

Amendment to Program Information

Deutsche Pfandbriefbank AG

AMENDMENT TO PROGRAM INFORMATION

Type of Information: Amendment to Program Information

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Issuer Name: Deutsche Pfandbriefbank AG (the "**Issuer**")

Name and Title of Representative: Thomas Köntgen, Co-Chief Executive Officer

Address of Head Office: Freisinger Str. 5, 85716 Unterschleissheim,
Germany

Telephone: +49-89-2880-0

Contact Person: Attorney-in-Fact:
Eiichi Kanda, Attorney-at-law
Yu Nimura, Attorney-at-law

Clifford Chance Law Office
(Gaikokuho Kyodo Jigyō)
Akasaka Tameike Tower, 6th Floor,
17-7, Akasaka 2-Chome, Minato-ku,
Tokyo 107-0052

Telephone: 81-3-5561-6600

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Information on initial Program Information:

Date of Announcement: 26 June 2015

Scheduled Issuance Period: 28 June 2015 to 27 June 2016

Maximum Outstanding Issuance Amount: JPY500 billion

This amendment is filed to update the information included in the Program Information dated 26 June 2015. This constitutes an integral part of the Program Information dated 26 June 2015 and shall be read together with it.

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DEUTSCHE PFANDBRIEFBANK AG

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The corresponding sections in the Program Information dated 26 June 2015 shall be updated as follows.

COVER

Notes to Investors:

1. The first paragraph of Note 5. shall be deleted and replaced by the following information:

"All references to "**Hypo Real Estate Holding**" are to Hypo Real Estate Holding AG. References to the "**Hypo Real Estate Group**" (used in the context before the reprivatization of the Issuer) are to Hypo Real Estate Holding, the Issuer (including its subsidiaries, affiliates and associated companies) and Hypo Real Estate Finance B.V.i.L. and references to the "**pbb Group**" are to the Issuer and its subsidiaries, affiliates and associated companies."

2. The first paragraph of Note 6. shall be deleted and replaced by the following information:

"All prospective investors who purchase the Bonds should be aware that when they offer to purchase the Bonds, they shall be required to agree not to sell, transfer or otherwise dispose of the Bonds to be held by them to any person other than the Professional Investors, Etc., except for the transfer of the Bonds to the following:"

3. The paragraph (c) of Note 7. shall be deleted and replaced by the following information:

"(c) any acquisition or purchase of the Bonds by such person pursuant to any Solicitation of the Bond Trade is conditional upon such person agreeing to comply with the restriction on transfer of the Bonds as set forth in note 6 above;"

PART I. SECURITIES INFORMATION

I-1 Bonds to be newly issued

(1) Conditions of Bonds

Annex

The form of Conditions of Bonds in the Annex shall be deleted and restated as follows:

"The form of Conditions of Bonds that will apply in respect of the Bonds, subject to completion of applicable provisions and deletion of non-applicable provisions, is set out below.

Deutsche Pfandbriefbank AG

Japanese Yen TOKYO PRO-BOND Market Listed [Floating Rate] Bonds - [Insert Series No.] Series (20[●])

CONDITIONS OF BONDS

These Conditions of Bonds shall apply to the issue of DEUTSCHE PFANDBRIEFBANK AG JAPANESE YEN TOKYO PRO-BOND MARKET LISTED [FLOATING RATE] BONDS - [●] SERIES (20[●]) (the "Bonds") pursuant to lawful authorization by Deutsche Pfandbriefbank AG (the "Issuer").

1. Aggregate Principal Amount, Date of Issuance, Denomination and Form

The aggregate principal amount of the Bonds is ¥[●].

The date of issuance of the Bonds is [●], 20[●].

The Bonds are issued in the denomination of ¥[100,000,000] each.

The Act on Book-Entry Transfer of Company Bonds, Shares, Etc. of Japan (Act No. 75 of 2001, as amended) (the "Book-Entry Transfer Act") shall apply to the Bonds and the transfer of and other matters relating to the Bonds shall be dealt with in accordance with the Book-Entry Transfer Act and the business regulations and other rules relating to book-entry transfer of corporate bonds, etc. (together with the business regulations, the "Business Rules") from time to time adopted by the Book-Entry Transfer Institution (as defined in Condition 5).

The certificates for the Bonds (the "Bond Certificates") shall not be issued except in such exceptional events as provided under the Book-Entry Transfer Act where the holders of the Bonds (the "Bondholders") may make a request for the issue of Bond Certificates. In the event that the Bond Certificates are issued, such Bond Certificates shall be only in bearer form with unmatured interest coupons and the Bondholders may not request that the Bond Certificates be exchanged for Bond Certificates in registered form or divided or consolidated.

If the Bond Certificates are issued, the manner of the calculation and payment of principal of and interest on the Bonds, the exercise of the rights under the Bonds by the Bondholders and the transfer of the Bonds, and all other matters in respect of the Bonds shall be subject to the then applicable Japanese laws and regulations and the then prevailing market practice in Japan. In the event of any inconsistency between the provisions of these Conditions of Bonds and the then applicable Japanese laws and regulations and the then prevailing market practice in Japan, such Japanese laws and regulations and market practice shall prevail.

All expenses incurred in connection with the issue of the Bond Certificates shall be borne by the Issuer.

2. Restriction on Transfer of Bonds

(1) Restriction on Transfer

Subject to amendment and modification in accordance with Condition 18, the Bonds shall not be sold, transferred or otherwise disposed of to any person other than the Professional Investors, Etc. (*Tokutei Toushika tou*) (the "Professional Investors, Etc."), as defined in Article 2, Paragraph 3, Item 2 (b) (2) of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA"), except for the transfer of the Bonds to the following:

- (a) the Issuer or the Officer (meaning directors, company auditors, executive officers or persons equivalent thereto) thereof who holds shares or equity pertaining to voting rights exceeding 50% of all the voting rights in the Issuer which is calculated by excluding treasury shares or any non-voting rights shares (the "Voting Rights Held by All the Shareholders, Etc." (*Sou Kabunushi Tou no Giketsuken*)) (as prescribed in Article 29-4, Paragraph 2 of the FIEA) of the Issuer under his/her own name or another person's name (the "Specified Officer" (*Tokutei Yakuin*)), or a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc., are held by the Specified Officer (the "Controlled Juridical Person, Etc." (*Hi-Shihai Houjin Tou*)) including a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. are jointly held by the Specified Officer and the Controlled Juridical Person, Etc. (as prescribed in Article 11-2, Paragraph 1, Item 2 (c) of the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act (MOF Ordinance No. 14 of 1993, as amended)); or
- (b) a company that holds shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. of the Issuer in its own name or another person's name.

(2) Matters Notified to the Bondholders and Other Offerees

When (i) a solicitation of an offer to acquire the Bonds or (ii) an offer to sell or a solicitation of an offer to purchase the Bonds (collectively, "Solicitation of the Bond Trade") is made, the following matters shall be notified from the person who makes such Solicitation of the Bond Trade to the person to whom such Solicitation of the Bond Trade is made:

- (a) no securities registration statement (pursuant to Article 4, Paragraphs 1 through 3 of the FIEA) has been filed with respect to the Solicitation of the Bond Trade;
- (b) the Bonds fall, or will fall, under the Securities for Professional Investors (*Tokutei Tousehika Muke Yukashoken*) (as defined in Article 4, Paragraph 3 of the FIEA);
- (c) any acquisition or purchase of the Bonds by such person pursuant to any Solicitation of the Bond Trade is conditional upon such person agreeing to comply with the restriction on transfer of the Bonds as set forth in Condition 2(1);
- (d) Article 4, Paragraphs 3, 5 and 6 of the FIEA will be applicable to such certain solicitation, offers and other activities with respect to the Bonds as provided in Article 4, Paragraph 2 of the FIEA;
- (e) the Specified Securities Information, Etc. (*Tokutei Shouken Tou Jouhou*) (as defined in Article 27-33 of the FIEA) with respect to the Bonds and the Issuer Information, Etc. (*Hakkosha Tou Jouhou*) (as defined in Article 27-34 of the FIEA) with respect to the Issuer have been or will be made available for the Professional Investors, Etc. by way of such information being posted on the website maintained by the TOKYO PRO-BOND Market (<http://www.jpx.co.jp/english/equities/products/tpbm/index.html> or any successor website) in accordance with Articles 210 and 217 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities of the Tokyo Stock Exchange; and
- (f) the Issuer Information, Etc. will be provided to the Bondholders or made public pursuant to Article 27-32 of the FIEA.

3. Status of the Bonds

The Bonds constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer unless such obligations are given priority under mandatory provisions of statutory law.

4. Appointment of Fiscal Agent and Issuing and Paying Agent and Non-appointment of Commissioned Company for Bondholders

(1) Sumitomo Mitsui Banking Corporation acts as the fiscal agent, and the issuing agent and paying agent [and reference agent] [*Applicable in the case of Floating Rate Bonds*] of the Issuer in respect of the Bonds (the "Fiscal Agent", unless the context otherwise requires, the term "Fiscal Agent" means an agent acting in all these capacities). The Fiscal Agent shall perform the duties and functions provided for in these Conditions of Bonds, the [Fiscal Agency Agreement] [*Applicable in the case of Fixed Rate Bonds*]/[Fiscal and Reference Agency Agreement] [*Applicable in the case of Floating Rate Bonds*] (the "Fiscal Agency Agreement") dated [●], 20[●] between the Issuer and the Fiscal Agent, and the Business Rules. Except as otherwise provided in these Conditions of Bonds, the Fiscal Agent is acting solely as agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with the Bondholders. A copy of the Fiscal Agency Agreement to which these Conditions of Bonds are attached shall be kept at the head office of the Fiscal Agent up to the expiry of 1 year after the redemption date and shall be made available for perusal or photocopying by any Bondholder during normal business hours. All expenses incurred for such photocopying shall be borne by the applicant therefor.

(2) No commissioned company for bondholders is appointed in respect of the Bonds.

(3) The Issuer may from time to time vary the appointment of the Fiscal Agent, provided that the appointment of the Fiscal Agent shall continue until a replacement fiscal agent, and issuing agent and paying agent (provided that such replacement fiscal agent, and issuing agent and paying agent shall be qualified to act as both issuing agent and paying agent pursuant to the Business Rules) shall be effectively appointed. In such case the Issuer shall give prior public notice thereof to the Bondholders.

(4) The Issuer shall, without delay, appoint a replacement fiscal agent, and issuing agent and paying agent (provided that such replacement fiscal agent, and issuing agent and paying agent shall be qualified to act as both issuing agent and paying agent pursuant to the Business Rules) and give public notice to that effect to the

Bondholders if the Book-Entry Transfer Institution notifies the Issuer that the Fiscal Agent will be disqualified from acting as a designated issuing agent or paying agent.

5. Book-Entry Transfer Institution

In relation to the Bonds, Japan Securities Depository Center, Incorporated (the "Book-Entry Transfer Institution") acts as book-entry transfer institution (*furikae kikan*) under the Book-Entry Transfer Act.

In these Conditions of Bonds, all references to the Book-Entry Transfer Institution shall be deemed to include any successor book-entry transfer institution as designated by a competent minister pursuant to the Book-Entry Transfer Act.

