

06013606

HYPOTHEKENBANK IN ESSEN AG

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2006 MAY 19 P 1:34

Hypothekebank in Essen AG ♦ Postfach 101861 ♦ 45018 Essen ♦ Germany

Registered Letter / Advice of Delivery

Securities and Exchange Commission
Office of International Corporate Finance
Room 3099
450 Fifth Street, NW
Washington D.C. 20549
United States

OFFICE OF INTERNATIONAL
CORPORATE FINANCE

Gildehofstrasse 1
45127 Essen
Germany
www.essenhyp.com
info@essenhyp.com
Tel.: +49 201 8135-0
Fax: +49 201 8135-200

SUPPL

Bank Details:
Deutsche Bundesbank
Filiale Essen
Account No.: 360 096 10
BIC Code: HYES DE 3E

Commerzbank AG
Bank Code 360 400 39
Account No.: 177 64 75

Your ref.	Your message	Our ref.	Extension	Essen
		UM	-486	16.05.06

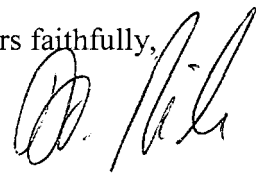
**File No. 824883 – Frequent Issuer Status of
Hypothekebank in Essen AG**

Dear Sir or Madam,

Please find enclosed the website as of April 30, 2006 (English version).
We would be obliged if you could confirm that you have received this
information by returning the enclosed answer form to us.

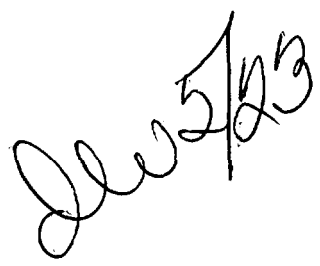
Thank you very much for your assistance.

Yours faithfully,



PROCESSED
MAY 23 2006
J THOMSON
FINANCIAL

Hypothekebank in Essen
Aktiengesellschaft





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2006 MAY 19 P 1:34

OFFICE OF INTERNATIONAL
CORPORATE FINANCE

**Jährliches Dokument für das Geschäftsjahr 2005
nach § 10 Wertpapierprospektgesetz (WpPG)**

Die folgende Tabelle enthält eine Auflistung aller Informationen, welche die **Hypothekbank in Essen AG** in den zwölf Monaten des vorausgegangenen Geschäftsjahres aufgrund der in § 10 WpPG genannten wertpapierrechtlichen Vorschriften veröffentlicht oder dem Publikum zur Verfügung gestellt hat. In der Spalte 3 der Tabelle ist aufgeführt, wo die entsprechende Information veröffentlicht oder zur Verfügung gestellt wurde und eingesehen werden kann.

Wir weisen darauf hin, dass einige der im letzten Geschäftsjahr veröffentlichten Informationen bereits veraltet sein können.

Essen, den 24.04.2006
Hypothekbank in Essen AG

Art der Information	Datum der Veröffentlichung	Verfügbarkeit/Veröffentlichung in
Geschäftsbericht zum Geschäftsjahr 2004	18.03.2005	www.essenhyp.de Rubrik: Infopool/Downloads
Zwischenbericht zum 30.06.2005	15.08.2005	www.essenhyp.de Rubrik: Infopool/Presse
Zwischenbericht zum 30.09.2005	15.11.2005	www.essenhyp.de Rubrik: Infopool/Presse

FINAL TERMS

20 April 2006

Final Terms

Issue of Euro 43,000,000 Floating Rate Public-Sector Pfandbriefe Notes due September 2013
issued pursuant to the

Euro 20,000,000,000
Essen Hyp Debt Issuance Programme
dated 31 October 2005
of

Hypothesenbank in Essen Aktiengesellschaft

Issue Price: 100.00 per cent.

Issue Date: 20 April 2006

Series No: HBE0G5

These are the Final Terms of an issue of Notes (which term, where applicable, shall include Pfandbriefe) under the euro 20,000,000,000 Debt Issuance Programme of Hypothesenbank in Essen Aktiengesellschaft (the "Programme"). Full Information on Hypothesenbank in Essen Aktiengesellschaft and the offer of the Notes is only available on the basis of the combination of the Debt Issuance Programme Prospectus pertaining to the Programme dated 31 October 2005 (the "Prospectus") and these Final Terms. The Prospectus is available for viewing in electronic form at the website of the Luxembourg Stock Exchange (www.bourse.lu) and at the website of Hypothesenbank in Essen Aktiengesellschaft (www.essenhyp.com/en/bonds_notes/securities_prospectus.php) and copies may be obtained from Hypothesenbank in Essen Aktiengesellschaft, Transaction Banking, Gildehofstrasse 1, D-45127 Essen, Federal Republic of Germany.

I. TERMS AND CONDITIONS

This part of the Final Terms is to be read in conjunction with the Terms and Conditions of the Notes (the "Terms and Conditions") set forth in the Prospectus. Capitalised Terms not otherwise defined herein shall have the meanings specified in the Terms and Conditions.

All references in this part of the Final Terms to numbered Articles and sections are to Articles and sections of the Terms and Conditions.

All provisions in the Terms and Conditions corresponding to items in these Final Terms which are either not selected or completed or which are deleted shall be deemed to be deleted from the terms and conditions applicable to the Notes (the "Conditions").

PART I.A. Notes other than Participation Certificates

Issuer

**Hypothesenbank in Essen
Aktiengesellschaft**

Form of Conditions

Long-Form

Integrated

Language of Conditions

- German only
- English only
- English and German (English controlling)
- German and English (German controlling)

Currency, Denomination, Form, Certain Definitions (§ 1)

Currency and Denomination

Specified Currency	Euro ("EUR")
Aggregate Principal Amount	EUR 43,000,000
Specified Denomination(s)	EUR 50,000
Number of Notes to be issued in each Specified Denomination	860

Form

- Notes
- Pfandbriefe
 - Mortgage Pfandbriefe
 - Public-Sector Pfandbriefe
 - TEFRA C
 - Permanent Global Note
 - Temporary Global Note exchangeable for:
 - Definitive Notes
 - TEFRA D
 - Temporary Global Note exchangeable for:
 - Permanent Global Note
 - Definitive Notes
 - Neither TEFRA D nor TEFRA C
 - Permanent Global Note
 - Temporary Global Note exchangeable for:

Definitive Notes

Definitive Notes

No

Coupons

Talons

Receipts

Certain Definitions

Clearing System

Clearstream Banking AG
Neue Börsenstraße 1
D-60487 Frankfurt am Main

Euroclear Bank S.A./N.V. (Euroclear Operator)
1 Boulevard du Roi Albert II
B-1210 Brussels

Clearstream Banking, société anonyme
42 Avenue JF Kennedy
L-1855 Luxembourg

Other – (specify)

STATUS (§ 2)

Unsubordinated

Subordinated

INTEREST (§ 3)

Fixed Rate Notes

Rate of Interest and Interest Payment Dates

Interest Commencement Date

Rate of Interest

Fixed Interest PaymentDate(s)

First Interest Payment Date

Initial Broken Amount(s) (per specified denomination)

Fixed Interest Date preceding the Maturity Date

Final Broken Amount(s) (per specified denomination)

Floating Rate Notes

Interest Payment Dates

Interest Commencement Date

20 April 2006

Specified Interest Payment Dates

19 March, 19 June, 19 September
and 19 December of each year
from and including 19 June 2006
to and including 19 September
2013

Specified Interest Period(s)

Quarterly

Business Day Convention

- Modified Following Business Day Convention
- FRN Convention (specify period(s))
- Following Business Day Convention
- Preceding Business Day Convention

Relevant Financial Centres

Rate of Interest

- Screen Rate Determination
 - EURIBOR (Brussels time/TARGET Business Day/Interbank Market in the euro-zone)
For the initial Interest Period: interpolated between 2 month and 3 month EURIBOR
For each Interest Period thereafter, 3 month EURIBOR

Screen page

Reuters Screen Page
EURIBOR01 as of 11:00 a.m.,
Brussels time on the Interest
Determination Date

- LIBOR (London time/London Business Day/London Interbank Market)

Screen page

- Other (specify)

Screen page

- Formula
(set forth details in full here or in an attachment)

- ISDA Determination
- Other Method of Determination (insert details
(including Margin, Interest Determination Date,
Reference Banks, fall-back provisions))

Margin

- plus

- minus

0.02 per cent. per annum

—

Interest Determination Date

- second Business Day prior to commencement of Interest Period
- first day of each Interest Period
- other (specify)

Minimum and Maximum Rate of Interest

- Minimum Rate of Interest 0.00 per cent. per annum
- Maximum Rate of Interest
- Zero Coupon Notes**

Accrual of Interest

Amortisation Yield

- Dual Currency Notes**
(set forth details in full here (including exchange rate(s) or basis for calculating exchange rate(s) to determine interest/fall-back provisions))
- Instalment Notes**
(set forth details in full here)
- Index-linked Notes**
(set forth details in full here)
- Credit-linked Notes**
(set forth details in full here)
- Other Structured Notes**
(set forth details in full here (including fall back provisions, if applicable and the relevant reference date is not available))

Day Count Fraction

- Actual/Actual (ICMA)
- Actual/Actual (ISDA) (Actual/365)
- Actual/365 (Fixed)
- Actual/360
- 30/360 or 360/360 (Bond Basis)
- 30E/360 (Eurobond Basis)

PAYMENTS (§ 4)

Payment Business Day

Relevant Financial Centre(s) (specify all)

TARGET

REDEMPTION (§ 5)

Final Redemption

Notes other than Instalment, Dual Currency, Index-linked, Credit-linked or Structured Notes

Maturity Date

19 September 2013

Redemption Month

Final Redemption Amount

Principal amount

Final Redemption Amount (per specified denomination)

EUR 50,000 per Note of EUR 50,000 Specified Denomination

Instalment Notes

Instalment Date(s)

Instalment Amount(s)

Early Redemption

Optional Redemption for Taxation Reasons

No

Early Redemption at the Option of the Issuer

No

Minimum Redemption Amount

Higher Redemption Amount

Call Redemption Date(s)

Call Redemption Amount(s)

Minimum Notice to Holders

Maximum Notice to Holders

Early Redemption at the Option of a Holder

No

Put Redemption Date(s)

Put Redemption Amount(s)

Minimum Notice to Issuer

Maximum Notice to Issuer (never more than 60 days)

Early Redemption Amount

Zero Coupon Notes:

Reference Price

Redemption of Notes other than Zero Coupon, Fixed Rate, Floating Rate and Instalment Notes

- Dual Currency Notes**
(set forth details in full here (including exchange rate(s) or basis for calculating exchange rate(s) to determine principal/fall-back provisions))
- Index-linked Notes**
(set forth details in full here)
- Credit-linked Notes**
(set forth details in full here)
- Other Structured Notes**
(set forth details in full here)

FISCAL AGENT AND PAYING AGENT (§ 6)

Paying Agents

- Fiscal Agent **BNP Paribas Securities Services, Luxembourg**
- Additional Paying Agent(s)/specified office(s) **BNP Paribas Securities Services, Luxembourg**
- Calculation Agent **BNP Paribas Securities Services, Luxembourg**
- Yes
- No
- Required location (specify)

NOTICES (§ 12)

Place and medium of publication

- London (Financial Times)
- Luxembourg (d'Wort)
- Germany (Börsen-Zeitung)
- Other (specify)

Publication on the website of the stock exchange

Stock Exchange

Internet Address

Governing Law

German Law

PART I.B. PARTICIPATION CERTIFICATES

Language of Conditions

- German only
- English only
- English and German (English controlling)
- German and English (German controlling)

Issue, Principal Amount (§ 1)

Aggregate Principal Amount	Not Applicable
Date of general meeting	Not Applicable
Number of Participation Certificates	Not Applicable
Principal amount	Not Applicable

Distributions (§ 2)

- Fixed Rate Participation Certificates
 - Rate of interest
 - Interest Commencement Date
- Floating Rate Participation Certificates
 - Interest Commencement Date
 - Reference Dates
 - Margin
 - Euribor Rate
 - Screen Page

Distribution Date(s)

First Distribution Date

Term, Termination by the Issuer (§ 6)

End of term

Repayment Date

Interest Rate applicable to the Final Interest Period

- Distribution rate
- Other (specify)

Termination

Call Date

Date of Termination

PART I. C.: GLOBAL PFANDBRIEFE

General Provisions (§ 1)

[Global] Mortgage Pfandbriefe

Public-Sector Pfandbriefe

Aggregate Principal Amount

Number of Notes

Currency

EUR

USD

Interest (§ 2)

Rate of interest

Interest Commencement Date

First Interest Payment Date

Fixed Interest Payment Date(s)

Repayment (§ 3)

Specified Maturity Date

Payments (§ 4)

Relevant Financial Center(s) (specify all)

Paying Agent

BNP Paribas Securities Services Luxembourg Branch

Hypothekenbank in Essen AG

PART II. OTHER INFORMATION

Specific Risk Factors

Interest of natural and legal persons involved in the issue/offer

None

Estimated net proceeds EUR 42,970,760

Estimated total expenses of the issue EUR 2,000

Securities Identification Numbers

- Common Code 25050185
- ISIN Code XS0250501854
- German Securities Code HBE0G5
- Any other securities number

Yield

Yield

Method of calculating the yield

- ICMA method: The ICMA method determines the effective interest rate of notes taking into account accrued interest on a daily basis
- Other methods (specify)
- Historic Interest Rates**

- Details relating to the Performance of the [Index] [Formula] [other variable]

Not Applicable

Name of index

Description of index / Details of where information about index can be obtained

Description of interest rate

Other equivalent information regarding the underlying (including, in the case of a basket of underlyings, a disclosure of the relevant weightings of each underlying in the basket)

Comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when risks are most evident

Not Applicable

Market disruption or settlement disruption events that may affect the underlying

Not Applicable

Adjustment rules with relation to events concerning the underlying

Not Applicable

- Details relating to the Performance of Rate(s) of Exchange and Explanation of Effect on Value of Investment**

Not Applicable

Selling Restrictions

- The Selling Restrictions set out in the Prospectus shall apply.
- TEFRA C
- TEFRA D
- Neither TEFRA C nor TEFRA D
- Additional Selling Restrictions (specify)

Taxation

Information on taxes on the income from the Notes withheld at source in respect of countries where the offer is being made or admission to trading is being sought

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

Restrictions on the free transferability of the Notes

None

TERMS AND CONDITIONS OF THE OFFER

Placing and Underwriting

Method of distribution

- Non-syndicated
- Syndicated

Commissions

Management/Underwriting Commission (specify) 0.068 per cent. of the Aggregate Nominal Amount

Selling Concession (specify) Not Applicable

Other (specify)

Listing(s) Yes

- Luxembourg
 - Regulated Market "*Bourse de Luxembourg*"
 - Euro MTF
- Düsseldorf
- Other (insert details)

Date of admission Admission of the Notes is expected on the Issue Date

Rating Not Applicable

Other relevant terms and conditions (specify) Not Applicable

Listing:

The above Final Terms comprise the details required to list this issue of Pfandbriefe pursuant to the € 20,000,000,000 Essenhyp Debt Issuance Programme of Hypothekenbank in Essen Aktiengesellschaft (as from **20 April 2006**).

Responsibility

The Issuer accepts responsibility for the information contained in these Final Terms as set out in the section "Responsibility Statement" on page 3 of the Prospectus, provided that, with respect to any information included herein and specified to be sourced from a third party (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted, the omission of which would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy thereof.

Hypothekenbank in Essen Aktiengesellschaft

[Name & title of signatory]

The Final Terms will be displayed on the website of Essenhyp (www.essenhyp.com) and in case of Notes listed on the Luxembourg Stock Exchange on the website of the Luxembourg Stock Exchange (www.bourse.lu).

12 April 2006
12. April 2006

Final Terms
Endgültige Bedingungen

EUR 20,000,000 3.75 per cent. per annum Fixed Rate Public Sector Pfandbriefe
issued pursuant to the

*EUR 20.000.000 3,75 % p.a. Festverzinsliche Öffentliche Pfandbriefe
begeben aufgrund des*

**Euro 20,000,000,000
Essenhyp Debt Issuance Programme**

dated 31 October 2005
datiert 31. Oktober 2005

of
der

Hypothesenbank in Essen Aktiengesellschaft

Issue Price: 100.00 per cent.
Ausgabepreis: 100,00 %

Issue Date: April 13, 2006
Valutierungstag: 13. April 2006

Series No: HBE0HB
Serien Nr.: HBE0HB

These are the Final Terms of an issue of Notes (which term, where applicable, shall include Pfandbriefe) under the euro 20,000,000,000 Debt Issuance Programme of Hypothesenbank in Essen Aktiengesellschaft (the "Programme"). Full information on Hypothesenbank in Essen Aktiengesellschaft and the offer of the Notes is only available on the basis of the combination of the Debt Issuance Programme Prospectus pertaining to the Programme dated 31 October 2005 (the "Prospectus") and these Final Terms. The Prospectus is available for viewing in electronic form at the website of the Luxembourg Stock Exchange (www.bourse.lu) and at the website of Hypothesenbank in Essen Aktiengesellschaft (www.essenhyp.com/en/bonds_notes/securities_prospectus.php) and copies may be obtained from Hypothesenbank in Essen Aktiengesellschaft, Transaction Banking, Gildehofstrasse 1, D-45127 Essen, Federal Republic of Germany.

Dies sind die Endgültigen Bedingungen einer Emission von Schuldverschreibungen (dieser Begriff schließt an geeigneter Stelle Pfandbriefe ein unter dem Euro 20.000.000.000 Debt Issuance Programm der Hypothesenbank in Essen Aktiengesellschaft (das „Programm“). Vollständige Informationen über die Hypothesen Bank in Essen Aktiengesellschaft und das Angebot der Schuldverschreibungen sind nur verfügbar, wenn die Endgültigen Bedingungen und der Basisprospekt vom 31. Oktober 2005 über das Programm (der „Prospekt“) zusammengenommen werden. Der Prospekt kann auf der Internetseite der Luxembourg Stock Exchange (www.bourse.lu) und der Internetseite der Hypothesenbank in Essen Aktiengesellschaft (www.essenhyp.com/en/bonds_notes/securities_prospectus.php) eingesehen werden. Kopien sind erhältlich unter folgender Adresse: Hypothesenbank in Essen Aktiengesellschaft, Marktfolge Treasury, Gildehofstraße 1, D-45127 Essen, Bundesrepublik Deutschland.

**I. TERMS AND CONDITIONS
I. EMISSIONSBEDINGUNGEN**

This part of the Final Terms is to be read in conjunction with the Terms and Conditions of the Notes

(the "Terms and Conditions") set forth in the Prospectus. Capitalised Terms not otherwise defined herein shall have the meanings specified in the Terms and Conditions.

All references in this part of the Final Terms to numbered Articles and sections are to Articles and sections of the Terms and Conditions.

All provisions in the Terms and Conditions corresponding to items in these Final Terms which are either not selected or completed or which are deleted shall be deemed to be deleted from the terms and conditions applicable to the Notes (the "Conditions").

Dieser Teil der Endgültigen Bedingungen ist in Verbindung mit den Emissionsbedingungen der Schuldverschreibungen (die „Emissionsbedingungen“) zu lesen, die im Prospekt enthalten sind. Begriffe, die in den Emissionsbedingungen definiert sind, haben, falls die Endgültigen Bedingungen nicht etwas anderes bestimmen, die gleiche Bedeutung, wenn sie in diesen Endgültigen Bedingungen verwendet werden.

Bezugnahmen in diesem Teil der Endgültigen Bedingungen auf Paragraphen und Absätze beziehen sich auf die Paragraphen und Absätze der Emissionsbedingungen.

Sämtliche Bestimmungen der Emissionsbedingungen, die sich auf Variablen dieser Endgültigen Bedingungen beziehen und die weder angekreuzt noch ausgefüllt werden oder die gestrichen werden, gelten als in den auf die Schuldverschreibungen anwendbaren Emissionsbedingungen (die „Bedingungen“) gestrichen.

PART I.A. Notes other than Participation Certificates

TEIL I.A. Schuldverschreibungen, die keine Genußscheine sind

**Issuer
Emittentin**

**Hypothekenbank in Essen
Aktiengesellschaft**

**Form of Conditions
Form der Bedingungen**

- Long-Form
Nicht-konsolidierte Bedingungen
- Integrated
Konsolidierte Bedingungen

**Language of Conditions
Sprache der Bedingungen**

- German only
ausschließlich Deutsch
- English only
ausschließlich Englisch
- English and German (English controlling)
Englisch und Deutsch (englischer Text maßgeblich)
- German and English (German controlling)
Deutsch und Englisch (deutscher Text maßgeblich)

**Currency, Denomination, Form, Certain Definitions (§ 1)
Währung, Stückelung, Form, Definitionen (§ 1)**

**Currency and Denomination¹
Währung und Stückelung**

¹ The minimum will be, if in euro, €1,000, if in any currency other than euro, in an amount in such other currency equivalent to or exceeding the equivalent of €1,000 at the time of the issue.

