

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 Second Supplement (as defined herein) has been published shall have the right, exercisable within two working days after the publication of this Second 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 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.

Supplement pursuant to article 16 para. 1 of the German Securities Prospectus Act
dated 18 December 2013

to the base prospectus dated
7 May 2013
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”) to the base prospectus dated 7 May 2013 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 7 May 2013 as supplemented on 20 August 2013 (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 as supplemented by the Second 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 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 Prospectus Act (*Wertpapierprospektgesetz*) which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as lastly amended by Directive 2010/73/EU and Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010. 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). 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.

This Second Supplement has been prepared in connection with the termination of the contractual commitments of the Issuer and its related entities to provide services for FMS Wertmanagement on 30 September 2013 and consequential agreements the Issuer and its related entities entered into with FMS Wertmanagement.

OVERALL AMENDMENTS

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

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

On page 7 the information in “Section B – Issuer” under “Element B.13 – Recent Developments”, shall be supplemented by adding the following paragraph at the end:

“The contractual commitment of the Issuer to provide services to FMS Wertmanagement has been terminated on 30 September 2013 as planned.”

On page 14 the information in the second paragraph in “Section D – Risks” under “Element D.2 – Key information on the key risks that are specific to the Issuer and the Guarantor”, shall be deleted and replaced by the following information:

“The Issuer and Hypo Real Estate Group are exposed to operational risks including the risk of failure to (properly) implement processes, of technology failures, of human error or of external events, not only resulting from continuing enhancement and changes in IT environment, which have and may further lead to losses of the Issuer and Hypo Real Estate Group.”

On page 14 the information in the eleventh paragraph in “Section D – Risks” under “Element D.2 – Key information on the key risks that are specific to the Issuer and the Guarantor”, shall be deleted and replaced by the following information:

“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.”

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

On page 19 the information in “Abschnitt B – Emittent” under “Element B.13 – Aktuelle Entwicklungen”, shall be supplemented by adding the following paragraph at the end:

“Die vertragliche Verpflichtung der Emittentin, Dienstleistungen für die FMS Wertmanagement zu erbringen, endete wie geplant am 30. September 2013.”

On page 26 the information in paragraph four in “Abschnitt D – Risiken” under “Element D.2 – Zentrale Angaben zu den zentralen Risiken, die dem Emittenten und dem Garanten eigen sind”, shall be deleted and replaced by the following information:

“Die Emittentin und die Hypo Real Estate Group sind operationellen Risiken ausgesetzt, einschließlich Risiken im Fall von fehlgeschlagenen Implementierungen von Prozessen, Technologieversagen, menschlichem Versagen oder externen Ereignissen, die sich nicht nur aufgrund fortlaufender Verbesserungen und Änderungen in der EDV-Umgebung ergeben, welche zu Verlusten für die Emittentin oder die Hypo Real Estate Group geführt haben und zu weiteren Verlusten führen können.”

On page 27 the information in paragraph four in “Abschnitt D – Risiken” under “Element D.2 – Zentrale Angaben zu den zentralen Risiken, die dem Emittenten und dem Garanten eigen sind”, shall be deleted and replaced by the following information:

“Die Emittentin und die Hypo Real Estate Group sind ungeachtet der Übertragung von Vermögenswerten und Verbindlichkeiten sowie der Beendigung des Servicing weiterhin Risiken im Zusammenhang mit der FMS Wertmanagement ausgesetzt, nicht zuletzt aufgrund von Back-to-Back-Derivaten.”

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

SUPPLEMENTAL INFORMATION RELATING TO THE SECTION “1. RISKS RELATING TO THE ISSUER AND HYPO REAL ESTATE GROUP”

On page 30 et seq. of the Original Base Prospectus, the risk factor “The Issuer and Hypo Real Estate Group are exposed to operational risks including the risk of failure to (proper) implement processes, of technology failures, of human error or of external events, not only resulting from continuing enhancement and changes in IT environment and processes attributable to the rendering of services to FMS Wertmanagement, which have and may further lead to losses of the Issuer and Hypo Real Estate Group.” shall be deleted and replaced as follows:

“The Issuer and Hypo Real Estate Group are exposed to operational risks including the risk of failure to (properly) implement processes, of technology failures, of human error or of external events, not only resulting from continuing enhancement and changes in IT environment, which have and may further lead to losses of the Issuer and Hypo Real Estate Group.

Operational risks are associated with most aspects of Hypo Real Estate Group’s and the Issuer’s business, and comprises numerous widely differing risks. Hypo Real Estate Group and the Issuer define operational risk as the risk of losses caused by processes which are not satisfactory or which have not even been implemented, human error, technology failure or external events. The definition of operational risk includes legal risks, but excludes strategic and reputation risks.

Major operational risks result from the continuing enhancements of Hypo Real Estate Group as well as of the Issuer. This comprises also ongoing changes in IT environment. Operational risks are attributable in particular to the high number of manually recorded transactions as well as the high number of different processing and monitoring systems.

