

Pursuant to article 16 para. 3 of the German Securities Prospectus Act investors who have already agreed to purchase or subscribe for Notes issued under the Programme (as defined herein) before this First Supplement (as defined herein) has been published shall have the right, exercisable within two working days after the publication of this First Supplement, to withdraw their purchase or subscription orders, provided that the new factor arose before the final closing of the offer to the public and the delivery of the securities. A withdrawal, if any, is to be addressed to Deutsche Pfandbriefbank AG, Freisinger Straße 5, 85716 Unterschleißheim, Germany provided that the relevant agreement to purchase or subscribe has been entered into with Deutsche Pfandbriefbank AG or to the relevant bank or savings bank or any other distributor with whom the relevant agreement to purchase or subscribe has been entered into. No grounds must be stated for the withdrawal, which must be made in text form. The timely dispatch of the withdrawal is sufficient to comply with the deadline.

Supplement pursuant to article 16 para. 1 of the German Securities Prospectus Act
dated 24 May 2016

to the base prospectus dated
11 April 2016
relating to

Deutsche Pfandbriefbank AG

Munich, Federal Republic of Germany

as Issuer

Euro 50,000,000,000 Debt Issuance Programme (the “Programme”)

This supplement (the “First Supplement”) to the base prospectus dated 11 April 2016 is prepared in connection with the Euro 50,000,000,000 Debt Issuance Programme (the “Programme”) of Deutsche Pfandbriefbank AG (the “Issuer”) and is supplemental to, and should be read in conjunction with, the base prospectus dated 11 April 2016 (the “Original Base Prospectus”) in respect of the Programme. Unless otherwise stated or the context otherwise requires, terms defined in the Original Base Prospectus shall have the same meaning when used in the First Supplement. As used herein, the term “Base Prospectus” means the Original Base Prospectus as supplemented by the First Supplement.

The Issuer accepts responsibility for the information contained in or incorporated by reference into this Base Prospectus. The Issuer hereby declares that all information contained in this Base Prospectus is true and accurate to the knowledge of the Issuer and that no material circumstances have been omitted.

The First Supplement has been approved by the *Bundesanstalt für Finanzdienstleistungsaufsicht* of the Federal Republic of Germany in its capacity as competent authority (the “Competent Authority”) under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended, into German law. Please note that the approval of the Base Prospectus by the Competent Authority is based on the scrutiny of the completeness of the Base Prospectus including the consistency and the comprehensibility only. Application will be made to the Competent Authority to provide the *Commission de Surveillance du Secteur Financier* (the “CSSF”) of the Grand Duchy of Luxembourg, the *Autoriteit Financiële Markten* of the Netherlands, the *Financial Conduct Authority* of the United Kingdom, the *Irish Financial Services Regulatory Authority* of Ireland, the *Finanzmarktaufsicht* of Austria, the *Kreditilsynet / Oslo Børs* of Norway, the *Commissione Nazionale per le Società e la Borsa* of Italy and the *Comisión Nacional del Mercado de Valores* of the Kingdom of Spain with a certificate of approval attesting that the First Supplement has been drawn up in accordance with the German Securities Prospectus Act and with a copy of the First Supplement.

This First Supplement has been filed with the Competent Authority and has been published together with the Original Base Prospectus on the website of the Issuer www.pfandbriefbank.com (see <https://www.pfandbriefbank.com/debt-instruments/emissionsprogramme/dip-programm.html>). Upon request (to be addressed to Deutsche Pfandbriefbank AG, Freisinger Straße 5, 85716 Unterschleißheim, Germany), the Issuer will provide, free of charge, a copy of the First Supplement and of the Original Base Prospectus.

This First Supplement has been prepared following the dissemination of an ad hoc announcement according to Section 15 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) of Deutsche Pfandbriefbank AG (the “**Issuer**”) with respect to a memorandum of understanding signed for certain debt instruments issued by HETA Asset Resolution AG on 18 May 2016.

OVERALL AMENDMENTS

If reference is made in the Original Base Prospectus to “Base Prospectus”, then the respective reference includes all changes made by this First Supplement.