Specified Currency <i>Festgelegte Wahrung</i>	Euro („EUR“)
Aggregate Principal Amount <i>Gesamtnennbetrag</i>	EUR 20.000.000
Specified Denomination(s) <i>Festgelegte Stuckelung/Stuckelungen</i>	EUR 1.000
Number of Notes to be issued in each Specified Denomination <i>Anzahl der in jeder festgelegten Stuckelung auszugebenden Schuldverschreibungen</i>	20.000

Form
Form

- Notes**
Schuldverschreibungen
- Pfandbriefe**
 - Mortgage Pfandbriefe
Hypothekenpfandbriefe
 - Public-Sector Pfandbriefe
offentliche Pfandbriefe
- TEFRA C**
TEFRA C
 - Permanent Global Note
Dauerglobalurkunde
 - Temporary Global Note exchangeable for:
Vorlaufige Globalurkunde austauschbar gegen:
 - Definitive Notes
Einzelurkunden
- TEFRA D**
TEFRA D

Temporary Global Note exchangeable for:
Vorlaufige Globalurkunde austauschbar gegen:

 - Permanent Global Note
Dauerglobalurkunde
 - Definitive Notes
Einzelurkunden
- Neither TEFRA D nor TEFRA C**
Weder TEFRA D noch TEFRA C
 - Permanent Global Note
Dauerglobalurkunde
 - Temporary Global Note exchangeable for:
Vorlaufige Globalurkunde austauschbar gegen:

Die Mindeststuckelung betragt €1.000, bzw. falls die Emission in einer anderen Wahrung als Euro erfolgt, einem Betrag in dieser anderen Wahrung, der zur Zeit der Emission dem Gegenwert von €1.000 entspricht oder diesen ubersteigt.

- Definitive Notes
Einzelurkunden

Definitive Notes
Einzelurkunden

Nein

- Coupons
Zinsscheine
- Talons
Talons
- Receipts
Rückzahlungsscheine

Certain Definitions
Definitionen

Clearing System

- Clearstream Banking AG
Neue Börsenstraße 1
D-60487 Frankfurt am Main
- Euroclear Bank S.A./N.V. (Euroclear Operator)
1 Boulevard du Roi Albert II
B-1210 Brussels
- Clearstream Banking, société anonyme
42 Avenue JF Kennedy
L-1855 Luxembourg
- Other – (specify)
sonstige (angeben)

STATUS (§ 2)
STATUS (§ 2)

- Unsubordinated
Nicht-nachrangig
- Subordinated
Nachrangig

INTEREST (§ 3)
ZINSEN (§ 3)

- Fixed Rate Notes**
Festverzinsliche Schuldverschreibungen
Rate of Interest and Interest Payment Dates
Zinssatz und Zinszahlungstage

Interest Commencement Date
Verzinsungsbeginn

13. April 2006

Rate of Interest
Zinssatz

3,75 % per annum

fixed Interest Payment Date(s)
feste(r) Zinszahlungstag(e)

1. September in jedem Jahr

First Interest Payment Date <i>Erster Zinszahlungstag</i>	1. September 2006
Initial Broken Amount(s) (per specified denomination) <i>Anfängliche(r) Bruchteilzinsbetrag(-beträge)(für jede festgelegte Stückelung)</i>	EUR 14,49 für jede festgelegte Stückelung von EUR 1.000
Fixed Interest Date preceding the Maturity Date <i>Festzinstermine, der dem Fälligkeitstag vorangeht</i>	1. September 2010
Final Broken Amount(s) (per specified denomination) <i>Abschließende(r) Bruchteilzinsbetrag(-beträge) (für jede festgelegte Stückelung)</i>	Nicht anwendbar
<input type="checkbox"/> Floating Rate Notes <i>Variabel verzinsliche Schuldverschreibungen</i>	Nicht anwendbar
Minimum and Maximum Rate of Interest <i>Mindest- und Höchstzinssatz</i>	Nicht anwendbar
<input type="checkbox"/> Minimum Rate of Interest <i>Mindestzinssatz</i>	
<input type="checkbox"/> Maximum Rate of Interest <i>Höchstzinssatz</i>	
<input type="checkbox"/> Zero Coupon Notes <i>Nullkupon-Schuldverschreibungen</i>	Nicht anwendbar
<input type="checkbox"/> Dual Currency Notes <i>Doppelwährungs-Schuldverschreibungen</i> (set forth details in full here (including exchange rate(s) or basis for calculating exchange rate(s) to determine interest/fall-back provisions)) <i>(Einzelheiten einfügen (einschließlich Wechselkurs(e) oder Grundlage für die Berechnung des/der Wechselkurs(e) zur Bestimmung von Zinsbeträgen/Ausweichbestimmungen))</i>	Nicht anwendbar
<input type="checkbox"/> Instalment Notes <i>Raten-Schuldverschreibungen</i> (set forth details in full here) <i>(Einzelheiten einfügen)</i>	Nicht anwendbar
<input type="checkbox"/> Index-linked Notes <i>Indexierte Schuldverschreibungen</i> (set forth details in full here (including index/formula, basis for calculating interest, a description of any market disruption or settlement disruption events and adjustment rules with relation to events concerning the underlying)) <i>(Einzelheiten einfügen (einschließlich des Index/der Formel, der Grundlagen für die Berechnung der Zinsbeträge sowie Beschreibung etwaiger Störungen des Marktes oder bei der Abrechnung, die den Basiswert beeinflussen und Korrekturvorschriften in Bezug auf Vorfälle, die den Basiswert beeinflussen))</i>	Nicht anwendbar

- Credit-linked Notes**
Credit-linked Notes *Nicht anwendbar*
(set forth details in full here (including basis for calculating interest and fall back provisions))
(*Einzelheiten einfügen (einschließlich der Grundlagen für die Berechnung der Zinsbeträge sowie Ausweichbestimmungen)*)

- other structured Notes**
andere strukturierte Schuldverschreibungen *Nicht anwendbar*
(set forth details in full here (including fall back provisions, if applicable and the relevant reference date is not available))
(*Einzelheiten einfügen (einschließlich Ausweichbestimmungen, wenn anwendbar und der maßgebliche Referenzsatz nicht verfügbar ist)*)

Day Count Fraction
Zinstagequotient

- Actual/Actual (ICMA)
- Actual/Actual (ISDA) (Actual/365)
- Actual/365 (Fixed)
- Actual/360
- 30/360 or 360/360 (Bond Basis)
- 30E/360 (Eurobond Basis)

PAYMENTS (§ 4)
ZAHLUNGEN (§ 4)

Payment Business Day
Zahlungstag

Relevant Financial Centre(s) (specify all)
Relevante(s) Finanzzentren(um) (alle angeben)

TARGET

REDEMPTION (§ 5)
RÜCKZAHLUNG (§ 5)

Final Redemption
Rückzahlung bei Endfälligkeit

- Notes other than Instalment, Dual Currency, Index-linked, Credit-linked or Structured Notes**
Schuldverschreibungen außer Raten-, Doppelwährungs-, Indexierte-, Credit linked- oder Strukturierte-Schuldverschreibungen
- Maturity Date**
Fälligkeitstag 1. September 2011
- Redemption Month**
Rückzahlungsmonat
- Final Redemption Amount**
Rückzahlungsbetrag

- Principal amount
Nennbetrag
- Final Redemption Amount (per specified denomination)
Rückzahlungsbetrag (für jede festgelegte Stückelung)
- **Instalment Notes**
Raten-Schuldverschreibungen
Instalment Date(s)
Ratenzahlungstermin (e)
- Instalment Amount(s)
Rate(n)

Early Redemption
Vorzeitige Rückzahlung

Optional Redemption for Taxation Reasons
Option zur vorzeitigen Rückzahlung aus steuerlichen Gründen *Nein*

Early Redemption at the Option of the Issuer
Vorzeitige Rückzahlung nach Wahl der Emittentin *Nein*

Early Redemption at the Option of a Holder
Vorzeitige Rückzahlung nach Wahl des Gläubigers *Nein*

Early Redemption Amount
Vorzeitiger Rückzahlungsbetrag

Redemption of Notes other than Zero Coupon, Fixed Rate, Floating Rate and Instalment Notes
Rückzahlung von Schuldverschreibungen, die weder Nullkupon-, festverzinsliche, variabel verzinsliche noch Raten-Schuldverschreibungen sind

□ **Dual Currency Notes**
Doppelwährungs-Schuldverschreibungen
(set forth details in full here (including exchange rate(s) or basis for calculating exchange rate(s) to determine principal/fall-back provisions))
(Einzelheiten einfügen (einschließlich Wechselkurs(e) oder Grundlage für die Berechnung des/der Wechselkurs(e) zur Bestimmung von Kapitalbeträgen/Ausweichbestimmungen))

□ **Index-linked Notes**
Indexierte Schuldverschreibungen
(set forth details in full here)
(Einzelheiten einfügen)

□ **Credit-linked Notes**
Credit-linked Schuldverschreibungen
(set forth details in full here)
(Einzelheiten einfügen)

- other structured Notes**
andere strukturierte Schuldverschreibungen
(set forth details in full here)
(Einzelheiten einfügen)

FISCAL AGENT AND PAYING AGENT (§ 6)
EMISSIONSSTELLE UND ZAHLSTELLE (§ 6)

Paying Agents
Zahlstellen

- **Fiscal Agent**
Emissionsstelle

*Hypothekenbank in Essen
Aktiengesellschaft
Gildehofstrasse 1
45127 Essen
Deutschland*
- **Additional Paying Agent(s)/specified office(s)**
Zahlstelle(n)/bezeichnete Geschäftsstelle(n)

*Hypothekenbank in Essen
Aktiengesellschaft
Gildehofstrasse 1
45127 Essen
Deutschland*
- **Calculation Agent**
Berechnungsstelle
 - Yes**
Ja
 - No**
Nein
 - Required location (specify)**
Vorgeschriebenen Ort (angeben)

NOTICES (§ [12])
MITTEILUNGEN (§ [12])

Place and medium of publication
Ort und Medium der Bekanntmachung

Publication in printed form
Bekanntmachung in gedruckter Form

- London (Financial Times)**
London (Financial Times)
- Luxembourg (d'Wort)**
Luxemburg (d' Wort)
- Germany (Börsen-Zeitung)**
Deutschland (Börsen-Zeitung)
- Other (specify)**
sonstige (angeben)

Publication on the website of the stock exchange
Bekanntmachung auf der Website der Börse

Stock Exchange
Börse

Internet Address
Internetadresse

PART II. OTHER INFORMATION
TEIL II. ZUSÄTZLICHE INFORMATIONEN

Interest of natural and legal persons involved in the issue/offer
*Interessen von Seiten natürlicher und juristischer Personen,
die an der Emission/dem Angebot beteiligt sind*

keine

Reasons for the offer
Gründe für das Angebot

Siehe „Use of Proceeds“ im Prospekt.

Estimated net proceeds
Geschätzter Nettobetrag der Erträge

EUR 20,000,000

Estimated total expenses of the issue
Geschätzte Gesamtkosten der Emission

EUR 500

Securities Identification Numbers
Wertpapier-Kenn-Nummern

Common Code
Common Code

ISIN Code
ISIN Code

DE000HBE0HB7

German Securities Code
Wertpapier-Kenn-Nummer (WKN)

HBE0HB

Any other securities number
Sonstige Wertpapier-Kenn-Nummer

Yield
Rendite

Nicht anwendbar

Selling Restrictions
Verkaufsbeschränkungen

The Selling Restrictions set out in the Prospectus shall apply.
Es gelten die im Prospekt wiedergegebenen Verkaufsbeschränkungen.

TEFRA C
TEFRA C

TEFRA D
TEFRA D

Neither TEFRA C nor TEFRA D²
Weder TEFRA C noch TEFRA D

Additional Selling Restrictions (specify)
Zusätzliche Verkaufsbeschränkungen (angeben)

Taxation
Besteuerung

Information on taxes on the income from the Notes withheld at source in respect of countries where the offer is being made or admission to trading is being sought.

² Applicable only if Notes have a maturity of one year including any unilateral rollovers or extensions or less.
Nur für Schuldverschreibungen mit einer Laufzeit von einem Jahr oder weniger inklusive einseitiger Verlängerungen oder Erweiterungen.

Informationen über die an der Quelle einbehaltene Steuer auf Schuldverschreibungen hinsichtlich der Länder in denen das Angebot unterbreitet oder die Zulassung zum Handel beantragt wird.

Wie im Prospekt beschrieben

Restrictions on the free transferability of the Notes
Beschränkungen der freien Übertragbarkeit der Wertpapiere keine

TERMS AND CONDITIONS OF THE OFFER
BEDINGUNGEN UND KUNDITIONEN DES ANGEBOOTS

Conditions, offer statistics, plan of distribution and allotment, pricing
Bedingungen, Angebotstatistik, Vertriebs- und Zuteilungsplan, Preisfestsetzung Nicht anwendbar

Conditions to which the offer is subject
Bedingungen, denen das Angebot unterliegt Nicht anwendbar

Placing and Underwriting
Platzierung und Übernahme

Method of distribution
Vertriebsmethode

Non-syndicated
Nicht syndiziert

Syndicated
Syndiziert

Date of Subscription Agreement Not Applicable
Datum des Subscription Agreements Nicht anwendbar

Management Details including form of commitment
Einzelheiten bezüglich des Bankenkonsortiums
einschließlich der Art der Übernahme

Dealer / Management Group (specify name and address)
Plazeur / Bankenkonsortiumr (Name und Adresse angeben)

*WestLB AG
Herzogstrasse 15
40217 Düsseldorf
Deutschland*

firm commitment
feste Zusage

no firm commitment/best efforts arrangements
keine feste Zusage/zu den bestmöglichen Bedingungen

Commissions Nicht anwendbar
Provisionen

Management/Underwriting Commission (specify)
Management- und Übernahmeprovision (angeben)

Selling Concession (specify)
Verkaufsprovision (angeben)

Other (specify)
Andere (angeben)

Listing(s)
Börsenzulassung(en)

Ja

- Luxembourg
Luxemburg
- Regulated Market "*Bourse de Luxembourg*"
- Euro MTF
- Düsseldorf
- Other (insert details)
sonstige (Einzelheiten einfügen)

Date of admission
Termin der Zulassung

Wird von der Emittentin zeitnah beantragt

Estimate of the total expenses related to admission to trading
Geschätzte Gesamtkosten für die Zulassung zum Handel

EUR 500

Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment

Name und Anschrift der Institute, die aufgrund einer festen Zusage als Intermediäre im Sekundärhandel tätig sind und Liquidität mittels Geld- und Briefkursen erwirtschaften, und Beschreibung der Hauptbedingungen der Zusagevereinbarung

- Not applicable
Nicht anwendbar

Rating
Rating

Rating für diese Serie ist beantragt

Other relevant terms and conditions (specify)
Andere relevante Bestimmungen (einfügen)

Nicht anwendbar

Listing:
Börsenzulassung:

The above Final Terms comprise the details required to list this issue of Pfandbriefe pursuant to the € 20,000,000,000 Essenhyp Debt Issuance Programme of Hypothekenbank in Essen Aktiengesellschaft (as from 13 April 2006).

Die vorstehenden Endgültigen Bedingungen enthalten die Angaben, die für die Börsennotierung dieser Emission von Schuldverschreibungen unter dem € 20.000.000.000 Essenhyp Debt Issuance Programme der Hypothekenbank in Essen Aktiengesellschaft (ab dem 13. April 2006) erforderlich sind.

Responsibility
Verantwortlichkeit

The Issuer accepts responsibility for the information contained in these Final Terms as set out in the section "Responsibility Statement" on page 3 of the Prospectus, provided that, with respect to any information included herein and specified to be sourced from a third party (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted, the omission of which would render the reproduced information inaccurate or misleading and (ii) the Issuer

has not independently verified any such information and accepts no responsibility for the accuracy thereof.

Die Emittentin übernimmt die Verantwortung für die in diesen Endgültigen Bedingungen enthaltenen Informationen wie im Abschnitt „Responsibility Statement“ auf Seite 3 des Prospekts bestimmt. Hinsichtlich der hierin enthaltenen und als solche gekennzeichneten Informationen von Seiten Dritter gilt Folgendes: (i) Die Emittentin bestätigt, daß diese Informationen zutreffend wiedergegeben worden sind und – soweit es der Emittentin bekannt ist und sie aus den von diesen Dritten zur Verfügung gestellten Informationen ableiten konnte – keine Fakten ausgelassen wurden, deren Fehlen die reproduzierten Informationen unzutreffend oder irreführend gestalten würden; (ii) die Emittentin hat diese Informationen nicht selbständig überprüft und übernimmt keine Verantwortung für ihre Richtigkeit.

Hypothekenbank in Essen Aktiengesellschaft

Diese Serie von Pfandbriefen wird gemäß einem Amended and Restated Fiscal Agency Agreement vom 31. Oktober 2005 (das "Agency Agreement") zwischen Hypothekenbank in Essen Aktiengesellschaft (die "Emittentin") und BNP Paribas Securities Services, Luxembourg Branch als Emissionsstelle (die "Emissionsstelle", wobei dieser Begriff jeden Nachfolger der Emissionsstelle gemäß dem Agency Agreement einschließt) und den anderen darin genannten Parteien begeben. Ablichtungen des Agency Agreement können kostenlos bei der bezeichneten Geschäftsstelle der Emissionsstelle und bei den bezeichneten Geschäftsstellen einer jeden Zahlstelle sowie bei der Hauptgeschäftsstelle der Emittentin bezogen werden.

BEDINGUNGEN

§ 1

WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN

- (1) *Währung; Stückelung.* Diese Serie HBE0HB der Öffentlichen Pfandbriefe (die "Schuldverschreibungen") der Hypothekenbank in Essen Aktiengesellschaft (die "Emittentin") wird in Euro (die "festgelegte Währung") im Gesamtnennbetrag von Euro 20.000.000 (in Worten: Euro zwanzig Millionen) in Stückelungen von Euro 1.000 (die "festgelegten Stückelungen") begeben.
- (2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.
- (3) *Dauerglobalurkunde.* Die Schuldverschreibungen sind durch eine Dauerglobalurkunde (die "Dauerglobalurkunde") ohne Zinsscheine verbrieft. Die Dauerglobalurkunde trägt die eigenhändigen Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und des von der Bundesanstalt für Finanzdienstleistungsaufsicht bestellten Treuhänders und ist von der Emissionsstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelkunden und Zinsscheine werden nicht ausgegeben.
- (4) *Clearing System.* Jede Dauerglobalurkunde wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. "Clearing System" bedeutet folgendes: Clearstream Banking AG.
- (5) *Gläubiger von Schuldverschreibungen.* "Gläubiger" bedeutet jeder Inhaber eines Miteigentumsanteils oder anderen Rechts an den Schuldverschreibungen.

§ 2

STATUS

Die Schuldverschreibungen begründen nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander gleichrangig sind. Die Schuldverschreibungen sind nach Maßgabe des Pfandbriefgesetzes gedeckt und stehen im gleichen Rang mit allen anderen Verpflichtungen der Emittentin aus Öffentlichen Pfandbriefen.

§ 3

ZINSEN

- (1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden in Höhe ihres Nennbetrages verzinst, und zwar vom 13. April 2006 (einschließlich) bis zum 01. September 2011 (ausschließlich) mit 3,75 % jährlich. Die Zinsen sind nachträglich am 1. September eines jeden Jahres zahlbar (jeweils ein "Zinszahlungstag"). Die erste Zinszahlung erfolgt am 1. September 2006 und beläuft sich auf EUR 14,49 je Teilschuldverschreibung in festgelegter Stückelung von EUR 1.000.
- (2) *Auffaufende Zinsen.* Der Zinslauf der Schuldverschreibungen endet an dem Tag, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, erfolgt die Verzinsung des ausstehenden Nennbetrages der Schuldverschreibungen vom Tag der Fälligkeit bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen, es sei denn, die Schuldverschreibungen werden mit einem höheren als dem gesetzlich festgelegten Satz für Verzugszinsen verzinst.
- (3) *Berechnung der Zinsen für Teile von Zeiträumen.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).
- (4) *Zinstagequotient.* "Zinstagequotient" bezeichnet im Hinblick auf die Berechnung eines Zinsbetrages auf eine Schuldverschreibung für einen beliebigen Zeitraum (der "Zinsberechnungszeitraum") die Anzahl von Tagen im jeweiligen Zinsberechnungszeitraum vom letzten Zinszahlungstag (einschließlich) (oder, falls ein solcher nicht vorgesehen ist, vom Verzinsungsbeginn) bis zum jeweiligen

Zinszahlungstag (ausschließlich) dividiert durch (x) bei Schuldverschreibungen deren Zinsen nur durch regelmäßige jährliche Zinszahlungen ausgezahlt werden sollen, die Anzahl der Tage im jeweiligen Zinsberechnungszeitraum vom letzten Zinszahlungstag (einschließlich) (oder, falls keiner, von dem Verzinsungsbeginn) bis zum nächsten vorgesehenen Zinszahlungstag (ausschließlich) oder (y) bei Schuldverschreibungen deren Zinsen anders als nur durch regelmäßige jährliche Zinszahlungen ausgezahlt werden sollen, das Produkt aus der Anzahl der Tage im Zinsberechnungszeitraum vom letzten Zinszahlungstag (einschließlich) (oder, falls ein solcher nicht vorgesehen ist, vom Verzinsungsbeginn) bis zum nächsten vorgesehenen Zinszahlungstag (ausschließlich) und der Anzahl von Zinszahlungstagen, die in einem Kalenderjahr vorkommen würden falls Zinsen für das gesamte betreffende Jahr zu zahlen wären.

§ 4 ZAHLUNGEN

(1) (a) *Zahlungen auf Kapital.* Zahlungen auf Kapital in bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes 2 an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der die Schuldverschreibungen zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten.

(b) *Zahlung von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz 2 an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in Euro.

(3) *Vereinigte Staaten.* Für die Zwecke des Absatzes 1 dieses § 4 bezeichnet "Vereinigte Staaten" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Ricos, der U. S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. Für diese Zwecke bezeichnet "Zahltag" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) das Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET) Zahlungen abwickeln.

(6) *Bezugnahmen auf Kapital.* Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibungen; den Wahl-Rückzahlungsbetrag (Call) der Schuldverschreibungen sowie jeden Aufschlag sowie sonstige auf oder in bezug auf die Schuldverschreibungen zahlbaren Beträge.

(7) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die diesbezüglichen Ansprüche der Gläubiger gegen die Emittentin.