6. Interest

[The language in the following 3 paragraphs shall apply for the Fixed Rate Bonds]

The Bonds shall bear interest at the rate of [●]% per annum of their principal amount.

The Bonds shall bear interest from and including [●], 20[●] to and including [●], 20[●], payable in Japanese yen semi-annually in arrears on [●] and [●] of each year in respect of the 6-month period to and including each such date. Interest for any period of other than 6 months shall be payable for the actual number of days included in such period computed on the basis of a 365-day year. Each date set for payment of interest in this Condition 6 is hereinafter referred to as an "Interest Payment Date".

The Bonds shall cease to bear interest from but excluding the date on which they become due for redemption; provided, however, that should the Issuer fail to redeem any of the Bonds when due in accordance with these Conditions of Bonds, then interest accrued on the principal amount of the Bonds then outstanding shall be paid in Japanese yen at the interest rate specified above for the actual number of days in the period from, but excluding, the due date to, and including, the date of the actual redemption of such Bonds, computed on the basis of a 365-day year. Such period, however, shall not exceed the date on which the Fiscal Agent (acting in its capacity of paying agent under the Business Rules, the "Paying Agent") allocates the necessary funds for the full redemption of the Bonds received by it among the relevant participants which have opened their accounts with the Book-Entry Transfer Institution to make book-entry transfer of the Bonds (*kiko kanyusha*) (the "Institution Participants"); provided that if such overdue allocation is not possible under the Business Rules, such period shall not exceed 14 days after the date on which the last public notice is given by the Fiscal Agent in accordance with Condition 8(3).

[The following alternative language shall apply for the Floating Rate Bonds]

- (1) (a) The Bonds shall bear interest from and including [●], 20[●] to but excluding [●], 20[●], payable in Japanese yen quarterly in arrears for the first time on [●], 20[●] and on each subsequent [●],[●],[●] and [●] of each year ending on [●], 20[●] in respect of the Interest Period (as defined below) ending on but excluding each such date; provided that, if any such date would otherwise fall on a day which is not a Tokyo Business Day (as defined below), the relevant due date for payment of interest shall be postponed to the next succeeding Tokyo Business Day unless it would thereby fall into the next calendar month, in which event such due date shall be brought forward to the immediately preceding Tokyo Business Day, and the interest shall be payable in respect of the Interest Period ending on but excluding the due date as modified pursuant to this proviso. Interest for any Interest Period or any part thereof shall be payable for the actual number of days included in such Interest Period or the applicable part on the basis of a 360-day year. Each date set for payment of interest in this Condition 6 is hereinafter referred to as an "Interest Payment Date".

In these Conditions of Bonds;

- (i) "Tokyo Business Day" means a day on which banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Tokyo; and

- (ii) "Interest Period" means the period beginning on and including [●], 20[●] and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.
- (b) The Bonds shall bear interest on their principal amount at the rate per annum (the "Rate of Interest") from time to time determined as follows; provided that such Rate of Interest shall not be less than 0%:
- (i) At or prior to 10:00 a.m. (Tokyo time) on the Tokyo Business Day immediately following the Interest Rate Quotation Date (as defined below) (an "Interest Rate Determination Date"), the Issuer will ascertain in respect of the relevant Interest Period the offered rate for 3-month Japanese Yen deposits in the London interbank market which appears on the Reuters Page LIBOR01 (as defined below) as of 11:00 a.m. (London time) on the second London Business Day (as defined below) before the first day of such Interest Period (or, in respect of the first Interest Period, on [●], 20[●]) (each such day being hereinafter referred to as an "Interest Rate Quotation Date"). The Rate of Interest for such Interest Period shall be the rate equal to [●]% per annum plus the above offered rate so ascertained by the Issuer.

In these Conditions of Bonds;

- (x) "London Business Day" means a day on which banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London; and
 - (y) "Reuters Page LIBOR01" means the page designated as "LIBOR01" displayed on Reuters (or any successor service) which page displays the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administrator of that rate) for Japanese Yen deposits or such other page as may replace LIBOR01 on that service or other page on such other service as may be reasonably nominated by the Issuer as the information vendor, for the purpose of displaying rates comparable to the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administrator of that rate) for Japanese Yen deposits, which replacement shall be promptly notified by the Issuer to the Fiscal Agent in writing.
- (ii) If the above offered rate does not appear on the Reuters Page LIBOR01, or if such page is unavailable, in either case, as of 11:00 a.m. (London time) on any Interest Rate Quotation Date, the Issuer will request on the Interest Rate Determination Date the principal Tokyo office, if any, of each of the Reference Banks (as defined below) to provide the Issuer with the offered quotation (expressed as a rate per annum) for 3-month Japanese Yen deposits commencing on the second London Business Day following such Interest Rate Quotation Date offered by its principal London office to leading banks in the London interbank market at approximately 11:00 a.m. (London time) on such Interest Rate Quotation Date. In such case:
- (x) If on such Interest Rate Determination Date 6 or more Reference Banks provide the Issuer with such offered quotations, the Rate of Interest for such Interest Period shall be the rate equal to [●]% per annum plus the arithmetic mean (rounded, if necessary, to the nearest 5th decimal place with 5 or more in the 6th decimal place to be rounded upwards) of such offered quotations (disregarding 2 of the lowest and 2 of the highest of such quotations), as ascertained by the Issuer.
 - (y) If on such Interest Rate Determination Date not less than 2 but not more than 5 Reference Banks provide the Issuer with such offered quotations, the Rate of Interest for the relevant Interest Period shall be the rate equal to [●]% per annum plus the arithmetic mean (rounded, if necessary, to the nearest 5th decimal place

with 5 or more in the 6th decimal place to be rounded upwards) of the quotations of those Reference Banks providing such quotations.

- (z) If on such Interest Rate Determination Date only 1 or none of the Reference Banks provides the Issuer with such offered quotations, the Issuer shall ascertain the offered rate for 3-month Japanese Yen deposits in the London interbank market which appears on the Reuters Page LIBOR01 as of 11:00 a.m. (London time) on the London Business Day most closely preceding the relevant Interest Rate Quotation Date (if the offered rate for 3-month Japanese Yen deposits in the London interbank market does not appear on the Reuters Page LIBOR01 or the Reuters Page LIBOR01 is unavailable on such day, on the preceding but closest London Business Day on which the offered rate appears). The Rate of Interest for the relevant Interest Period shall be the rate equal to [●]% per annum plus such rate so ascertained by the Issuer; provided that, if such London Business Day falls on or before the preceding Interest Rate Quotation Date, if any, the Rate of Interest shall be the Rate of Interest in effect for the last preceding Interest Period.

In these Conditions of Bonds, "Reference Bank" means a bank which provided its offered quotation used to calculate the offered rate for 3-month Japanese Yen deposits in the London interbank market which appeared on the Reuters Page LIBOR01 as of 11:00 a.m. (London time) on the London Business Day most closely preceding the Interest Rate Quotation Date in respect of the relevant Interest Rate Determination Date (if the offered rate for 3-month Japanese Yen deposits in the London interbank market does not appear on the Reuters Page LIBOR01 or the Reuters Page LIBOR01 is unavailable on such day, on the preceding but closest London Business Day on which the offered rate appears).

- (c) The Issuer shall, at approximately 10:00 a.m. (Tokyo time) on each Interest Rate Determination Date, calculate the amount of interest per currency unit for the relevant Interest Period (the "Interest Amount Per Currency Unit") with respect to the Bonds for the purpose of the Business Rules. The Interest Amount Per Currency Unit of each Interest Period shall be calculated, pursuant to the Business Rules, by multiplying the Rate of Interest by a fraction, the numerator of which is the actual number of days in the Interest Period concerned and the denominator of which is 360. The calculation of the Interest Amount Per Currency Unit for a part of any Interest Period shall be made for the actual number of days included in such part on the basis of a 360-day year. The total amount of interest payable to each Bondholder shall be calculated in accordance with the Business Rules.
- (d) As soon as practicable after the determination of the Rate of Interest for any Interest Period, but no later than 5 Tokyo Business Days following the commencement of any Interest Period, the Issuer shall notify the Fiscal Agent in writing of such Rate of Interest and the relevant Interest Amount Per Currency Unit and Interest Payment Date; provided that public notices for these matters for any Interest Period need not be given. As soon as practicable after receiving such notice, the Fiscal Agent shall make such matters available for perusal by the Bondholders at the head office of the Fiscal Agent during normal business hours.
- (e) If, after giving notice of any Rate of Interest, the relevant Interest Amount Per Currency Unit and Interest Payment Date pursuant to sub-paragraph (d) above, the relevant Interest Period is lengthened or shortened, the Issuer shall promptly determine what adjustment is appropriate. As soon as practicable after the determination of such adjustment, the Issuer shall notify the Fiscal Agent in writing of the Interest Amount Per Currency Unit and the Interest Payment Date, as amended pursuant to such adjustment; provided that public notices for such amendment need not be given. As soon as practicable after the date on which the Fiscal Agent receives such notice, the Fiscal Agent shall make such matters available for perusal by the Bondholders at the head office of the Fiscal Agent during normal business hours.
- (f) Any Rate of Interest, Interest Amount Per Currency Unit or Interest Payment Date determined in accordance with the provisions of this Condition 6(1) shall (in the absence of manifest error) be final and binding upon all parties, including the Bondholders.

- (g) Sumitomo Mitsui Banking Corporation acts as the Issuer's reference agent (the "Reference Agent") at its head office in Tokyo, Japan in respect of the Bonds. Pursuant to the Fiscal Agency Agreement, the Issuer shall entrust the Reference Agent with the performance of all of its obligations (other than those to give public notices) under this Condition 6(1) relating to the ascertainment, calculation and determination of any offered quotation or interest rate (including, but not limited to, the Rate of Interest and Interest Amount Per Currency Unit). The Reference Agent shall act solely on behalf of the Issuer and shall assume no obligation towards or relationship of agency or trust for or with the Bondholders. Any notice required to be given by the Issuer to the Fiscal Agent under this Condition 6(1) need not be given if and so long as the Fiscal Agent and the Reference Agent are one and the same bank. The Issuer may from time to time vary the appointment of the Reference Agent; provided that the appointment of the Reference Agent shall continue until a replacement reference agent shall be effectively appointed. In such case the Issuer shall give prior public notice thereof to the Bondholders.

(2) The Bonds shall cease to bear interest from and including the date on which they become due for redemption; provided, however, that should the Issuer fail to redeem any of the Bonds when due in accordance with these Conditions of Bonds, then interest accrued on the principal amount of the Bonds then outstanding shall be paid in Japanese Yen for the actual number of days in the period from, and including, the due date to, but excluding, the date of the actual redemption of such Bonds, computed on the basis of such actual number of days divided by 360 at the interest rate to be determined applying Condition 6(1) *mutatis mutandis* as if the Interest Payment Dates continued to occur after such due date. Such period, however, shall not exceed the date on which the Fiscal Agent (acting in its capacity of paying agent under the Business Rules, the "Paying Agent") allocates the necessary funds for the full redemption of the Bonds received by it among the relevant participants which have opened their accounts with the Book-Entry Transfer Institution to make book-entry transfer of the Bonds (*kiko kanyusha*) (the "Institution Participants"); provided that if such overdue allocation is not possible under the Business Rules, such period shall not exceed 14 days after the date on which the last public notice is given by the Fiscal Agent in accordance with Condition 8(2). The Issuer shall notify each interest rate so determined to the Fiscal Agent in writing in accordance with the provisions of Condition 6(1)(d), whereupon, in no later than 5 Tokyo Business Days following a relevant due date, the Fiscal Agent shall make such interest rate available for perusal by the Bondholders at the head office of the Fiscal Agent during normal business hours. Public notice for such interest rate need not be given.

