

Amendment to Program Information

Deutsche Pfandbriefbank AG

AMENDMENT TO PROGRAM INFORMATION

Type of Information: Amendment to Program Information

Date of Announcement: 26 January 2015

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Information on initial Program Information:

Date of Announcement: 27 June 2014

Scheduled Issuance Period: 28 June 2014 to 27 June 2015

Maximum Outstanding Issuance Amount: JPY500 billion

This amendment is filed to update the information included in the Program Information dated 27 June 2014 (as amended on 11 September 2014). This constitutes an integral part of the Program Information dated 27 June 2014 (as amended on 11 September 2014) and shall be read together with it.

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HYPO REAL ESTATE GROUP

The corresponding sections in the Program Information dated 27 June 2014 (as amended on 11 September) shall be updated as follows.

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Notes to Investors:

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

"All references to "**Hypo Real Estate Holding**" are to the Issuer's parent company, Hypo Real Estate Holding AG. References to the "**Hypo Real Estate Group**" are to Hypo Real Estate Holding, the Issuer (including its subsidiaries, affiliates and associated companies) and Hypo Real Estate Finance B.V.i.L."

PART I. SECURITIES INFORMATION

I TERMS AND CONDITIONS OF PRIMARY OFFERING FOR SUBSCRIPTION TO PROFESSIONAL INVESTORS

I-4 Other

(1) RISK FACTORS IN RESPECT OF THE BONDS

The risk factors entitled "In case of financial difficulties of the Issuer certain measures, such as reorganisation proceedings (Reorganisationsverfahren) or restructuring proceedings (Sanierungsverfahren) may be implemented on the basis of the German Bank Restructuring Act (Restrukturierungsgesetz) which may adversely affect the rights of the holders of Bonds. If the financial difficulties amount to the Issuer's insolvency, holders of Bonds may lose part or all of their invested capital (risk of total loss)" and "In connection with the Bank Resolution and Recovery Directive there is the risk that due to the coming "bail-in system" from 1 January 2016 and the related absorption of losses, holders of Bonds may face the risk to fully lose their invested capital and related rights" contained in the sub-section entitled "General Risks Relating to the Bonds" shall be deleted and replaced by the following risk factors respectively:

"In case of financial difficulties, the Issuer may initiate a reorganisation proceeding (Reorganisationsverfahren) or restructuring proceeding (Sanierungsverfahren) on the basis of the German Bank Restructuring Act (Restrukturierungsgesetz) which may adversely affect the rights of the holders of Bonds (except Pfandbriefe). If the financial difficulties amount to the Issuer's insolvency, holders of Bonds may lose part or all of their invested capital (risk of total loss)."

In case of financial difficulties of the Issuer certain measures may be implemented on the basis of the German Bank Restructuring Act (*Restrukturierungsgesetz*, the "**RStruktG**") which may adversely affect the rights of the holders of Bonds (except Pfandbriefe). Extended supervisory competences of the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**") of RStruktG were implemented in the German Banking Act (*Kreditwesengesetz*, the "**KWG**") and the restructuring procedure (*Sanierungsverfahren*) and the reorganisation procedure (*Reorganisationsverfahren*) were implemented in the German Bank Reorganisation Act (*Kreditinstitute-Reorganisationsgesetz*, the "**KredReorgG**").

The KredReorgG provides for the possibility to implement reorganisation proceedings (*Reorganisationsverfahren*) which allow for a restructuring of the Issuer threatened in its existence on the basis of a reorganisation plan (*Reorganisationsplan*). The reorganisation plan may provide for haircuts, maturity extension, the conversion from debt into equity or other measures affecting creditors. Adoption of the plan requires majority votes within the affected groups of stakeholder. Conversion from debt into equity requires approval by each affected creditor.

The KredReorgG further provides for the possibility to implement restructuring proceedings (*Sanierungsverfahren*) which do not require a threat in the existence of the Issuer but a mere need for restructuring (*Sanierungsbedürftigkeit*) and allow for a restructuring of the Issuer on the basis of a restructuring plan (*Sanierungsplan*). While the restructuring plan may not directly provide for measures affecting creditors' rights, it may include the granting of privileged restructuring loans. As repayment of such restructuring loan would rank prior to old debt this might have indirect adverse affects on the position of holders of Bonds.

If the financial difficulties amount to the Issuer's insolvency, holders of Bonds may lose part or all of their invested capital.

It should be noted that alternatively to the measures under the KWG and the KredReorgG, the Issuer may request a further transfer of non-strategic business (including corresponding liabilities) and risk positions to FMS Wertmanagement Anstalt des öffentlichen Rechts pursuant to the measures provided by the Financial Market Stabilisation Act (*Finanzmarktstabilisierungsfondsgesetz*, "**FMSstFG**")."

"In connection with the Bank Resolution and Recovery Directive which was implemented in the Federal Republic of Germany by the Restructuring and Resolution Act with effect as of 1 January 2015, there is the risk that due to the new bail-in resolution tool and the related absorption of losses holders of Bonds, and

particularly holders of Subordinated Bonds, may face the risk to fully lose their invested capital and related rights.