§ 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am 1. September 2011 (der "Fälligkeitstag") zurückgezahlt. Der Rückzahlungsbetrag in bezug auf jede Schuldverschreibung entspricht dem Nennbetrag der Schuldverschreibungen.

§ 6 DIE EMISSIONSSTELLE UND DIE ZAHLSTELLE

(1) *Bestellung; bezeichnete Geschäftsstelle.* Die anfänglich bestellte Emissionsstelle und die anfänglich bestellte Zahlstelle und deren jeweilige anfängliche bezeichnete Geschäftsstelle lauten wie folgt:

Emissionsstelle: Hypothekbank in Essen Aktiengesellschaft
Gildehofstraße 1
45127 Essen
Deutschland

Zahlstelle: Hypothekbank in Essen Aktiengesellschaft
Gildehofstraße 1
45127 Essen
Deutschland

Die Emissionsstelle und die behalten sich das Recht vor, jederzeit ihre jeweilige bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle oder einer Zahlstelle zu ändern oder zu beenden und eine andere Emissionsstelle oder zusätzliche oder andere Zahlstellen zu bestellen. Die Emittentin wird zu jedem Zeitpunkt (i) eine Emissionsstelle unterhalten, (ii) zusätzlich zu der Emissionsstelle eine Zahlstelle mit bezeichneter Geschäftsstelle in einer kontinentaleuropäischen Stadt unterhalten und (iii) solange die Schuldverschreibungen an der Börse Düsseldorf notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in Düsseldorf und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 10 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

(3) *Beauftragte der Emittentin.* Die Emissionsstelle und die Zahlstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

§ 7 STEUERN

Sämtliche in bezug auf die Schuldverschreibungen zu zahlenden Beträge sind an der Quelle ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde der oder in der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben.

§ 8 VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre verkürzt.

§ 9 BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) in der Weise zu begeben, daß sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muß dieses Angebot allen Gläubigern gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiedergeben oder wiederverkauft werden.

§ 10 MITTEILUNGEN

(1) *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen sind in einer führenden

Tageszeitung mit allgemeiner Verbreitung in Deutschland, voraussichtlich der *Börsen-Zeitung* zu veröffentlichen. Jede derartige Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen am dritten Tag nach dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

(2) *Mitteilungen an das Clearing-System.* Solange Schuldverschreibungen an einer Börse notiert sind, findet Absatz 1 Anwendung. Soweit dies die Regeln dieser Börse zulassen, kann die Emittentin eine Veröffentlichung in einer Tageszeitung nach Absatz 1 durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger ersetzen; jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt

§ 11

ANWENDBARES RECHT, ERFÜLLUNGORT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.

(2) *Erfüllungsort.* Erfüllungsort ist Essen.

(3) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("Rechtsstreitigkeiten") ist das Landgericht Essen. Die Zuständigkeit des vorgenannten Gerichts ist ausschließlich, soweit es sich um Rechtsstreitigkeiten handelt, die von Kaufleuten, juristischen Personen des öffentlichen Rechts, öffentlichrechtlichen Sondervermögen und Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland angestrengt werden. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhandener oder vernichteter Schuldverschreibungen.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, daß die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne daß eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "Depotbank" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land des Rechtsstreits prozessual zulässig ist.

§ 12

SPRACHE

Diese Emissionsbedingungen sind ausschließlich in deutscher Sprache abgefaßt.

The Final Terms will be displayed on the website of Essenhyp (www.essenhyp.com) and in case of Notes listed on the Düsseldorf Stock Exchange on the website of the Düsseldorf Stock Exchange (www.boerse-duesseldorf.de).

7 April, 2006

Final Terms
Endgültige Bedingungen

Euro 50,000,000 Fixed Rate Public Sector Pfandbriefe due September 30, 2010
issued pursuant to the

**Euro 20,000,000,000
Essenhyp Debt Issuance Programme**

dated 31 October 2005

of
der

Hypothesenbank in Essen Aktiengesellschaft

Issue Price: 100.00 per cent.

Issue Date 10 April, 2006

Series No: HBE0G7

These are the Final Terms of an issue of Notes (which term, where applicable, shall include Pfandbriefe) under the euro 20,000,000,000 Debt Issuance Programme of Hypothesenbank in Essen Aktiengesellschaft (the "Programme"). Full information on Hypothesenbank in Essen Aktiengesellschaft and the offer of the Notes is only available on the basis of the combination of the Debt Issuance Programme Prospectus pertaining to the Programme dated 31 October 2005 (the "Prospectus") and these Final Terms. The Prospectus is available for viewing in electronic form at the website of the Luxembourg Stock Exchange (www.bourse.lu) and at the website of Hypothesenbank in Essen Aktiengesellschaft (www.essenhyp.com/en/bonds_notes/securities_prospectus.php) and copies may be obtained from Hypothesenbank in Essen Aktiengesellschaft, Transaction Banking, Gildehofstrasse 1, D-45127 Essen, Federal Republic of Germany.

Dies sind die Endgültigen Bedingungen einer Emission von Schuldverschreibungen (dieser Begriff schließt an geeigneter Stelle Pfandbriefe ein) unter dem Euro 20.000.000.000 Debt Issuance Programm der Hypothesenbank in Essen Aktiengesellschaft (das „Programm“). Vollständige Informationen über die Hypothesen Bank in Essen Aktiengesellschaft und das Angebot der Schuldverschreibungen sind nur verfügbar, wenn die Endgültigen Bedingungen und der Basisprospekt vom 31. Oktober 2005 über das Programm (der „Prospekt“) zusammengenommen werden. Der Prospekt kann auf der Internetseite der Luxembourg Stock Exchange (www.bourse.lu) und der Internetseite der Hypothesenbank in Essen Aktiengesellschaft (www.essenhyp.com/en/bonds_notes/securities_prospectus.php) eingesehen werden. Kopien sind erhältlich unter folgender Adresse: Hypothesenbank in Essen Aktiengesellschaft, Marktfolge Treasury, Gildehofstraße 1, D-45127 Essen, Bundesrepublik Deutschland.

**I. TERMS AND CONDITIONS
I. EMISSIONSBEDINGUNGEN**

This part of the Final Terms is to be read in conjunction with the Terms and Conditions of the Notes (the "Terms and Conditions") set forth in the Prospectus. Capitalised Terms not otherwise defined herein shall have the meanings specified in the Terms and Conditions.

All references in this part of the Final Terms to numbered Articles and sections are to Articles and sections of the Terms and Conditions.

All provisions in the Terms and Conditions corresponding to items in these Final Terms which are either not selected or completed or which are deleted shall be deemed to be deleted from the terms and conditions applicable to the Notes (the "Conditions").

Dieser Teil der Endgültigen Bedingungen ist in Verbindung mit den Emissionsbedingungen der Schuldverschreibungen (die „Emissionsbedingungen“) zu lesen, die im Prospekt enthalten sind. Begriffe, die in den Emissionsbedingungen definiert sind, haben, falls die Endgültigen Bedingungen nicht etwas anderes bestimmen, die gleiche Bedeutung, wenn sie in diesen Endgültigen Bedingungen verwendet werden.

Bezugnahmen in diesem Teil der Endgültigen Bedingungen auf Paragraphen und Absätze beziehen sich auf die Paragraphen und Absätze der Emissionsbedingungen.

Sämtliche Bestimmungen der Emissionsbedingungen, die sich auf Variablen dieser Endgültigen Bedingungen beziehen und die weder angekreuzt noch ausgefüllt werden oder die gestrichen werden, gelten als in den auf die Schuldverschreibungen anwendbaren Emissionsbedingungen (die „Bedingungen“) gestrichen.

The Conditions applicable to the Notes (the "Conditions") and the German or English language translation thereof, if any, are attached to these Final Terms. They replace in full the Terms and Conditions of the Notes as set out in the Prospectus dated 31 October, 2005 and take precedence over any conflicting provisions in these Final Terms.

Die für die Schuldverschreibungen geltenden Bedingungen (die „Bedingungen“) sowie eine etwaige deutsch- oder englischsprachige Übersetzung sind Endgültigen Bedingungen beigefügt. Die Bedingungen ersetzen in Gänze die im Prospekt vom 31. Oktober 2005 abgedruckten Emissionsbedingungen der Schuldverschreibungen und gehen etwaigen abweichenden Bestimmungen dieser Endgültigen Bedingungen vor.

PART I.A. Notes other than Participation Certificates
TEIL I.A. Schuldverschreibungen, die keine Genußscheine sind

Issuer
Emittentin

Hypothekbank in Essen
Aktiengesellschaft

Form of Conditions
Form der Bedingungen

- Long-Form
Nicht-konsolidierte Bedingungen
- Integrated
Konsolidierte Bedingungen

Language of Conditions
Sprache der Bedingungen

- German only
ausschließlich Deutsch
- English only
ausschließlich Englisch

- English and German (English controlling)
Englisch und Deutsch (englischer Text maßgeblich)
- German and English (German controlling)
Deutsch und Englisch (deutscher Text maßgeblich)

Currency, Denomination, Form, Certain Definitions (§ 1)
Währung, Stückelung, Form, Definitionen (§ 1)

Currency and Denomination
Währung und Stückelung

Specified Currency <i>Festgelegte Währung</i>	Euro ("EUR")
Aggregate Principal Amount <i>Gesamtnennbetrag</i>	EUR50,000,000
Specified Denomination(s) <i>Festgelegte Stückelung/Stückelungen</i>	EUR50,000
Number of Notes to be issued in each Specified Denomination <i>Anzahl der in jeder festgelegten Stückelung auszugebenden Schuldverschreibungen</i>	1,000

Form
Form

- Notes**
Schuldverschreibungen
- Pfandbriefe**
 - Mortgage Pfandbriefe
Hypothekendarlehen
 - Public-Sector Pfandbriefe
Öffentliche Pfandbriefe
- TEFRA C**
TEFRA C
 - Permanent Global Note
Dauerglobalurkunde
 - Temporary Global Note exchangeable for:
Vorläufige Globalurkunde austauschbar gegen:
 - Definitive Notes
Einzelurkunden
- TEFRA D**
TEFRA D
 - Temporary Global Note exchangeable for:
Vorläufige Globalurkunde austauschbar gegen:
 - Permanent Global Note
Dauerglobalurkunde
 - Definitive Notes
Einzelurkunden

- Neither TEFRA D nor TEFRA C**
Weder TEFRA D noch TEFRA C
 - Permanent Global Note
Dauerglobalurkunde
 - Temporary Global Note exchangeable for:
Vorläufige Globalurkunde austauschbar gegen:
 - Definitive Notes
Einzelurkunden

Definitive Notes
Einzelurkunden

No

- Coupons
Zinsscheine
- Talons
Talons
- Receipts
Rückzahlungsscheine

Certain Definitions
Definitionen

Clearing System

- Clearstream Banking AG
Neue Börsenstraße 1
D-60487 Frankfurt am Main
- Euroclear Bank S.A./N.V. (Euroclear Operator)
1 Boulevard du Roi Albert II
B-1210 Brussels
- Clearstream Banking, société anonyme
42 Avenue JF Kennedy
L-1855 Luxembourg
- Other – (specify)
sonstige (angeben)

STATUS (§ 2)
STATUS (§ 2)

- Unsubordinated
Nicht-nachrangig
- Subordinated
Nachrangig

INTEREST (§ 3)
ZINSEN (§ 3)

- Fixed Rate Notes**
Festverzinsliche Schuldverschreibungen
Rate of Interest and Interest Payment Dates
Zinssatz und Zinszahlungstage

Interest Commencement Date 10 April, 2006
Verzinsungsbeginn

Rate of Interest 3.70 per cent. per annum
Zinssatz

fixed Interest Payment Date(s) 30 September in each year from
feste(r) Zinszahlungstag(e) and including 30 September, 2006
(short first coupon) to and including
the Maturity Date

First Interest Payment Date 30 September, 2006
Erster Zinszahlungstag

Initial Broken Amount(s) (per specified denomination) Not Applicable
*Anfängliche(r) Bruchteilzinsbetrag(-beträge) (für jede
festgelegte Stückelung)*

Fixed Interest Date preceding the Maturity Date 30 September, 2009
Festzinstermine, der dem Fälligkeitstag vorangeht

Final Broken Amount(s) (per specified denomination)
*Abschließende(r) Bruchteilzinsbetrag(-beträge) (für jede
festgelegte Stückelung)*

Floating Rate Notes
Variabel verzinsliche Schuldverschreibungen
Interest Payment Dates
Zinszahlungstage

Interest Commencement Date
Verzinsungsbeginn

Specified Interest Payment Dates
Festgelegte Zinszahlungstage

Specified Interest Period(s)
Festgelegte Zinsperiode(n)

Business Day Convention
Geschäftstagskonvention

Modified Following Business Day Convention
Modifizierte folgender Geschäftstag-Konvention

FRN Convention (specify period(s)) [] [months/other specify]
FRN Konvention (Zeitraum angeben) [] [Monate/andere angeben]

Following Business Day Convention
Folgender Geschäftstag-Konvention

Preceding Business Day Convention
Vorangegangener Geschäftstag-Konvention

Relevant Financial Centres London and TARGET
Relevante Finanzzentren

Rate of Interest
Zinssatz

- Screen Rate Determination
Bildschirmfeststellung

- EURIBOR (Brussels time/TARGET Business Day/Interbank Market in the euro-zone)
EURIBOR (Brüsseler Ortszeit/TARGET Geschäftstag/Interbanken-Markt in der Euro-Zone)

Screen page
Bildschirmseite

- LIBOR (London time/London Business Day London Interbank Market)
LIBOR (Londoner Ortszeit/Londoner Geschäftstag/Londoner Interbanken-Markt)

Screen page
Bildschirmseite

[]

- Other (specify)
Sonstige (angeben)

[]

Screen page
Bildschirmseite

[]

- Formula
Formel
(set forth details in full here or in an attachment)
(Einzelheiten hier oder in einer Anlage einfügen)

Reference Banks (if other than as specified in § 3(2)) (specify)
Referenzbanken (sofern abweichend von § 3 Absatz 2) (angeben)

- ISDA Determination
ISDA-Feststellung

[specify details]
[Details einfügen]

- Other Method of Determination (insert details (including Margin, Interest Determination Date, Reference Banks, fall-back provisions))
Andere Methoden der Bestimmung (Einzelheiten angeben (einschließlich Zinsfestlegungstag, Marge, Referenzbanken, Ausweichbestimmungen))

[]

Margin
Marge

- plus
plus

- minus
minus

Interest Determination Date
Zinsfestlegungstag

- second Business Day prior to commencement of Interest Period
zweiter Geschäftstag vor Beginn der jeweiligen Zinsperiode
- first day of each Interest Period
erster Tag der jeweiligen Zinsperiode
- other (specify)
sonstige (angeben)

Minimum and Maximum Rate of Interest
Mindest- und Höchstzinssatz

- Minimum Rate of Interest
Mindestzinssatz
- Maximum Rate of Interest
Höchstzinssatz
- Zero Coupon Notes**
Nullkupon-Schuldverschreibungen

Accrual of Interest
Auflaufende Zinsen

Amortisation Yield
Emissionsrendite

- Dual Currency Notes**
Doppelwährungs-Schuldverschreibungen
(set forth details in full here (including exchange rate(s) or basis for calculating exchange rate(s) to determine interest/fall-back provisions))
(Einzelheiten einfügen (einschließlich Wechselkurs(e) oder Grundlage für die Berechnung des/der Wechselkurs(e) zur Bestimmung von Zinsbeträgen/Ausweichbestimmungen))
- Instalment Notes**
Raten-Schuldverschreibungen
(set forth details in full here)
(Einzelheiten einfügen)
- Index-linked Notes**
Indexierte Schuldverschreibungen
(set forth details in full here (including index/formula, basis for calculating interest, a description of any market disruption or settlement disruption events and adjustment rules with relation to events concerning the underlying))
(Einzelheiten einfügen (einschließlich des Index/der Formel, der Grundlagen für die Berechnung der Zinsbeträge sowie Beschreibung etwaiger Störungen des Markets oder bei der Abrechnung, die den Basiswert beeinflussen und Korrekturvorschriften in Bezug auf Vorfälle, die den Basiswert beeinflussen))

- Credit-linked Notes**
Credit-linked Notes
(set forth details in full here (including basis for calculating interest and fall back provisions))
(Einzelheiten einfügen (einschließlich der Grundlagen für die Berechnung der Zinsbeträge sowie Ausweichbestimmungen))
- other structured Notes**
andere strukturierte Schuldverschreibungen
(set forth details in full here (including fall back provisions, if applicable and the relevant reference date is not available))
(Einzelheiten einfügen (einschließlich Ausweichbestimmungen, wenn anwendbar und der maßgebliche Referenzsatz nicht verfügbar ist))

Day Count Fraction
Zinstagequotient

- Actual/Actual (ICMA)
- Actual/Actual (ISDA) (Actual/365)
- Actual/365 (Fixed)
- Actual/360
- 30/360 or 360/360 (Bond Basis)
- 30E/360 (Eurobond Basis)

PAYMENTS (§ 4)
ZAHLUNGEN (§ 4)

Payment Business Day
Zahlungstag

Relevant Financial Centre(s) (specify all)
Relevante(s) Finanzzentren(um) (alle angeben)

London and TARGET

REDEMPTION (§ 5)
RÜCKZAHLUNG (§ 5)

Final Redemption
Rückzahlung bei Endfälligkeit

- Notes other than Instalment, Dual Currency, Index-linked, Credit-linked or Structured Notes**
Schuldverschreibungen außer Raten-, Doppelwährungs-, Indexierte-, Credit linked- oder Strukturierte-Schuldverschreibungen
- Maturity Date
Fälligkeitstag 30 September, 2010
- Redemption Month
Rückzahlungsmonat September
- Final Redemption Amount
Rückzahlungsbetrag

<input checked="" type="checkbox"/>	Principal amount <i>Nennbetrag</i>	EUR50,000,000
<input checked="" type="checkbox"/>	Final Redemption Amount (per specified denomination) <i>Rückzahlungsbetrag (für jede festgelegte Stückelung)</i>	EUR50,000
<input type="checkbox"/>	Instalment Notes <i>Raten-Schuldverschreibungen</i> Instalment Date(s) <i>Ratenzahlungstermin (e)</i>	
	Instalment Amount(s) <i>Rate(n)</i>	

Early Redemption
Vorzeitige Rückzahlung

Optional Redemption for Taxation Reasons **No**
Option zur vorzeitigen Rückzahlung aus steuerlichen Gründen

Early Redemption at the Option of the Issuer **No**
Vorzeitige Rückzahlung nach Wahl der Emittentin

Minimum Redemption Amount
Mindestrückzahlungsbetrag

Higher Redemption Amount
Höherer Rückzahlungsbetrag

Call Redemption Date(s)
Wahlrückzahlungstag(e) (Call)

Call Redemption Amount(s)
Wahlrückzahlungsbetrag/-beträge (Call)

Minimum Notice to Holders
Mindestkündigungsfrist

Maximum Notice to Holders
Höchstkündigungsfrist

Early Redemption at the Option of a Holder **No**
Vorzeitige Rückzahlung nach Wahl des Gläubigers

Put Redemption Date(s)
Wahlrückzahlungstag(e) (Put)

Put Redemption Amount(s)
Wahlrückzahlungsbetrag/-beträge (Put)

Minimum Notice to Issuer
Mindestkündigungsfrist

Maximum Notice to Issuer (never more than 60 days)
Höchstkündigungsfrist (nie mehr als 60 Tage)

Early Redemption Amount
Vorzeitiger Rückzahlungsbetrag

Zero Coupon Notes:
Nullkupon-Schuldverschreibungen:

Reference Price
Referenzpreis

**Redemption of Notes other than Zero Coupon, Fixed Rate,
Floating Rate and Instalment Notes**
***Rückzahlung von Schuldverschreibungen, die weder
Nullkupon-, festverzinsliche, variabel verzinsliche noch
Raten-Schuldverschreibungen sind***

- Dual Currency Notes**
Doppelwährungs-Schuldverschreibungen
(set forth details in full here (including exchange rate(s)
or basis for calculating exchange rate(s) to determine
principal/fall-back provisions))
*(Einzelheiten einfügen (einschließlich Wechselkurs(e)
oder Grundlage für die Berechnung des/der
Wechselkurs(e) zur Bestimmung von
Kapitalbeträgen/Ausweichbestimmungen))*
- Index-linked Notes**
Indexierte Schuldverschreibungen
(set forth details in full here)
(Einzelheiten einfügen)
- Credit-linked Notes**
Credit-linked Schuldverschreibungen
(set forth details in full here)
(Einzelheiten einfügen)
- other structured Notes**
andere strukturierte Schuldverschreibungen
(set forth details in full here)
(Einzelheiten einfügen)

FISCAL AGENT[.,] [AND] PAYING AGENT[S]] [AND CALCULATION AGENT] (§ 6)
EMISSIONSSTELLE[.,] [UND] ZAHLSTELLE[N]] [UND BERECHNUNGSSTELLE] (§ 6)

Paying Agents
Zahlstellen

- Fiscal Agent**
Emissionsstelle Hypothesenbank in Essen
Aktiengesellschaft
- Additional Paying Agent(s)/specified office(s)**
Zahlstelle(n)/bezeichnete Geschäftsstelle(n) Hypothesenbank in Essen
Aktiengesellschaft
- Calculation Agent**
Berechnungsstelle
 - Yes**
Ja
 - No**
Nein
 - Required location (specify)**
Vorgeschriebenen Ort (angeben)

NOTICES (§ [12])
MITTEILUNGEN (§ [12])

Place and medium of publication
Ort und Medium der Bekanntmachung

Publication in printed form
Bekanntmachung in gedruckter Form

- London (Financial Times)
London (Financial Times)
- Luxembourg (d'Wort)
Luxemburg (d' Wort)
- Germany (Börsen-Zeitung)
Deutschland (Börsen-Zeitung)
- Other (specify) []
sonstige (angeben)