7. Redemption and Purchase

(1) Unless previously redeemed or purchased and cancelled, the Bonds shall be redeemed on [●], 20[●] at a price equal to 100% of the principal amount[, provided that, if such date would otherwise fall on a day which is not a Tokyo Business Day, the due date for redemption of the Bonds shall be postponed to the next succeeding Tokyo Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Tokyo Business Day] [*Applicable in the case of Floating Rate Bonds*].

(2) If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date of issuance of the Bonds, the Issuer is required to pay Additional Amounts (as defined in Condition 9(1)) on the next succeeding Interest Payment Date, and this obligation cannot be avoided by the use of reasonable measures available to the Issuer, the Bonds may be redeemed, in whole but not in part, at the option of the Issuer, [at any time] [*Applicable in the case of Fixed Rate Bonds*]/[on any Interest Payment Date] [*Applicable in the case of Floating Rate Bonds*] at a price equal to 100% of the principal amount, together with interest (if any) accrued to [and including] [*Applicable in the case of Fixed Rate Bonds*]/[but excluding] [*Applicable in the case of Floating Rate Bonds*] the date fixed for redemption; provided, however, that no public notice of redemption as provided below may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Bonds then due, or (ii) if at the time such public notice is given, such obligation to pay such Additional Amounts or make such deduction or withholding does not remain in effect.

If the Issuer would be obliged to pay such Additional Amounts pursuant to Condition 9, but the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind in force prohibit the Issuer from paying such

Additional Amounts in full, then the Issuer shall redeem (but subject to such laws) the Bonds then outstanding in whole, but not in part, at a price equal to 100% of the principal amount, together with interest (if any) accrued to [and including] *[Applicable in the case of Fixed Rate Bonds]*/[but excluding] *[Applicable in the case of Floating Rate Bonds]* the date fixed for redemption, as soon as practicable, but in no event later than 40 days after the later of (i) the date of the occurrence of the events giving rise to the obligation of the Issuer to pay such Additional Amounts or (ii) the date on which such laws or regulations become effective.

In the event of redemption to be made under this Condition 7(2), the Issuer shall deliver to the Fiscal Agent a certificate signed by its duly authorized officer stating (i) that the Issuer is or will be obliged to pay such Additional Amounts pursuant to Condition 9(1), (ii) that it elects or is obliged to redeem the Bonds pursuant to this Condition 7(2), (iii) the date for such redemption and (iv) that the conditions precedent to the right or obligation of the Issuer so to redeem under this Condition 7(2) have occurred (together with details of facts relating thereto), and a written opinion of independent legal advisers of recognized standing confirming the matters set forth in items (i) and (iv) above.

Such certificate and opinion shall be delivered to the Fiscal Agent at least 30 days prior to the proposed redemption date, and the Issuer shall give public notice to the Bondholders of such matters at least 14 days prior to the proposed redemption date. [Such proposed redemption date shall be a Tokyo Business Day (as defined in Condition 8(2)), and] *[Applicable in the case of Fixed Rate Bonds]* such delivery to the Fiscal Agent and public notice to the Bondholders shall be irrevocable.

Such certificate and opinion delivered by the Issuer to the Fiscal Agent pursuant to this Condition 7(2) shall be kept at the head office of the Fiscal Agent up to the expiry of 1 year after the redemption date and shall be made available for perusal or photocopying by any Bondholder during normal business hours. All expenses incurred for such photocopying shall be borne by the applicant therefor.

All other expenses necessary for the procedures under this Condition 7(2) shall be borne by the Issuer.

(3) The Issuer may at any time purchase the Bonds in the open market or otherwise and at any price. The Bonds purchased by the Issuer may, at the option of the Issuer, be held, resold or cancelled, except as otherwise provided for by applicable laws and in the Business Rules. If purchases are made by tender, tenders for the Bonds must be made available to all Bondholders alike.

(4) Except as otherwise provided in these Conditions of Bonds, the Issuer may not redeem the Bonds in whole or in part prior to the maturity thereof.

8. Payment

(1) Payment of principal and interest in respect of the Bonds shall be made by the Paying Agent to the Bondholders, directly in cases when such Bondholders are the Institution Participants, and in other cases through the relevant account management institution (*kouza kanri kikan*) (the "Account Management Institution") with which such Bondholders have opened their accounts to have the Bonds recorded in accordance with the Book-Entry Transfer Act and the Business Rules. Notwithstanding the foregoing, at the time when the Paying Agent allocated the necessary funds for the payment of principal of or interest on the Bonds received by it from the Issuer to the relevant Institution Participants, the Issuer shall be released from any obligation of such payment under these Conditions of Bonds.

[(2)] [If any due date for the payment of principal of or interest on the Bonds falls on a day which is not a day on which banks are open for business in Tokyo, Japan (the "Tokyo Business Day"), the Bondholders shall not be entitled to payment of the amount due until the next following Tokyo Business Day, nor shall they be entitled to the payment of any further or additional interest or other payment in respect of such delay.] *[Applicable in the case of Fixed Rate Bonds]*

[(2)/(3)] If the full amount of principal of or interest on the Bonds payable on any due date is received by the Paying Agent after such due date, the Fiscal Agent shall give public notice to the Bondholders to that effect and of the method of payment and the actual payment date as soon as practicable but not later than 14 days after the receipt of such amount by the Paying Agent. If at the time of such receipt either the method or the date of such payment or both are not determinable, the Fiscal Agent shall give public notice of such receipt and of the method

and/or the date of such payment to the extent the same has been determined, and give at a later date public notice to the Bondholders of the method and/or the date of such payment as soon as practicable after the determination thereof. All expenses incurred in connection with the said public notice shall be borne by the Issuer.

9. Taxation

(1) All payments of principal and interest in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied or collected by or on behalf of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts of principal and interest (the "Additional Amounts") as shall be necessary in order that the net amounts received by the Bondholders, after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction. However the Issuer shall not be obliged to pay Additional Amounts with respect to taxes, duties or governmental charges which (i) are payable otherwise than by deduction or withholding from payments of principal or interest, (ii) are payable by reason of the Bondholder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Bonds are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, (iii) are payable by reason of a change in law that becomes effective more than 30 days after (x) the date on which the relevant payment first becomes due, or (y) if the full amount payable on such due date has not been duly received by the Paying Agent on or prior to such due date, the date on which the last public notice has been duly given by the Fiscal Agent in accordance with [Condition 8(3)] [*Applicable in the case of Fixed Rate Bonds*]/[Condition 8(2)] [*Applicable in the case of Floating Rate Bonds*], whichever occurs later, or (iv) imposed on or in respect of any payment made in respect of a Bond pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("FATCA"), any treaty, law, regulation or other official guidance enacted by the Federal Republic of Germany implementing FATCA, any intergovernmental agreement implementing FATCA or any agreement between the Issuer and the United States of America or any authority thereof implementing FATCA.

(2) Any reference in these Conditions of Bonds to principal or interest shall be deemed also to refer to any Additional Amounts which may be payable in respect of principal or interest, respectively, under this Condition 9. All expenses necessary for the procedures under this Condition 9 shall be borne by the Issuer.

10. Events of Default

The following will be Events of Default (each, an "Event of Default" with respect to the Bonds):

- (a) the Issuer fails to pay interest within 30 days from the relevant due date; or
- (b) the Issuer fails duly to perform any other obligation arising from the Bonds which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 30 days after the first written notice thereof has been delivered to the Issuer at the head office of the Fiscal Agent by any Bondholder (at the time of giving such notice, such Bondholder shall present, at the head office of the Fiscal Agent, a certificate (a "Certificate") certifying holding of the relevant Bond and issued by the Book-Entry Transfer Institution or the relevant Account Management Institution); or
- (c) the Issuer announces its inability to meet its financial obligations or ceases its payments; or
- (d) a court opens insolvency proceedings against the Issuer or the Issuer applies for or institutes such proceedings or offers or makes an arrangement for the benefit of its creditors generally; or
- (e) the Issuer goes into liquidation unless this is done in connection with a merger, or other form of combination with another company and such company assumes all obligations contracted by the Issuer, as the case may be, in connection with this issue; or

- (f) any governmental order, decree or enactment shall be made in or by the Federal Republic of Germany whereby the Issuer is prevented from observing and performing in full its obligations as set forth in these Conditions of Bonds and this situation is not cured within 90 days.

If any Event of Default shall have occurred, any Bondholder may, at its option, by giving written notice by or on behalf of such Bondholder to the Issuer at the head office of the Fiscal Agent (at the time of giving such notice, such Bondholder shall present, at the head office of the Fiscal Agent, the Certificate), declare that any Bond(s) held by such Bondholder shall be forthwith due and payable, whereupon the same shall become immediately due and payable at a price equal to 100% of the principal amount together with interest (if any) accrued to [and including] [*Applicable in the case of Fixed Rate Bonds*]/[but excluding] [*Applicable in the case of Floating Rate Bonds*] such date, without further action or formality. The right to declare the Bonds due shall terminate if the situation giving rise to it has been cured before the right is exercised.

If (x) any of the events specified in items (b) through (f) above has occurred or (y) any circumstance exists which would with the lapse of time or the giving of notice or both constitute any of such events, the Issuer shall, immediately or in case of (y) above immediately when such circumstance comes to the knowledge of the Issuer, notify the Fiscal Agent in writing of such event or circumstance and give public notice of the same to the Bondholders. If the event specified in item (a) above has occurred or any circumstance exists which would with the lapse of time constitute such event, the Issuer shall also immediately notify the Fiscal Agent in writing of such event or circumstance and give public notice of the same to the Bondholders.

All expenses necessary for the procedures under this Condition 10 shall be borne by the Issuer.

11. Bondholders' Meetings

(1) The Issuer shall convene a Bondholders' meeting to consider any matters which relate to the interests of the Bondholders in the event: (i) that Bondholders holding one-tenth (1/10) or more of the aggregate principal amount of the Bonds (for the time being outstanding), acting either jointly or individually, so request in writing to the Fiscal Agent at its head office on behalf of the Issuer, provided that such Bondholders shall have presented to the Fiscal Agent at its head office the Certificates; or (ii) that the Issuer should deem it necessary to hold a Bondholders' meeting by giving written notice at least 35 days prior to the proposed date of the meeting to the Fiscal Agent.

When a Bondholders' meeting is to be convened, the Issuer shall give public notice to the Bondholders of the Bondholders' meeting at least 21 days prior to the date of such meeting; and ensure that the Fiscal Agent, on behalf of the Issuer, shall take the steps necessary for the convocation of the Bondholders' meeting and to expedite the proceedings thereof.

