

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 Supplement (as defined herein) has been published shall have the right, exercisable within a time limit which shall not be shorter than two working days after the publication of this Supplement, to withdraw their purchase orders provided that the relevant purchase order has not yet been settled. In this case the withdrawal has to be addressed to the Issuer (as defined below).

Supplement pursuant to article 16 para. 1 of the German Securities Prospectus Act  
dated 28 October 2010

to the base prospectus dated  
21 April 2010 and lastly supplemented on 3 August 2010  
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 “Second Supplement” or the “Supplement”) to the base prospectus dated 21 April 2010 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 21 April 2010 and lastly supplemented on 3 August 2010 (the “First Supplement”) (together, 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 Second Supplement. As used herein, the term “Base Prospectus” means the Original Base Prospectus and the Second Supplement.

The Issuer accepts responsibility for the information contained in, or incorporated 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 Second 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 Act (*Wertpapierprospektgesetz*) which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003. 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 has been 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 Services Authority* of the United Kingdom, the *Irish Financial Services Regulatory Authority* of Ireland, the *Finanzmarktaufsicht* of Austria, the *Kreditilsynet / Oslo Børs* of Norway and the *Commissione Nazionale per le Società e la Borsa* of Italy with a certificate of approval attesting that the Second Supplement has been drawn up in accordance with the German Securities Prospectus Act and with a copy of the Second Supplement.

This Second 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](http://www.pfandbriefbank.com)). 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 this Second Supplement and of the Original Base Prospectus.

The Issuer announces the following new factors relating to the information included in the Original Base Prospectus.

## **OVERALL AMENDMENTS**

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

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

#### **1. SUPPLEMENTAL INFORMATION RELATING TO THE SECTION “2. SUMMARY OF THE DESCRIPTION OF THE ISSUER AND OF HYPO REAL ESTATE GROUP – SUMMARY OF THE DESCRIPTION OF THE ISSUER”**

*On page 13 of the Original Base Prospectus, the information contained in the Subsection “Significant Change in Issuer’s Financial Position” shall be replaced as follows:*

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|--|---|
| “Significant Change in Issuer’s Financial Position | Since the end of the last financial period for which interim financial information has been published (30 June 2010), there have been significant changes in the financial position of the Issuer as described in Section I.2. “Summary of the Description of Hypo Real Estate Group - Recent Events”.” |
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#### **2. SUPPLEMENTAL INFORMATION RELATING TO THE SECTION “2. SUMMARY OF THE DESCRIPTION OF THE ISSUER AND OF HYPO REAL ESTATE GROUP – SUMMARY OF THE DESCRIPTION OF HYPO REAL ESTATE GROUP”**

*On page 16 of the Original Base Prospectus, the information contained in the Subsection “Recent Events” as introduced into the Base Prospectus by the First Supplement shall be supplemented by the following paragraph at the end of the Subsection:*

“On 10 September 2010, the Steering Committee (*Lenkungsausschuss*) of the SoFFin decided to temporarily increase the volume of guarantees for Hypo Real Estate Group by up to EUR 40 billion until year end with the consequence that, taking into account partial repayments of EUR 1.5 billion each which have been made on 23 June 2010 and 23 September 2010 respectively, the total maximum of the guarantee frame temporarily amounted to up to EUR 140.5 billion. The decision was made to avoid any liquidity shortfall in the context of the transfer of risk positions and non-strategic assets to the recently founded FMS Wertmanagement which took place on 1 October 2010. The increase of the guarantee facility is subject to final state aid clearance by the European Commission and has been provisionally approved by the European Commission on 24 September 2010.

On 22 September 2010 the Steering Committee (*Lenkungsausschuss*) of the SoFFin decided the transfer of substantial risk assets and non-strategic business lines from the Hypo Real Estate Group to FMS Wertmanagement with effect as of 30 September 2010. Part of the transfer process and of the decision of the Steering Committee is also a further capitalisation of Hypo Real Estate Group. Inter alia the Steering Committee has approved a further capitalisation of the Hypo Real Estate Group in the amount of EUR 450 million, which shall be made available to the Issuer. With decision letter dated 19 May 2010, the European Commission decided not to raise objections against the capital injection, provided that certain conditions were met. The conditions have not been met so far and consequently, the disbursement of the amount is subject to the final state aid decision by the European Commission. Due to recent developments the application by Hypo Real Estate Group to SoFFin for

the recapitalisation initially in an amount of up to EUR 10 billion has become irrelevant with respect to any amounts which have not been granted as of the date of the Second Supplement.