EU institutions have enacted an EU Directive which defines a framework for the recovery and resolution of credit institutions and investment firms (the so-called Bank Recovery and Resolution Directive, the "**BRRD**"), which upon implementation in the EU Member States grants significant rights for intervention of the national resolution authorities and other competent authorities in the event of a crisis of the Issuer. The BRRD entered into force on 3 July 2014. The BRRD has been implemented in the Federal Republic of Germany by the Restructuring and Resolution Act (*Sanierungs- und Abwicklungsgesetz* – "**SAG**"). The SAG came into force on 1 January 2015.

The proposal for establishing the BRRD was first published by the EU Commission on 6 June 2012. Subsequently the draft was subject of intensive negotiations between the various EU institutions. The EU finance ministers reached agreement on the draft of the BRRD proposal on 27 June 2013 and it has been referred to the European Parliament. The European Parliament has approved the BRRD on 15 April 2014.

The BRRD provides for a so-called "bail-in tool" and other resolution tools and powers which can be applied if *inter alia* the continued existence of an institution is at risk (*Bestandsgefährdung*). The bail in tool generally empowers the relevant resolution authority to extend the maturity, write down, including if need be to write down to zero, or to cancel subordinated liabilities (including those qualifying as Tier 2 instruments alike the Subordinated Bonds of the Issuer) and, also, unsubordinated liabilities (excluding, amongst others, Pfandbriefe) of the institution or to convert such liabilities into instruments of ownership like e.g. shares in order to recapitalise an institution that meets the requirements for resolution or to capitalise a bridge institution established to carry on parts of the business of the institution for a transitional period. Further, the bail-in system provides for a pre-defined hierarchy of bank creditors for absorbing losses. To improve a crisis-ridden bank's recovery prospects and foster general economic stability, bail-in tools may apply at least until 8% of its total assets have been fully absorbed. Consequently, shareholders and many holders of bonds (such as holders of the Bonds, except the Pfandbriefe) are at risk to fully lose their invested capital and related rights as a result of application of bail-in tools. Potential investors in Bonds should therefore take into consideration that, in the event of a crisis of the Issuer and thus already prior to any liquidation or insolvency or such procedures being instigated, they will to a particular extent be exposed to a risk of default and that it is likely that they will suffer an irrevocable partial or full loss of their invested capital, or that the Bonds will be subject to a conversion into one or more equity instruments (e.g. common equity) of the Issuer. As the Subordinated Bonds are issued with the aim of being recognised as Tier 2 capital pursuant to CRR and given the above mentioned Basel III recommendations of 13 January 2011, investors interested in Subordinated Bonds should take into consideration that they may in particular be affected by such aforementioned procedures and measures. Such regulatory measures may release the Issuer from its obligations under the Terms and Conditions of the related Bonds and may neither entitle the holder to demand early redemption of the Bonds, nor to exercise any other rights in this respect.

The BRRD goes beyond the German Bank Restructuring Act in so far as the German Bank Restructuring Act did only provide for transfer orders (which are also harmonized by the BRRD and implemented into the SAG) but not for a bail-in mechanism.

The BRRD as implemented by the SAG, further provides for the resolution powers of a (i) sale of business, (ii) transfer to a bridge institution and (iii) an asset separation as well as certain other and ancillary power pursuant to which the National Resolution Authority is entitled to amend or alter Bonds (including the maturity dates and other payment dates as well as the amount of interest payable. It is likely that the exercise of the sale of business tool, the bridge institution tool, and/or the asset separation tool, result in a bank to split into a "good bank" and a "bad bank". Moreover, SAG introduces certain early intervention powers enabling BaFin in addition to its powers under the KWG to intervene in the Institution's business and operations at an early stage to remedy the situation and to avoid a resolution of an institution. Any such early intervention or resolution powers might significantly impact the market value or liquidity of such Bonds, their volatility, and might significantly increase the risk characteristics of the investor's investment decision. Investors in Bonds may lose all or part of their invested capital in a pre-insolvency scenario."

(2) TAXATION

1. The second paragraph of the sub-section entitled "EU Savings Directive" shall be deleted and replaced by the following paragraph:

"For a transitional period, Austria opted instead to withhold tax from interest payments within the meaning of the directive at a rate of 35 per cent."

2. The fifth paragraph of the sub-section entitled "German Taxation – Tax Residents" shall be deleted and replaced by the following paragraph:

"Individuals who are subject to church tax may apply in writing to the German Disbursing Agent for this tax to be withheld as a surcharge to the withholding tax. Individuals subject to church tax but declining the application have to include their savings income in their tax return and will then be assessed to church tax. For German credit institutions an electronic information system as regards church withholding tax will apply in respect of savings income, with the effect that church tax will be collected by the German Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), in which case the obligation to include savings income in the tax return for church tax purposes will persist."