(2) The Bondholders may exercise their vote by themselves at the relevant Bondholders' meeting, by proxy, or in writing pursuant to the rules established by the Issuer or the Fiscal Agent on behalf of the Issuer. At any Bondholders' meeting, each Bondholder shall have voting rights in proportion to the aggregate principal amount of the Bonds (for the time being outstanding) held by such Bondholder; provided, however, that the Certificates shall have been presented to the Fiscal Agent at its head office, at least 7 days prior to the date set for such meeting and to the Issuer or the Fiscal Agent at such meeting, on the date thereof; and, provided, further, that the Bondholders shall not make an application for book-entry transfer or an application for obliteration of the Bonds unless the Bondholders return the relevant Certificate so issued to the Book-Entry Transfer Institution or the relevant Account Management Institution of such Bondholder.

(3) Resolutions at such Bondholders' meeting shall be passed by more than one-half (1/2) of the aggregate amount of voting rights held by the Bondholders who are entitled to exercise their voting rights (the "Voting Rights Holders") and present at such meeting; provided, however, that an Extraordinary Resolution (as defined below) is required with respect to the following items:

- (a) giving a grace of payment, an exemption from liabilities resulting from a default, or settlement, to be effected with respect to all the Bonds (other than the matters referred to in (b) below);
- (b) a procedural act to be made with respect to all the Bonds, or all acts pertaining to bankruptcy, corporate reorganization or similar proceedings; and

- (c) the election or dismissal of representative(s) of the Bondholders who may be appointed and entrusted by resolution of a Bondholders' meeting with decisions on matters to be resolved at a Bondholders' meeting (provided such representative(s) must hold one-thousandth (1/1,000) or more of the aggregate principal amount of the Bonds (for the time being outstanding)) (the "Representative(s) of the Bondholders") or an executor (the "Executor") who may be appointed and authorized by resolution of a Bondholders' meeting so as to execute the resolutions of the Bondholders' meeting, or the change in any matters entrusted to them.

"Extraordinary Resolution" means a resolution passed at a Bondholders' meeting by one-fifth (1/5) or more of the aggregate amount of the voting rights held by the Voting Rights Holders representing the aggregate principal amount of the Bonds (for the time being outstanding) and two-thirds (2/3) or more of the aggregate amount of the voting rights held by the Voting Rights Holders present at such meeting.

For the purposes of calculating the number of votes exercised at a Bondholders' meeting, the Bondholders who have exercised their votes by proxy or in writing shall be deemed to have attended and voted at such meeting.

- (4) The resolution passed pursuant to this Condition 11 shall be binding on all the Bondholders whether present or not at such Bondholders' meeting to the extent permitted by the applicable Japanese law, and shall be carried out by the Representative(s) of the Bondholders or the Executor.

- (5) For the purpose of this Condition 11, the Bonds then held by the Issuer or any holding company or subsidiary of it or any other subsidiary of such holding company shall be disregarded and deemed not to be outstanding.

- (6) The Bondholders' meetings shall be held in Tokyo, Japan.

- (7) All expenses necessary for the procedures under this Condition 11 shall be borne by the Issuer.

12. Registration Book

The registration book for the Bonds shall be prepared, administered and kept by the Fiscal Agent at its head office on behalf of the Issuer.

13. Prescription

The period of extinctive prescription shall be 10 years for the principal of the Bonds and 5 years for the interest on the Bonds.

14. Public Notices

All public notices relating to the Bonds shall be published in a daily Japanese newspaper published in both Tokyo and Osaka reporting on general affairs. Direct notification to individual Bondholders need not be made. Such public notices to be given by the Issuer shall, upon the request and at the expense of the Issuer, be given by the Fiscal Agent on behalf of the Issuer. The Fiscal Agency Agreement provides that the Issuer shall request the Fiscal Agent in writing and at the expense of the Issuer to give such public notices on behalf of the Issuer whenever necessary under these Conditions of Bonds.

15. Currency Indemnity

In the event of a judgment or order against the Issuer being rendered or issued by any court for the payment of the principal of or interest on the Bonds or any other amount payable in respect of the Bonds, and such judgment or order being expressed in a currency other than Japanese yen, any amount received or recovered in such currency by any Bondholder in respect of such judgment or order shall only constitute a discharge to the Issuer to the extent of the amount received or recovered by such Bondholder in Japanese yen and the Issuer undertakes to pay to such Bondholder the amount necessary to make up any deficiency arising or resulting from any variation in rates of exchange between (i) the date as of which any amount expressed in Japanese yen is (or is to be treated as) converted into such currency other than Japanese yen for the purposes of any such judgment or

order, and (ii) the date or dates of discharge of such judgment or order (or part thereof). To the extent permitted by any applicable law, the above undertaking shall constitute a separate and independent obligation of the Issuer from its other obligations, shall give rise to a separate and independent cause of action against the Issuer, shall apply irrespective of any indulgence granted by any Bondholder from time to time and shall continue in full force and effect notwithstanding any judgment or order.

16. German bail-in power

(1) Notwithstanding any other term of the Bonds or any other agreements, arrangements, or understandings between the Issuer and any Bondholder, by its acquisition of the Bonds, each Bondholder (which, for the purposes of this Condition 16, includes each holder of a beneficial interest in the Bonds) acknowledges, accepts and agrees to be bound by:

- (a) the effect of the exercise of the German bail-in power (as defined below) by the relevant German resolution authority, that may include and result in any of the following, or some combination thereof:
 - (i) the reduction of all, or a portion, of the Amounts Due (as defined below);
 - (ii) the conversion of all, or a portion, of the Amounts Due on the Bonds into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Bondholders of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Bonds;
 - (iii) the cancellation of the Bonds; or
 - (iv) the amendment or alteration of the maturity of the Bonds or amendment of the amount of interest payable on the Bonds, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Bonds, if necessary, to give effect to the exercise of the German bail-in power by the relevant German resolution authority.

For these purposes:

"Amounts Due" means the principal amount of or outstanding amount, together with any accrued but unpaid interest, due on the Bonds.

"German bail-in power" means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Federal Republic of Germany, relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (BRRD) as amended from time to time, including but not limited to the German Law on Recovery and Resolution of Credit Institutions and Financial Groups (*Sanierungs- und Abwicklungsgesetz* – "SAG") as amended from time to time, Regulation (EU) No 806/2014 as amended from time to time and the instruments, rules and standards created under the SAG and Regulation (EU) No 806/2014, pursuant to which:

- (a) any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period); and
- (b) any right in a contract governing an obligation of a regulated entity may be deemed to have been exercised.

A reference to a "regulated entity" is to any undertaking which is subject to the SAG as listed in section 1 of the SAG and includes, certain credit institutions, investment firms, and certain of their parent or holding companies.

(2) Upon the Issuer's becoming aware of the exercise of the German bail-in power by the relevant German resolution authority with respect to the Bonds, the Issuer shall notify in writing the Fiscal Agent or cause the Fiscal Agent to be notified, in writing as soon as possible thereafter. The Fiscal Agent shall give a public notice to the Bondholders on behalf of the Issuer as soon as practicable in accordance with Condition 14 of the German bail-in power being exercised.

Notwithstanding that the Issuer may be delayed in delivering or fail to deliver any of the notices to the Fiscal Agent referred to in this Condition, such delay or failure shall not affect the validity and enforceability of the German bail-in power.

(3) No repayment or payment of Amounts Due on the Bonds, will become due and payable or be paid after the exercise of any German bail-in power by the relevant German resolution authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

(4) Neither a reduction or cancellation, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the German bail-in power by the relevant German resolution authority with respect to the Issuer, nor the exercise of the German bail-in power by the relevant German resolution authority with respect to the Bonds will constitute an Event of Default.

(5) All expenses necessary for the procedures under this Condition 16, including, but not limited to, those incurred by the Issuer and the Fiscal Agent shall be borne by the Issuer.

17. Governing Law and Jurisdiction

The Bonds shall be governed by and construed in accordance with the laws of Japan.

Except as otherwise provided in these Conditions of Bonds, the place of performance of obligations pertaining to the Bonds is Tokyo, Japan.

The Issuer irrevocably consents to the nonexclusive jurisdiction of the Tokyo District Court, and any appellate court from thereof, and waives any immunity from the jurisdiction of such courts over any suit, action or proceeding that may be brought by the Bondholders in connection with the Bonds or these Conditions of Bonds. The Issuer irrevocably waives, to the fullest extent permitted by law, any objection to any suit, action or proceeding that may be brought in connection with the Bonds or these Conditions of Bonds in such courts on the grounds of venue or on the ground that any such suit, action or proceeding has been brought in an inconvenient forum. The Issuer agrees that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Issuer and may be enforced in any court to the jurisdiction of which the Issuer is subject by a suit upon such judgment.

The Issuer hereby appoints the representative director of Hypo Real Estate Capital Japan Corporation as the authorized agent of the Issuer upon whom process or any judicial or other court documents may be served in any legal or other court procedural action arising from or relating to the Bonds or these Conditions of Bonds that may be instituted in Japan; the Issuer hereby designates the address from time to time of Hypo Real Estate Capital Japan Corporation, currently at Otemachi 1st Square West Tower 10F, 5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004 Japan, as the address to receive such process or any judicial or other court documents; and the Issuer hereby agrees to take, from time to time and so long as any of the Bonds shall remain outstanding, any and all action (including the execution and filing of any and all documents and instruments) that may be necessary to effect and to continue such appointment and designation in full force and effect. If at any time such agent shall not, for any reason, serve as such authorized agent, the Issuer shall immediately appoint, and it hereby undertakes to take any and all action that may be necessary to effect the appointment of, a successor authorized agent in Tokyo, Japan, and the Issuer shall promptly notify the Fiscal Agent of the appointment of such successor agent and give public notice thereof.

Nothing in this Condition 17 shall affect the right of the Bondholders to institute legal or other court procedural action against the Issuer in any court of competent jurisdiction under applicable laws or to serve process or any judicial or other court documents in any manner otherwise permitted by law.

18. Modifications and Amendments

To the fullest extent permitted by applicable law, certain modifications and amendments to these Conditions of Bonds may be made without the consent of any Bondholder, only for the purpose of curing any ambiguity, or of correcting or supplementing any defective provisions contained therein, adding covenants for the benefit of the Bondholders, removing or expanding the exemptions in the transfer restrictions in Condition 2, surrendering rights or powers conferred on the Issuer, effecting succession or assumption as a result of a merger or similar transaction, or in any other manner which the Issuer may deem necessary and desirable and which will not adversely affect the interest of the Bondholders or the Fiscal Agent. Any such modifications or amendments shall be notified to the Fiscal Agent immediately and public notice of the same shall be given at the expense of the Issuer and in accordance with Condition 14 as soon as practicable thereafter.

19. Further Issues

The Issuer may from time to time without the consent of the Bondholders, create and issue further bonds (the "Further Bonds") with the same terms and conditions as the Bonds in all respects except for the amount and date of the first payment of interest thereon and/or the issue price so that such further issue shall be consolidated and form a single series with the outstanding Bonds, subject to the Business Rules. On and after the date of issue of the Further Bonds, provisions of these Conditions of Bonds shall be applied to the Further Bonds."