On 24 September 2010 the European Commission provisionally approved the transfer of the Hypo Real Estate Group assets of up to EUR 210 billion to FMS Wertmanagement. In addition, the European Commission provisionally approved the guarantee framework of up to EUR 40 billion which had been most recently granted by the SoFFin. Furthermore, the European Commission extended its formal proceedings to include both the transfer of the assets and the most recently granted guarantees as part of the current official proceedings. As part of these proceedings, a decision should also be reached with regard to the further capitalisation of the Hypo Real Estate Group which was approved on 22 September 2010. All measures remain subject to final state aid clearance by the European Commission.

On 1 October 2010, following the decision by the Steering Committee (*Lenkungsausschuss*) of the SoFFin and the approval of the responsible bodies within Hypo Real Estate Group the transfer of substantial risk assets and non-strategic business lines from the Hypo Real Estate Group to FMS Wertmanagement was effected. Overall, Hypo Real Estate Group legally and/or economically transferred assets with an outstanding nominal amount (excluding undrawn commitments and excluding fair values of derivatives) of about EUR 173 billion (the final evaluation as of the cut-off date 30 September 2010 will result in a different aggregate amount). In addition, derivatives have been transferred, the majority of which will serve to hedge the transferred assets against interest rate risks. From the committed and extended overall guarantee facility of EUR 40 billion, Hypo Real Estate Group has drawn EUR 3.5 billion to ensure ongoing liquidity plus a further precautionary drawing of EUR 20 billion, which has been deposited with the Deutsche Bundesbank, to address operational risks related to the transaction process. Those guarantees in the total amount of EUR 23.5 billion have been returned on 15 October 2010 to SoFFin. The liabilities of the bonds guaranteed by the SoFFin and issued by Hypo Real Estate Group for its funding in an amount of about EUR 124 billion have been completely transferred to FMS Wertmanagement. A key objective of the transfer of the assets is to reduce Hypo Real Estate Group's dependency on state liquidity support; it is not intended to use any liquidity guarantee facilities of the SoFFin going forward. Furthermore, the Issuer is being prepared for a future reprivatization, with the objective of repaying capital support provided by the State to the maximum extent possible. The transfer process continues to be subject to the final state aid decision by the EU-Commission which is expected in the first half of 2011."

*On page 16 of the Original Base Prospectus, the information contained in the Subsection "Significant Change in Hypo Real Estate Group's Financial and Trading Position" shall be replaced as follows:*

"Significant Change in Hypo Real Estate Group's Financial and Trading Position

Since the end of the last financial period for which interim financial information has been published (30 June 2010), there have been significant changes in the financial or trading position of Hypo Real Estate Group as described in Subsection "Recent Events".

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

### **1. SUPPLEMENTAL INFORMATION RELATING TO THE SECTION “2. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN UND DER HYPO REAL ESTATE GROUP – ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN”**

*On page 31 of the Original Base Prospectus, the information contained in the Subsection “Wesentliche Änderung der Finanzlage der Emittentin” shall be replaced as follows:*

“Wesentliche Änderung der Finanzlage der Emittentin

Seit dem Ende des Stichtags, für den Zwischenfinanzinformationen veröffentlicht wurden (30. Juni 2010), haben sich wesentliche Änderungen der Finanzlage der Emittentin ereignet, wie in Abschnitt II.2 “Zusammenfassung der Beschreibung der Hypo Real Estate Group – Wichtige Ereignisse” beschrieben.”

### **2. SUPPLEMENTAL INFORMATION RELATING TO THE SECTION “2. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN UND DER HYPO REAL ESTATE GROUP – ZUSAMMENFASSUNG DER BESCHREIBUNG DER HYPO REAL ESTATE GROUP”**

*On page 33 of the Original Base Prospectus, the information contained in the Subsection “Wichtige Ereignisse” as introduced into the Base Prospectus by the First Supplement shall be supplemented by the following paragraph at the end of the Subsection:*

“Am 10. September 2010 beschloss der Lenkungsausschuss des SoFFin, das der Hypo Real Estate Group gewährte Garantievolumen bis zum Jahresende 2010 temporär um bis zu EUR 40 Milliarden zu erhöhen mit der Konsequenz, dass, unter Berücksichtigung der jeweils am 23. Juni 2010 und am 23. September 2010 bereits erfolgten Teilrückzahlungen in Höhe von je EUR 1,5 Milliarden, sich das Gesamtgarantievolumen temporär auf bis zu EUR 140,5 Milliarden belief. Der Beschluss wurde gefasst, um im Zusammenhang mit der Übertragung von Risikopositionen und nicht-strategischen Vermögenswerten auf die jüngst gegründete FMS Wertmanagement, welche am 1. Oktober 2010 erfolgte, jegliche Liquiditätsengpässe auszuschließen. Die Erhöhung der Garantiefazilität bedarf der endgültigen beihilferechtlichen Genehmigung der Europäischen Kommission und wurde am 24. September 2010 durch die Europäische Kommission vorläufig genehmigt.