PART II. CORPORATE INFORMATION

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RISK FACTORS

1. RISKS RELATING TO THE ISSUER AND HYPO REAL ESTATE GROUP

The risk factors entitled "The Issuer and Hypo Real Estate Group generally face risks of failure to properly implement the European Commission's decision regarding state aid provided to Hypo Real Estate Group, particular risks may arise in connection with the planned transfer of DEPFA to, and its wind down under, FMS Wertmanagement which may also have an adverse impact on Hypo Real Estate Group's operational stability and the planned subsequent reprivatization of the Issuer" and "The Issuer and Hypo Real Estate Group continue to bear risks related to FMS Wertmanagement despite the transfer of assets and liabilities and the termination of the servicing activities, not least due to the exposure associated with related back-to-back derivatives" contained in this sub-section shall be deleted and replaced by the following risk factors respectively:

"The Issuer and Hypo Real Estate Group generally face risks of failure to properly implement the European Commission's decision regarding state aid provided to Hypo Real Estate Group, particular risks may arise in connection with the planned reprivatization of the Issuer."

Following the approval of the European Commission of the state aid provided to Hypo Real Estate Group, which has been granted on 18 July 2011, the conditions that are imposed on Hypo Real Estate Group and the Issuer are definitive, but still need to be complied with in the future. If Hypo Real Estate Group does not meet the conditions, further conditions may be imposed by the European Commission, which could also lead to a reopening of the case before the European Commission and, in the worst case, to a negative decision by the European Commission.

Particular risks may arise in connection with the planned reprivatization of the Issuer. Hypo Real Estate Group started the selling process for the reprivatization of DEPFA Bank plc ("**DEPFA**" and together with its subsidiaries, affiliates and associated companies, "**DEPFA Group**") in 2013. On 13 May 2014, the FMSA's inter-ministerial Steering Committee (which decides on measures related to the SoFFin) and an extraordinary general meeting of Hypo Real Estate Holding have decided not to sell DEPFA on the market, but to prepare the take over and wind down of DEPFA by FMS Wertmanagement. The transfer of DEPFA to FMS Wertmanagement became effective on 19 December 2014. The transfer to and the subsequent wind down under, FMS Wertmanagement might have an adverse impact on the operational stability of the Issuer. As a result of FMSA's decision, it cannot be excluded that employees of DEPFA or the Issuer terminate their employment contracts and, thus, that important know how cannot be maintained. Furthermore, the decision might also lead to reduced motivation of staff. Overall, the decision to wind down DEPFA may also have a negative impact on the Issuer's envisaged reprivatization. If the reprivatization of the Issuer is not executed by 31 December 2015, an appointed divestiture trustee (*Veräußerungstreuhänder*) will divest the Issuer to a purchaser, provided that the Commission has approved the purchaser and the final and binding purchase agreement. The divestiture or any alternative ideas of the shareholder in consultation with the EU Commission may have a negative impact on the assets, financial position and earnings of the Issuer."

"The Issuer and Hypo Real Estate Group continue to bear risks related to FMS Wertmanagement despite the transfer of assets and liabilities and the termination of the servicing activities, not least due to the exposure associated with related back-to-back derivatives"

Following the transfer of assets and liabilities and non-strategic business lines and the transfer of DEPFA to FMS Wertmanagement the balance sheet total of Hypo Real Estate Group is significantly lower than it was the case at the end of 2010, the decline of which was mainly attributable to a further reduction of the opposite effects, resulting for instance from the handling of refinancing arrangements or the transfer of risks by way of back-to-back derivatives, which had increased the total assets when positions were transferred to FMS Wertmanagement in October 2010. At the end of 2011 (and subsequently), FMS Wertmanagement was no longer reliant on refinancing funds which the Issuer passed through from central banks since FMS Wertmanagement received the refinancing funds from the affiliated entity DEPFA Group and consequently,

the volume of reverse repos (i.e. loans and advances to customers) declined. However, Hypo Real Estate Group and the Issuer may be negatively affected by FMS Wertmanagement due to outstanding back-to-back derivatives as far as those derivatives have not yet been replaced by direct business relations between FMS Wertmanagement and the external customers (novation of derivatives). Furthermore, in the course of transfer of certain assets which had been booked in the Issuer's mortgage coverpool until August 2013, FMS Wertmanagement granted acknowledgements of debt (*abstrakte Schuldversprechen*) to the Issuer to replace assets in the Issuer's coverpools for Pfandbrief issuances. In addition, certain credit risks of assets were transferred by means of guarantees provided by FMS Wertmanagement so that Hypo Real Estate Group ultimately retains a counterparty risk with regard to FMS Wertmanagement in connection with these positions. It is intended that those guaranteed assets will be upgraded, so that they are no longer guaranteed by FMS Wertmanagement but legally and/or economically transferred to FMS Wertmanagement. In either case, certain derivatives associated to such assets will be transferred to FMS Wertmanagement by way of back-to-back derivatives, so that Hypo Real Estate Group and the Issuer may again be negatively affected by FMS Wertmanagement due to outstanding back-to-back derivatives as long as those derivatives have not been replaced by direct business relations between FMS Wertmanagement and the external customers (novation of derivatives).

