In accordance with the amended Article 1.3, upon request by Siemens AG, amounts appropriated to other retained earnings pursuant to Section 272 (3) of the German Commercial Code (HGB) during the term of the Profit-and-Loss Transfer Agreement are to be released and used to compensate a net loss or be transferred as profits. The release of other retained earnings for the purpose of transferring profits shall be subject to the proviso that the Subsidiary has sufficient equity, in part to allow for the intended transfer of profits. The transfer of additional paid-in capital and retained earnings existing prior to the date of the Agreement shall be excluded.

Article 1.3 is supplemented by a provision whereby the release of other retained earnings for the purpose of transferring profits shall be subject to the proviso that the Subsidiary has sufficient equity to conduct banking business, in part to allow for the intended transfer of profits. This amendment supplements the amendment to Article 1.2 and protects the Subsidiary's equity base. Other retained earnings set up by the Subsidiary are not allowed to be released in the future at the request of Siemens AG for the purpose of transferring profits if that means the Subsidiary would no longer have adequate equity resources. The Subsidiary has a degree of discretion here.

The above-mentioned amendments to Article 1.2 and Article 1.3 do not stand in the way of the existence of an integrated inter-company relationship for corporate tax and trade tax purposes.

Number 3 (amendment to Article 3.3 sentence 1)

In accordance with the amended Article 3.3 sentence 1, unless terminated earlier on mandatory legal grounds, the Profit-and-Loss Transfer Agreement has a fixed term of five (5) years as from the beginning of the Subsidiary's fiscal year in which the Agreement becomes effective by registration in the Commercial Registry at the domicile of the Subsidiary. Thereafter, the Agreement shall be automatically renewed for successive one (1) year terms unless terminated by either party upon two (2) weeks' notice prior to the end of the Subsidiary's fiscal year.

Article 28 (3) subparagraph 2 (f) CRR specifies that the Profit-and-Loss Transfer Agreement must have a notice period under which it can be terminated only at the end of a fiscal year – with effect from the start of the next fiscal year at the earliest –, without that entailing any change to the parent company's obligation to fully compensate the Subsidiary for all losses incurred during the current fiscal year. The shorter notice period gives both parties greater flexibility in connection with termination of the Agreement. That applies in particular if the inapplicability of the extraordinary right of termination under the law in accordance with Section 297 (1) of the German Stock Corporation Act (AktG), as planned by German lawmakers, comes into effect on December 29, 2020.

Amendment of the Agreement does not result in the beginning of a new minimum term of five (5) years for tax purposes. Because the Profit-and-Loss Transfer Agreement has already existed for more than five years since being registered in the Commercial Registry of Siemens Bank GmbH on April 4, 2011, it can therefore be terminated with a notice period of 2 weeks, in each case effective the end of the Subsidiary's fiscal year.

Number 4 (deletion of Article 3.4)

The right to terminate the Agreement for good cause without observing a notice period under the original Article 3.4 has been deleted in its entirety. If there are extraordinary rights of termination under the law, they will also apply without being explicitly mentioned in the Agreement's text.

The reason for this deletion is the supplement to Section 10 (5) of the German Banking Act (KWG) that is planned by German lawmakers, but had not been adopted or come into effect at the time this report was prepared, under which the extraordinary right of termination in accordance with Section 297 (1) of the German Stock Corporation Act (AktG) would not be applicable if – as is the case with the Subsidiary – capital is provided for use as own funds within the meaning of Article 72 CRR. If Section 10 (5) of the German Banking Act (KWG) comes into effect as planned on December 29, 2020, neither party can terminate the Agreement for good cause on the basis of Section 297 (1) of the German Stock Corporation Act (AktG).

It is not possible to wait to amend the Profit-and-Loss Transfer Agreement until the amendment to the German Banking Act (KWG) comes into force and to submit it for approval only at the Annual Shareholders' Meeting of Siemens AG in 2022. The German Federal Financial Supervisory Authority (BaFin) has notified the Subsidiary that the Profit-and-Loss Transfer Agreement must be amended without undue delay so as to avoid the risk that the Subsidiary's equity will not be qualify as Common Equity Tier 1 capital.

Adaptation of the Profit-and-Loss Transfer Agreement to Article 28 (3) sentence 2 (f) CRR and Section 10 (5) in the new version of the German Banking Act (KWG) restricts the possibility of terminating the Profit-and-Loss Transfer Agreement under German civil law. Such a civil-law exclusion of termination during the year does not run counter to recognition of the integrated intercompany relationship under fiscal law.

Number 5 (clarification)

Number 5 clarifies that otherwise the provisions of the Profit-and-Loss Transfer Agreement continue to apply without amendment, i.e., unless they are modified by the Amendment Agreement.

No compensation payments or financial settlements, no audit of the Agreement

As was the case when the Profit-and-Loss Transfer Agreement was concluded, all shares in the Subsidiary are held directly by the sole shareholder Siemens AG. There are no outside shareholders. It is still the case that no compensation payments or financial settlements pursuant to Section 304, Section 305, respectively, of the German Stock Corporation Act (AktG) are to be made to outside shareholders. As was the case when the Profit-and-Loss Transfer Agreement was concluded, an audit of the Agreement in accordance with Sections 295 (1) sentence 2 and 293b (1) of the German Stock Corporation Act (AktG) is not required, nor does an audit report in accordance with Sections 295 (1) sentence 2 and 293e of the German Stock Corporation Act (AktG) have to be submitted. Since no compensation payment in accordance with Section 304 of the German Stock Corporation Act (AktG) and no financial settlement in accordance with Section 305 of the German Stock Corporation Act (AktG) are required, neither Siemens AG nor the Subsidiary need to conduct a valuation to determine a reasonable compensation payment or reasonable financial settlement.

A summary appraisal of the Amendment Agreement comes to the conclusion, for the reasons presented above, that the Agreement is advantageous for both Siemens AG and the Subsidiary.

Munich, November 27, 2020

Siemens Aktiengesellschaft

The Managing Board

Kaeser (President and CEO)

Dr. Busch Helmrich

Neike Rebellius

Prof. Dr. Thomas Wiese

Munich, November 27, 2020

Siemens Bank GmbH

Management

Chalons-Browne

Dr. Baumgarten

Dr. Hampl

This document prepared for the convenience of English-speaking readers is a translation of the German original. Fur purposes of interpretation, the German text shall be authoritative and final.