Publication on the website of the stock exchange
Bekanntmachung auf der Website der Börse

No

Stock Exchange

Börse

Internet Address

Internetadresse

Governing Law
Anwendbares Recht

German Law
Deutsches Recht

PART I.B. PARTICIPATION CERTIFICATES
TEIL I.B. GENUBSCHNEINE

Not Applicable

Language of Conditions
Sprache der Bedingungen

- German only
ausschließlich Deutsch
- English only
ausschließlich Englisch
- English and German (English controlling)
Englisch und Deutsch (englischer Text maßgeblich)
- German and English (German controlling)
Deutsch und Englisch (deutscher Text maßgeblich)

Issue, Principal Amount (§ 1)
Begebung, Nennbetrag (§ 1)

Aggregate Principal Amount
Gesamtnennbetrag

Date of general meeting
Datum der Hauptversammlung

Number of Participation Certificates

Anzahl der Stücke

Principal amount
Nennbetrag

Distributions (§ 2)
Ausschüttung (§ 2)

- Fixed Rate Participation Certificates
festverzinsliche Genußscheine

Rate of interest
Zinssatz

Interest Commencement Date
Verzinsungsbeginn

- Floating Rate Participation Certificates
variabel verzinsliche Genußscheine

Interest Commencement Date
Verzinsungsbeginn

Reference Dates
Referenztermine

Margin
Marge

Euribor Rate
[three/six/nine/twelve month]
Euribor-Satz
[drei/sechs/neun/zwölf Monate]

Screen Page
Bildschirmseite

Distribution Date(s)
Ausschüttungstag(e)

First Distribution Date
Erster Ausschüttungstag

Term, Termination by the Issuer (§ 6)
Laufzeit, Kündigung (§ 6)

End of term
Laufzeitende

end of fiscal year []
Ende Geschäftsjahr []

Repayment Date
Rückzahlungstag

Interest Rate applicable to the Final Interest Period
Zinssatz für die abschließende Zinsperiode

- Distribution rate
Ausschüttungszinssatz
- Other (specify)

Sonstige (angeben)

Termination
Kündigung

Call Date
Ankündigungstermin

Date of Termination
Kündigungstermin

PART I. C.: GLOBAL PFANDBRIEFE
TEIL I. C.: GLOBALPFANDBRIEFE

Not Applicable

General Provisions (§ 1)
Allgemeine Bestimmungen (§ 1)

- [Global] Mortgage Pfandbriefe
[Global] Hypothekendarlehenpfandbriefe
- [Global] Public-Sector Pfandbriefe
[Global] Öffentliche Darlehenpfandbriefe

Aggregate Principal Amount
Gesamtnennbetrag

Number of Notes
Anzahl der Stücke

Currency
Währung

- EUR
- USD

Interest (§ 2)
Zinsen (§ 2)

Rate of interest
Zinssatz

Interest Commencement Date
Verzinsungsbeginn

First Interest Payment Date
Erster Festzinstermine

Fixed Interest Payment Date(s)
Festzinstermine

Repayment (§ 3)
Rückzahlung (§ 3)

Specified Maturity Date
Festgelegter Endfälligkeitstag

Payments (§ 4)
Zahlungen (§ 4)

Relevant Financial Center(s) (specify all)
Relevante(s) Finanzzentren(um) (alle angeben)

Paying Agent
Zahlstelle

- BNP Paribas Securities Services Luxembourg Branch
- Hypothekenbank in Essen AG

PART II. OTHER INFORMATION
TEIL II. ZUSÄTZLICHE INFORMATIONEN

Specific Risk Factors
Spezielle Risikofaktoren]

Interest of natural and legal persons involved in the issue/offer
Interessen von Seiten natürlicher und juristischer Personen, die an der Emission/dem Angebot beteiligt sind

none

Reasons for the offer
Gründe für das Angebot

The Issuer expects to use the proceeds for refinancing of public-sector loans and assets constituting substitute cover for public-sector Pfandbriefe currently financed by other means. Proceeds will in any event be used in accordance with all applicable laws and regulations, notably the Pfandbrief Act (Pfandbriefgesetz).

Estimated net proceeds **EUR50,000,000**
Geschätzter Nettobetrag der Erträge

Estimated total expenses of the issue **EUR 500**
Geschätzte Gesamtkosten der Emission

Securities Identification Numbers
Wertpapier-Kenn-Nummern

Common Code **025069315**
Common Code

ISIN Code **DE000HBE0G78**
ISIN Code

German Securities Code **HBE0G7**
Wertpapier-Kenn-Nummer (WKN)

Any other securities number
Sonstige Wertpapier-Kenn-Nummer

Yield
Rendite

Yield **3.70 per cent.**
Rendite

Method of calculating the yield
Berechnungsmethode der Rendite

ICMA method: The ICMA method determines the effective interest rate of notes taking into account accrued interest on a daily basis
ICMA Methode: Die ICMA Methode ermittelt die Effektivverzinsung von Schuldverschreibungen unter Berücksichtigung der täglichen Stückzinsen

Other methods (specify)
Andere Methoden (angeben)

Historic Interest Rates
Zinssätze der Vergangenheit

Details of historic [EURIBOR][LIBOR][OTHER] rates can be obtained from [insert relevant Screen Page]

Einzelheiten der Entwicklung der [EURIBOR][LIBOR][ANDERE] Sätze in der Vergangenheit können abgerufen werden unter [relevante Bildschirmseite einfügen]

- Details relating to the Performance of the [Index][Formula][other variable].
Einzelheiten hinsichtlich der Entwicklung des [Index][der Formel][einer anderen Variablen]

[specify details here (including where information relating to past and future performance and volatility of the index/formula/other variable can be obtained)]

[Einzelheiten hier angeben (einschließlich, wo Informationen über die vergangene und künftige Weiterentwicklung sowie die Volatilität des Index/der Formel/einer anderen Variablen eingeholt werden können)]

Name of index

Bezeichnung des Index

Description of index / Details of where information about index can be obtained

Indexbeschreibung / Angaben, wo Informationen zum Index zu finden sind

Description of interest rate

Beschreibung des Zinssatzes

Other equivalent information regarding the underlying (including, in the case of a basket of underlyings, a disclosure of the relevant weightings of each underlying in the basket)¹
Sonstige gleichwertigen Informationen bezüglich des Basiswertes (einschließlich, im Falle eines Korbs von Basiswerten, die Angabe der entsprechenden Gewichtungen jedes einzelnen Basiswertes im Korb)

Comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when risks are most evident
Umfassende Erläuterung darüber, wie der Wert der Anlage durch den Wert des Basiswerts beeinflusst wird, insb. in den Fällen, in denen die Risiken offensichtlich sind

[insert details here]
[Einzelheiten hier einfügen]

Market disruption or settlement disruption events that may affect the underlying
Markt- oder Abwicklungsstörungen, die den Basiswert beeinflussen

[insert details here]
[Einzelheiten hier einfügen]

Adjustment rules with relation to events concerning the underlying
Anpassungsvorschriften in Bezug auf Ereignisse, die den Basiswert betreffen

[insert details here]
[Einzelheiten hier einfügen]

- Details relating to the Performance of Rate(s) of Exchange and Explanation of Effect on Value of Investment**
Einzelheiten der Entwicklung des bzw. der Wechselkurse und Erläuterung der Auswirkungen auf den Wert der Anlage

[specify details here]
[Einzelheiten hier angeben]

Selling Restrictions
Verkaufsbeschränkungen

- The Selling Restrictions set out in the Prospectus shall apply.
Es gelten die im Prospekt wiedergegebenen Verkaufsbeschränkungen.
- TEFRA C
TEFRA C
- TEFRA D
TEFRA D
- Neither TEFRA C nor TEFRA D
Weder TEFRA C noch TEFRA D
- Additional Selling Restrictions (specify)
Zusätzliche Verkaufsbeschränkungen (angeben)

Taxation
Besteuerung

Information on taxes on the income from the Notes withheld at source in respect of countries where the offer is being made or admission to trading is being sought.
Informationen über die an der Quelle einbehaltene Steuer auf Schuldverschreibungen hinsichtlich der Länder in denen das Angebot unterbreitet oder die Zulassung zum Handel beantragt wird.

none

Restrictions on the free transferability of the Notes
Beschränkungen der freien Übertragbarkeit der Wertpapiere

[none] [specify details]
[keine] [Einzelheiten einfügen]

**TERMS AND CONDITIONS OF THE OFFER
BEDINGUNGEN UND KONDITIONEN DES ANGEBOTS**

**Conditions, offer statistics, plan of distribution and allotment, pricing
*Bedingungen, Angebotstatistik, Vertriebs- und Zuteilungsplan, Preisfestsetzung***

**[Conditions to which the offer is subject
*Bedingungen, denen das Angebot unterliegt***

**Time period, including any possible amendments, during which the offer will be open
*Frist – einschließlich etwaiger Änderungen – während der das Angebot vorliegt***

**Description of the application process
*Beschreibung des Prozesses für die Umsetzung des Angebots***

**A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants
*Beschreibung der Möglichkeit zur Reduzierung der Zeichnungen und der Art und Weise der Erstattung des zu viel gezahlten Betrags an die Zeichner***

**Details of the minimum and/or maximum amount of application, (whether in number of notes or aggregate amount to invest)
*Einzelheiten zum Mindest- und/oder Höchstbetrag der Zeichnung (entweder in Form der Anzahl der Schuldverschreibungen oder des aggregierten zu investierenden Betrags)***

**Method and time limits for paying up the notes and for delivery of the notes
*Methode und Fristen für die Ratenzahlung der Wertpapiere und ihre Lieferung***

**Manner and date in which results of the offer are to be made public
*Art und Weise sowie Termin, auf die bzw. an dem die Ergebnisse des Angebots zu veröffentlichen sind***

**The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.
*Verfahren für die Ausübung eines etwaigen Vorzugsrechts, die Marktfähigkeit der Zeichnungsrechte und die Behandlung der nicht ausgeübten Zeichnungsrechte***

**Various categories of potential investors to which the notes are offered
*Angabe der verschiedenen Kategorien der potentiellen Investoren, denen die Schuldverschreibungen angeboten werden***

**Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made
*Verfahren zur Meldung des den Zeichnern zugeteilten Betrags und Angabe, ob eine Aufnahme des Handels vor dem Meldeverfahren möglich ist***

**Expected price at which the notes will be offered / method of determining the price and the process for its disclosure and amount of any expenses and taxes specifically charged to the subscriber or purchaser.
*Kurs, zu dem die Schuldverschreibungen angeboten werden / Methode, mittels deren der Angebotskurs festgelegt wird und Angaben zum Verfahren für die Offenlegung sowie der Kosten und Steuern, die speziell dem Zeichner oder Käufer in Rechnung gestellt werden.***

**Placing and Underwriting
*Platzierung und Übernahme***

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the Issuer or the offeror, of the placers in the various countries where the offer takes place.

Name und Anschrift des Koordinators/der Koordinatoren des globalen Angebots oder einzelner Teile des Angebots und – sofern dem Emittenten oder dem Bieter bekannt – Angaben zu den Plazierern in den einzelnen Ländern des Angebots.]

Method of distribution

Vertriebsmethode

Non-syndicated
Nicht syndiziert

Syndicated
Syndiziert

Date of Subscription Agreement

Datum des Subscription Agreements

Management Details including form of commitment

Einzelheiten bezüglich des Bankenkonsortiums einschließlich der Art der Übernahme

Dealer / Management Group (specify name and address)
Plazeur / Bankenkonsortiumr (Name und Adresse angeben)

**Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB**

firm commitment
feste Zusage

no firm commitment/best efforts arrangements
keine feste Zusage/zu den bestmöglichen Bedingungen

Commissions

Provisionen

Management/Underwriting Commission (specify)
Management- und Übernahmeprovision (angeben)

Selling Concession (specify)
Verkaufsprovision (angeben)

Other (specify)
Andere (angeben)

Stabilising Dealer/Manager
Kursstabilisierender Dealer/Manager

[insert details/None]
[Einzelheiten einfügen/keiner]

Subscription Agreement
Übernahmevertrag

- Date of subscription agreement
Datum des Übernahmevertrags

- General features of the subscription agreement (including the quotas)
Angabe der Hauptmerkmale des Übernahmevertrags (einschließlich der Quoten)

Listing(s)
Börsenzulassung(en)

Yes

- Luxembourg
Luxemburg
- Regulated Market "*Bourse de Luxembourg*"
- Euro MTF
- Düsseldorf
- Other (insert details)
sonstige (Einzelheiten einfügen)

Date of admission
Termin der Zulassung

Estimate of the total expenses related to admission to trading
Geschätzte Gesamtkosten für die Zulassung zum Handel

Regulated markets or equivalent markets on which, to the knowledge of the Issuer, notes of the same class (Series) of the Notes to be offered or admitted to trading are already admitted to trading
Angabe geregelter oder gleichwertiger Märkte, auf denen nach Kenntnis der Emittentin Schuldverschreibungen der gleichen Wertpapierkategorie (Serie), die zum Handel angeboten oder zugelassen werden sollen, bereits zum Handel zugelassen sind

- Luxembourg (Bourse de Luxembourg)
Luxemburg (Bourse de Luxembourg)
- Düsseldorf
- Other (insert details)
Andere (Einzelheiten einfügen)

Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment

Name und Anschrift der Institute, die aufgrund einer festen Zusage als Intermediäre im Sekundärhandel tätig sind und Liquidität mittels Geld- und Briefkursen erwirtschaften, und Beschreibung der Hauptbedingungen der Zusagevereinbarung

- Not applicable [specify details]
Nicht anwendbar [Einzelheiten einfügen]

Rating
Rating

Requested

Other relevant terms and conditions (specify)
Andere relevante Bestimmungen (einfügen)

[]

Listing:

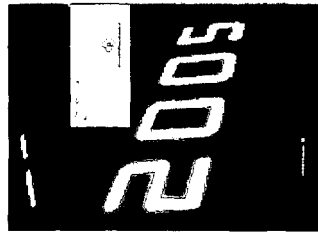
The above Final Terms comprise the details required to list this issue of Pfandbriefe pursuant to the € 20,000,000,000 Essenhyp Debt Issuance Programme of Hypothekenbank in Essen Aktiengesellschaft (as from 10 April, 2006)

Responsibility
Verantwortlichkeit

The Issuer accepts responsibility for the information contained in these Final Terms as set out in the section "Responsibility Statement" on page 3 of the Prospectus, provided that, with respect to any information included herein and specified to be sourced from a third party (i) the Issuer confirms that



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On March 23, 2006 Hypothekebank in Essen AG (Essen Hyp) presented its 2005 business results on the occasion of its traditional Annual Reception in the former coal mine Zeche Zollverein. The printed version of our Annual Report 2005 will be available in May 2006.

- ▷ [Download Annual Report 2005](#)
- ▷ [Press Release of Hypothekebank in Essen AG on the Annual Accounts 2005](#)

▷ **Impressions of our Annual Reception on March 23, 2006**

With effect from March 31, 2006 Hypothekebank in Essen AG publishes the information required in accordance with Section 28 of the German Pfandbrief Act (PfandBG). » [Read more...](#)

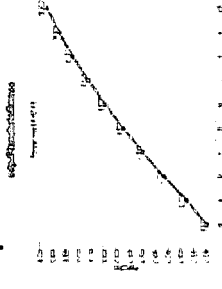
- ▷ [Press Release of Hypothekebank in Essen AG as of March 1, 2006. "New Head of Capital Markets at Hypothekebank in Essen AG"](#)
- ▷ [Press Release of Hypothekebank in Essen AG as of March 1, 2006. "New Member of the Board of Managing Directors of Hypothekebank in Essen AG"](#)

Keep up with the latest trends - Essen Hyp's 4th Capital Market Conference was a tremendous success

The 4th Capital Market Conference of

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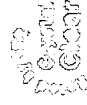
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Essen Hyp's Chief Economist Dirk Chlensch ranked as one of the top forecasters » more

Mortgage Pfandbrief rating upgraded

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Essen Hyp rating upgraded from A- to A

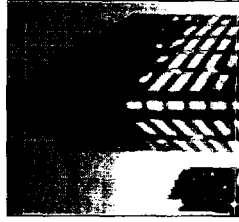
On November 3, 2005 FitchRatings upgraded the bank's credit ratings to long-



Hypothenkenbank in Essen AG, which took place at the Messe Essen on June 15 and 16, 2005, once again was the perfect venue for international financial experts to meet up and share their views. Some 500 analysts, academics and capital market players came to Essen in order to discuss the latest trends on the capital and *Pfandbrief* markets with some 60 top-class panelists. » [Read more...](#)

- ▷ [Impressions of the 4th Capital Market Conference](#)
- ▷ [Videos and Download presentations](#)

International Real Estate Finance: Europe and North America



Whether office buildings or shopping malls - real estate financing has become a global business. Major first-class projects can only be put into practice at a profit if matching lenders are found on the international capital markets. Investors, developers and real estate companies look for banking partners who are familiar with the highly complex real estate business.

» [more](#)

term A with stable outlook from A- and short-term F1 from F2.

» [more \(PDF\)](#)

Public-sector Pfandbrief rating upgraded

With effect from February 17, 2005 Moody's upgraded the rating of Essen Hyp's public-sector Pfandbriefe to Aaa. As a result Essen Hyp's public-sector Pfandbriefe are now rated triple A by all major rating agencies.

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Economists and portfolio managers from all over Germany participate in these meetings and discuss the future interest rate and economic development.

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Essen Hyp: Key competence in capital market business

The focus of Essen Hyp's business is on lending to national and international public-sector debtors. In addition the bank gives long-term mortgage loans to finance both commercial property and private housing.

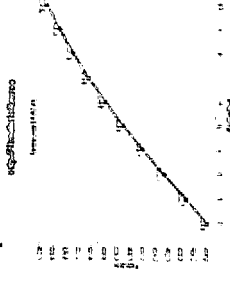
Accordingly we make great use of the international capital markets on which, besides the "traditional" *Pfandbriefe*, more and more Jumbo and Global *Pfandbriefe* are being issued.

Essen Hyp is one of the largest issuers of Jumbo *Pfandbriefe* worldwide.

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Ratings and Analyses (as of: December 12, 2005)

Ratings	S & P	Moody's	Fitch Ratings
<i>Pfandbriefe</i>			
- public-sector	AAA	Aaa	AAA
- mortgage	not rated	Aa1	AAA
Long-term counterparty rating	BBB+	A2	A
	(outlook positive)	(outlook stable)	(outlook stable)
Short-term counterparty rating	A-2	P-1	F1
Notes issued under the Debt Issuance Program			
- Senior Unsecured Debt	BBB+	A2	not rated
- Subordinated Debt	BBB	A3	not rated
Commercial Paper Program	A-2	P-1	not rated
Financial Strength	not rated	C	B/C

Rating Reports

- ▷ **Standard & Poor's** [Research update as of July 12, 2005 and Rating analysis as of Aug 31, 2004.](#)
- ▷ **Moody's** [Rating Analysis as of December 1, 2005 and Press Release as of December 13, 2005.](#)
- ▷ **Fitch Ratings** [Rating Analysis as of November 3, 2005](#)

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Economic and Interest Rate Outlook G3 for the United States, Euro Area, Japan 2005/2006

In line with my expectations and in defiance of all prophecies of doom U.S. economic growth is still running at high speed. During the first half of the year U.S. GDP grew by an annualized rate of 3.5%. Although the Federal Reserve has, in the meantime, raised its federal funds target rate from the 1% of June 2004 to 3,75% recently, the increase in U.S. yields that I predicted has still to come. The fact that there has been little reaction to this, is in my view caused by market participants' expectations that next year the Federal Reserve will stop its monetary tightening, keeping to a federal funds target rate level of 4.5% or even below. Since, in my opinion, the Federal Reserve will increase its key interest rate to 5% market participants will have to make an upwards adjustment to their very low money market expectations. This in turn will result in a noticeable yield increase on the U.S. bond market.