The following paragraphs shall be added at the end of this subsection:

"(5) SPECIAL NOTES ON PRIMARY OFFERING FOR SUBSCRIPTION TO PROFESSIONAL INVESTORS

Under the Conditions of Bonds, the Bondholders are bound by the exercise of the German bail-in power (as defined in the Conditions of Bonds) and upon the exercise of the German bail-in power the rights of the Bondholders will be affected and varied in accordance therewith. Further investors should be aware that the Bondholders could suffer, among others, from the following consequences.

- Upon the exercise of the German bail-in power by the relevant German resolution authority with respect to the Bonds (unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be consistent with any provision made or action taken pursuant to such exercise and would be permitted to be made by the Issuer under the laws and regulations of the Federal Republic of Germany and the European Union applicable to the Issuer), the Issuer shall be released from its payment obligations (in relation to repayment of the principal amount, payment of interest and any other payments due) under the Bonds, to the extent that outstanding principal amounts under the Bonds have been subject to the exercise of the German bail-in power by the relevant German resolution authority.
- Any repayment of the principal amount and payments of interest on the Bonds made to the Bondholders after the exercise of the German bail-in power in the excess of the amount permitted to be paid by the Issuer under the laws and regulations of the Federal Republic of Germany and the European Union applicable to the Issuer, shall be null and void, and the Bondholders who received the payments shall return the received amounts to the Issuer immediately.
- No Bondholders shall be entitled, after the exercise of the German bail-in power, to set off any of their former rights and entitlements to repayment of the principal amount or payments of interest in respect of the Bonds against any other obligations which they may owe to the Issuer at that time, to the extent that those rights and entitlements in respect of the Bonds have been cancelled, reduced or converted by operation of the German bail-in power, unless, at the time that such set off, such set-off would be permitted to be made by the Bondholders under the laws and regulations of the Federal Republic of Germany and the European Union applicable to the Issuer.

The records, etc. under the Book-Entry Transfer System

It is not yet clear what procedures and timelines will need to be followed in connection with the exercise of the German bail-in power. It is possible that public notice of the exercise of the German bail-in power could be given immediately before or even after the effective date of such exercise. Also, even if the Issuer and/or the Fiscal Agent request the relevant book-entry transfer institution immediately upon the exercise of the German bail-in power to take necessary actions in accordance therewith the German bail-in power (including but not limited to mark-down of the value of the Bonds as recorded under the book-entry transfer system), a period of time may be required before implementation of such actions. As a result, there can be no assurance that mark-down of the value of Bonds as recorded under the book-entry transfer system and/or suspension of transfers through the book-entry transfer system will be implemented before or simultaneously with the effectiveness of any exercise of the German bail-in power, and there is a possibility that the Bonds have been already written down or converted and therefore the Issuer has been already released from its payment obligations under the Bonds even when there are still records of the Bonds in the case of the exercise of the German bail-in power. In addition, when the Bonds are converted into shares or other securities or obligations of the Issuer or any other person pursuant to the German bail-in power, the procedures for conversion and delivery of the shares, etc. may not be conducted within the framework of the book-entry transfer system."

PART II. CORPORATE INFORMATION

I OUTLINE OF COMPANY

SELECTED HISTORICAL KEY FINANCIAL INFORMATION

The information in the subsection "SELECTED HISTORICAL KEY FINANCIAL INFORMATION" shall be deleted and replaced by the following information.

The following table sets forth selected financial information of the Issuer extracted from the audited consolidated financial statements for the financial years ended 31 December 2013 and 2014:

		2014	2013*
Operating performance according to IFRS			
Pre-tax profit/loss	in Euro million	54	165
Net income/loss	in Euro million	4	160
Balance sheet figures		31.12.2014**	31.12.2013***
Total assets	in Euro billion	74.9	74.6
Equity (excluding revaluation reserve)	in Euro billion	3.4	3.4
Equity	in Euro billion	3.5	3.5

The figures in this table are rounded.

* Adjustment due to retrospective IFRS 10 first time adoption.

** Adjustment in accordance with IAS 8.14 et seq.

*** Adjustment due to retrospective IFRS 10 first time adoption and adjusted due to IAS 8.42.

The following table sets forth selected financial information of the Issuer extracted from the unaudited consolidated interim financial statements for the first half of the financial year 2015:

		First Half 2015	First Half 2014
Operating performance according to IFRS			
Pre-tax profit/loss	in Euro million	112	83
Net income/loss	in Euro million	88	74
Balance sheet figures		30.06.2015	31.12.2014
Total assets	in Euro billion	69.6	74.9
Equity (excluding revaluation reserve)	in Euro billion	3.5	3.4
Equity	in Euro billion	3.6	3.5

The figures in this table are rounded.

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements (31 December 2014).

Except for the information in this paragraph there has been no significant change in the financial position of the Issuer and its consolidated subsidiaries since the end of the last financial period for which interim financial information has been published (30 June 2015). On 3 July 2015, SoFFin and the Issuer entered into an agreement regarding the termination of the silent participation of SoFFin (*stille Einlage*). The repayment in the amount of EUR 1.0 billion has occurred on 6 July 2015. In the Issuer's consolidated statement of financial position according to IFRS, equity decreased by EUR 1.0 billion due to this repayment agreement.

On 17 February 2015, Hypo Real Estate Holding published its intention to sell its participation in the Issuer.

Pursuant to the announcement, Hypo Real Estate Holding intended to sell up to 100% of the share capital in the Issuer. It was further stated that parallel to this sale process, Hypo Real Estate Holding was preparing an initial public offering of its participation as an alternative means of sale.

On 10 June 2015, the Issuer published the decision to prepare the listing of part of its shares in the "Prime Standard" segment of the Frankfurt Stock Exchange, and that its sole shareholder, Hypo Real Estate Holding, does not further pursue the sale process of the Issuer for the time being.

On 16 July 2015, the Issuer published an announcement pursuant to which 107,580,245 shares of the Issuer have been successfully placed with investors and 134,475,308 shares have been admitted to trading on the Frankfurt Stock Exchange. Following the completion of this initial public offering (IPO), the Federal Republic of Germany will continue to maintain an indirect shareholding – via the German Financial Markets Stabilisation Fund (*Finanzstabilisierungsfonds*) and Hypo Real Estate Holding – amounting to a minimum of 20 per cent., but not exceeding 24.9 per cent., for a two year period based on respective lock up commitments."

RISK FACTORS

1. RISKS RELATING TO THE ISSUER

1. The risk factor "The Issuer bears the risk of downgrading of the ratings assigned to it which may have a negative effect on the Issuer's funding opportunities, on triggers and termination rights within derivatives and other contracts and on access to suitable hedge counterparties and thus on the Issuer's business, liquidity situation and its development in assets, financial position and earnings. In particular, besides the rating pressure resulting from the implementation of the bail-in regime in Europe, a potential change of ownership in connection with the envisaged reprivatisation of the Issuer increases the risk of the occurrence of a multiple-notch rating downgrade. The application of changed Covered Bond Rating Criteria may result in downgrades of Pfandbrief-Ratings." shall be deleted and replaced by the following new risk factor:

"The Issuer bears the risk of downgrading of the ratings assigned to it, its Pfandbriefe and its other debt or hybrid instruments which may have a negative effect on the Issuer's funding opportunities, on triggers and termination rights within derivatives and other contracts and on access to suitable hedge counterparties and thus on the Issuer's business, liquidity situation and its development in assets, financial position and earnings. The withdrawal from the Hypo Real Estate Group increases the likelihood of a downgrade of the ratings.

The Issuer is generally exposed to the risk that the ratings assigned to it by rating agencies could be downgraded.

A rating, solicited or unsolicited, is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency as deemed appropriate. Ratings are based on current information furnished to the rating agencies by the Issuer and information obtained by the rating agencies from other sources. Because ratings may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information at any time, a prospective purchaser should verify the current long-term and short-term ratings of the Issuer and/or of the Bonds, as the case may be, before purchasing the Bonds. Changes to specific rating drivers with regard to the Issuer or its Pfandbriefe as well as of other debt or hybrid instruments issued by the Issuer or its affiliates may affect a rating agency's assessment and may hence lead to rating downgrades or changes in rating outlooks. Rating agencies may change their methodology at any time. A change in the rating methodology may have an impact on the ratings of the Issuer or on the Bonds issued or to be issued under this Program. For the evaluation and usage of ratings, please refer to the Rating Agencies' pertinent criteria and explanations, the relevant terms of use are to be considered. Ratings cannot serve as a substitute for personal analysis. The credit ratings assigned to the Bonds at the request or with the cooperation of the Issuer by rating agencies from time to time will be set out in the relevant Specified Securities Information relating to such issue. Following termination of a rating mandate, the Issuer will no longer apply for such ratings to be assigned to Bonds to be issued under the Program.

At present, rating agencies continue to adapt their methodologies and models in order to assess, amongst other factors, the changing macro-economic environment, external requirements on banks and the potential impact of the European sovereign debt crisis. These include the new European legislative initiatives to centralise supervision of systemically important banks and to support bank resolution and bail-in of unsecured creditors.

As of the date of this Amendment to Program Information, the methodological changes that have been announced in this context were not fully finalised or have not yet been completely implemented, but such implementations are expected in the course of the year.

These changes particularly affect the senior unsecured ratings of the Issuer and may lead to a rating downgrade of the Issuer. Whilst strong reductions or even elimination of systemic support uplift is conceivable for banks operating under bail-in regimes, the possible extent of rating downgrades of the Issuer depends on the respective degree of systemic support uplift taken into account in the Issuers' current senior unsecured ratings and the rating agencies' ultimate dealings with this topic.

In addition to the pressure to the rating resulting from the implementation of the bail-in regime in Europe, the withdrawal from Hypo Real Estate Group of the Issuer increases the risk of the occurrence of a rating downgrade. Rating agencies have so far been taking the view that, inter alia, due to the Issuer's shareholding structure with an indirect 100 per cent. ownership of the Federal Republic of Germany, extraordinary support of the Issuer from the German government would be available if needed and that the Issuer's operations benefitted from the indirect state ownership. This justified, in the past, more favorable ratings.

Against this backdrop, Hypo Real Estate Holding, the Issuer, FMS and FMSA entered into a lock-up agreement (the "**HRE Lock-up Agreement**") on or about 22 June 2015, which contains a commitment of Hypo Real Estate Holding as the selling shareholder for a period ending two years after the first day of trading of the shares of the Issuer on the Frankfurt Stock Exchange as of 16 July 2015. The Issuer expects that, upon the expiry of this lock-up period, the Federal Republic of Germany will aim at reducing its (indirect) holding in the Issuer in a gradual manner. While the objective of the lock-up commitment is that the indirect shareholding of the Federal Republic of Germany continues to be both sufficient and required to maintain the Issuer's issuer credit rating at investment grade level, this cannot ensure that rating agencies acknowledge a rating uplift resulting from the indirect shareholding of the Federal Republic of Germany. Even if a rating agency acknowledges a rating uplift resulting from the indirect shareholding of the Federal Republic of Germany, this rating agency may change its view in the future. In addition, the rating uplift associated with the indirect shareholding of the Federal Republic of Germany may even not be sufficient to assign an investment grade rating. Furthermore, the parties to the HRE Lock-up Agreement may amend or terminate (including, potentially, in case the indirect shareholding of the Federal Republic of Germany is not sufficient anymore to maintain the Issuer's issuer credit rating at investment grade level) the agreement or shares could be sold or otherwise transferred in breach of the lock-up commitment. In any of these cases, and no later than upon the expiry of the lock-up commitment two years after 16 July 2015, a rating uplift resulting from the indirect shareholding of the Federal Republic of Germany, if any, could fall away.