I. SUPPLEMENTAL INFORMATION RELATING TO THE SECTION “I. SUMMARY”

On page 7 of the Original Base Prospectus, the first paragraph of “Section B – Issuer” under “Element B.13 – Recent developments” shall be deleted and replaced by the following information:

“The Issuer holds senior liabilities with a nominal value of Euro 395 million in total of HETA Asset Resolution AG (“**HETA**”). On 10 April 2016, the Austrian Financial Market Authority (“**FMA**”) decided to apply a bail-in, among others, to senior bonds of HETA creditors of 53.98 % i.e. they will receive a quota of 46.02 % out of HETA. Other measures announced by the FMA include the extension of the bonds' maturities to 31 December 2023 and the cancellation of interest payments as of 1 March 2015. On 18 May 2016, creditors of HETA, including the Issuer, as well as the Republic of Austria, entered into a Memorandum of Understanding (“**MoU**”) regarding the intended repayment of senior debt instruments issued by HETA to a large extent, which is, however, subject to certain conditions. Based on this MoU, the parties confirmed their joint intention to achieve an amicable agreement regarding the restructuring of these HETA debt instruments. It is intended that the Carinthian Compensation Payment Fund (*Kärntner Ausgleichszahlungs-Fonds*) will make a buy-back offer to HETA creditors for the HETA debt instruments they hold.”

II. SUPPLEMENTAL INFORMATION
RELATING TO THE SECTION “II. DEUTSCHE ÜBERSETZUNG DER ZUSAMMENFASSUNG”

On page 20 of the Original Base Prospectus, the first two paragraphs of “Abschnitt B – Emittent” under “Punkt B.13 – Aktuelle Entwicklungen” shall be deleted and replaced by the following information:

„Die Emittentin hält nicht nachrangige Verbindlichkeiten der HETA Asset Resolution AG („**HETA**“) mit einem Nominalvolumen von insgesamt Euro 395 Millionen. Am 10. April 2016 hat die Österreichische Finanzmarktaufsicht („**FMA**“) entschieden, ein Instrument der Herabschreibung (*Bail-In*) unter anderem auf nicht nachrangige Schuldtitel der HETA Gläubiger in Höhe von 53,98 % anzuwenden, was bedeutet, dass die Gläubiger hieraus eine Quote von 46,02 % erhalten werden. Weitere Maßnahmen, die von der FMA verkündet wurden, umfassen eine Verlängerung der Fälligkeiten der Schuldverschreibungen bis zum 31. Dezember 2023 sowie die Streichung der Zinszahlungen ab dem 1. März 2015. Am 18. Mai 2016 haben Gläubiger der HETA, darunter die Emittentin, sowie die Republik Österreich ein Memorandum of Understanding („**MoU**“) in Bezug auf die beabsichtigte, weitgehende Befriedigung der nicht nachrangigen Schuldtitel der HETA abgeschlossen, die aber unter dem Vorbehalt bestimmter Bedingungen steht. Auf der Grundlage dieses MoU haben die Parteien ihre gemeinsame Absicht bekräftigt, eine gütliche Einigung über die Restrukturierung der durch Kärnten landesbehafteten Verbindlichkeiten der HETA zu erzielen. Es ist beabsichtigt, dass der Kärntner Ausgleichszahlungs-Fonds den Gläubigern der HETA ein Rückkaufangebot für ihre HETA-Schuldtitel unterbreitet.“

III. SUPPLEMENTAL INFORMATION RELATING TO THE SECTION “III. RISK FACTORS”

SUPPLEMENTAL INFORMATION RELATING TO THE SECTION “1. RISKS RELATING TO THE ISSUER”

On page 38 of the Original Base Prospectus, the second and the third paragraph of the risk factor “The Issuer has been and will continue to be directly affected by the European sovereign debt crisis, and it may be required to take impairments on its exposures to sovereign debt and other financial instruments which benefit from state guarantees or similar instruments, such as its claims against HETA Asset Resolution AG” shall be deleted and replaced as follows:

“Recent events in Greece and a continued weak economic recovery in the Eurozone outside of Germany highlight the risk that the sovereign debt crisis may reignite. This risk has been further illustrated by the decision of the Austrian Financial Market Authority (“FMA”) dated 1 March 2015 and 10 April 2016 in relation to HETA Asset Resolution AG (“HETA”) to place a moratorium on the payments under HETA’s debt securities and to apply a bail-in to these debt securities. These debt securities are subject to a letter of indemnity issued by the Austrian federal state of Carinthia. This may trigger doubts as to the reliability of public guarantees and similar instruments, such as the letter of indemnity issued by the Austrian federal state of Carinthia. Institutions like the Issuer holding sovereign debt and/or debt guaranteed by sovereign or public sector entities are particularly exposed to the effects of the sovereign debt crisis as they might be required to take significant impairments on their instruments and could eventually be confronted with debtors’ defaults. While the Issuer no longer provides budget financing to governments, the legacy sovereign debt exposure in Issuer’s Value Portfolio amounts to Euro 21.7 billion as of 31 December 2015. In connection with its activities in public investment finance (“PIF”), the Issuer may further be exposed to risks relating to the creditworthiness of sovereigns, local governments and municipalities. Any restructuring of outstanding sovereign debt, other financial instruments which benefit from public guarantees and similar instruments may result in potential losses for the Issuer, for instance as a result of “haircuts” based on collective action clauses pursuant to Article 12(3) of the Treaty establishing the European Stability Mechanism. These risks arising from the European sovereign debt crisis may have, should they materialise, a material adverse effect on the Issuer’s business, liquidity, financial position, net assets and results of operations.

Following the FMA’s decision on HETA’s debt securities in March 2015, the Issuer was forced to take a significant impairment (in an amount of EUR 197.5 million as of 31 December 2015) on its outstanding exposure to HETA (which amounts to nominal Euro 395 million as at the date of this Supplement). The Issuer has filed a lawsuit before the regional court (*Landgericht*) Frankfurt am Main against HETA for the redemption of the full nominal amount, omitted coupon payments, interest and compensation for damages and has served a third party notice to the Austrian Federal State of Carinthia. On 10 April 2016, the FMA decided to apply a bail-in, among others, to senior bonds of HETA creditors of 53.98 % i.e. they will receive a quota of 46.02 % out of HETA. Other measures announced by the FMA include the extension of the bonds’ maturities to 31 December 2023 and the cancellation of interest payments as of 1 March 2015. The Issuer has filed appeals against the HETA moratorium and the bail-in decision with the Austrian financial markets supervisory authority. It is still to be awaited how the courts and the administrative authorities will decide upon the respective legal actions initiated by the Issuer. Even if the courts or administrative authorities will confirm the legal position of the Issuer it is uncertain at which point of time the respective payments will be made. This uncertainty even increases since such claims subject to German law will have to be enforced and recognized in Austria. Even if on 18 May 2016, creditors of HETA, including the Issuer, as well as the Republic of Austria, entered into a Memorandum of Understanding (“MoU”) regarding the intended repayment of senior debt instruments issued by HETA to a large extent, a certain level of uncertainty persists since the redemption offer is subject to certain conditions.”

**IV. SUPPLEMENTAL INFORMATION
RELATING TO THE SECTION “IV. DEUTSCHE PFANDBRIEFBANK AG”**

1. SUPPLEMENTAL INFORMATION RELATING TO THE SECTION “2. INFORMATION ABOUT THE ISSUER”

On page 53 of the Original Base Prospectus, the first paragraph of the subsection “Recent Events” shall be deleted and replaced by the following information:

“The Issuer holds senior liabilities with a nominal value of Euro 395 million in total of HETA Asset Resolution AG (“**HETA**”). On 10 April 2016, the Austrian Financial Market Authority (“**FMA**”) decided to apply a bail-in, among others, to senior bonds of HETA creditors of 53.98 % i.e. they will receive a quota of 46.02 % out of HETA. Other measures announced by the FMA include the extension of the bonds' maturities to 31 December 2023 and the cancellation of interest payments as of 1 March 2015. On 18 May 2016, creditors of HETA, including the Issuer, as well as the Republic of Austria, entered into a Memorandum of Understanding (“**MoU**”) regarding the intended repayment of senior debt instruments issued by HETA to a large extent, which is, however, subject to certain conditions. Based on this MoU, the parties confirmed their joint intention to achieve an amicable agreement regarding the restructuring of these HETA debt instruments. It is intended that the Carinthian Compensation Payment Fund (*Kärntner Ausgleichszahlungs-Fonds*) will make a buy-back offer to HETA creditors for the HETA debt instruments they hold (for details see subsection “Legal and Arbitration Proceedings” below).”