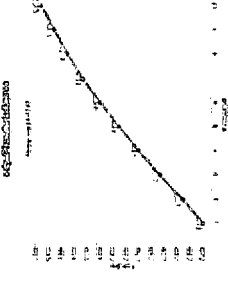
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Moody's Investors Service

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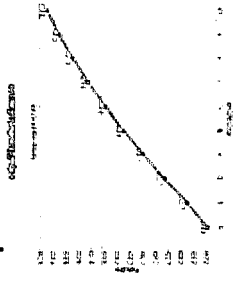
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Interest Rate Forecast Meeting

Here you find the results of our recent interest rate forecast meetings. Economists and portfolio managers from all over Germany participate in these meetings and discuss the future interest rate and economic development. The interest rate forecast meetings are held in the premises of Hypothekenbank in Essen AG several times a year. If you have any comments or questions please call Dirk Chlench: +49 201 8135 442 or e-mail to: **Dirk.Chlench@essenhyp.com**

- ▷ Forecast meeting Mar 7, 2006
- ▷ Forecast meeting Nov 2, 2005
- ▷ Forecast meeting Jul 5, 2005
- ▷ Forecast meeting Mar 22, 2005
- ▷ Forecast meeting Nov 4, 2004
- ▷ Forecast meeting Jul 7, 2004
- ▷ Forecast meeting Mar 25, 2004
- ▷ Forecast meeting Nov 3, 2003
- ▷ Forecast meeting Mar 27, 2003
- ▷ Forecast meeting Nov 6, 2002
- ▷ Forecast meeting Aug 19, 2002
- ▷ Forecast meeting May 14, 2002
- ▷ Forecast meeting Feb 7, 2002
- ▷ Forecast meeting Oct 1, 2001
- ▷ Forecast meeting Jun 19, 2001
- ▷ Forecast meeting Jan 24, 2001
- ▷ Forecast meeting Nov 22, 2000
- ▷ Forecast meeting Sep 14, 2000
- ▷ Forecast meeting Jul 18, 2000
- ▷ Forecast meeting May 16, 2000

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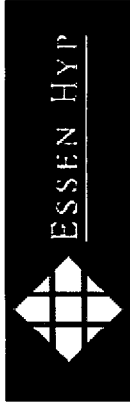
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Interest Rate Forecast Meeting on March 7, 2006

Results of the consensus survey

Forecast for the ECB main refi rate
 Status as of March 07, 2006: 2.50%

	2th quarter of 2006	3rd quarter of 2006	4th quarter of 2006	1st quarter of 2007	2nd quarter of 2007
Consensus Forecast	2.75%	2.78%	3.00%	3.00%	3.00%
Highest Forecast	2.75%	3.00%	3.25%	3.25%	3.50%
Lowest Forecast	2.50%	2.50%	2.75%	2.75%	2.50%

as of Quarter-end

Forecast for the 10-year Pfandbrief yields
 Status as of March 07, 2006: 3.79%

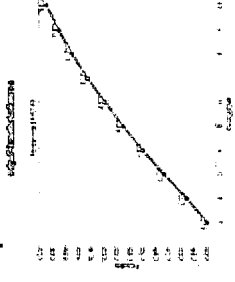
	2th quarter of 2006	3rd quarter of 2006	4th quarter of 2006	1st quarter of 2007	2nd quarter of 2007
Consensus Forecast	3.88%	3.90%	3.90%	3.90%	3.90%
Highest Forecast	4.03%	4.20%	4.50%	4.60%	4.60%
Lowest Forecast	3.65%	3.50%	3.30%	3.20%	3.20%

as of Quarter-end

Participants:

- Bernd Bäume**, Bankhaus Lampe KG, Düsseldorf
- Dr. Gunar Lietz**, IKB Deutsche Industriebank AG, Düsseldorf
- Erhard Rossig**, Bergbau-Berufsgenossenschaft, Bochum
- Dr. Thomas Geer**, Hypothekenbank in Essen AG, Essen (Treuhänder)

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Mario Kalupa, Gallinat-Bank AG, Essen
Raimund Bitter, Hypothekenbank in Essen AG, Essen
Dirk Chlench, Hypothekenbank in Essen AG, Essen
Reinhold Knaus, Fortis Investments, Düsseldorf
Dr. Bastian Hepperle, WestLB AG, Düsseldorf
Matthias Preller, Landesbank Rheinland-Pfalz, Mainz
Stefan Schilbe, HSBC Trinkaus & Burkhardt, Düsseldorf
Jens-Uwe Wächter, DekaBank, Frankfurt am Main
Claudia Windt, Landesbank Hessen-Thüringen, Frankfurt am Main
Dirk Hüttemann, Volksbank Marl-Recklinghausen, Marl
Timo Klein, Global Insight (Deutschland) GmbH, Frankfurt am Main
Dr. Harald Loy, Deutsche Bundesbank, Düsseldorf
Fabienne Riefer, Deutsche Postbank AG, Bonn
Patrick Franke, Commerzbank AG, Frankfurt am Main
Birgit Figge, DZ Bank AG, Frankfurt am Main
Dieter Thomaschowski, IRIC GmbH, Erkrath
Frank Kührt, CC-Bank, Mönchengladbach
Norbert Boddenberg, Hypothekenbank in Essen AG, Essen
Friedhelm Flick, Hypothekenbank in Essen AG, Essen
Nicole de Haan, Bankhaus Lampe KG, Düsseldorf
Dr. Frank Brocks, Hypothekenbank in Essen AG, Essen
Dirk Schoppmeier, Sparkasse Essen, Essen
Jan Bottermann, National-Bank AG, Essen
Ralf Baczewski, Westfalenbank AG, Bochum
Jens Remmers, Hypothekenbank in Essen AG, Essen
Peter Hohlfeld, Institut für Makroökonomie und Konjunkturforschung, Düsseldorf
Dr. Christian Jasperneite, Marcard, Stein & Co., Hamburg

If you have any comments or questions, please call:

Dirk Chlench, +49 201 8135 442 or mail to:Dirk.Chlench@essenhyp.com

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term A with stable outlook from A- and short-term F1 from F2.
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Public-sector Pfandbrief rating upgraded
With effect from February 17, 2005 Moody's upgraded the rating of Essen Hyp's public-sector Pfandbriefe to Aaa. As a result Essen Hyp's public-sector Pfandbriefe are now rated triple A by all major rating agencies.
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Articles in 2005

- ▷ **Germany: Job Relocation to Eastern Europe -- Much Ado about Nothing!** May 2005
- ▷ **Germany: Will structural reforms push Germany into deflation?** January/February 2005

Articles in 2004

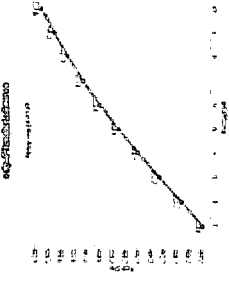
- ▷ **Germany: Irrational pessimism on bond markets?** November/December 2004
- ▷ **How global savings glut could undermine global economic expansion?** September/ October 2004
- ▷ **United States: the return of inflation is a real threat!** July/August 2004
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- ▷ **Japan: Third Time Lucky!** March/April 2004
- ▷ **US-Dollar: It's the economy -- stupid!** January/February 2004

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Essen Hyp rating upgraded from A- to A

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- ▷ **Germany: Glimmer of hope for an economic revival!** May/June 2003
- ▷ **Germany/Europe: Build up anti-cyclical stock positions** March/April 2003
- ▷ **USA: Will the U.S. economy regain its former strength or will economic growth again lose momentum in 2003?** January/February 2003

Articles in 2002

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- ▷ **Germany: From powerhouse to poorhouse of Western Europe?** September/October, 2002
- ▷ **USA: The U.S. consumers are well alive and kicking!** July/August, 2002
- ▷ **World: Real interest rates and funding conditions** May/June 2002
- ▷ **Euro area: Markets will once again beat economists on ECB rates!** March/April 2002
- ▷ **USA: Don't bet on a double dip in the United States!** January/February 2002

Articles in 2001

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- ▷ **USA: We definitely continue to believe in a V-shaped recovery** September/October 2001
- ▷ **Germany: Searching for the trough of the business cycle** July/August 2001
- ▷ **USA: The most recent rise in bond prices is just a pause in a bear market** May/June 2001
- ▷ **Japan: A brief review of the recent BOJ monetary policy** March/April 2001
- ▷ **USA: U.S. economic slowdown will only lead to a short-term dollar weakening** January/February 2001

Articles in 2000

- ▷ **Euro area: "New Economy" in the euro area will lead to a Euro rebound** November/December 2000
- ▷ **Japan: Will the Recovery result in an ongoing strong expansion?** September/October 2000
- ▷ **USA: A flexible labor market is the key issue for a bull market.** July/August 2000

term A with stable outlook from A- and short-term F1 from F2.
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- ▷ **USA: Overvalued US stock market - so what?** March/April 2000
- ▷ **Germany: The return of inflation?** January/February 2000

- Articles in 1999**

- ▷ **World: The role of asset prices in US Fed and ESCB monetary policy** December 99
- ▷ **World: Some Thoughts on the 'liquidity' argument** November 1999
- ▷ **USA: Inflation-led interest rate fears - and rightly so?** October 1999
- ▷ **USA: Don't stay long in bonds** September 1999
- ▷ **Euro area: A review of the first six months of the euro currency** August 1999
- ▷ **USA: Do we get a bear market like in 1994 ?** July 1999
- ▷ **USA: Real Wages versus Unemployment Rate** June 1999
- ▷ **Germany: Consumer Price Inflation Forecast for 1999/2000** May 1999

- ▷ **Euro Area: Implied inflation expectations** April 1999
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Current Financial and Economic Topics

May 11, 2005

Dirk Chlench +49 201 8135 442 - dirk.chlench@essenhyp.com

Job Relocation to Eastern Europe - Much Ado about Nothing!

Since last year there has been much talk in the German media about job relocations to low-wage countries. It is a widely held belief that German companies can no longer compete with their new competitors from Eastern Europe because of the high wage level in Germany. It is true that in Poland, the Czech Republic and Hungary monthly wages in the manufacturing sector are four-fifths lower than the German level. Manufacturing workers' earnings in the more distant Baltic states are even only around one-tenth of their German colleagues. But my internet research, in which I simply put the word "Jobverlagerung" (job relocation) into the search engine, yielded more hits with statements by politicians complaining about job relocations, than examples of actual relocations. The most vocal politician is the conservative Edmund Stoiber, Minister President of Bavaria and chairman of the CSU, the Bavarian sister party of the CDU. He stated that Germany would lose 50,000 jobs a month. This adds up to a dramatic figure of 600,000 job losses a year. However, Angela Merkel, the CDU opposition leader, said that Germany would lose 1,000 jobs a day, which translates to the already markedly lower figure of 365,000 jobs a year. But in March 2005 the German Chamber of Commerce (DIHK) gave a projection, based on a current survey of more than 7,500 industrial companies about their foreign investment plans, that German companies will have relocated a total of 150,000 worksites to foreign countries by the end of 2007. Broken down to an annual figure, the alleged job reductions melt down to 50,000. Unfortunately the actual number of job relocations out of Germany is a conjecture given that no official data is collected. In the United States, however, where there have been extended mass layoffs, staff members of the U.S. Labor Department interview employers to find out the reason. The official statisticians registered that last year

the dismissal of 16,073 workers was associated with out-of-country relocations. This figure corresponds to only 3% of all separations in non-seasonal/non-vacation extended mass layoff events, according to the U.S. Labor Department. Against the backdrop of a U.S. civilian labor force of 148 million, the number of 16,073 laid-off workers appears, in macroeconomic terms, negligible. Nevertheless, each separate case is a blow for the individual, of course. Turning back to Germany, Elga Bartsch, Senior Economist at Morgan Stanley, suggests that job relocations over here are even less important than in the United States. She backs up her opinion with three arguments: "In Germany, we would expect IT-enabled offshoring in the service industry to play a more limited role than in the US due to language barriers. In addition, the smaller share of low-skilled, low paid jobs in Germany probably limits the offshoring potential further. In other words, a lot of the jobs that are being offshored in the United States don't even exist in Germany and probably never have. In addition, the costs of closing down a business in Germany and relocating it abroad tend to be higher than in the US because of stricter layoff regulations." In my view the only way to shed some more light on this hot issue is to analyze the balance of payments statistics. The few colleagues who also scratched their heads about the extent of job relocations have based their argumentation on the development of outward foreign direct investment (FDI). This FDI data can be easily downloaded from the Bundesbank's Homepage. However, German direct investment abroad is also available broken down further into the subgroups of equity capital, reinvested earnings, credit transactions of German direct investors and other investment. It will probably not change the whole story but in the context of job relocations it seems somehow better to monitor the development of the balance on equity capital investment. This is the difference between new capital investment and capital disinvestment. The Bundesbank also provides, on request, a country breakdown of the balance on equity capital investment abroad.



Chart 1 - Source: Deutsche Bundesbank

As can be seen in Chart 1, the balance on foreign equity capital investment has decreased markedly from the highs during the new economy era of the late nineties. Last year the balance between new investment and disinvestment was even negative. Hence, the often heard assertion that German companies would invest only abroad is completely false. German companies do not invest at all!

Chart 1 also shows that the balance on equity capital investment in total, and on equity capital investment in industrial countries are nearly congruent. This leads me to the assumption that foreign direct investment is driven by the intention of opening up new markets, rather than reducing overall production costs. However, my thesis is only roughly in line with the DIHK survey mentioned above. According to this survey around one third of the industrial companies questioned, indicated that the lowering of production costs is the aim of their foreign investment plans. Two years ago the corresponding ratio stood at 42 percent. But my thesis is, in turn, backed by the fact that the balance on equity capital investment in low-wage countries, such as the East European EU member states, is very low if compared to the total level of the balance

on equity capital investment or domestic fixed investment. For example, in 2004 German companies invested on balance just EUR 1.4 billion in the East European EU member states. This compares to domestic fixed investment of around EUR 380 billion during the same time period.

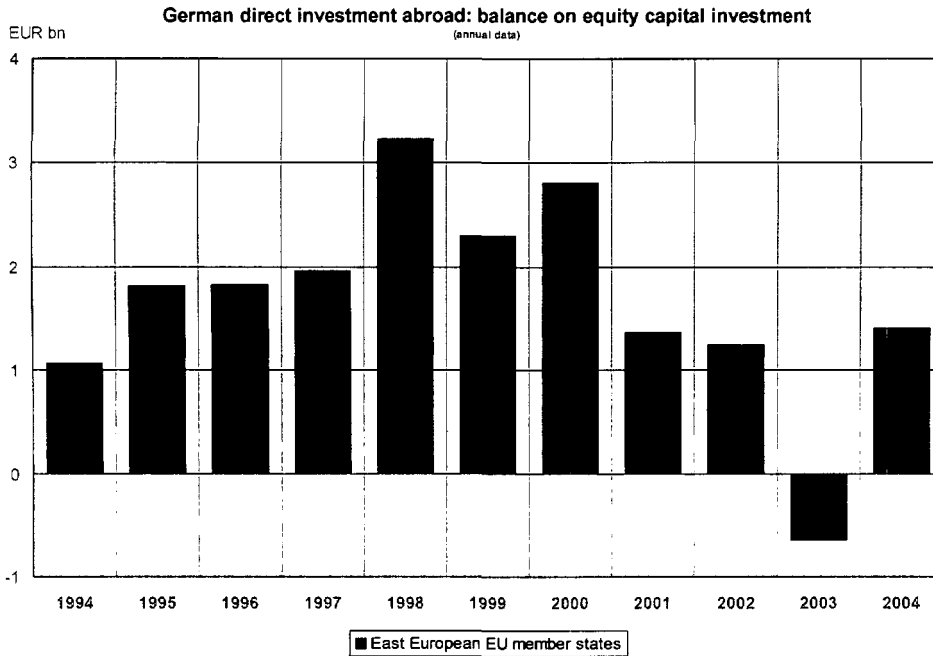


Chart 2 - Sources: Deutsche Bundesbank, own calculations

It is quite clear that all the talk about alleged job relocation to Eastern Europe is in employers' ostensible interest. Their bargaining power has got a lift by the possibility of credible threats to relocate production to low-wage countries. The most prominent example was the successful threat by the electro-giant Siemens to relocate their cellular phone production from establishments in Bocholt and Kamp-Lintfort (North-Rhine Westphalia) to Hungary. The engineering union (IG Metall) saw no other choice than to accept an increase of the standard weekly working hours from 35 to 40, without any compensatory payments. Even more, the Siemens management also pushed through cuts in vacation and Christmas allowances.

A more recent example again comes from Siemens AG. Jobs at its subsidiary Siemens VDO automotive AG, a supplier of electronics and electrical products to the automobile industry, are to be relocated from Würzburg (Bavaria), to the Czech Republic. Unless, say the management, employees accept severe cost cutting measures. An extension of standard weekly hours from 35 to 40, without any compensation, and the abolishment of paid breaks and shift premiums is on the management's wish list. Turning back to a macro perspective, the described dwindling power of employees is reflected in overall waning pay rises. In the third and fourth quarter of last year, wages and salaries per employee even decreased in year-on-year-terms.



Chart 3 - Source: Deutsche Bundesbank

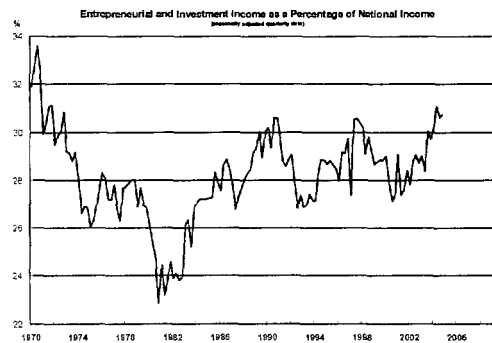


Chart 4 - Source: Deutsche Bundesbank

The social democrat-led German Federal Government has tried to put Germany back on its feet solely by supply-side measures, like the so called Hartz IV labor market reform. This has so far been without any success, if not only the increase in entrepreneurial and investment income, but in overall national income is taken as a yardstick. Even though both the business elite and the opposition parties, the conservative CDU and the liberal FDP, admit that the implemented reforms are a first step in the right direction, they both call for more and far-reaching measures. However, Prof. Bofinger, an economic adviser to the Federal Government and perhaps successor of the ECB's chief economist Otmar Issing, has compared this general attitude among the business elite with a doctor who notices that the prescribed drug does not help his patient, but instead of questioning the diagnosis simply increases the dose. Nevertheless, most business leaders

and economists hold the view that the economic malaise in Germany has to become even more severe before the time is ripe for radical Thatcher-like structural reforms. But maybe business leaders have already aimed too high. More and more workers deplore the fact that their wages have been stagnating for years whereas the compensation for top managers is soaring. Hence, from the workers' point of view, Franz Müntefering's recent capitalism criticism hit the nail on the head. The chairman of Germany's Social Democrat Party (SPD) compared investors seeking short-term gains to the biblical plague of locusts: "Financial investors remain anonymous. They have no face, they descend upon companies like locusts, destroy everything and move on". Furthermore, the chairman criticized the Deutsche Bank's CEO Josef Ackermann, meanwhile the SPD's favorite enemy, for dismissing 6,000 employees, despite having made "exorbitant profits". His party deputy Ute Vogt even urged consumers to boycott companies which have greatly reduced their staff. What's more, calls for statutory minimum wages are becoming ever louder. Several polls show that a large majority of Germans share the view of Mr. Müntefering. This is another sign indicating that the German people are fair weather fans of a free market economy. Roger Köppel, journalist of the Swiss magazine "Weltwoche" got the same impression two years ago: "The Germans are anti-capitalists at heart. They can't be and they don't want to be [capitalists]. Their aspirations rest with the fraternity, with the collective." Therefore the government's strategy to implement structural reforms in an economic downturn without support from a countercyclical economic policy is quite dangerous. The public mood in a severe economic crisis might not change in favor of Thatcher-like reforms, but be to seek salvation in some kind of socialism. As it can be excluded that employers will increase hourly wages in order to lift workers' purchasing power, the ECB should take action to stimulate demand and, thus, help to calm the heated political debate in Germany. Therefore I share the view of Mr. Clement, Secretary of Commerce, who recently indirectly called on the ECB to cut its key interest rates. My bet remains that the ECB will lower its main refinancing rate by 50 basis points to 1.5% in the 1st quarter of 2006.

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Presentation

The entry of the Jumbo into the international capital markets gave the German mortgage banks the opportunity of winning new investors for the German *Pfandbrief* at an international level. Essen Hyp reacted promptly and focussed its internationally targeted funding strategies on investors' needs.

Since its first international roadshow in October 1997 which went from London, via Asia, to the United States, Essen Hyp has been presenting itself and its products on a regular basis to international investors in all important financial and commercial centers of the world.

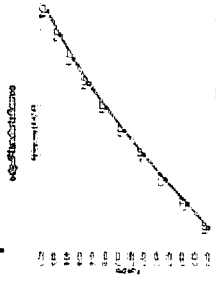
We will continue to commit ourselves to the task of intensifying our close contact with national and international investors.

During the roadshows investors have been asking many questions on, for example, the German legal system, the distinction between the German *Pfandbrief* and other products, the quality of our cover fund, etc. Information on these and other related issues can be found in our **Glossary**.

The power point presentation is available for **download here**.