Even though the contractual commitment to continue to provide services for FMS Wertmanagement in defined areas (in particular servicing, refinancing as well as finance and regulatory reporting) as part of the approved outsourcing of assets to FMS Wertmanagement have been terminated due to restrictions of the EU-Commission with effect of 30 September 2013, there remain certain interconnections with FMS Wertmanagement pertaining to, *inter alia*, compliance issues, the mutual provision of information, support in areas where the party requested to service is the only party able to do so, and to areas where legal and/or regulatory provisions require the interaction of both parties (e.g. ongoing "upgrade" obligations). It cannot be excluded that this requires considerable resources of the Issuer and may involve operational risks. In addition, given that, since 1 October 2013, FMS Wertmanagement services those assets directly and indirectly through its subsidiary FMS Wertmanagement Service GmbH, it cannot be excluded that damage to the client relationships and the reputation of the Issuer and of Hypo Real Estate Group occurs if the management of FMS Wertmanagement and/or FMS Wertmanagement Service GmbH take decisions on the servicing of the assets transferred to it which are contrary to the Issuer's or Hypo Real Estate Group's strategy and/or not in the best interest of the Issuer or Hypo Real Estate Group. This risk might even further increase due to the fact that FMS Wertmanagement is in the process of selling FMS Wertmanagement Service GmbH and, as a result of such sale, the legal and factual influence of Hypo Real Estate Group and/or FMS Wertmanagement on FMS Wertmanagement Service GmbH's servicing and management of such assets will be reduced."

DEUTSCHE PFANDBRIEFBANK AG

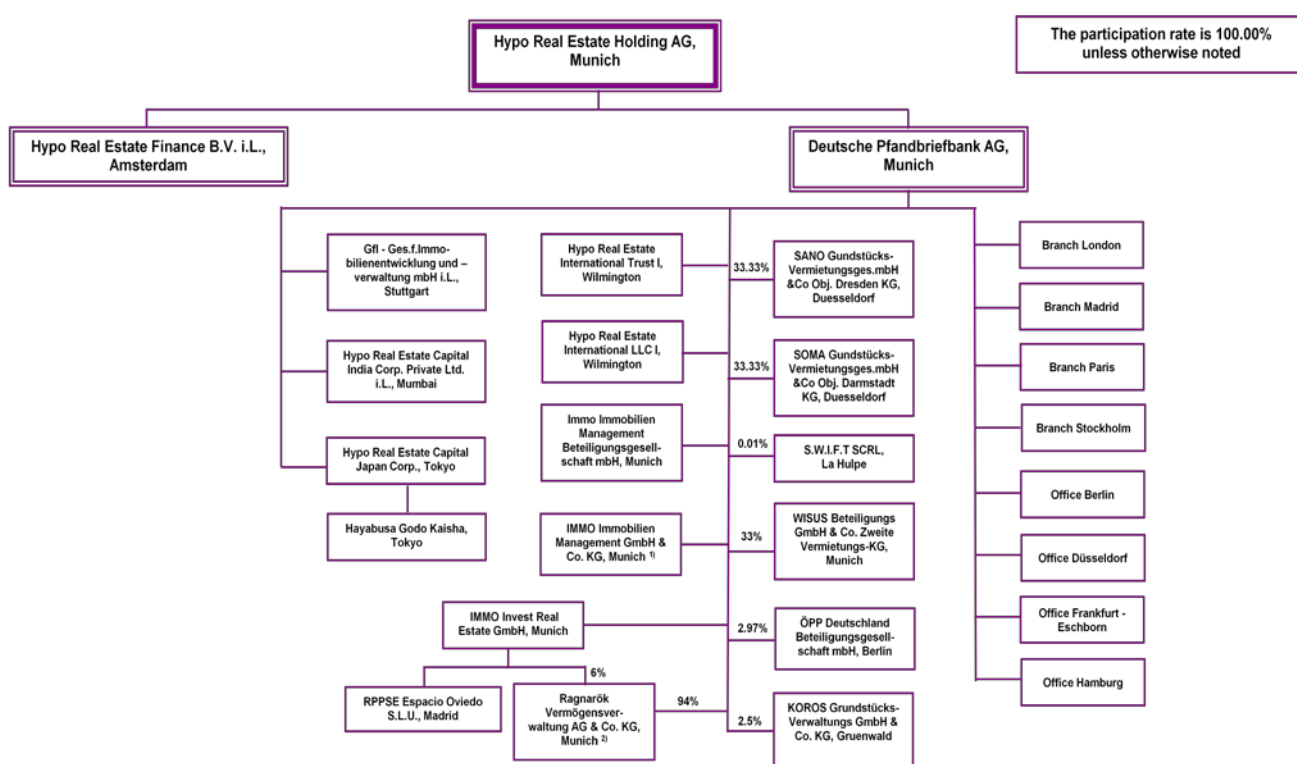
2. INFORMATION ABOUT THE ISSUER

The information in the first three paragraphs and the following structure chart in the sub-section entitled "Integration into Hypo Real Estate Group and Keep Well Statement" shall be deleted and replaced by the following information and the structure chart:

"The Issuer is part of Hypo Real Estate Group. Hypo Real Estate Group includes the parent company Hypo Real Estate Holding, the Issuer (including its subsidiaries, affiliates and associated companies) and Hypo Real Estate Finance B.V.i.L. For further information regarding Hypo Real Estate Group see Part IV – I "OUTLINE OF COMPANY – HYPO REAL ESTATE GROUP" below.