Until the current restructuring process has been completed, Hypo Real Estate Group as well as the Issuer suffered losses and expect that there will be an increased level of susceptibility to faults with regard to the manual processes and controls which are carried out for ensuring data consistency and data integrity.

Even though the servicing functions to FMS Wertmanagement have ceased to be rendered as of 1 October 2013 it cannot be excluded that due to the contractual arrangements obligation of the Issuer might arise even after September 2013 that may affect the financial and earnings position of the Issuer.

There is also a significant reliance on know-how of key personnel in order to monitor the continuing enhancements on the one hand and for operating daily business on the other. This is particularly important in view of the existing system landscape as well as manual processes and controls.

Even though it is assumed that, as a result of various measures taken by the Issuer and Hypo Real Estate Group, the risk of legal action taken by employees in relation to bonus payments has been considerably reduced, the Issuer may still face the risk of legal proceedings and may, therefore, be exposed to substantial payments and litigation costs.”

On page 33 et seq. of the Original Base Prospectus, the risk factor “The Issuer and Hypo Real Estate Group continue to bear risks related to FMS Wertmanagement despite the transfer of assets and liabilities, not least due to the exposure associated with related back-to-back derivatives, bonds issued by and the servicing provided to FMS Wertmanagement and risks in connection with the termination of the servicing activities by September 2013.” shall be deleted and replaced as follows:

“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 to FMS Wertmanagement the balance sheet total of Hypo Real Estate Group as at 31 December 2011 was (and continues to be as at 31 December 2012 and 30 September 2013) 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 costumers) declined. However, Hypo Real Estate Group and the Issuer may be negatively affected by FMS Wertmanagement since back-to-back derivatives were only partly replaced by direct business relations between FMS Wertmanagement and the external customers (novation of derivatives). Equally, even though there has been a decline of the volume of securities issued by FMS Wertmanagement and the portfolio of synthetically transferred cover funds, Hypo Real Estate Group and the Issuer, may be negatively affected by FMS Wertmanagement, since they both hold bonds issued by FMS Wertmanagement, which were provided by FMS Wertmanagement in connection with the claim for compensation of Hypo Real Estate Group for assets and liabilities transferred to FMS Wertmanagement. Furthermore, in the course of transfer of certain assets which had been booked in the Issuers' mortgage coverpool until August 2013, FMS Wertmanagement granted acknowledgements of debt (*abstrakte Schuldversprechen*) to the Issuer to replace assets in the Issuers' 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.

Even though the contractual commitment to continue to provide services for FMS Wertmanagement in defined areas (in particular servicing, refinancing and back-to-back derivatives 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. 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 Issuer or Hypo Real Estate Group."

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

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

On page 42 of the Original Base Prospectus, the subsection “Recent Events” shall be supplemented by adding the following paragraph at the end of the subsection:

“The contractual commitment of the Issuer to provide services to FMS Wertmanagement has been terminated with effect as of 30 September 2013 as planned (for details see Section V.2 “Information about Hypo Real Estate Group – Relationship with FMS Wertmanagement”).”

**V. 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 50 of the Original Base Prospectus, the subsection “Overview of Measures for Stabilising Hypo Real Estate Group” shall be deleted and replaced as follows:

“Overview of Measures for Stabilising Hypo Real Estate Group

In the course of the financial market crisis, Hypo Real Estate Group has received support measures in the form of liquidity and recapitalisation measures. Liquidity measures that were provided by SoFFin have been terminated as at the date of the Base Prospectus dated 7 May 2013. Recapitalisation measures have started with a legally non-binding declaration of intent by the SoFFin in 2009 and have been provided by means of capital contributions in cash (*Barkapitalerhöhung*) to Hypo Real Estate Holding AG, by way of payments to the capital reserves of Hypo Real Estate Holding AG and the Issuer, respectively, as well as by a silent participation (*stille Einlage*) of SoFFin in the Issuer. Furthermore, SoFFin acquired all shares in Hypo Real Estate Holding AG and certain assets as well as non-strategic operations of Hypo Real Estate Group have been transferred to a deconsolidated environment FMS Wertmanagement established by the German Financial Markets Stabilisation Agency (*Bundesanstalt für Finanzmarktstabilisierung*) on 30 September 2010. SoFFin’s declaration of intent to support Hypo Real Estate Group terminates on 31 December 2013. Support measures granted until this date remain in place.”

On page 52 of the Original Base Prospectus, the subsection “Relationship with FMS Wertmanagement” shall be deleted and replaced as follows:

“Relationship with FMS Wertmanagement

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 will be serviced by the Issuers’ subsidiary Hypo Real Estate Capital Japan Corporation, the servicing will now be 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 and the Issuer entered into an agreement with FMS Wertmanagement pursuant to which certain after-sales support are provided by either party 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, the Issuer and FMS Wertmanagement have agreed on a final payment obligation in a lower two-digit million EUR 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 reimbursement 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.”

Signatories on behalf of Deutsche Pfandbriefbank AG

Eschborn, as of 18 December 2013

signed by Götz Michl
Head of Funding

signed by Martina Horn
Legal Counsel