Am 22. September 2010 beschloss der Lenkungsausschuss des SoFFin die Übertragung umfangreicher Risikopositionen und nicht strategienotwendiger Geschäftsbereiche von der Hypo Real Estate Group auf die FMS Wertmanagement zum 30. September 2010. Bestandteil des Übertragungsprozesses und der Entscheidung des Lenkungsausschusses ist auch eine weitere Kapitalisierung der Hypo Real Estate Group. Unter anderem hat der Lenkungsausschuss eine weitere Kapitalisierung der Hypo Real Estate Group in Höhe von EUR 450 Million bewilligt, welche der Emittentin zur Verfügung gestellt werden sollen. Mit Schreiben vom 19. Mai 2010 beschloss die Europäische Kommission, keine Einwände gegen die Kapitalzuführung zu erheben, vorausgesetzt, dass bestimmte Bedingungen erfüllt werden. Diese Bedingungen sind bislang nicht erfüllt und dementsprechend steht die Auszahlung der Summe unter dem Vorbehalt der finalen Beihilfeentscheidung der Europäischen Kommission. Jüngste Entwicklungen haben dazu geführt, dass der Antrag der Hypo Real Estate Group auf Rekapitalisierung in Höhe von ursprünglich bis zu EUR 10 Milliarden im Hinblick auf solche Beträge, die zum Datum des zweiten Nachtrags noch nicht bewilligt wurden, obsolet wurde.

Am 24. September 2010 hat die Europäische Kommission die Übertragung von Vermögenswerten der Hypo Real Estate Group in Höhe von bis zu EUR 210 Milliarden auf die FMS Wertmanagement vorläufig genehmigt. Darüber hinaus genehmigte die Europäische Kommission vorläufig den zuletzt vom SoFFin gewährten Garantierahmen über bis zu EUR 40 Milliarden. Sowohl die Übertragung von Vermögenswerten als auch den

zuletzt gewährten Garantierahmen hat die Europäische Kommission zugleich formal in das laufende förmliche Prüfverfahren einbezogen, in dem auch über die vom Soffin am 22. September 2010 beschlossene weitere Kapitalisierung der Hypo Real Estate Group entschieden werden soll. Alle Maßnahmen bedürfen weiterhin der beihilferechtlichen abschließenden Genehmigung durch die Europäische Kommission.

Am 1. Oktober 2010 wurde im Anschluss an die Entscheidung des Lenkungsausschusses des SoFFin sowie der Genehmigung der verantwortlichen Stellen innerhalb der Hypo Real Estate Group die Übertragung von nicht strategienotwendigen Geschäftsbereichen und Risikopositionen der Hypo Real Estate Group auf die FMS Wertmanagement durchgeführt. Insgesamt wurden rechtlich und/oder wirtschaftlich Vermögenswerte mit einem ausstehenden Nominalvolumen (ohne nicht gezogene Zusagen sowie ausschließlich des fairen Marktwerts von Derivaten) von rund EUR 173 Milliarden übertragen (die endgültige Bewertung zum Stichtag 30. September 2010 wird zu Abweichungen führen). Zusätzlich wurden Derivate übertragen, die überwiegend der Absicherung der Vermögenswerte gegen Zinsrisiken dienen. Von dem zuletzt zugesagten erweiterten Garantierahmen von EUR 40 Milliarden hat die Hypo Real Estate Group EUR 3,5 Milliarden zur Sicherung ihrer Liquidität sowie weitere EUR 20 Milliarden vorsorglich zur Absicherung gegen technische Risiken aus dem Transaktionsprozess in Anspruch genommen und bei der Deutschen Bundesbank hinterlegt. Diese Garantien in Höhe des Gesamtbetrags von EUR 23,5 Milliarden sind am 15. Oktober 2010 zurückgeführt worden. Die Verbindlichkeiten der durch den SoFFin garantierten, von der Hypo Real Estate Group zur Liquiditätsbeschaffung ermittelten Wertpapiere im Volumen von rund EUR 124 Milliarden wurden vollständig auf die FMS Wertmanagement übertragen. Ein wesentliches Ziel der Übertragung der Vermögenswerte ist es, die Abhängigkeit der Hypo Real Estate Group von staatlichen Liquiditätshilfen zu reduzieren; zukünftig ist es nicht vorgesehen, Liquiditätsgarantien des SoFFin in Anspruch zu nehmen. Zudem wird die Emittentin auf eine Reprivatisierung vorbereitet, um einen möglichst großen Teil der aus Staatsmitteln geleisteten Kapitalunterstützung zurückzuführen. Der Prozess unterliegt weiterhin der endgültigen Beihilfeentscheidung der Europäischen Kommission, welche für die erste Hälfte 2011 erwartet wird.“