For further information about restructurings of Hypo Real Estate Group, including the transfer of DEPFA to FMS Wertmanagement see Part IV – I "OUTLINE OF COMPANY – HYPO REAL ESTATE GROUP – 2. INFORMATION ABOUT HYPO REAL ESTATE GROUP – Strategic Reorganisation and Corporate Strategy of Hypo Real Estate Group" below.

As of 31 December 2014, the legal structure of Hypo Real Estate Group and the Issuer in particular is as follows:"



1) General partner liability (Komplementärhaftung) of Immo Immobilien Management Beteiligungsgesellschaft mbH
 2) General partner liability (Komplementärhaftung) of Deutsche Pfandbriefbank AG

3. BUSINESS OVERVIEW

The first paragraph of the sub-section entitled "Value Portfolio" shall be deleted and replaced by the following paragraph:

"The segment Value Portfolio includes all non-strategic portfolios and activities of the Issuer and its consolidated subsidiaries. It mainly comprises the existing portfolio of non specific public sector loans

(budget finance) and to a small extent of non-strategic or written down real estate finance and selected structured products."

6. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

1. The information contained in the sub-section entitled "The Management Board" shall be deleted and replaced by the following information.

"In accordance with the Articles of Association, the Management Board consists of two or more members. The Supervisory Board determines the number of the members of the Management Board and appoints the members of the Management Board. The Management Board represents the Issuer and is responsible for its management.

As at the date of the Supplement dated 8 January 2015, members of the Management Board of the Issuer are:

Name and Position	Other Mandates
Andreas Arndt Co-Chief Executive Officer (Chief Financial Officer)	Member of the Management Board of Hypo Real Estate Holding AG, Munich, Germany
Thomas Köntgen Co-Chief Executive Officer	Member of the Management Board of Hypo Real Estate Holding AG, Munich, Germany
Wolfgang Groth Member of the Management Board (Group Treasurer)	Member of the Management Board of Hypo Real Estate Holding AG, Munich, Germany Non-Executive Director of DEPFA BANK plc., Dublin, Ireland Non-Executive Director of DEPFA ACS Bank, Dublin, Ireland Non-Executive Director of Hypo Public Finance Bank puc, Dublin, Ireland
Andreas Schenk Member of the Management Board (Chief Risk Officer)	Member of the Management Board of Hypo Real Estate Holding AG, Munich, Germany
Dr. Bernhard Scholz Member of the Management Board (Real Estate Finance and Public Sector Finance)	Member of the Management Board of Hypo Real Estate Holding AG, Munich, Germany

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

2. The information contained in the sub-section entitled "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 the Supplement dated 8 January 2015, members of the Supervisory Board of the Issuer are:

<u>Name and Position</u>	<u>Other Mandates</u>
<p>Dr. Günther Bräunig Chairman of the Supervisory Board (Member of the Management Board of KfW)</p>	<p>Chairman of the Supervisory Board of Hypo Real Estate Holding AG, Munich, Germany Member of the Strategic Committee of AFT – Agence France Trésor, Paris, France Chairman of the Advisory Council of True Sale International GmbH, Frankfurt/Main, Germany</p>
<p>Dagmar P. Kollmann Deputy Chairperson of the Supervisory Board (Entrepreneur)</p>	<p>Deputy Chairperson of the Supervisory Board of Hypo Real Estate Holding AG, Munich, Germany Member of the Supervisory Board of Bank Gutmann Aktiengesellschaft, Vienna, Austria Member of the Advisory Board of Landeskreditbank Baden-Württemberg – Förderbank (L-Bank), Karlsruhe/Stuttgart, Germany Member of the Supervisory Board of KfW IPEX-Bank GmbH, Frankfurt, Germany Member of the Supervisory Board of Deutsche Telekom AG, Bonn, Germany Member of the Supervisory Board of Unibail-Rodamco SE, Paris, France (since 23.04.2014)</p>
<p>Dr. Christian Gebauer Rochholz^{*)} (Employee Representative)</p>	<p>None</p>
<p>Georg Kordick^{*)} (Employee Representative)</p>	<p>None</p>
<p>Joachim Plesser (Former member of the Management Board of Eurohypo AG)</p>	<p>None</p>
<p>Dr. Ludger Schuknecht (Head of the Department responsible for Fundamental Issues of Finance Policy and Economics (<i>Abteilung Finanzpolitische und volkswirtschaftliche Grundsatzfragen</i>) at the Federal Ministry of Finance, Berlin)</p>	<p>Member of the Supervisory Board of Hypo Real Estate Holding AG, Munich, Germany Member of the Supervisory Board of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, Germany</p>
<p>Heike Theißing^{*)} (Employee Representative)</p>	<p>None</p>
<p>Dr. Hedda von Wedel (Retired President of the Bundesrechnungshof)</p>	<p>Member of the Supervisory Board of Hypo Real Estate Holding AG, Munich, Germany</p>
<p>Dr. Jeromin Zettelmeyer (Head of the Economic Policy Department (<i>Abteilung Wirtschaftspolitik</i>) at the Federal Ministry for Economic Affairs and Energy)</p>	<p>Member of the Supervisory Board of Hypo Real Estate Holding AG, Munich, Germany</p>