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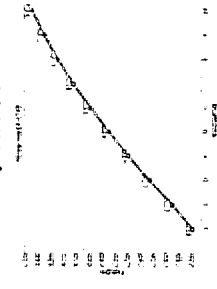
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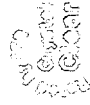
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Section 28 (2) (1b,c) PfandBG	quarterly	03.2006
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Pfandbrief Act

Section 28 (1) (1-3) PfandBG

	Nominal value		Present value		Risk-adjusted present value	
	Mar 31, 2006	Previous year	Mar 31, 2006	Previous year	Mar 31, 2006	Previous year
a) Total amount outstanding						
Mortgage Pfandbriefe	4,491.7	-	4,484.6	-	4,372.1	-
Cover assets	4,886.0	-	5,150.9	-	4,884.9	-
of which: derivatives	0.0	-	0.0	-	0.0	-
of which: additional cover*	420.0	-	513.2	-	469.4	-
Surplus cover	394.3	-	666.3	-	512.8	-

Supplementary to a): Maturity structure (remaining time to maturity)

	Mar 31, 2006					
	<=1 year	>1 year <=5 years	>5 years <=10 years	>10 years	<=1 year <=5 years	>5 years <=10 years >10 years
Mortgage Pfandbriefe	1,642.5	1,876.4	928.8	44.0	-	-
Cover assets	412.2	803.2	2,811.8	858.7	-	-
of which: additional cover*	0.0	45.0	0.0	375.0	-	-

b) Total amount outstanding

	Nominal value		Present value		Risk-adjusted present value	
	Mar 31, 2006	Previous year	Mar 31, 2006	Previous year	Mar 31, 2006	Previous year

Public-sector Pfandbriefe	60,419.4	-	59,816.7	-	58,217.3	-
Cover assets	62,438.4	-	64,298.9	-	62,005.7	-
of which: derivatives	0.0	-	0.0	-	0.0	-
of which: additional cover*	3,242.9	-	3,262.0	-	3,188.2	-
deduction: currency scenario	0.0	-	0.0	-	125.8	-
Surplus cover	2,019.0	-	4,482.2	-	3,662.6	-

*securities issued by other borrowers

in EUR m

**Supplementary to b):
Maturity structure
(remaining time to
maturity)**

Mar 31, 2006

Previous year

	<=1 year	>1 year <=5 years	>5 years <=10 years	>10 years	<=1 year	>1 year <=5 years	>5 years <=10 years	>10 years
Public-sector Pfandbriefe	10,098.2	44,884.3	4,385.6	1,051.3	-	-	-	-
Cover assets	8,020.5	24,816.2	23,718.4	5,883.4	-	-	-	-
of which: additional cover*	-	1,023.1	2,169.7	50.0	-	-	-	-

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Pfandbrief Act

Section 28 (2) (1a) PfandBG

Breakdown of the total amount of mortgage loans serving as cover as defined in Section 28 (1) (1) of the German Pfandbrief Act (PfandBG) by loan size in accordance with **Section 28 (2) (1a)** of the PfandBG. All mortgage loans are stated at their nominal value. This overview is updated quarterly.

in EUR m

	Mar 31, 2006	Previous year
<= € 300,000	3,206.9	-
> € 300,000 - € 5,000,000	428.4	-
> € 5,000,000	830.6	-
Total amount	4,465.9	-

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Pfandbrief Act

Section 28 (2) (1b and c) PfandBG

Breakdown of mortgage loans serving as cover by countries in which the properties are located and by types of use

	Mortgage loans serving as cover			in EUR m
	Mar 31, 2006		Previous year	
	Commercial	Residential	Commercial Residential	
Germany				
Condominiums	-	647.8	-	-
Detached and semi-detached houses	-	2,446.2	-	-
Apartment buildings	-	439.8	-	-
Office	389.1	-	-	-
Retail	247.4	-	-	-
Industrial	53.3	-	-	-
Other commercial properties	92.0	-	-	-
Buildings under construction, not yet generating earnings	0.0	-	-	-
Building sites	0.0	0.0	-	-
Total Germany	781.9	3,533.8	0.0	0.0

	Mortgage loans serving as cover			in EUR m
	Mar 31, 2006		Previous year	
	Commercial	Residential	Commercial Residential	
England				
Condominiums	-	0.0	-	-
Detached and semi-detached houses	-	0.0	-	-

Apartment buildings	-	0.0	-	-
Office	57.5	-	-	-
Retail	0.0	-	-	-
Industrial	0.0	-	-	-
Other commercial properties	0.0	-	-	-
Buildings under construction, not yet generating earnings	0.0	-	-	-
Building sites	0.0	0.0	-	-
Total England	57.5	0.0	0.0	0.0

in EUR m

Mortgage loans serving as cover

	Mar 31, 2006		Previous year	
	Commercial	Residential	Commercial	Residential

Belgium				
Condominiums	-	0.0	-	-
Detached and semi-detached houses	-	0.0	-	-
Apartment buildings	-	0.5	-	-
Office	1.0	-	-	-
Retail	0.0	-	-	-
Industrial	0.0	-	-	-
Other commercial properties	0.0	-	-	-
Buildings under construction, not yet generating earnings	0.0	-	-	-
Building sites	0.0	0.0	-	-
Total Belgium	1.0	0.5	0.0	0.0

in EUR m

Mortgage loans serving as cover

	Mar 31, 2006		Previous year	
	Commercial	Residential	Commercial	Residential

France				
Condominiums	-	0.0	-	-
Detached and semi-detached houses	-	0.0	-	-
Apartment buildings	-	0.0	-	-

Office	42.2	-	-
Retail	0.0	-	-
Industrial	0.0	-	-
Other commercial properties	0.0	-	-
Buildings under construction, not yet generating earnings	0.0	-	-
Building sites	0.0	0.0	-
Total France	42.2	0.0	0.0

in EUR m

Mortgage loans serving as cover

	Mar 31, 2006		Previous year	
	Commercial	Residential	Commercial	Residential
The Netherlands				
Condominiums	-	0.0	-	-
Detached and semi-detached houses	-	0.0	-	-
Apartment buildings	-	0.0	-	-
Office	49.2	-	-	-
Retail	0.0	-	-	-
Industrial	0.0	-	-	-
Other commercial properties	0.0	-	-	-
Buildings under construction, not yet generating earnings	0.0	-	-	-
Building sites	0.0	0.0	-	-
Total The Netherlands	49.2	0.0	0.0	0.0
Total	931.7	3,534.3	0.0	0.0

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Pfandbrief Act

Section 28 (2) (2) PfandBG

Total amount of payments in arrears for at least 90 days in respect of the mortgage loans serving as cover for mortgage Pfandbriefe as defined in Section 28 (1) (1) of the German Pfandbrief Act (PfandBG). These figures are broken down by countries and updated quarterly (**Section 28 (2) (2) PfandBG**).

in EUR m

	Mar 31, 2006	Previous year
Total amount of payments in arrears for more than 90 days		
Germany	0.0	-
Total	0.0	-

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Pfandbrief Act

Section 28 (3) (1) PfandBG

Assets serving as cover for the public-sector Pfandbriefe outstanding (in accordance with Section 28 (1) (1) of the German Pfandbrief Act (PfandBG)). The figures are broken down by the countries in which the borrowers are domiciled and show the nominal value of the cover assets broken down by borrower types (in accordance with **Section 28 (3) (1) PfandBG**).

Assets serving as cover in EUR m

Mar 31, 2006 Previous year

Austria

Government	51.1	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	1,311.6	-
Total	1,362.7	-

Assets serving as cover in EUR m

Mar 31, 2006 Previous year

Belgium

Government	28.6	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	90.0	-
Total	118.6	-

Canada

Assets serving as cover in EUR m

Mar 31, 2006 Previous year

Government	0.0	-
Regional authorities	454.4	-
Local authorities	0.0	-
Other borrowers	225.3	-
Total	679.7	-

Assets serving as cover in EUR m
Mar 31, 2006 **Previous year**

Cyprus		
Government	99.5	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	0.0	-
Total	99.5	-

Assets serving as cover in EUR m
Mar 31, 2006 **Previous year**

Czech Republic		
Government	238.0	-
Regional authorities	0.0	-
Local authorities	49.1	-
Other borrowers	12.4	-
Total	299.5	-

Assets serving as cover in EUR m
Mar 31, 2006 **Previous year**

Denmark		
Government	0.0	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	79.0	-
Total	79.0	-

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
Finland		
Government	51.1	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	74.0	-
Total	125.1	-

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
France		
Government	2.5	-
Regional authorities	0.0	-
Local authorities	12.8	-
Other borrowers	819.0	-
Total	834.3	-

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
Germany		
Government	2,654.4	-
Regional authorities	24,304.8	-
Local authorities	2,626.6	-
Other borrowers	20,389.4	-
Total	49,975.2	-

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
Great Britain		
Government	0.0	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	331.0	-

Total 331.0 -

Assets serving as cover in EUR m

Mar 31, 2006 Previous year

Greece

Government	52.5	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	35.0	-
Total	87.5	-

Hungary

Government	548.0	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	50.0	-
Total	598.0	-

Assets serving as cover in EUR m

Mar 31, 2006 Previous year

Iceland

Government	0.0	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	193.1	-
Total	193.1	-

Ireland

Government	0.0	-
------------	-----	---

Assets serving as cover in EUR m

Mar 31, 2006 Previous year

Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	95.0	-
Total	95.0	-

Assets serving as cover in EUR m
Mar 31, 2006 **Previous year**

Italy		
Government	0.0	-
Regional authorities	389.6	-
Local authorities	194.5	-
Other borrowers	375.0	-
Total	959.1	-

Assets serving as cover in EUR m
Mar 31, 2006 **Previous year**

Japan		
Government	375.9	-
Regional authorities	62.0	-
Local authorities	0.0	-
Other borrowers	0.0	-
Total	437.9	-

Assets serving as cover in EUR m
Mar 31, 2006 **Previous year**

Latvia		
Government	45.0	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	0.0	-
Total	45.0	-

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
Lithuania		
Government	39.0	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	0.0	-
Total	39.0	-

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
Luxembourg		
Government	0.0	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	120.0	-
Total	120.0	-

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
Norway		
Government	0.0	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	95.0	-
Total	95.0	-

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
Poland		
Government	442.4	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	0.0	-
Total	442.4	-

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
Portugal		
Government	640.0	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	0.0	-
Total	640.0	-

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
Slovak Republic		
Government	297.5	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	0.0	-
Total	297.5	-

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
Slovenia		
Government	54.1	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	0.0	-
Total	54.1	-

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
Spain		
Government	0.0	-
Regional authorities	1,844.0	-

Local authorities	0.0	-
Other borrowers	1,147.6	-
Total	2,991.6	-

Assets serving as cover in EUR m

Mar 31, 2006 **Previous year**

Sweden		
Government	0.0	-
Regional authorities	0.0	-
Local authorities	145.3	-
Other borrowers	0.0	-
Total	145.3	-

Assets serving as cover in EUR m

Mar 31, 2006 **Previous year**

Switzerland		
Government	0.0	-
Regional authorities	215.2	-
Local authorities	22.7	-
Other borrowers	0.0	-
Total	237.9	-

Assets serving as cover in EUR m

Mar 31, 2006 **Previous year**

The Netherlands		
Government	0.0	-
Regional authorities	0.0	-
Local authorities	3.8	-
Other borrowers	361.0	-
Total	364.8	-

Assets serving as cover in EUR m

Mar 31, 2006 **Previous year**

United States	-
Government	86.7
Regional authorities	244.5
Local authorities	140.6
Other borrowers	218.8
Total	690.6

Assets serving as cover in EUR m

	Mar 31, 2006	Previous year
Others		
Government	0.0	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	0.0	-
Total	0.0	-
Total amount	62,438.4	-

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Pfandbrief Act

Section 28 (3) (2) PfandBG

Total amount of payments in arrears for at least 90 days in respect of the public-sector loans serving as cover for public-sector Pfandbriefe as defined in Section 28 (1) of the German Pfandbrief Act (PfandBG). These figures are broken down by regions and updated quarterly (**Section 28 (3) (2) PfandBG**).

Total amount of payments in arrears for more than 90 days in EUR m

Country	Mar 31, 2006	Previous year
Government	0.0	-
Regional authorities	0.0	-
Local authorities	0.0	-
Other borrowers	0.0	-
Total	0.0	-


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Public-sector loans

Breakdown of cover pool by rating

S & P/ Moody's / Fitch

30.04.2006

Should the rating agencies come to different rating results, the worst rating is taken into account.

by rating	in Euro m	in %
AAA / Aaa / AAA	20,293	31.80
AA+ / Aa1 / AA+	4,875	7.64
AA / Aa2 / AA	4,030	6.31
AA- / Aa3 / AA-	15,721	24.63
A+ / A1 / A+	2,700	4.23
A / A2 / A	2,769	4.34
A- / A3 / A-	926	1.45
BBB+ / Baa1 / BBB+	792	1.24
BBB / Baa2 / BBB	0	0.00
Without rating *	11,716	18.36
Total	63,822	100.00

* - Without rating

Public-sector banks and saving banks

6,219 9.75

Cities, municipalities, non-profit organizations and loans guaranteed by municipal authorities

4,678 7.33

Loans within the EU (public-sector banks, EU member states,

regional governments, cities and municipalities). Loans guaranteed by EU member states and EU institutions.	510	0.80
Others	309	0.48
Total	11,716	18.36

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Public-sector loans

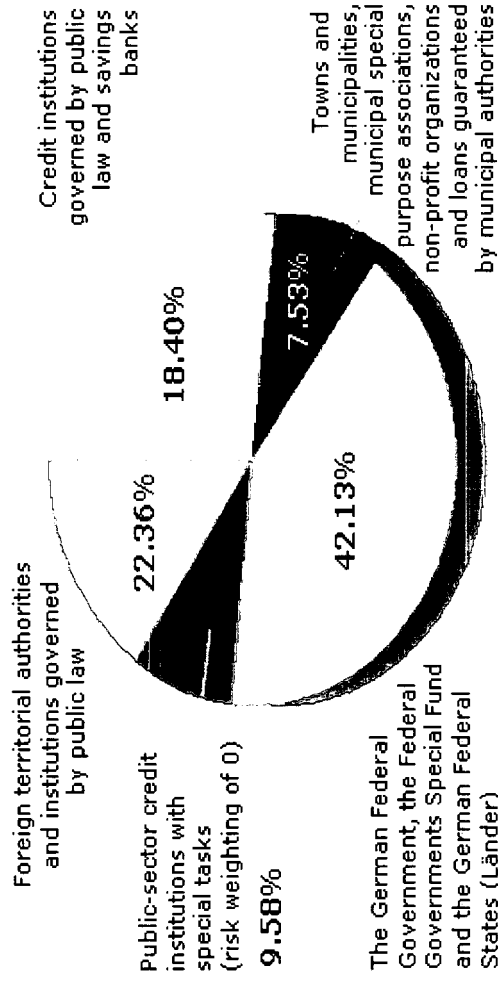
Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 63,822m

Information as permitted by banking confidentiality.

30.04.2006

Please click on the different parts of the pie chart for further information.



by borrowers

	in Euro m	in %
The German Federal Government, the Federal Governments Special Fund and the German Federal States (Länder)	26,892	42.13

Towns and municipalities, municipal special purpose associations,

non-profit organizations and loans guaranteed by municipal authorities	4,803	7.53
Public-sector credit institutions with special tasks (risk weighting of 0)	6,114	9.58
Credit institutions governed by public law and savings banks	11,745	18.40
Foreign territorial authorities and institutions governed by public law	14,268	22.36
Total	63,822	100.00

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Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 63,822 m

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The German Federal Government, the Federal Government's Special Fund and the German Federal States (Länder)

	in Euro m
Federal Government of Germany	197
Federal Government's Special Fund	1,024
Laender (individual German Federal States)	25,671
Total	26,892

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Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 63,822 m

Information as permitted
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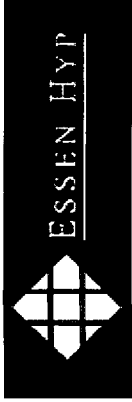
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Towns and municipalities, municipal special purpose associations, non-profit organizations and loans guaranteed by municipal authorities

in Euro m

Baden-Wuerttemberg	237
Bavaria	253
Berlin	7
Brandenburg	1
Bremen	131
Hamburg	600
Hesse	186
Lower Saxony	1,083
Mecklenburg-Western Pomerania	26
North Rhine-Westphalia	1,458
Rhineland-Palatinate	134
Saarland	86
Saxony	1
Saxony-Anhalt	1
Schleswig-Holstein	597
Thuringia	2
Total	4,803

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Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 63,822 m

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Public-sector credit institutions with special tasks (risk weighting of 0)	in Euro m
special public sector banks (solva 0)	6,114
Total	6,114

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Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 63,822m

Information as permitted
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Credit institutions governed by public law and savings banks

in Euro m
6,099

Public-sector banks/ financial institution

Savings banks in

in Euro m

Baden-Wuerttemberg	1,374
Bavaria	58
Bremen	0
Hamburg	90
Hesse	172
Lower Saxony	525
Mecklenburg-Western Pomerania	55
North Rhine-Westphalia	2,779
Rhineland-Palatinate	101
Saarland	5
Saxony	0
Schleswig-Holstein	472
Mortgage loans guaranteed by the public-sector	15
Total	11,745

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Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 63,822m

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Loans within EU

Public-sector banks in EU member states	in Euro m
EU member states	4,076
EU regional governments	4,377
EU member states, cities and municipalities	2,241
Loans guaranteed by EU member states	447
EU institutions	1,124
Subtotal	12,289

Other Foreign Loans

Public-sector banks	in Euro m
States	333
Regional governments cities and municipalities	84
Loans guaranteed by foreign states	983
Subtotal	163
Total	416
	1,979
	14,268

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Public-sector loans

Breakdown of cover pool by countries

by countries	in Euro m	in %
Austria	1,461	2.29
Belgium	119	0.19
Canada	734	1.15
Cyprus	99	0.16
Czech Republic	300	0.47
Denmark	176	0.28
Finland	125	0.20
France	844	1.32
Germany	49,554	77.65
Great Britain	351	0.55
Greece	813	1.27
Hungary	595	0.93
Iceland	194	0.30
Ireland	95	0.15
Italy	1,260	1.97
Latvia	45	0.07
Lithuania	39	0.06
Luxembourg	145	0.23
Norway	95	0.15
Poland	202	0.32
Portugal	1,655	2.59
Slovak Republic	288	0.45

30.04.2006

Public-sector loans Breakdown of cover pool by countries

Slovenia	54	0.08
Spain	3,033	4.75
Sweden	146	0.23
Switzerland	245	0.38
The Netherlands	450	0.71
The United States	685	1.07
Others	20	0.03
Total	63,822	100.00

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Public-sector loans

Breakdown of cover pool by risk weighting

		30.04.2006
Risk weighting	in Euro m	in %
0%	45,117	70.70
10%	1,643	2.57
20%	17,062	26.73
100%	0	0.00
Total	63,822	100.00

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Public-sector loans - Cover pool at market value									
Development / Stress scenario									
	Date	Market value (cover pool)	Market value (public-sector Pfandbriefe)	Market value surplus cover in € m	Surplus cover in %	Surplus in € m in case of rising yields	Surplus in % in case of rising yields	Surplus in € m in case of falling yields	Surplus in % in case of falling yields
Home									
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Financial Reports									
International Real Estate									
Finance	30.04.2006	65,277.48	61,164.14	4,113.34	6.73	3,275.96	5.51	5,057.34	8.00
Company	31.03.2006	64,298.86	59,816.66	4,482.20	7.49	3,662.65	6.29	5,311.48	8.66
Info Pool	28.02.2006	64,272.59	58,886.18	5,386.41	9.15	4,501.30	7.85	6,060.05	10.00
Contact	31.01.2006	63,576.51	59,431.23	4,145.28	6.97	3,241.77	5.59	4,739.66	7.77
	31.12.2005	64,464.41	60,036.96	4,609.46	7.68	3,504.74	5.98	5,416.91	8.88
	30.11.2005	62,430.51	58,031.65	4,398.87	7.58	3,311.46	5.85	5,498.20	9.22
	31.10.2005	61,530.28	56,677.61	4,852.67	8.56	3,780.43	6.84	5,952.40	10.22
	30.09.2005	61,710.08	57,311.84	4,398.23	7.67	3,265.64	5.84	5,564.87	9.44
	31.08.2005	59,821.89	54,513.21	5,308.68	9.74	4,180.94	7.86	6,407.15	11.44
	31.07.2005	56,684.00	51,899.00	4,784.00	9.22	3,868.00	7.59	5,586.00	10.50
	30.06.2005	58,357.09	53,981.53	4,375.56	8.11	3,328.38	6.27	5,287.48	9.66
	31.05.2005	58,377.81	53,620.74	4,757.07	8.87	3,792.13	7.19	5,565.80	10.22
	30.04.2005	57,030.69	52,985.78	4,044.91	7.63	3,116.60	5.99	4,831.23	8.99
	31.03.2005	56,097.38	52,331.95	3,765.43	7.20	2,833.37	5.54	4,632.64	8.66
	28.02.2005	54,733.21	50,224.00	4,509.21	8.98	3,602.76	7.34	5,314.14	10.30
	31.01.2005	56,528.60	51,756.35	4,772.24	9.22	3,772.96	7.46	5,655.67	10.60

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Public-sector loans

 Breakdown of cover pool
 Surplus cover

Date	Public-sector Pfandbriefe outstanding	Cover	Surplus cover	Surplus in % cover	Bonds and loans not yet serving as cover *	Total in %
30/04/2006	62,103.00	63,822.00	1,719.00	2.8	536.60	0.9 3.7
31/03/2006	60,439.00	62,494.00	2,055.00	3.4	357.80	0.6 4.0
28/02/2006	59,013.00	61,687.00	2,674.00	4.5	281.80	0.5 5.0
31/01/2006	59,483.00	60,996.00	1,513.00	2.5	486.30	0.8 3.3
31/12/2005	59,759.93	61,340.01	1,580.08	2.6	250.00	0.4 3.0
30/11/2005	57,693.00	59,110.10	1,417.10	2.5	548.10	1.0 3.5
31/10/2005	55,732.50	57,957.39	2,224.89	4.0	661.20	1.2 5.2
30/09/2005	55,853.90	57,387.30	1,533.40	2.7	583.60	1.0 3.7
31/08/2005	53,309.56	55,481.34	2,171.78	4.1	676.9	1.3 5.4
31/07/2005	50,685.58	52,655.52	1,969.94	3.9	1,332.70	2.6 6.5
30/06/2005	52,526.11	53,660.77	1,134.66	2.2	304.45	0.6 2.8
31/05/2005	52,313.45	53,968.26	1,654.81	3.2	615.90	1.2 4.4
30/04/2005	51,789.87	53,005.58	1,215.71	2.3	801.10	1.5 3.8
31/03/2005	51,454.69	52,631.75	1,177.06	2.3	797.80	1.6 3.9
28/02/2005	49,243.87	51,269.03	2,025.16	4.1	535.80	1.1 5.2
31/01/2005	50,603.72	52,399.46	1,795.74	3.5	717.60	1.4 4.9

all amounts in Euro m

* For technical reasons (e.g. due to the absence of certificates).
 These bonds and loans are usually included in the cover pool within a few weeks.

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Public-sector loans - Breakdown of new lending commitments

by rating

S & P/ Moody's / Fitch

30.04.2006

Should the rating agencies come to different rating results, the worst rating is taken into account.

by rating

in Euro m

in %

AAA / Aaa / AAA

2,138

23.06

AA+ / Aa1 / AA+

525

5.66

AA / Aa2 / AA

453

4.89

AA- / Aa3 / AA-

2,636

28.43

A+ / A1 / A+

971

10.47

A / A2/ A

986

10.63

A- / A3 / A-

604

6.51

BBB+ / Baa1 / BBB+

10

0.11

BBB / Baa2 / BBB

0

0.00

Without rating *

950

10.24

Total

9,273

100.00

*** - Without rating**

in Euro m

in %

Public-sector banks and saving banks

466

5.03

Cities, municipalities, non-profit organizations and loans guaranteed by municipal authorities

484

5.21

Loans within the EU (Public-sector banks, EU member states, regional governments, cities and municipalities).
Loans guaranteed by EU member states and EU institutions.