Changes to the Issuer's ratings may have corresponding effects on Pfandbrief ratings and ratings for other debt or hybrid instruments of the pbb Group. With regard to the ratings of Pfandbriefe, rating agencies define, and regularly review, over-collateralisation requirements in order to assign their ratings. This may result in an increase of the over-collateralisation requirements and, in case no such collateral is provided, have a negative impact on the current ratings of the Pfandbriefe issued by the Issuer (which could result in higher refinancing costs). If additional collateral was to be provided in order to meet new over-collateralisation requirements, this would have to be refinanced by other means of funding (i.e. the issuance of unsecured debt) and an increase of such over-collateralisation requirements could negatively impact the liquidity situation of the Issuer.

A rating downgrade of senior liabilities, especially below investment grade (also as the Bonds issued by the Issuer are then no longer eligible for collateral in return for liquidity offered by the ECB in its monetary policy operations), could have negative effects, on the funding opportunities of the Issuer and could significantly increase the costs of refinancing. Furthermore, a downgrade could have a negative impact on triggers and termination rights under derivatives and other contracts, and on the access to suitable hedge counterparties. A rating downgrade could also result in the Issuer being required to provide (additional) collateral due to contractual obligations (margin calls) and therefore lead to increased liquidity needs. Furthermore, a rating downgrade, especially below investment grade, could prohibit certain investors from investing in, or holding the Bonds issued by, the Issuer and thereby limit the basis of available and cost efficient funding and/or may lead to pressure on such Bonds and, thereby, negatively affect their price. Especially in the case of sub-investment grade ratings, the Issuer may be facing severe difficulties to write new business in the absence of sufficient or affordable funding. This would prohibit the Issuer from pursuing its business strategy. The Issuer's business model and strategy are based on the assumption that the Issuer's senior unsecured liabilities remain

rated at investment grade level. Thus, in particular if none of the mandated long-term senior unsecured ratings are at investment grade level, this would have a material adverse effect on the Issuer.

The negative effects described above could also be the result of a "split" rating (where a rating downgrade is not carried out simultaneously by all relevant rating agencies and one long-term rating remains at investment grade level while the other(s) are sub-investment grade, even if unsolicited) or in the event that the Issuer or its Bonds were assigned a rating by one rating agency only (where the other ratings have for example been withdrawn).

If any of these risks materialise, they could have a material adverse effect on the Issuer's business, liquidity situation and its development in assets, financial position and earnings."

2. The risk factor "It is planned that Hypo Real Estate Holding's Keep Well Statement in relation to the Issuer will be terminated which may lead to a loss of business and funding opportunities of the Issuer and holders of Bonds would not benefit from the Keep Well Statement if the Bonds are issued after the termination. Even if Bonds are issued prior to the termination holders of such Bonds do not have a direct claim for payment under the Bonds against Hypo Real Estate Holding unless the Issuer has become insolvent." shall be deleted and replaced by the following information:

"Hypo Real Estate Holding's Keep Well Statement in relation to the Issuer has been terminated which may lead to a loss of business and funding opportunities of the Issuer and holders of Bonds issued after such termination do not benefit from the Keep Well Statement.

Hypo Real Estate Holding had issued a Keep Well Statement (*Patronatserklärung*), according to which Hypo Real Estate Holding ensures that the Issuer is able to meet its contractual obligations (except in the case of political risk). The Keep Well Statement is for the benefit of the Issuer only. Hypo Real Estate Holding has terminated the Keep Well Statement with effect as of the settlement of the reprivatization of the Issuer, i.e. on 20 July 2015. As a consequence of the termination of the Keep Well Statement, the Issuer may lose business and funding opportunities which it previously enjoyed. This loss could arise because the Issuer's business partners took the existence of the Keep Well Statement into consideration, counting on support of the Issuer from Hypo Real Estate Holding and, hence, from its ultimate parent, the Federal Republic of Germany, if needed. The loss of business and funding opportunities (including the opportunity to obtain funding at favorable conditions) arising from the Issuer and its consolidated subsidiaries no longer benefitting from Keep Well Statement may have a material adverse impact on its business, financial position and results of operations.

Liabilities of the Issuer created after termination do not benefit from the Keep Well Statement and holder of Bonds issued after the termination are not be protected. However, even if liabilities are created prior to the termination, creditors cannot rely on the fact that the Keep Well Statement is applicable until the end of the term of the respective obligation.

In any case it should be taken into account that the Keep Well Statement does not constitute a guarantee. Therefore, prior to an insolvency of the Issuer it does not give holders of the Bonds issued by the Issuer under this Program a direct claim against Hypo Real Estate Holding to demand payment under the Bonds in the event that the Issuer is not in compliance with its obligations under the Bonds."

3. The risk factor "If in connection with the planned reprivatisation, the exemption pursuant to Art 7 CRR ceases to apply, then this could result in additional capital requirements or a limitation of business activities and, consequently, could have a negative impact on the Issuer's development in assets, financial position and earnings." shall be deleted.

2. RISKS RELATING TO HYPO REAL ESTATE GROUP

The subsection "2. RISKS RELATING TO HYPO REAL ESTATE GROUP" shall be deleted.

3. RISKS RELATING TO THE BONDS

The title of the subsection "3. RISKS RELATING TO THE BONDS" shall be deleted and restated as follows:

"2. RISKS RELATING TO THE BONDS"

DEUTSCHE PFANDBRIEFBANK AG

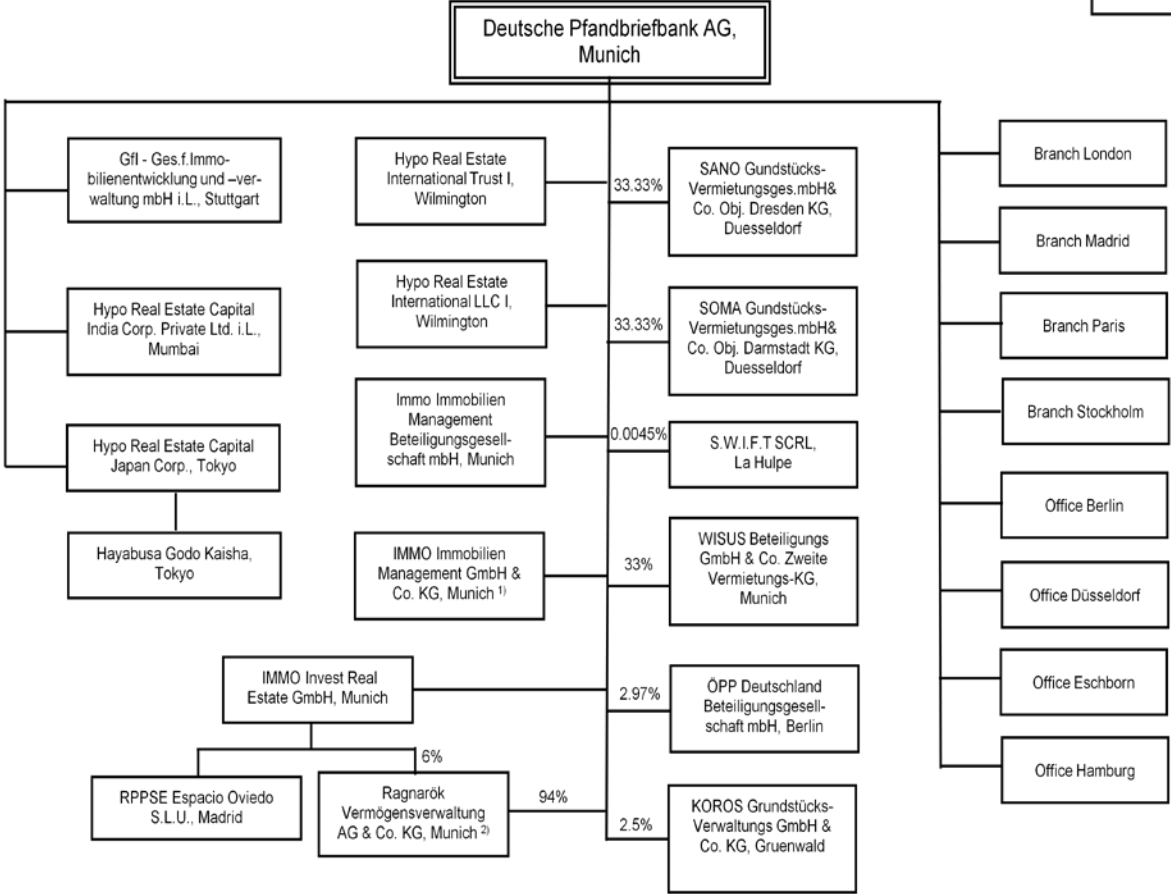
2. INFORMATION ABOUT THE ISSUER

1. The subsection "Integration into Hypo Real Estate Group and Keep Well Statement" shall be deleted and replaced by the following subsection:

"Group structure of the Issuer

As at the date of this Amendment to Program Information, the legal structure of the Issuer is as follows:

The participation rate is 100.00% unless otherwise noted



1)General partner liability (Komplementärhaftung) of Immo Immobilien Management Beteiligungsgesellschaft mbH

2)General partner liability (Komplementärhaftung) of Deutsche Pfandbriefbank AG

On 10 June 2015, the Issuer published the decision to prepare the listing of part of its shares in the "Prime Standard" segment of the Frankfurt Stock Exchange, and that its sole shareholder, Hypo Real Estate Holding, does not further pursue the sale process of the Issuer for the time being. On 16 July 2015, the Issuer published an announcement pursuant to which 107,580,245 shares of the Issuer have been successfully placed with investors and 134,475,308 shares have been admitted to trading on the Frankfurt Stock Exchange. Following the completion of this initial public offering (IPO), the Federal Republic of Germany will continue to maintain an indirect shareholding – via the German Financial Markets Stabilisation Fund (*Finanzstabilisierungsfonds*) and Hypo Real Estate Holding – amounting to a minimum of 20 per cent., but not exceeding 24.9 per cent., for a two year period based on respective lock up commitments.

Prior to the reprivatization, Hypo Real Estate Holding was the parent company of the Issuer and had lastly published a keep well statement with respect to the Issuer in its unconsolidated annual report 2014 (the "**Keep Well Statement**"), according to which Hypo Real Estate Holding ensured that the Issuer is able to meet its contractual obligations (except in the case of political risk). With effect as of 20 July 2015, Hypo Real Estate Holding terminated the Keep Well Statement. As a consequence, liabilities of the Issuer created after termination do not benefit from the Keep Well Statement. However, even if liabilities are created prior to the termination, creditors cannot rely on the fact that the Keep Well Statement is applicable until the end of the term of the respective obligation."