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

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

8. HISTORICAL FINANCIAL INFORMATION

The information contained in the sub-section entitled "Legal and Arbitration Proceedings" shall be supplemented by adding the following paragraph at the end of the third paragraph:

"Following the decisions of the German Supreme Court in 2014 relating to the prohibition of loan documentation fees (*Kreditbearbeitungsentgelte*) in loan agreements with private customers, the Issuer is exposed to certain requests of former private customers seeking compensation payments for such fees. As of the date of the Supplement dated 8 January 2015, none of these claims could have been reasoned. As of the end of 2014, several commercial customers have demanded compensation payments of loan documentation fees. In two cases notices to pay (*Mahnbescheide*) have been filed with local courts by such customers."

9. MATERIAL CONTRACTS

The last paragraph of this sub-section shall be deleted and replaced by the following paragraphs:

"On 30 September 2010, FMS Wertmanagement and the Issuer concluded a co-operation agreement as regards the asset management by the Issuer of all portfolios transferred by Hypo Real Estate Group to FMS Wertmanagement. This agreement was terminated by 30 September 2013 due to the conditions imposed by the European Commission in its state aid decision. Following the termination of the servicing, the Issuer and FMS Wertmanagement have entered into agreements specifying final obligations of the parties (for more details see Part IV – I "OUTLINE OF COMPANY – HYPO REAL ESTATE GROUP – 2. INFORMATION ABOUT HYPO REAL ESTATE GROUP – Relationship with FMS Wertmanagement and Transfer of DEPFA" below).

In connection with the transfer of DEPFA to FMS Wertmanagement which became effective on 19 December 2014, the Issuer and Hypo Real Estate Holding entered into agreements with DEPFA and related entities specifying certain after sales obligations and further obligations (for more details see Part IV – I "OUTLINE OF COMPANY – HYPO REAL ESTATE GROUP – 2. INFORMATION ABOUT HYPO REAL ESTATE GROUP – Relationship with FMS Wertmanagement and Transfer of DEPFA" below)."

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The last paragraph of this section shall be deleted and replaced by the following paragraphs:

"The sale of DEPFA became effective as of 19 December 2014. As a consequence, DEPFA will be deconsolidated in the financial statements 2014 of Hypo Real Estate Group. Because of the deconsolidation of DEPFA, the equity capital of Hypo Real Estate Group will be significantly reduced compared to 31 December 2013.

The IFRS equity of the Issuer and its consolidated subsidiaries will not be affected by the transfer of DEPFA to FMS Wertmanagement. However, according to the exemptions provided by Article 7 CRR the Issuer is exempted from specific regulatory requirements at the level of the bank. Instead, regulatory limits, such as the large exposure limit (*Großkreditgrenze*) depend on Hypo Real Estate Group's capital. As the equity of Hypo Real Estate Group decreases significantly due to the deconsolidation of DEPFA, such regulatory limits of pbb will also be affected."

HYPO REAL ESTATE GROUP

2. INFORMATION ABOUT HYPO REAL ESTATE GROUP

1. The information contained in the sub-section entitled "General Information" shall be amended by adding the following sentence at the end of the second paragraph:

"Following the completion of the transfer of DEPFA to FMS Wertmanagement with effect as of 19 December 2014, DEPFA is no longer a subsidiary of Hypo Real Estate Holding."

2. The information in the third, fourth and fifth paragraphs of the sub-section entitled "Strategic Reorganisation and Corporate Strategy of Hypo Real Estate Group" shall be amended by deleting and replacing the fourth and fifth paragraphs with the following paragraphs:

"In August 2013 Hypo Real Estate Holding initiated the selling process for 100 per cent. of the registered share capital of its subsidiary DEPFA. On 13 May 2014, the FMSA's inter-ministerial Steering Committee (which decides on measures related to the SoFFin) and an extraordinary general meeting of Hypo Real Estate Holding have decided not to sell DEPFA on the market, but to prepare the acquisition and wind down of DEPFA by FMS Wertmanagement. Following consent of the Irish and the Luxembourg regulatory authorities, the transfer to FMS Wertmanagement has been effected on 19 December 2014. It was conducted according to the (economic) terms and conditions Hypo Real Estate Holding had negotiated with the external bidder.

Following the signing of the share purchase agreement regarding the transfer of DEPFA Group to FMS Wertmanagement and following the transfer of the Issuer's subsidiary DEPFA Finance N.V, Amsterdam, to DEPFA, the Issuer has repaid a loan which was provided to it by DEPFA Finance N.V. and also reduced a corresponding hedging swap between the Issuer and DEPFA. The repayment of the loan and the reduction of the swap resulted in a total book profit of the Issuer."