0

0.00

Others

0

0.00

Total

950

10.24

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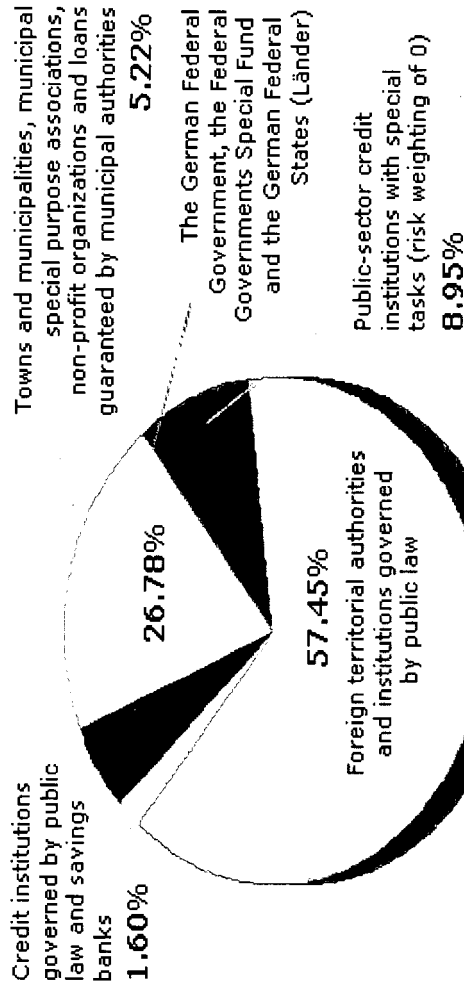
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Public-sector loans - Breakdown of new lending commitments
by borrowers and regions

Information as permitted by banking confidentiality.

30.04.2006

Please click on the different parts of the pie chart for further information.



by borrowers	in Euro m	in %
The German Federal Government, the Federal Government's Special Fund and the German Federal States (Länder)	2,483	26.78
Towns and municipalities, municipal special purpose associations, non-profit organizations and loans guaranteed by municipal authorities	484	5.22

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Public-sector credit institutions with special tasks (risk weighting of 0)	830	8.95
Credit institutions governed by public law and savings banks	148	1.60
Foreign territorial authorities and institutions governed by public law	5,328	57.45
Total	9,273	100.00

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Public-sector loans - Breakdown of new lending commitments

by borrowers and regions

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The German Federal Government, the Federal Government's Special Fund and the German Federal States (Länder)

Federal Government of Germany	0
Federal Government's Special Fund	0
Laender (individual German Federal States)	2,483
Total	2,483

in Euro m

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Public-sector loans - Breakdown of new lending commitments

by borrowers and regions

Information as permitted
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30.04.2006

Towns and municipalities, municipal special purpose associations, non-profit organizations and loans guaranteed by municipal authorities

in Euro m

Baden-Wuerttemberg	0
Bavaria	0
Berlin	0
Brandenburg	1
Bremen	0
Hamburg	20
Hesse	0
Lower Saxony	100
Mecklenburg-Western Pomerania	0
North Rhine-Westphalia	7
Rhineland-Palatinate	4
Saarland	0
Saxony	0
Saxony-Anhalt	0
Schleswig-Holstein	352
Thuringia	0
Total	484

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Public-sector loans - Breakdown of new lending commitments

by borrowers and regions

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Public-sector credit institutions with special tasks (risk weighting of 0)

in Euro m

special public sector banks (solva 0)

830

Total

830

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Public-sector loans - Breakdown of new lending commitments

by borrowers and regions

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Credit institutions governed by public law and savings banks

in Euro m

Public-sector banks and Private banks/ financial institution

108

Savings banks in

in Euro m

Baden-Wuerttemberg

0

Bavaria

0

Hamburg

0

Hesse

0

Lower Saxony

0

Mecklenburg-Western Pomerania

0

North Rhine-Westphalia

25

Rhineland-Palatinate

0

Saxony

0

Schleswig-Holstein

15

Total

148

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Public-sector loans - Breakdown of new lending commitments

by borrowers and regions

Information as permitted
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Loans within EU

Public-sector banks in EU member states

2,341

EU member states

1,300

EU regional governments

469

EU member states, cities and municipalities

118

Loans guaranteed by EU member states

150

EU institutions

25

Subtotal

4,403

in Euro m

Other Foreign Loans

Public-sector banks

233

States

0

Regional governments

322

Foreign member states, cities and municipalities

182

Loans guaranteed by foreign states

188

Subtotal

925

Total

5,328

in Euro m

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Public-sector loans - Breakdown of new lending commitments

by countries

	in Euro m	in %
by countries		30.04.2006
Austria	215	2.32
Belgium	0	0.00
Canada	250	2.70
Cyprus	0	0.00
Czech Republic	0	0.00
Denmark	22	0.24
Estonia	0	0.00
Finland	45	0.49
France	130	1.40
Great Britain	307	3.31
Germany	3,945	42.53
Greece	275	2.97
Hungary	0	0.00
Iceland	84	0.91
Ireland	193	2.08
Italy	656	7.06
Latvia	0	0.00
Lithuania	0	0.00
Luxembourg	24	0.26
Norway	20	0.22
Poland	10	0.11
Portugal	660	7.12

Slovak Republic	0	0.00
Slovenia	0	0.00
Spain	1,732	18.67
Sweden	0	0.00
Switzerland	60	0.65
The Netherlands	133	1.43
The United States	429	4.63
Others	83	0.90
Total	9,273	100.00

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Public-sector loans - Breakdown of new lending commitments

by risk weighting

	in Euro m	in %	30.04.2006
Risk weighting			
0%	5,792	62.46	
10%	515	5.55	
20%	2,966	31.99	
Total	9,273	100.00	

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Credit Research

Risk Report

Risk management

The identification, quantification, aggregation and management of all relevant risks is pivotal for ensuring an efficient risk management and optimizing the allocation of capital to the bank's different business units in accordance with risk-return considerations. Risk management at Essen Hyp is governed by risk guidelines and appropriate organizational structures, as well as by measuring and monitoring methods which are geared towards the bank's business activities.

Risk management principles and organization

The risk management policies of Essen Hyp have been decided by its Board of Managing Directors in accordance with the Commerzbank Group's guidelines. Essen Hyp has an efficient system of risk management and control, which is constantly being refined with a view to the future. We have been closely cooperating with our parent company, the Commerzbank AG, in the field of risk controlling for years. This cooperation includes, in particular, the submission of daily reports on balance sheet and off-balance sheet items, as well as the reporting of credit and market risks to our parent company. The aim is to ensure uniform risk management and controlling throughout the Group. Essen Hyp makes use of state-of-the-art risk measurement and management tools, given that this is pivotal for professional and active risk management and controlling.

According to the general guidelines agreed upon by the Board of Managing Directors risks may only be taken within a predefined risk framework while complying with applicable law. The Board of Managing Directors has established a system of risk limits, including a stop loss limit, taking into account the amount of available capital and the bank's earnings performance, as well as the risk management requirements of the Group as a whole.

Any changes relating to limits and limit systems require the approval of the Commerzbank's Central Risk Control Unit (ZRC) prior to a decision by our Supervisory Board and our Risk Committee. In addition to our own calculations, we receive continued feedback regarding our risk positions from ZRC because Essen Hyp is integrated into the Commerzbank's daily reporting system. This helps us to further validate our risk models. In 2005 our risk management was linked even closer to that of the Commerzbank AG. We have nearly completed a separate project on the uniform calculation and presentation of liquidity risks throughout the Group and will be able to establish limits in the first quarter of 2006. Furthermore, we calculate both overall market risk figures and specific market risk figures on a daily basis.

To further improve process reliability, Essen Hyp launched a project to generate the gap report directly from its

front-end system ATLAS as early as 2003. This required substantial restructuring, which was completed in 2004. Based on this new mode of calculation we started an additional project in 2005, which aims at directly calculating risk figures on the basis of the data provided by our front-end system Front Arena. This will ensure maximum accuracy and data security when calculating these figures. In addition, this will allow us to further refine and differentiate risk measurement, include additional scenario analyses and stress tests, simplify procedures and enhance the analysis of risk sensitivities. We plan to fully implement this project in the first quarter of 2006. In the period under review we started to use economic capital as the basis for our risk management and performance measurement. This was done in coordination with our parent company. Economic capital is defined as the amount of capital which, by assuming a given probability, will be needed to cover unexpected losses from risk positions during a certain period of time. Economic capital does not mean that the amount in question is actually available. Instead, the term relates to the amount of capital which will be needed in view of the given risks. These risks, including for instance, credit risk, market risk, operational risk and business risk, are calculated by using the so-called value at risk (VaR) approach. VaR is defined as the maximum loss in value a portfolio could suffer by assuming a given probability (confidence level) during a given holding period. Correlation effects which may occur within the Group are taken into account.

Essen Hyp has a sophisticated risk monitoring system in place. This risk monitoring system is described in detail in several organizational manuals which are available in electronic form. These manuals have been summarized in a generic description of the systematics, which is meant as an overall reference. The following table shows the most important risk control and risk management tasks and their assignment to organizational units:

Management of market and liquidity risk

Management of interest rate, liquidity and currency risk	Treasury Department, Bank Management Department
Risk measurement and reporting, development of uniform methods and procedures	Controlling Department
Review transactions with regard to market value and plausibility	Market Conformity Checking Section
Risk reporting	Controlling Department, Market Conformity Checking Section

Management of credit and counterparty risk

Public-sector borrowers, credit institutions governed by private law and companies	Treasury Department, Credit Research Department
Credit quality research (public-sector lending)	Credit Research Department
Credit quality research (real estate finance)	Real Estate Finance Department – Transaction Management, Credit Research Department
Monitoring of compliance with credit limits	Market Conformity Checking Section, Credit Research Department
Non-performing mortgage loans	Mortgage Lending Risk Management Department, Legal Department, Foreclosure Department

Proposals for an appropriate risk provision for non-performing mortgage loans

Risk reporting

Real Estate Finance Department – Transaction Management, Mortgage Lending Risk Management Department, Foreclosure Department
Bank Management Department, Credit Research Department, Mortgage Lending Risk Management Department, Market Conformity Checking Section

Management of operational risk

Introduction of new products

Legal risks

Modification of the legal framework

Task Force 'New Products'

Legal Department; External lawyers if necessary

Project team comprising staff from the organizational units concerned

Personnel issues

Personnel Department

Structural and procedural organization

Organization Department together with the organizational unit(s) concerned

Data processing risks

EDP/IT Department

Equipment and infrastructure

Organization Department

Internal controlling

Internal Audit Department

Risk categories

Essen Hyp defines the term 'risk' as a possible loss resulting from unexpected changes which might cause adverse deviations from the bank's projections in terms of assets, financial situation and earnings performance. Market, liquidity, credit and counterparty risk, as well as operational risk are the most important risk categories for Essen Hyp.

- Market risk means the danger of losses resulting from adverse changes in market prices or priceinfluencing parameters. Interest rate risk and specific market risk, i.e. credit spread risk, are the most important risk categories for Essen Hyp. Establishing the total of possible overnight losses constitutes the main aspect of our risk analysis. Adequate hedging transactions eliminate currency risk.
- Credit and counterparty risk is the risk of losses due to the partial or total default and/or the deterioration in credit quality of any of our business partners. In addition to traditional credit risk, country and issuer risk are also covered by this category.
- Operational risk is defined as the danger of losses resulting from inadequate or defective internal processes and systems, human or technical failures, or from external events. Legal risk resulting from changes in the legal framework, legal actions or contracts is also included in our definition of operational risk.

- Business risk is defined as unexpected losses due to revenue (especially commission) and costs deviating negatively from the budgeted figures. Business risk is influenced both by business strategy and the bank's internal planning process, as well as by changed overall conditions, such as market environment, customers' behavior or technological developments.
- Liquidity risk means that, in the case of illiquid markets, contractual payment obligations cannot be met in a timely manner or not at all, or that due to market disturbances or an insufficient market depth, trades either cannot be closed or processed, or if so only with losses.

Basel II will require the first three types of risk to be covered by regulatory capital. In addition, the other risk categories will have to be monitored in connection with Basel II (pillar II) and the adopted Minimum Requirements for Risk Management (MaRisk).

Risk management under two different accounting standards

Hypothekbank in Essen AG prepares its annual accounts in accordance with the provisions of the German Commercial Code (HGB). However, as the consolidated annual accounts of the Commerzbank AG are prepared pursuant to the International Accounting Standards/the International Financing Reporting Standards (IAS/IFRS), we are in addition required to compile annual accounts in accordance with IAS/IFRS. In contrast to German commercial law, risk management under IAS/IFRS rather focuses on market values. Accordingly, all financial instruments traded in an active market as defined by IAS 39 are reported at market value because the Commerzbank Group does not use the category 'held to maturity'. Whether or not changes in the market value affect the bank's net income depends on their classification on the balance sheet. Due to the partial reporting at market value (the so-called 'mixed model') we were required to split our interest rate book into different portfolios for bank management purposes. This enables us to manage and keep potential effects on our balance sheet under IAS/IFRS within the scope of predefined limits. We measure our performance under IAS/IFRS on a daily basis in order to show the potential effects of asset and liability management measures.

Risk monitoring

Market risk. The data required for risk measurement is taken from the gap report, which is updated by the Controlling Department on a daily basis. The gap report shows the mismatches per month. We use present value figures to measure and quantify the risks deriving from gap positions in the case of interest rate fluctuations. The required arbitragefree zero-coupon discount factors are calculated daily on the basis of the swap or EURIBOR curve. Using these discount factors, the cash flows from interest and principal payments are discounted and summarized into a key figure.

As a next step, the actual cash flows are discounted by using discount factors which are calculated by assuming certain simulated market price changes and a holding period of one business day. These simulated market price changes are based on the historical interest rates of the past 255 trading days. We then revalue our current portfolio by applying each of the calculated 254 market scenarios. The maximum change in value of our interest rate book is calculated by assuming a one-sided confidence level of 97.5%. The VaR of the entire interest rate

book describes the bank's aggregate market risk.

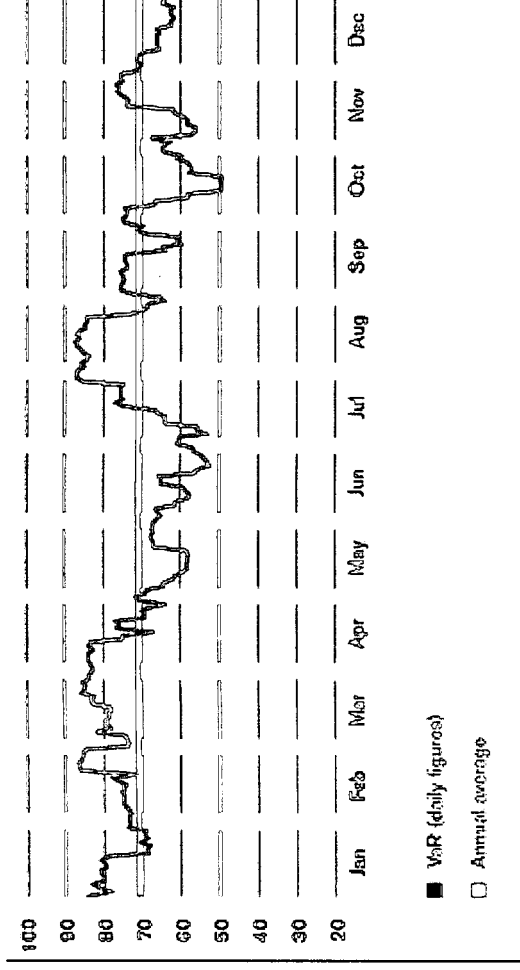
The reliability of our VaR model is constantly monitored by means of backtesting, i.e. the projected VaR is compared to the actual market value changes on a daily basis. To identify outliers, i.e. market value changes outside the forecast interval, we use a one-sided confidence interval. In 2005 the maximum number of outliers, i.e. changes in value exceeding the amount forecasted in the VaR calculation when using a 97.5% confidence level, was five. These changes in value were due to extreme market movements. In order to limit losses exceeding the confidence level of 97.5%, another stop loss limit was fixed, taking into account worst-case scenarios. The potential for such losses is also calculated daily. In addition to the VaR calculation, we carry out stress tests in order to take account of extreme market movements. Stress tests are defined as historically and/or hypothetically derived scenarios by means of which potential losses are quantified under extreme market conditions. All scenarios are calculated on the basis of historical interest rates of the past 15 years. Worst-case scenarios cover both upward and downward yield curve shifts, as well as tilts of the yield curve at certain key points on the curve.

The Board of Managing Directors, in cooperation with the Supervisory Board and the Commerzbank AG, has set limits for the VaR, as well as for worstcase scenarios. These limits have to be complied with at all times.

The VaR utilization of the authorized limit came to 62.4% as of December 31, 2005 and to 71.2% on an annual average. The utilization of the limit for worst-case scenarios stood at 58.1% on the balance sheet date, while the annual average was 70.1%. Apart from the VaR calculations we also simulate changes in interest rate curves based on arbitrary parameters and the effects of planned new lending operations, which allows us to adjust the underlying portfolio accordingly.

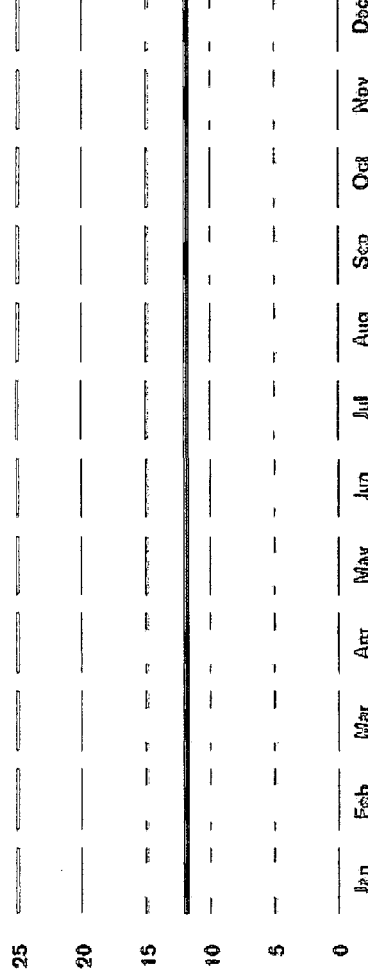
For VaR, market value and interest rate risk calculations, Essen Hyp uses the well-established Front Arena software and proprietary valuation tools.

Value at risk on a daily basis and on an annual average of the authorized limit in 2005 in %



'Traffic light system'. For internal monitoring purposes Essen Hyp calculates the potential present value loss of the whole portfolio in the case of a general interest rate change of 1 basis point and 100 basis points from one business day to another. These calculations are carried out for all maturities, taking into account certain predefined measuring points. Until mid-March 2005 banking supervision required that this basis point value, which is calculated by means of the key rate method, was not to exceed the predefined 20% limit in proportion to the liable capital in the case of an interest rate change of 100 basis points. Essen Hyp has fixed an even lower limit in its internal limit system, which, however, may be temporarily exceeded up to the former regulatory limit. The figures are calculated on a daily basis. In 2005 the average limit utilization within this 'traffic light system' came to 11.9%.

Utilization of the authorized limit under the 'traffic light system' on a monthly and on an annual average in 2005 in %



■ Monthly average

■ Annual average

Internal reporting. On each business day the Board of Managing Directors, the Head of Treasury and the Head of Bank Management receive information on the development of the gap report's market value, the VaR level (including Credit Spread VaR), the utilization of the different risk limits, and the level of interest rate risk calculated with the 'traffic light system'. Moreover, the net present value of our public-sector and mortgage Pfandbriefe and their respective cover pools, as well as the changes in value under predefined stress scenarios, are calculated and reported. Furthermore, the Head of Treasury reports on the bank's short-term and long-term liquidity situation in the course of the weekly meetings of the Board of Managing Directors.

Special events and, in particular, ad hoc events which impact on the bank's risk position are immediately made known to the Board of Managing Directors.

As a part of our bank management activities, our Asset Liability Committee (ALCO) meets on a monthly basis. This Committee deals with the bank's interest rate positions, earnings performance, risk exposure and reporting requirements and also issues proposals for decision-making on these issues. The ALCO is composed of the member of the Board of Managing Directors who is responsible for the Treasury Department (or his deputy), the heads of all operational and back-office units, and the heads of the Controlling and Research Department. The proposals made by the ALCO are decided in the subsequent Board meeting. On a monthly basis the Board of Managing Directors receives several detailed reports from the individual departments and sections. For instance, the report prepared by the Controlling Department provides, inter alia, information on the transactions effected in the previous month, their impact on the structure of the gap report, the development of the market value and the historical utilization of the existing risk limits. The Controlling Department also reports on the examination and testing of new products. The monthly report prepared by the Accounting and Tax Department provides information on the development of the balance sheet and the profit and loss account in accordance with the

provisions of both the German Commercial Code (HGB) and IAS/IFRS. The quarterly report submitted by the Transaction Banking Department includes, amongst other things, information on the structure of the bank's loan portfolios.