*On page 34 of the Original Base Prospectus, the information contained in the Subsection “Wesentliche Änderung der Finanzlage oder Handelsposition der Hypo Real Estate Group” shall be replaced as follows:*

“Wesentliche Änderung der Finanzlage oder Handelsposition der Hypo Real Estate Group

Seit dem Ende des Stichtags, für den Zwischenfinanzinformationen veröffentlicht wurden (30. Juni 2010), haben sich wesentliche Änderungen der Finanzlage oder der Handelsposition der Hypo Real Estate Group ereignet, wie in Abschnitt“ Wichtige Ereignisse” beschrieben.”

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

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

*On page 64 of the Original Base Prospectus the Subsection “Significant Change in Issuer’s Financial Position” shall be replaced as follows:*

**“Significant Change in Issuer’s Financial Position**

Since the end of the last financial period for which interim financial information has been published (30 June 2010), there have been significant changes in the financial position of the Issuer as described in Section V.2. “Information about Hypo Real Estate Group — Recent Events”.

**IV. SUPPLEMENTAL INFORMATION  
RELATING TO THE SECTION “V. HYPO REAL ESTATE GROUP”**

**SUPPLEMENTAL INFORMATION RELATING TO THE SECTION “2. INFORMATION ABOUT HYPO REAL ESTATE GROUP”**

*On page 68 of the Original Base Prospectus at the end of the Subsection “Measures for Stabilising the Hypo Real Estate Group – Measures Designed to Procure Liquidity” the following sentence shall be added:*

“For further developments as regards measures designed to procure liquidity see below under “Recent Events”.”

*On page 69 of the Original Base Prospectus at the end of the Subsection “Measures for Stabilising the Hypo Real Estate Group – Further Capitalisation of Hypo Real Estate Group” the following sentence shall be added:*

“For further developments as regards the capitalisation of the Hypo Real Estate Group see below under “Recent Events”.”

*On page 70 of the Original Base Prospectus at the end of the Subsection “Measures for Stabilising the Hypo Real Estate Group – Deconsolidation and Non-Strategic Portfolios” the following sentence shall be added:*

“For further developments as regards the establishment of a deconsolidated environment (*Abwicklungsanstalt*) and the transfer of risk positions and non-strategic assets to such deconsolidated environment (*Abwicklungsanstalt*) see below under “Recent Events”.”

*On page 71 of the Original Base Prospectus at the end of the Subsection “Measures for Stabilising the Hypo Real Estate Group – Notification of the Restructuring Plan to the European Commission” the following sentence shall be added:*

“For further developments as regards the review by the European Commission of the restructuring plan and the support measures of Hypo Real Estate Group see below under “Recent Events”.”

*On page 71 of the Original Base Prospectus, the information contained in the Subsection “Recent Events” as introduced into the Base Prospectus by the First Supplement shall be supplemented by the following paragraph at the end of the Subsection:*

“On 10 September 2010, the Steering Committee (*Lenkungsausschuss*) of the SoFFin decided to temporarily increase the volume of guarantees for Hypo Real Estate Group by up to EUR 40 billion until year end. Together with the additional guarantee frame in the amount of EUR 10 billion which has been reactivated by the Steering Committee on 28 May 2010 and prolonged until 25 May 2011 on 24 June 2010 and taking into account partial repayments of EUR 1.5 billion each which have been made on 23 June 2010 and 23 September 2010 respectively, the total maximum of the guarantee frame temporarily amounted to up to EUR 140.5 billion (for details on the guarantee frame see Section V.2 “Information about Hypo Real Estate Group – Measures for Stabilising Hypo Real Estate Group – Measures Designed to Procure Liquidity”). The decision to temporarily increase the volume of the guarantees was made to avoid any liquidity shortfall in the context of the transfer of risk positions and non-strategic assets to the recently founded FMS Wertmanagement which took place on 1 October 2010 (please see below). Liquidity shortfalls might arise for Hypo Real Estate Group from unforeseeable movements in the interest and credit markets as well as from settlement and transfer risks in the context of the transfer of risk positions to FMS Wertmanagement. Of the increased amount EUR 23.5 billion have been granted and returned shortly after the transfer of risk positions (please see below). The increase of the guarantee facility is subject to final state aid clearance by the European Commission and has been provisionally approved by the European Commission on 24 September 2010 (please see below).