3. The sub-section entitled "Relationship with FMS Wertmanagement" shall be deleted and replaced by the following sub-section:

"Relationship with FMS Wertmanagement and Transfer of DEPFA

In connection with the transfer of assets to FMS Wertmanagement the Issuer entered into a contractual commitment to provide services for FMS Wertmanagement (the "**Co-operation Agreement**"). This commitment has been terminated with effect as of 30 September 2013. Except for the Japanese real-estate portfolio of FMS Wertmanagement which is still serviced by the Issuer's subsidiary Hypo Real Estate Capital

Japan Corporation and which is expected to end in the first quarter of 2015, the servicing is being provided by FMS Wertmanagement Service GmbH, an independent servicing company established by FMS Wertmanagement, as well as other third party servicers engaged by FMS Wertmanagement. In connection with the termination of the agreement around 250 employees of the Issuer have been transferred to FMS Wertmanagement Service GmbH on 30 September 2013 and the Issuer entered into an agreement with FMS Wertmanagement pursuant to which certain after-sales support is provided by either party on a cost-plus basis pertaining to, *inter alia*, compliance issues, the mutual provision of information, support in areas where the party requested to service is the only party able to do so, and to areas where legal and/or regulatory provisions require the interaction of both parties. In addition, on 17 December 2013 the Issuer, Hypo Real Estate Holding and FMS Wertmanagement have entered into a settlement agreement including a final payment obligation in a lower two-digit million Euro amount of the Issuer towards FMS Wertmanagement in order to settle potential damage claims of FMS Wertmanagement under the Co-operation Agreement, any and all past, current and future claims for re-imbursment of costs with respect to upgrades of assets that have only been transferred to FMS Wertmanagement by way of sub-participation, back-to-back derivative or financial guarantee until now as well as a payment obligation of the Issuer in connection with the transfer of employees to FMS Wertmanagement Service GmbH. The final settlement payment has already been made at the beginning of 2014. Since this agreement is beneficial for Hypo Real Estate Holding, Hypo Real Estate Holding has reimbursed the Issuer for any disadvantages. This reimbursement has directly increased the Issuer's equity capital in 2014. In addition, the issuer, Hypo Real Estate Holding and DEPFA have entered into "back-to-back" settlement agreements in January and February 2014.

In connection with the transfer of DEPFA to FMS Wertmanagement, Hypo Real Estate Holding and FMS Wertmanagement entered into a share purchase agreement in August 2014. Hypo Real Estate Holding and the Issuer entered each into agreements with DEPFA pursuant to which certain after-sales support is provided by either party on a cost-plus basis in October 2014. Further agreements are in place as regards trademark purchase and assignments, guarantee indemnifications, IP licenses, back-to-back-servicing agreements pertaining to the servicing of FMS Wertmanagement and IT services provided by the Issuer to DEPFA. In October 2014, Hypo Real Estate Holding and the Issuer on the one hand and DEPFA BANK plc., DEPFA ACS Bank, Hypo Pfandbrief Bank International, S.A., and Hypo Public Finance Bank on the other hand entered also into a mutual claim settlement agreement."

4. The second paragraph of the sub-section entitled "Recent Events" shall be deleted and replaced by the following paragraph:

"With respect to the transfer of DEPFA to FMS Wertmanagement which became effective on 19 December 2014 see above under sub-section "Strategic Reorganisation and Corporate Strategy of Hypo Real Estate Group"."

3. OVERVIEW OF BUSINESS SEGMENTS

The first paragraph of this section shall be deleted and replaced by the following paragraph:

"As of beginning of 2014 Hypo Real Estate Group amended its segment structure. The Group distinguishes three operating segments: Strategic business in commercial real estate financing is pooled in the Real Estate Finance segment, and strategic public investment financing is pooled in the Public Investment Finance segment. Non-strategic business that had not been transferred to FMS Wertmanagement is included in the "Value Portfolio" segment. A "Consolidation & Adjustments" column is used to reconcile the total segments results with the consolidated results; in addition to consolidations, this item comprises certain expenses and income which cannot be allocated to the respective operating segments. At year end 2014 Hypo Real Estate Group will additionally show the income and expenses of DEPFA in a separate column discontinued operations as per IFRS 5."

5. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OF HYPO REAL ESTATE HOLDING

The information contained in the sub-section entitled "The Supervisory Board" shall be deleted and replaced by the following information.