2. The information in the subsection "Strategic Reorganisation of Hypo Real Estate Group and Approval of State Aid Measures by the European Commission" shall be deleted and replaced by the following information:

"Since 2009, the Issuer had formed the strategic core bank of Hypo Real Estate Group. With the positive decision of the European Commission on 18 July 2011 regarding the approval of the state aid of the Federal Republic of Germany for Hypo Real Estate Group, it simultaneously recognised the viability of the business model of the Issuer as a specialist bank for real estate finance and public investment finance.

With its approval, the European Commission imposed a number of conditions for its approval, which Hypo Real Estate Group complied with. The remaining condition applicable to the Issuer was the medium-term reprivatization of the Issuer until the end of 2015 (for details see "Sale of Hypo Real Estate Holding's Participation in the Issuer" below).

With the redemption of the silent participation (*stille Einlage*) granted by SoFFin on 6 July 2015 (for details see "Agreement on the Repayment of the SoFFin Silent Participation" in Section IV.9 "Material Contracts" below) and following the Issuer's reprivatization, the restrictions on the Issuer imposed by the European Commission, including restrictions as regards interest and profit-participation payments for certain instruments do no longer apply to the Issuer."

3. The information in the subsection "Sale of Hypo Real Estate Holding's Participation in the Issuer" shall be deleted and replaced by the following information:

"On 17 February 2015, Hypo Real Estate Holding's intention to sell its participation in the Issuer and the period of time by the end of which written statements of interests in participating in the sale process must be submitted was published (for details see under www.dgap.de). In the announcement it was stated that parallel to the sale process, Hypo Real Estate Holding is preparing an initial public offering of its participation as an alternative means of sale.

In the announcement, a further statement was made that SoFFin expects its silent participation in the Issuer in the amount of Euro 1 billion to be fully repaid to it prior to the closing of the sale process or the initial public offering which may have a material impact on the financial position of the Issuer. In particular, the envisaged repayment of the silent participation would result in a reduction of the Issuer's total capital. On 10 June 2015, the Issuer published the decision to prepare the listing of part of its shares in the "Prime Standard" segment of the Frankfurt Stock Exchange, and that its sole shareholder, Hypo Real Estate Holding, does not further pursue the sale process of the Issuer. The decision was made by extraordinary general shareholder meetings of the Issuer and of Hypo Real Estate Holding and following prior approval by the FMSA's inter-ministerial Steering Committee (*Lenkungsausschuss*) which decides on stabilisation measures, policy issues, matters of particular importance or conditions regarding SoFFin measures. On 16 July 2015, the Issuer published an announcement pursuant to which 107,580,245 shares of the Issuer have been successfully placed at EUR 10.75 per share with

6,589,289 shares of them being placed in connection with an over-allotment. Based on this offer price, the total gross volume of placement amounted to approximately EUR 1.156 billion. Pursuant to the same announcement, 134,475,308 shares have been admitted to trading on the Frankfurt Stock Exchange. Following the completion of this initial public offering (IPO) the Federal Republic of Germany will continue to maintain an indirect shareholding – via the German Financial Markets Stabilisation Fund (*Finanzstabilisierungsfonds*) and Hypo Real Estate Holding – amounting to a minimum of 20 per cent., but not exceeding 24.9 per cent., for a two year period based on respective lock up commitments (for details see "Lock-Up Agreements and other Agreements in connection with the Reprivatisation" in 9 "Material Contracts" below).

In connection therewith, the silent participation granted by the SoFFin was repaid by the Issuer on 6 July 2015 (for details see "Agreement on the Repayment of the silent participation (*stille Einlage*)" in 9 "Material Contracts" below). Furthermore, the Keep Well Statement granted by Hypo Real Estate Holding has been terminated with effect as of 20 July 2015 (for details see "Group Structure of the Issuer" above)."

4. The information in the subsection "Recent Events" shall be deleted and replaced by the following information:

"On 12 January 2015, Standard & Poor's placed the ratings of the Issuer's Pfandbrief programs and certain of its individual issue ratings "under criteria observation".

On 3 February 2015, Standard & Poor's changed the outlook assigned to the Issuer's long-term counterparty credit rating from "negative" to "developing".

With respect to the announcement of Hypo Real Estate Holding's intention to sell its participation in the Issuer published on 17 February 2015 see "Sale of Hypo Real Estate Holding's Participation in the Issuer" above.

Pursuant to a Management Board resolution taken on 15 April 2015, the Issuer has made provisions amounting to Euro 79 million in the results of the first quarter 2015 for its receivables against Heta Asset Resolution AG (for details see "8. Historical Financial Information – Significant Change in Issuer's Financial Position" below).

On 27 April 2015, Standard & Poor's placed the Issuer ratings and certain of its individual issue ratings "under criteria observation".

On 12 May 2015, the Issuer mandated DBRS to assign Unsecured Ratings to the Issuer. DBRS has been providing mandated (solicited) ratings since 19 May 2015. On 20 May 2015, against the background of the BRRD and as part of an EU-wide rating action, DBRS placed the Issuer's Senior Unsecured long-term debt rating of "A (low)" and its short-term debt rating of "R-1 (low)" under review negative.

On 9 June 2015, following the rating review resulting from the introduction of the BRRD and the application of its new criteria with regards to Additional Loss-Absorbing Capacity (ALAC), Standard & Poor's affirmed the counterparty credit ratings assigned to the Issuer. The outlook remains developing. These ratings are no longer under criteria observation.

Standard & Poor's reviewed both of the Issuer's Pfandbrief programs under their revised covered bond criteria, effective since 12 January 2015. The results of the review were published on 9 July 2015. Standard & Poor's downgraded the Issuer's ratings for Public Sector Pfandbriefe from "AA+" to "AA-" and revised the outlook from "negative" to "developing". The rating of the Mortgage Pfandbriefe remains at AA+ but the outlook improved from "negative" to "stable".

With respect to the publication of the Issuer on 16 July 2015 as regards the successful placement of 107,580,245 shares with investors and the admission to trading of 134,475,308 shares on the Frankfurt Stock Exchange and consequential measures see "Sale of Hypo Real Estate Holding's Participation in the Issuer" above.

On 17 July 2015, Standard & Poor's reviewed the Issuer's unsecured ratings in the light of the initial public

offering (IPO) and confirmed the Issuer's senior unsecured ratings. The outlook was changed from "developing" to "negative".

After the reprivatization of the Issuer and the withdrawal of the waiver rule according to Art. 7 of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 646/2012 (CRR), the Issuer is subject to regulatory capital requirements on group (according to IFRS) and single entity level (according to the German Commercial Code (HGB) and has established risk management on group and single entity level in accordance with section 25a (1) sentence 3 numbers 1, 2 and 3 (b) and (c) of the German Banking Act (KWG).

On 5 August 2015, Standard & Poor's revised the outlook on the rating of Public Sector Pfandbriefe of the Issuer from "developing" to "negative".

On 29 September 2015, reflecting the announced removal of systemic support uplift, DBRS downgraded the Issuer's senior unsecured long-term debt rating to "BBB" from "A- (low)" and its short-term debt rating to "R-2 (high)" from "R-1 (low)". This rating action concluded DBRS' EU-wide rating review which had been initiated on 20 May 2015 against the background of the BRRD. The senior unsecured ratings assigned to the Issuer now carry a stable trend."

3. BUSINESS OVERVIEW

The second paragraph of the section "3. BUSINESS OVERVIEW" shall be deleted and replaced by the following information:

"It should be noted that following the approval of the European Commission of the state aid provided to Hypo Real Estate Group (for details see 2 "Information about the Issuer – Strategic Reorganisation of Hypo Real Estate Group and Approval of State Aid Measures by the European Commission" above) the business model was restricted as a consequence of conditions imposed by the European Commission as further specified below. Growth for the next few years had been limited in line with the approval of the European Commission, and new business must generate a defined minimum return. After the reprivatization those covenants are no longer applicable."

4. ORGANISATIONAL STRUCTURE

The information in the subsection "Dependency of the Issuer within Hypo Real Estate Group" shall be deleted and replaced by the following information:

"Following the completion of the initial public offering, the Hypo Real Estate Holding will continue to hold 20 per cent. to 24.9 per cent. of the Issuer's share capital."

5. TREND INFORMATION

The second paragraph of the section "5. TREND INFORMATION" shall be deleted and replaced by the following information:

"The outlook for the European economy in the second half of 2015 continues to look fairly benign. Private consumption is expected to remain the main pillar of economic growth, as most observers see unemployment declining further from structurally high levels. A further pick-up in business investments should also put the economic recovery on a broader basis. However, net export activity might remain weak, thus not adding significantly to, or in some cases even subtracting from, economic growth. Furthermore, downside risks to the European economic recovery still remain in place. These risks mainly stem from higher short-term and

long-term U.S. interest rates, uncertainties regarding the future developments in Greece, the very sluggish pick-up in global trade and persisting geopolitical concerns in Eastern Europe and the Middle East.

Based on a positive development of the income statement in the first three months 2015 and following the completion of the initial public offering, the Issuer continues to aim for further growth in the year 2015. In particular, the pbb Group aims to further improve profitability mainly expressed in profit before tax and return on equity before and after tax and efficiency expressed in a lower cost income ratio. As in previous years, it is expected that the Real Estate Finance segment will be the primary driver for profit or loss before tax."

6. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

The information in the subsection "The Supervisory Board", shall be deleted and replaced by the following information:

"In accordance with the Articles of Association, the Supervisory Board consists of nine members of whom six are elected by the General Meeting of Shareholders and three are elected by the employees in accordance with the German One Third-Participation Act (*Drittelbeteiligungsgesetz*).

As at the date of this Amendment to Program Information, members of the Supervisory Board of the Issuer are:

Name and Position	Other Mandates
<p>Dr. Günther Bräunig Chairman of the Supervisory Board (Member of the Management Board of KfW)</p>	<p>KfW Frankfurt am Main, Germany, Member of the Management Board AFT – Agence France Trésor, Paris, France, Member of the Strategic Committee True Sale International GmbH, Frankfurt/Main, Germany, Chairman of the Advisory Council</p>
<p>Dagmar P. Kollmann Deputy Chairperson of the Supervisory Board (Entrepreneur)</p>	<p>Bank Gutmann Aktiengesellschaft, Vienna, Austria, Member of the Supervisory Board Landeskreditbank Baden-Württemberg – Förderbank (L-Bank), Karlsruhe/Stuttgart, Germany, Member of the Advisory Board KfW IPEX-Bank GmbH, Frankfurt, Germany, Member of the Supervisory Board Deutsche Telekom AG, Bonn, Germany, Member of the Supervisory Board Unibail-Rodamco SE, Paris, France, Member of the Supervisory Board, (since 23 April 2014)</p>
<p>Dr. Thomas Duhnkrack</p>	<p>Hauck & Aufhäuser Privatbankiers KGaA, Frankfurt am Main, Germany, Member of the Supervisory Board Lloyd Fonds AG, Hamburg, Germany, Deputy Chairman of the Supervisory Board PREMIUM Equity Partners GmbH, Frankfurt am Main, Germany, Partner and Shareholder WWF Deutschland, Berlin, Germany Member of the Board of Trustees.</p>

Name and Position	Other Mandates
Dr. Christian Gebauer-Rochholz ^{*)} (Bank Employee)	None
Georg Kordick ^{*)} (Employee Representative)	None
Joachim Plessner (Former member of the Management Board of Eurohypo AG)	Commerz Real Investmentgesellschaft mbH, Wiesbaden, Germany, Member of the Supervisory Board Deutsche Immobilien Chancen Beteiligungs-AG, Frankfurt, Germany, Member of the Supervisory Board Pandion AG, Köln, Germany, Chairman of the Supervisory Board Accumulata Immobilien Development GmbH, München, Germany, Member of the Advisory Board GEG German Estate Group AG, Frankfurt, Germany, Member of the Supervisory Board
Heike Theißing ^{*)} (Employee Representative)	None
Dr. Hedda von Wedel (Retired President of the Bundesrechnungshof)	None

^{*)} Employee representative according to the One Third-Participation Act (*Drittelbeteiligungsgesetz*).