On 22 September 2010 the Steering Committee (*Lenkungsausschuss*) of the SoFFin decided the transfer of substantial risk assets and non-strategic business lines from the Hypo Real Estate Group to FMS Wertmanagement with effect as of 30 September 2010. Part of the transfer process and of the decision of the Steering Committee is also a further capitalisation of Hypo Real Estate Group. Inter alia the Steering Committee has approved a further capitalisation of the Hypo Real Estate Group in the amount of EUR 450 million, which shall be made available for the Issuer. With decision letter dated 19 May 2010, the European Commission decided not to raise objections against the capital injection, provided that certain conditions were met. The conditions have not been met so far and consequently, the disbursement of the amount is subject to the final state aid decision by the European Commission. Due to recent developments the application by Hypo Real Estate Group to SoFFin for the

recapitalisation initially in an amount of up to EUR 10 billion has become irrelevant with respect to any amounts which have not been granted as of the date of the Second Supplement.

On 24 September 2010, the European Commission provisionally approved the transfer of the Hypo Real Estate Group assets of up to EUR 210 billion to FMS Wertmanagement. In addition, the European Commission provisionally approved the guarantee framework of up to EUR 40 billion which had been most recently granted by the SoFFin. Furthermore, the European Commission extended its formal proceedings to include both the transfer of the assets and the most recently granted guarantees as part of the current official proceedings. As part of these proceedings, a decision should also be reached with regard to the further capitalisation of the Hypo Real Estate Group which was approved on 22 September 2010. All measures remain subject to final state aid clearance by the European Commission.

On 1 October 2010, following the decision by the Steering Committee (*Lenkungsausschuss*) of the SoFFin and the approval of the responsible bodies within Hypo Real Estate Group the transfer of substantial risk assets and non-strategic business lines from the Hypo Real Estate Group to FMS Wertmanagement was effected. Overall, Hypo Real Estate Group legally and/or economically transferred assets with an outstanding nominal amount (excluding undrawn commitments and excluding fair values of derivatives) of about EUR 173 billion (the final evaluation as of the cut-off date 30 September 2010 will result in a different aggregate amount). In addition, derivatives have been transferred, the majority of which will serve to hedge the transferred assets against interest rate risks. From the committed and extended overall guarantee facility of EUR 40 billion, Hypo Real Estate Group has drawn EUR 3.5 billion to ensure ongoing liquidity plus a further precautionary drawing of EUR 20 billion, which has been deposited with the Deutsche Bundesbank, to address operational risks related to the transaction process. Those guarantees in the total amount of EUR 23.5 billion have been returned on 15 October 2010 to SoFFin. The liabilities of the bonds guaranteed by the SoFFin and issued by Hypo Real Estate Group for its funding in an amount of about EUR 124 billion have been completely transferred to FMS Wertmanagement. A key objective of the transfer of the assets is to reduce Hypo Real Estate Group's dependency on state liquidity support; it is not intended to use any liquidity guarantee facilities of the SoFFin going forward. Furthermore, the Issuer is being prepared for a future reprivatisation, with the objective of repaying capital support provided by the State to the maximum extent possible. The transfer process continues to be subject to the final state aid decision by the EU-Commission which is expected in the first half of 2011."

#### **SUPPLEMENTAL INFORMATION RELATING TO THE SECTION "7. HISTORICAL FINANCIAL INFORMATION OF HYPO REAL ESTATE GROUP"**

*On page 76 of the Original Base Prospectus the Subsection "Significant Change in Hypo Real Estate Group's financial and trading position" shall be replaced as follows:*

##### **"Significant Change in Hypo Real Estate Group's financial and trading position**

Since the end of the last financial period for which interim financial information has been published (30 June 2010), there have been significant changes in the financial or trading position of Hypo Real Estate Group as described in Subsection 2. "Information about Hypo Real Estate Group - Recent Events".



Signatories on behalf of Deutsche Pfandbriefbank AG

Munich, as of 28 October 2010

gez. Dr. Heiner Bendfeld  
Chief Legal Counsel

gez. Dr. Gottfried von Aulock  
Legal Counsel