"According to the Articles of Association, the Supervisory Board consists of six members. As at the date of this Amendment to Program Information, members of the Supervisory Board of Hypo Real Estate Holding are:

Name and Position	Other Mandates
Dr. Günther Bräunig Chairman of the Supervisory Board (Member of the Management Board of KfW)	Chairman of the Supervisory Board of Deutsche Pfandbriefbank AG, Munich, Germany Member of the Conseil d'Orientation of OSEO, Paris, France Chairman of the Advisory Council of True Sale International GmbH, Frankfurt/Main, Germany
Dagmar P. Kollmann Deputy Chairperson of the Supervisory Board (Chairman of the Partners Committee of Kollmann GmbH)	Deputy Chairperson of the Supervisory Board of Deutsche Pfandbriefbank AG, Munich Member of the Supervisory Board of Bank Gutmann Aktiengesellschaft, Vienna, Austria Member of the Advisory Board of Landeskreditbank Baden-Württemberg – Förderbank (L-Bank), Karlsruhe/Stuttgart, Germany Member of the Supervisory Board of KfW IPEX-Bank GmbH, Frankfurt, Germany Member of the Supervisory Board of Deutsche Telekom AG, Bonn, Germany Member of the Supervisory Board of Unibail-Rodamco SE, Paris, France (since 23.04.2014)
Joachim Plessner (Former member of the Management Board of Eurohypo AG)	None
Dr. Ludger Schuknecht (Head of the Department responsible for Fundamental Issues of Finance Policy and Economics (<i>Abteilung Finanzpolitische und volkswirtschaftliche Grundsatzfragen</i>) at the Federal Ministry of Finance, Berlin)	Member of the Supervisory Board of Deutsche Pfandbriefbank AG, Munich, Germany Member of the Supervisory Board of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, Germany
Dr. Hedda von Wedel (Retired President of the Bundesrechnungshof)	Member of the Supervisory Board of Deutsche Pfandbriefbank AG, Munich, Germany
Dr. Jeromin Zettelmeyer (Head of the Economic Policy Department (<i>Abteilung Wirtschaftspolitik</i>) at the Federal Ministry for Economic Affairs and Energy)	Member of the Supervisory Board of Deutsche Pfandbriefbank AG, Munich, Germany

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

Unterschleissheim, Germany."

7. HISTORICAL FINANCIAL INFORMATION OF HYPO REAL ESTATE GROUP

1. *The fourth paragraph of the sub-section entitled "Legal and Arbitration Proceedings" shall be deleted and replaced by the following paragraphs:*

"Since 2008, claims have been asserted in court against Hypo Real Estate Holding for an alleged misconduct of the company with respect to its information obligations. In particular, the company has been criticised for its information policy in connection with the expected effects of the sub-prime crisis, the requirement to write down CDOs, the ad hoc release dated 15 January 2008, as well as the financial situation of DEPFA Bank plc. A total of 246 claims with an amount in dispute totalling to approximately Euro 949 million were pending before the Regional Court I of Munich as of 31 December 2014.

Furthermore, a capital markets model case (*Kapitalanleger-Musterverfahren*) has been pending at the Munich Higher Regional Court. The first oral and evidentiary hearings were held in February 2014. On 15 December 2014, the Munich Higher Regional Court issued its model case ruling in which it confirmed several breaches of obligations by the company. As such, the Court found that the company had published an untrue and incomplete press release with insider information on 3 August 2007 in which it had concealed its high financial risks arising from structured securities it held in the US subprime market. According to the Court, the company had been obliged to correct the untrue information by way of an ad hoc release. Furthermore, the company had been obliged to inform with an ad hoc release on 15 November 2007 at the latest about the expected effects of the subprime crisis. These breaches of obligations may establish damage claims of investors against Hypo Real Estate Holding under Sections 37b and 37c of the Securities Trading Act (*WpHG*). As a further breach of duties, the Court held that the listing prospectus dated 10 September 2007 had been incorrect in essential points since it had drawn a picture of the company being too optimistic.

The model case ruling of the Munich Higher Regional Court is not final and legally binding, yet. Hypo Real Estate Holding filed an appeal (*Rechtsbeschwerde*) against the ruling with the Federal Supreme Court. Should the Supreme Court confirm the ruling and the investors be successful in subsequent court proceedings based on the model case ruling, Hypo Real Estate Holding may be exposed to payment obligations in the amount of approximately Euro 949 million plus interest in the amount of 5 percentage points per annum above the base interest rate since 2008 (interest in an amount of approximately EUR 285 million has incurred up to the date of the Supplement dated 8 January 2015)."

2. *The information contained in the sub-section entitled "Significant Change in Hypo Real Estate Group's Financial or Trading Position" shall be deleted and replaced by the following information:*

"The sale of DEPFA became effective as of 19 December 2014. As a consequence, DEPFA will be deconsolidated in the financial statements 2014 of Hypo Real Estate Group. Because of the deconsolidation of DEPFA, the equity capital of Hypo Real Estate Group will be significantly reduced compared to 31 December 2013.

The IFRS equity of the Issuer and its consolidated subsidiaries will not be affected by the transfer of DEPFA to FMS Wertmanagement. However, according to the exemptions provided by Article 7 CRR the Issuer is exempted from specific regulatory requirements at the level of the bank. Instead, regulatory limits, such as the large exposure limit (*Großkreditgrenze*) depend on Hypo Real Estate Group's capital. As the equity of Hypo Real Estate Group decreases significantly due to the deconsolidation of DEPFA, such regulatory limits of pbb will also be affected."