2. SUPPLEMENTAL INFORMATION RELATING TO THE SECTION “6. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES”

On page 56 et seq. of the Original Base Prospectus, 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 to be elected by the General Meeting of Shareholders and three are to be elected by the employees in accordance with the German One Third-Participation Act (*Drittelbeteiligungsgesetz*). As at the date of this Supplement dated 24 May 2016, members of the Supervisory Board of the Issuer are:

Name and Position	Other Mandates
Dr. Günther Bräunig Chairman of the Supervisory Board (Member of the Management Board of KfW)	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
Dagmar P. Kollmann Deputy Chairperson of the Supervisory Board (Entrepreneur)	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, Member of the Monopolies Commission
Dr. Thomas Duhnkrack (Entrepreneur)	Hauck & Aufhäuser Privatbankiers KGaA, Frankfurt am Main, Germany, Member of the Supervisory Board Lloyd Fonds AG, Hamburg, Germany, Deputy Chairman of the Supervisory Board
Dr. Christian Gebauer-Rochholz^{*)} (Employee Representative)	None
Georg Kordick^{*)} (Employee Representative)	None
Joachim Plessner (Consultant)	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
Oliver Puhl (Entrepreneur)	None
Heike Theißing^{*)} (Employee Representative)	None
Dr. Hedda von Wedel	Deputy Chairman of Transparency International- Deutschland e.V., Berlin

^{*)} 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.

»

3. SUPPLEMENTAL INFORMATION RELATING TO THE SECTION “8. HISTORICAL FINANCIAL INFORMATION”

On page 59 of the Original Base Prospectus, the last paragraph of the subsection “Legal and Arbitration Proceedings” shall be deleted and replaced as follows:

“The Issuer holds senior liabilities with a nominal value of Euro 395 million in total of HETA Asset Resolution AG (“**HETA**”). Following the Austrian Financial Market Authority (“**FMA**”) moratorium decision on HETA's debt securities, the Issuer has filed a lawsuit before the regional court (*Landgericht*) Frankfurt am Main against HETA for the redemption of the full nominal amount, omitted coupon payments, interest and compensation for damages and has served a third party notice to the Austrian Federal State of Carinthia. On 10 April 2016, the FMA decided to apply a bail-in, among others, to senior bonds of HETA creditors of 53.98 % i.e. they will receive a quota of 46.02 % out of HETA. Other measures announced by the FMA include the extension of the bonds' maturities to 31 December 2023 and the cancellation of interest payments as of 1 March 2015. The Issuer has filed appeals against the HETA moratorium and the bail-in decision with the Austrian financial markets supervisory authority. On 18 May 2016, creditors of HETA, including the Issuer, as well as the Republic of Austria, entered into a Memorandum of Understanding (“**MoU**”) regarding the intended repayment of senior debt instruments issued by HETA to a large extent. Assuming this offer will – as planned – be made, accepted and therefore become effective, this would as of the date of the MoU result in a non-recurring pre-tax gain of approximately EUR 132 million for the Issuer, expected to be recognised during the financial year 2016. Based on this MoU, the parties confirmed their joint intention to achieve an amicable agreement regarding the restructuring of these HETA debt instruments. It is intended that the Carinthian Compensation Payment Fund will make a buy-back offer to HETA creditors for the HETA debt instruments they hold. The implementation of the MoU requires – among other conditions – on the one hand the creation of the necessary legislative framework and on the other hand the acceptance of the offer according to the quota required by law. In addition, the European Commission will have to examine the redemption offer. The Issuer has applied for suspension of the lawsuit before the regional court (*Landgericht*) Frankfurt am Main against HETA until end of October 2016.”

Signatories on behalf of Deutsche Pfandbriefbank AG

Eschborn, as of 24 May 2016

signed by Götz Michl
Managing Director

signed by Martina Horn
Director