As regards the replacement of Dr. Jeromin Zettelmeyer, member of the Supervisory Board until 20 July 2015, an application will be filed with the local court (*Amtsgericht*) of Munich to appoint a new member of the Supervisory Board after the resignation of Dr. Jeromin Zettelmeyer taking effect.

The business address of the Supervisory Board of the Issuer is Freisinger Str. 5, 85716 Unterschleissheim, Germany."

7. MAJOR SHAREHOLDERS

The information in the section "7. MAJOR SHAREHOLDERS" shall be deleted and replaced by the following information:

"Following the completion of the initial public offering, the Hypo Real Estate Holding will continue to hold 20 per cent. to 24.9 per cent of the Issuer's share capital.

As at the date of this document, there is to the Issuer's knowledge and pursuant to the notifications the Issuer has received one shareholder holding, directly or indirectly, more than 3 and less than 5 per cent. and two shareholders holding, directly or indirectly, more than 5 per cent. and less than 10 per cent. of the Issuer's shares. The Federal Republic of Germany via the German Financial Markets Stabilization Agency (*Bundesanstalt für Finanzmarktstabilisierung*) and Hypo Real Estate Holding has reduced its participation to 20 per cent. of the shares."

8. HISTORICAL FINANCIAL INFORMATION

1. The following information shall be added at the end of the subsection "Interim and other Financial Information".

"As of 30 June 2015, the Issuer has published consolidated interim financial statements including the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity (condensed), the statement of cash flows (condensed), the notes (condensed) and the review report (the "**Deutsche Pfandbriefbank Unaudited Consolidated Interim Financial Information First Half 2015**"). The Deutsche Pfandbriefbank Unaudited Consolidated Interim Financial Information First Half 2015 is incorporated by reference (see "DOCUMENTS INCORPORATED BY REFERENCE" below). The Deutsche Pfandbriefbank Unaudited Consolidated Interim Financial Information First Half 2015 has been prepared on the basis of IFRS.

The Deutsche Pfandbriefbank Unaudited Consolidated Interim Financial Information First Half 2015 is unaudited and has been subject to a review by the statutory auditors (*prüferische Durchsicht*) only. The statutory auditors of the Issuer have issued an unqualified review report (*Bescheinigung nach prüferischer Durchsicht*)."

2. *The following information shall be added after the fifth paragraph of the subsection "Legal and Arbitration Proceedings":*

"As at the date of this Amendment to Program Information, the Issuer and FMS Wertmanagement are debating as to whether the Issuer is entitled to claim reimbursement of (i) certain costs and expenses during its provision of services to FMS Wertmanagement until 30 September 2013 as well as (ii) certain tax advantages in connection with the transfer of former subsidiaries of the Issuer to FMS Wertmanagement.

The Issuer has filed a lawsuit before the regional court (Landgericht) Frankfurt am Main against HETA Asset Resolution AG ("**HETA**") for omitted coupon payments and has served a third party notice to the Austrian Federal State of Carinthia. Furthermore, the Issuer has filed an appeal against the HETA Moratorium with the Austrian financial markets supervisory authority."

3. *The information in the subsection "Significant Change in Issuer's Financial Position" shall be deleted and replaced by the following information:*

"Except for the information in this subsection there has been no significant change in the financial position of the Issuer and its consolidated subsidiaries since the end of the last financial period for which interim financial information has been published (30 June 2015).

On 3 July 2015, SoFFin and the Issuer entered into an agreement regarding the termination of the silent participation of SoFFin (*stille Einlage*). The repayment has occurred on 6 July 2015 (for details see "Agreement on the Repayment of the SoFFin Silent Participation (*stille Einlage*)" in 9. "Material Contracts" below). In the Issuer's consolidated statement of financial position according to IFRS, equity decreased by EUR 1.0 billion due to this repayment agreement."

9. MATERIAL CONTRACTS

1. *The last paragraph of the subsection "FMS Wertmanagement" shall be deleted.*

2. *The first paragraph of the subsection "Hypo Real Estate Group" shall be deleted and replaced by the following information:*

"Two framework agreements (*Rahmenverträge*), which have been replaced by the New Framework Agreement with effect as of 20 July 2015 as described below, had been entered into with SoFFin: On 24 August 2010, a framework agreement (*Rahmenvertrag*) between Hypo Real Estate Holding, the Issuer and the SoFFin relating to the capitalisation measures granted by the SoFFin (the SoFFin's shareholding and silent partnerships); and, on 30 September 2010, a framework agreement (*Rahmenvertrag*) between Hypo Real Estate Holding, the Issuer, FMSA, FMS Wertmanagement and the SoFFin relating to the establishment of the deconsolidated environment (*Abwicklungsanstalt*). Both framework agreements referred to the obligations of Hypo Real Estate Holding and of the Issuer in relation to the granted stabilisation measures, in particular as

regards business policy, the European Union state aid proceedings, the compensation policy as well as penalties and possible compensation claims for damages in connection with the establishment of the deconsolidated environment (*Abwicklungsanstalt*). The Issuer assumes joint and several liability for all payment obligations of its subsidiaries resulting from the transaction agreements which have been transferred as part of the process of transferring assets to FMS Wertmanagement.

The SoFFin represented by the FMSA, the FMSA and the Issuer entered into a new framework agreement on the granting of stabilization measures which have become effective following the Issuer's reprivatization, i.e. on 20 July 2015, in order to replace the framework agreements dated 24 August 2010 and 30 September 2010 between the Issuer on one side and the FMSA and SoFFin on the other side (the "**New Framework Agreement**"). The New Framework Agreement governs solely the future relationship between the Issuer and the FMSA and FMS Wert-management. The Issuer, the FMSA and SoFFin have therefore agreed that the effectiveness of such agreement between the Issuer, the FMSA and SoFFin shall not require the consent of the other parties to the framework agreements dated 24 August 2010 and 30 September 2010, respectively, in particular the consent of FMS Wert-management. Hypo Real Estate Holding has granted its consent to the New Framework Agreement and the release of the Issuer from its obligations towards the FMSA and SoFFin under the framework agreements dated 24 August 2010 and 30 September 2010. The New Framework Agreement is not the basis for granting new state aid measures but instead, the parties thereto agreed on the general conditions and requirements for the continued utilization of the capitalization measures already granted and not repaid prior to the offering of the shares."

3. *The following paragraphs shall be added after the subsection "Material Acquisitions and Divestitures":*

"Agreement on the Repayment of the silent participation (*stille Einlage*)

On 3 July 2015, SoFFin and the Issuer entered into an agreement regarding the termination of the silent participation of SoFFin (*stille Einlage*). Such agreement provided for a termination of the silent participation (*stille Einlage*) with immediate effect and required the Issuer to repay the silent participation (*stille Einlage*) at par, i.e. in an amount of EUR 1.0 billion, to SoFFin prior to the completion of the initial public offering. The repayment has occurred on 6 July 2015.

Lock-Up Agreements and other Agreements in connection with the Reprivatisation

In addition to a lock-up commitment pursuant to which the Issuer has committed itself, inter alia, to an obligation vis-à-vis the underwriters of the shares publicly offered that it will refrain from certain measures regarding capital increases and measures with similar effect, Hypo Real Estate Holding, the Issuer, SoFFin and FMSA entered also into a separate lock-up agreement on or around 22 June 2015 (the "**HRE Lock-up Agreement**"), which contains a commitment of Hypo Real Estate Holding as the selling shareholder. The recitals to the HRE Lock-up Agreement state as the basis for Hypo Real Estate Holding's and SoFFin's willingness to enter into a lock-up commitment vis-à-vis the Issuer that prior to the reprivatization of the Issuer the indirect shareholding of the Federal Republic of Germany in the Issuer has been taken into account for the purpose of determining its issuer credit rating, and that such indirect shareholding continues to be both sufficient and required for the Issuer to maintain the issuer credit rating at investment grade level."

DOCUMENTS INCORPORATED BY REFERENCE

1. The fourth item in the section "DOCUMENTS INCORPORATED BY REFERENCE" shall be deleted and replaced by the following item:

- "- Deutsche Pfandbriefbank Unaudited Consolidated Interim Financial Information March 2015 which is appended as Appendix IV to the Issuer's Base Prospectus dated 11 May 2015 relating to Euro 50,000,000,000 Debt Issuance Programme which is available at the Issuer's website: http://www.pfandbriefbank.com/fileadmin/user_upload/downloads/investor_relations/issuance_programs/DIP_2015_Base_Prospectus_1505.pdf. by the Issuer's Second Supplement dated 19 June 2015 which is available at the Issuer's website: https://www.pfandbriefbank.com/fileadmin/user_upload/downloads/investor_relations/issuance_programs/DIP_2015_Supplement_2.pdf. The page "I-42" of such Appendix IV shall be deleted and replaced by the new page I-42 as set out in Annex I to the Issuer's Third Supplement dated 23 June 2015 which is available at the Issuer's website: https://www.pfandbriefbank.com/fileadmin/user_upload/downloads/investor_relations/issuance_programs/DIP_2015_Supplement_3.pdf."

2. The following item shall be added as the fifth item in the section "DOCUMENTS INCORPORATED BY REFERENCE":

- "- Deutsche Pfandbriefbank Unaudited Consolidated Interim Financial Information First Half 2015 which is appended as Appendix V to the Issuer's Base Prospectus dated 11 May 2015 relating to Euro 50,000,000,000 Debt Issuance Programme which is available at the Issuer's website: http://www.pfandbriefbank.com/fileadmin/user_upload/downloads/investor_relations/issuance_programs/DIP_2015_Base_Prospectus_1505.pdf. by the Issuer's Six Supplement dated 21 August 2015 which is available at the Issuer's website: http://www.pfandbriefbank.com/fileadmin/user_upload/downloads/investor_relations/issuance_programs/DIP_2015_Supplement_6.pdf."

II. FINANCIAL CONDITIONS

3. Other

The information in the subsection "(1) Other financials" shall be supplemented by inserting the following information as the fourth paragraph.

"The Issuer's consolidated interim financial statements for the first half year ended 30 June 2015, prepared in accordance with IFRS, are incorporated in this Program Information by reference as stated in I "OUTLINE OF COMPANY – DOCUMENTS INCORPORATED BY REFERENCE" above"

PART IV. INFORMATION ON GUARANTOR ETC OF THE COMPANY

The information in the section "PART IV. INFORMATION ON GUARANTOR ETC OF THE COMPANY" shall be deleted and restated as follows:

"Not applicable."