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Press release

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pbb Deutsche Pfandbriefbank launches flotation

- Price range for pbb shares set to € 10.75 - € 12.75 per share
- Offer period expected to run from 8 July to 15 July 2015
- Intention to pay pro-rata dividend for 2015
- pbb redeems € 1 billion silent participation

Munich, 7 July 2015 – Investors will be offered shares in Deutsche Pfandbriefbank AG (pbb), a leading European specialist bank for commercial real estate finance and public investment finance, at a price between € 10.75 and € 12.75 per share, during a period starting on 8 July 2015 and expected to last until 15 July 2015. Hypo Real Estate Holding AG (HRE), pbb's owner, set the price range together with the syndicate banks and the Federal Agency for Financial Market Stabilisation (FMSA). The shares will be offered for subscription by way of public offers in Germany and Luxembourg and through private placements in other jurisdictions (including the USA, in accordance with Rule 144A of the US Securities Act of 1933). The issue price will be determined based on a bookbuilding process.

The offer will comprise a maximum of 100,990,956 (75.1% of the share capital) ordinary bearer shares with no-par value (*Stückaktien*) plus a Greenshoe option of 6,589,289 shares (4.9% of the share capital) to cover a potential over-allotment. The Federal Republic of Germany will continue to maintain an indirect shareholding – via the German Financial Markets Stabilisation Fund (*Finanzstabilisierungsfonds*) and HRE – amounting to a minimum of 20.0%, but not exceeding 24.9%, for a two-year period.

The securities prospectus for the offer was approved by the German Federal Financial Supervisory Authority (BaFin) on 7 July 2015, and is available on pbb's website: www.pfandbriefbank.com.

pbb shares (trading symbol PBB / ISIN DE0008019001) are expected to commence trading on 16 July 2015 in the Prime Standard segment of the Regulated Market of the Frankfurt Stock Exchange. Going forward, pbb intends to distribute 40 to 50 per cent of consolidated net income in accordance with IFRS. Accordingly, the Bank already envisages a pro-rata dividend for the financial year 2015. Dividends will be subject to a corresponding net retained profit (*Bilanzgewinn*) in accordance with the German Commercial Code (*Handelsgesetzbuch*), as well as to certain regulatory requirements.

Silent participation redeemed – pbb's capitalization very good

pbb has fully redeemed Finanzmarktstabilisierungsfonds € 1 billion silent participation as planned. The bank thus repaid a large part of the financial support received by the Federal Republic of Germany back in 2009. pbb's capitalization is very good even without the silent participation. Under fully phased-in Basel III rules - and thus without the silent participation - the CET1 ratio was 14.8% as of 31 March 2015.

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Well positioned on the credit- and capital markets

pbb believes it is well-positioned on the credit and capital markets. The bank has achieved a high degree of market penetration in its European core markets; it services its clients locally as well as with cross-border transactions, and provides demanding financing solutions. Moreover, as the largest Pfandbrief issuer in Germany, pbb is also a key player on European covered bond markets. The bank applies strict risk management standards, refinances its business largely on a matched-maturity basis – from various funding sources – and is very well-capitalised. The bank is determined to adhere to this conservative approach, and to enhance profitability through attractive new business. pbb believes that Investors will be able to capitalise on this sustainable business model, in a growing market, and benefit from an attractive risk/return profile.

Citigroup Global Markets Limited and Deutsche Bank AG have been mandated as Joint Global Coordinators and Joint Bookrunners for pbb's flotation. J.P. Morgan Securities plc, Commerzbank AG and Joh. Berenberg, Gossler & Co. KG will act as additional Joint Bookrunners.

Facts and figures for pbb's planned flotation

Pricing range	€ 10.75 to € 12.75 per share
Offer period	8 July – 15 July 2015
Initial listing	16 July 2015
Exchange	Frankfurt, Regulated Market (Prime Standard)
Mnemonic	PBB
ISIN	DE0008019001
Number of ordinary shares	134,475,308

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<http://www.pfandbriefbank.com/investor-relations.html>.*

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