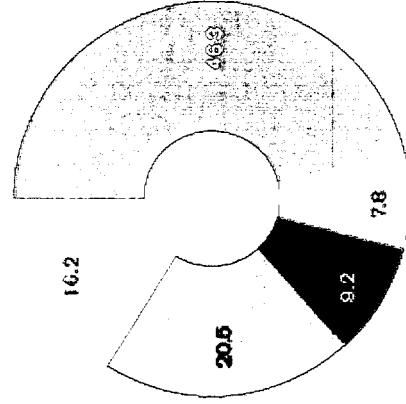
The ratings of our borrowers, as well as changes in the assessment of their credit quality are reviewed on a monthly basis. Changes are reported in our 'Risk Report Capital Markets'. This 'Risk Report Capital Markets' is compiled quarterly and complies with the Minimum Requirements for Risk Management (MaRisk). The aim of this quarterly report is to identify, manage and monitor risks relating to capital market transactions. The report includes an assessment of the bank's risk profile resulting from its capital market transactions. Accordingly, the report provides information on the main structural characteristics of the loan portfolio and the new lending business, as well as on limits and their utilization, and on rating changes. Finally, the Market Conformity Checking Section reports on the results of checking the market conformity of new transactions and the compliance with counterparty limits.

Another report, also compiled quarterly, is the 'Risk Report Real Estate Finance', which analyzes the bank's risk profile resulting from its real estate financing activities. This report deals with the main structural characteristics of the loan portfolio, including geographical diversification, property types, industries, size and internal risk classification. New lending commitments are another key issue in this report. New lending commitments are subject to the limits imposed by the bank's guidelines for real estate finance and our credit risk strategy, which is defined once a year. The new lending commitments are broken down and analyzed by region and type of property. Furthermore, the risk report lists non-performing loans and any credit decisions which have an impact on the bank's risk position, and includes recommendations for reducing such risks.

Credit and counterparty risk from capital market transactions

Public-sector loans and securities issued by other borrowers. As of December 31, 2005, the volume of assets serving as cover for our public-sector Pfandbriefe was A61.3bn. Under the new Pfandbrief Act claims on eligible national and international credit institutions may be added to the cover pool as additional cover subject, however, to certain restrictions on volume. We made use of this option and added claims on eligible credit institutions totaling A1.1bn to our cover pool. The unchanged high quality of our public-sector cover assets is reflected by the low average risk weighting pursuant to the Grundsatz I standards and by the external ratings of leading international rating agencies. In terms of the Grundsatz I standards, 72.8% of the cover assets are classified at a risk weighting of 0%, 3.8% at 10% and 23.4% at 20%. A breakdown of the loan portfolio by rating reveals that 31.6% of the cover assets have been awarded a triple A, 42.5% a double A, 6.9% a single A and 2.1% a triple B. Those assets which were not rated by an external rating agency, i.e. 16.9% of the total loan volume, include loans

Composition of our public-sector cover pool as of December 31, 2005 in %



Total: €61.3bn

- The German Federal Government, the Federal Government's Special Fund and the German Federal States (*Länder*)
- Towns and municipalities, municipal special purpose associations, non-profit organizations and loans guaranteed by municipal authorities
- Public-sector credit institutions with special tasks
- Credit institutions governed by public law (including claims guaranteed by these), savings banks and German credit institutions governed by private law

Foreign territorial authorities, foreign institutions governed by public law and foreign credit institutions

to credit institutions governed by public law, German credit institutions governed by private law and savings banks (48.5%), as well as loans to national and international public-sector bodies and institutions governed by public law, including claims guaranteed by these institutions, and claims on EU credit institutions governed by private law (51.5%), whose excellent credit quality was confirmed by our internal credit quality analysis. As a basic principle, an investment grade rating is a prerequisite for the granting of loans not eligible for cover to foreign public-sector bodies and other borrowers. Our non-cover transactions (excluding derivatives) with these counterparties amounted to A1.1bn as of December 31, 2005. While 0.8% of these counterparties were rated triple A, 15.9% were rated double A, 80.7% single A and 1.4% triple B. The remaining 1.2% was not rated by an external rating agency.

Country risk. In order to coordinate all questions concerning country risk and to implement appropriate measures, Essen Hyp uses its own expertise and the Commerzbank Group know-how. Risk limits are fixed on the basis of internal and external credit quality assessments and in close cooperation with our supervisory bodies, also taking into account the total credit exposure of the Commerzbank Group.

Standard & Poor's / Moody's / FitchRatings	as of December 31, 2005
Standard & Poor's / Moody's / Fitch	in €m
AAA / Aaa / AAA	19,358
AA+ / Aa1 / AA+	5,804
	in %
	31.6
	9.5

AA / Aa2 / AA	5,352	8.7
AA- / Aa3 / AA-	14,933	24.3
A+ / A1 / A+	2,272	3.7
A / A2 / A	1,378	2.2
A- / A3 / A-	594	1.0
BBB+ / Baa1 / BBB+	1,089	1.8
BBB / Baa2 / BBB	195	0.3
Not rated	10,365	16.9
Total	61,340	100.00

Derivatives. Essen Hyp reduces counterparty risk by applying bilateral outline agreements, most of which include netting agreements. Again, as far as these agreements are concerned, uniform contractual regulations are in place within the Group. The structure of our derivative portfolio, broken down by counterparty rating, can be seen in the following table (see also p. 114 of the notes to the annual accounts).

Counterparty ratings	in € m/remaining time to maturity		
	< 1 year	1-5 years	> 5 years
Rating			Total
Triple A	261	798	3,985
Double A	10,336	26,411	27,140
Single A	6,073	52,141	38,627
Triple B	0	15	0
not rated	558	10,597	15,865
Total	17,228	89,962	192,807

The figures for the not rated counterparties in the table above relate to subsidiaries of foreign credit institutions with a good rating. In the following table we have notionally attributed the ratings of these foreign credit institutions to the respective counterparties as an 'implicit rating'.

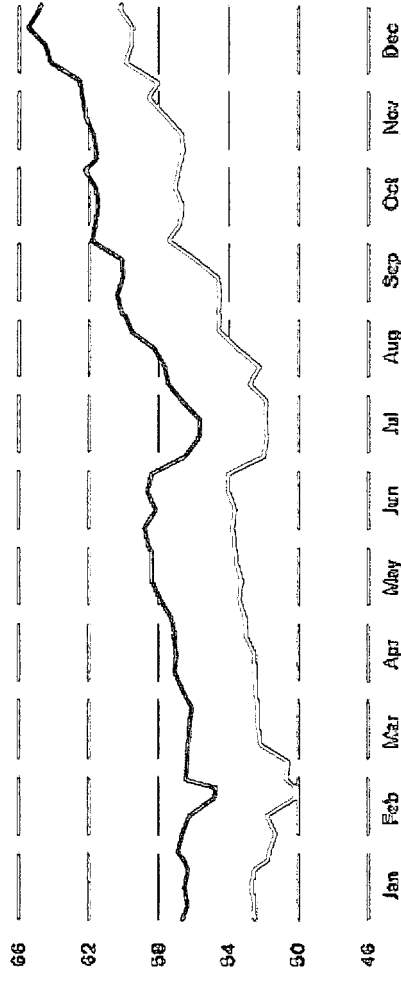
Rating	in € m/remaining time to maturity		
	< 1 year	1-5 years	> 5 years
Implicit counterparty ratings			Total

Single A	558	10,597	15,865	27,020
Total	558	10,597	15,865	27,020

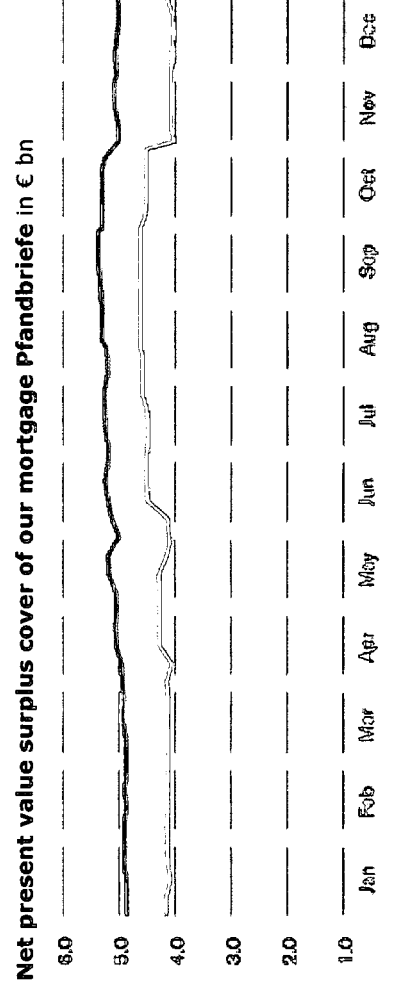
We only use derivatives to hedge our interest rate risk from individual transactions or portfolios and to manage our interest rate book, including, in particular, our earnings and interest rate risk profile. Essen Hyp's interest-bearing positions are valued on a daily basis. Information on the calculated total market value is provided daily to the Board of Managing Directors, the Head of Treasury and the Head of Bank Management. As a part of Essen Hyp's limit system, a floor for the market value has been fixed, which is to ensure that the overall market value never falls short of a predefined minimum amount.

Net present value of the Pfandbrief cover. The net present value of our Pfandbrief cover is calculated on a daily basis. We are required by law to maintain a surplus cover of 2% at all times. However, Essen Hyp internally decided to maintain a surplus cover of at least 2.5%. Pursuant to Section 4 (2) of the German Pfandbrief Act this surplus cover must be calculated on the basis of the net present value of the cover assets, while taking into account certain stress test scenarios. Stress testing ensures that the 2% surplus cover is also maintained in times of interest rate movements. For its stress test calculations Essen Hyp makes use of the dynamic approach which uses the value at risk method, based on the interest rate fluctuations observed in the preceding 250 trading days. Taking into account these stress test calculations, Essen Hyp's average surplus cover available at all times in 2005 was 7% (4.4%) for public-sector Pfandbriefe and 14.4% (8.3%) for mortgage Pfandbriefe.

Net present value surplus cover of our public-sector Pfandbriefe in € bn



- Net present value of our public-sector cover pool
 - Net present value of public-sector Pfandbriefe outstanding
- Net present value surplus cover



- Net present value of our mortgage cover pool
 - Net present value of mortgage Pfandbriefe outstanding
- Net present value surplus cover

Derivatives in our cover pools. At present, Essen Hyp has not included any derivatives in its cover pools. There was no need to include derivatives as the net present value of our cover assets has always clearly exceeded the net present value of the Pfandbriefe outstanding. Nevertheless, we are close to completing negotiations with certain derivative counterparties in order to be able to make immediate use of derivatives for the purpose of optimizing the management of our surplus cover, should this become necessary.

Credit and counterparty risk relating to real estate finance

The credit quality of the borrower, as reflected by our internal rating, is of paramount importance for our credit decision. For those loans which are not classified as home loans the valuation of the property, including the determination of the lending value (Beleihungswert), carried out by the certified appraisers of our subsidiary, Immobilien Expertise GmbH, is a key parameter for decisionmaking. The sustainable income from the charged property after deduction of the non-recoverable operating expenses must at all times exceed the interest and principal payments due. Essen Hyp drew up specific guidelines for both domestic and international real estate finance, which were approved by the Risk Committee of the Supervisory Board. These guidelines stipulate, amongst other things, the minimum debt service cover (DSC) ratios, and they also include a list of property types which are currently not eligible as security for mortgage loans or for which a loan can only be granted if certain conditions are met. For the timely recognition of credit risks, we established an early warning system to assess latent risks in a more efficient way, taking into account potential risk factors, such as interrupted performance, an adverse development of the sector, risks of rent losses, or adverse effects on the quality of the property location. The processing of loans in default or other loans showing performance interruptions (and thus bearing a certain risk potential) has been restructured in accordance with the Minimum Requirements for Risk Management (MaRisk). As in the previous years, we have permanently monitored the risks inherent in the larger transactions of our portfolios, and especially those in the East German Federal States. In this context a number of risk-mitigating measures were taken, such as requiring additional security, restructuring the loan facility concerned, and ensuring an adequate provision for possible loan losses.

For the purpose of pooling and optimizing the measures referred to above our Credit Risk Committee (CRCO) issues, within the scope of an intensive treatment, proposals on the processing of problem loans, preventive loans and loans which have been called in or are currently being liquidated.

At each of its periodical Committee meetings, the Risk Committee of the Supervisory Board is informed about the progress of non-performing loans exceeding a certain amount, and about the structure of our mortgage loan portfolio.

Internal ratings

In close cooperation with the Commerzbank AG and the Association of German Pfandbrief Banks (vdp), we refined our approach for calculating capital requirements and improved our internal rating procedures for classifying credit risks in both public-sector lending and real estate finance. For this purpose, Essen Hyp participated in joint projects dealing with probability of default (PD) rating and loss given default (LGD) grading. These projects aim at developing an internal rating approach that satisfies the Basel II requirements and at integrating the PD and LGD components into the calculation of the capital required. In addition to this, Essen Hyp

and three other Pfandbrief banks launched a joint project aimed at developing an arithmetic unit which will calculate the capital requirements in accordance with Basel II (for all approaches).

PD component in real estate finance

The rating tool used for commercial real estate investors in Germany and abroad which was developed within the scope of a joint project and which has been in use since September 2004 has been continually improved by adding the real estate know-how of the banks involved in the project. At the same time, the rating functions are being refined. At Essen Hyp, we are currently pushing the further implementation of the required organizational and EDP procedures. This includes, in particular, the assignment of ratings to the loans that are already in our portfolios. It is our objective to further establish the rating process as an integral part of our credit approval procedures and credit risk management. All ratings are converted to the uniform rating scale of the Commerzbank group.

Private customers (home loans)

In the first quarter of 2006 we plan to enter into an agreement to establish a scoring system (internal rating system) for analyzing the credit quality of our private customers (home owners) which is meant to be used throughout the Group. We hold the view that this is the best solution, given that in view of the sales structures in this business segment, the necessary amount of data can only be generated by using the entire Group data. Accordingly, we strive for a full integration into the rating system of another affiliated company within the scope of a joint project.

LGD component in real estate finance

The LGD component is another key element in calculating the minimum capital requirements. The theoretical model is based on a concept developed by the Association of German Pfandbrief Banks (vdp) and an external consulting firm. The required data, such as the recovery rate and the duration of the liquidation process, is pooled and made available by the Association of German Pfandbrief Banks. The LGD component is integrated into our Basel II arithmetic unit. The LGD component for real estate transactions has already been implemented. Essen Hyp has already estimated the recovery rates for some of the loans in its portfolio. The results available to date are currently being tested and reviewed. What remains to be done as a part of the implementation process is to finally incorporate bankspecific parameters into the model.

PD component for capital market transactions

Internal rating approaches for measuring the probability of default (PD) of public-sector loans (central governments and regional/local authorities) have been developed in a separate project in coordination with S&P Risk Solutions and the Association of German Pfandbrief Banks (vdp). These internal rating approaches were implemented within Essen Hyp at the beginning of 2005. Up to now, PD ratings have been assigned to a considerable portion of our loan portfolio. The internal rating approach for North American regional and local authorities, in particular, is currently being developed within the scope of a joint vdp project. The other PD figures (banks, corporates, insurance companies) will be made available in the near future in accordance with the Group's time schedule.

LGD component for capital market transactions

The LGD component for public-sector loans will be developed in coordination with an external rating agency. This project, too, has been initiated by the Association of German Pfandbrief Banks. Currently, the LGD component project is in a test stage. The LGD component for capital market transactions (banks) is being developed within the Group. Once these LGD projects have been implemented and the rating components have been incorporated into our Basel II arithmetic unit, our bank will comply with the requirements for an internal risk classification and thus be eligible to adopt the Internal Rating Based Approach (IRB) under Basel II for calculating capital requirements and arriving at a risk-oriented pricing. As far as the registration process of the internal rating systems with the banking supervision is concerned, Essen Hyp is integrated into the Group's activities. The preparatory work for obtaining approval for our internal rating for banks already started at year-end 2005. Essen Hyp participates in the Quantitative Impact Study (QIS). We are of the opinion that this study will help us to better allocate the capital which, according to our present calculations, will be required to comply with the Basel II requirements.

Provision for possible loan losses

Through the formation of individual and, in the case of latent credit risks, of general risk provisions, the discernible risks of the lending business are adequately taken into account. Until now there has been no need for individual value adjustments or provisions in respect of our lending business with public-sector borrowers or entities governed by public law.

Based upon thorough analyses, our Real Estate Finance Department continually gauges which risk-provisioning measures need to be taken to ensure the quality of the bank's planning. In 2005 the Group started calculating provision for possible loan losses by using the so-called Most Realistic Value Approach (MRV). The parameters used under this approach vary in accordance with rating and/or loan status.

As a part of our credit risk strategy we have adjusted the standard risk costs applied to our home and commercial loans in close coordination with the Commerzbank AG. Given that some 97% of our home loans fall below 60% of the lending value (Beleihungswert) of the property securing the loan, we apply uniform standard risk costs to these loans. In contrast to this, the standard risk costs applied to our commercial loans vary in accordance with the ratio between the loan and the property's lending value. As a part of the implementation of our internal rating tools, we plan to derive the standard risk costs to be applied from the expected loss in order to come to an even more risk-oriented pricing of the loan.

Liquidity risk

The Treasury Department is responsible for liquidity management, which is based upon the daily listing of all cash flows. An adequate assessment of the liquidity situation requires that the bank's assets can be disposed of or sold under agreements to repurchase at short notice – within the scope of nominal overcollateralization – should the need for liquidity arise. The bank calculates its liquidity risk by showing the volume of mismatches in a capital outflow account and then determining the ratio between these mismatches and the existing shortterm funding limits, plus liquidity reserves. At Essen Hyp, liquidity risk is used as a synonym for the risk of possible payment gaps, which is seen as an indication of the bank's solvency. In accordance with supervisory requirements (Grundsatz II) an institution's liquidity is deemed to be guaranteed if the weighted liquid assets available to it within 30 days cover the weighted payment obligations callable during this period. Our bank's

liquidity ratio calculated according to Grundsatz II ranged between 1.1 and 1.5, i.e. it always exceeded the minimum ratio of 1.0 required by the supervisory authorities. Essen Hyp has been further integrated into the Commerzbank's project on liquidity management. This project aims at developing a uniform calculation and presentation of liquidity risk throughout the Commerzbank Group. The purpose of this Group project is to calculate the available net liquidity (ANL) in order to comply with key Basel II requirements. Under this approach, we calculate the so-called legal and economic cash flows both for balance sheet and off-balance sheet items. Legal cash flows cover the payment flows expected under contractual agreements, whereas economic cash flows are primarily dependent upon customers' behavior and have to be estimated by drawing upon the relevant historical figures. For future liquidity gaps, offset assets are calculated, which result from borrowing against and/or disposal of liquid assets. The full implementation within the Group, including the setting up of liquidity limits, is expected for the first quarter of 2006.

Operational risk

As before, Essen Hyp's main focus was on the qualification and quantification of operational risk (OR) in the period under review. So far, Essen Hyp carried out internal self-assessments for the purpose of qualifying operational risk. However, in February and March 2005 Essen Hyp participated for the first time in the redesigned Quality Self Assessment (QSA) of Commerzbank AG which covers the whole Group. The aim of this self-assessment is to identify and assess weak points in the Group's workflows and processes. The starting point for the QSA within Essen Hyp was the setting up of a so-called 'process matrix' for the predefined product groups 'Real Estate Finance' and 'Treasury' and the inclusion of all relevant workflows of these two product groups into the QSA process model of Commerzbank AG. Several departments and sections of Essen Hyp participated in the subsequent self-assessment. In accordance with its function and responsibilities each of these departments and sections was assigned to a specific process step. The QSA is based on a generic questionnaire, which is subdivided into several operational risk categories. 24 Essen Hyp employees participated in this self-assessment. The questions focused on the quality of the processes in each risk category. Each employee was required to give a detailed assessment based on a predefined rating system. The evaluation of the QSA questionnaires revealed a rating of 3.2 for each of the two product groups. Accordingly, Essen Hyp nearly

Development of our liquidity ratio in accordance with Grundsatz II

that a continuation of the bank's key business activities is ensured for a transitional period, should the bank's headquarters be destroyed or be out of action.

In addition, we continued our qualification program for employees in the operational units and the back office during 2005 by organizing certified seminars on job-specific, as well as general issues. To the extent possible, this aims at preventing errors resulting from lack of expertise. The reports on operational risk in the areas of EDP/IT, staff and legal issues are on the agenda of our Risk Committee meetings and are regularly presented and discussed during the meetings of our Board of Managing Directors.

Legal risks

Essen Hyp's Legal Department operates as an internal service provider for all legal matters. This includes general and specific legal advice on contracts, as well as on outline and specific agreements. Essen Hyp strives to integrate the Legal Department into all relevant projects from the start. Hence we are immediately aware of the limitations set by the applicable legal framework, while being in a position to innovate and use the whole range of legally permissible options. The Legal Department is also involved in processing non-performing loans. If required, we additionally seek external legal advice. When dealing with mortgage and public-sector loans to foreign borrowers, we always use the services of experienced international law firms.

The Legal Department regularly informs the Board of Managing Directors about the latest legal developments, related risks and their potential impact on our business activities.

Internal audit

Internal auditing forms an integral part of our internal monitoring system. The Internal Audit Department operates independently of all business processes. This staff department has been assigned by the Board of Managing Directors to control the existing structures and procedures and to assure compliance with regulatory requirements. Our Internal Audit Department provides independent auditing and consulting services. The aim is to add value and improve our bank's workflows. The Internal Audit Department assists the Board of Managing Directors in achieving the bank's business objectives by systematically assessing the efficiency of the risk management, internal control mechanisms, staff management and supervision. This includes assistance to further optimize these procedures. In close coordination with the responsible employees and/or persons in charge of the processes, the Internal Audit Department issues proposals on how to avoid losses, improve management, monitoring and internal supervision procedures and increase the efficiency of workflows. The Internal Audit Department operates according to a long-term inspection plan, which is continually improved. This plan also forms the basis for an annual inspection scheme agreed by the Board of Managing Directors and submitted to the Chairman of the Supervisory Board for information purposes. The inspections stipulated in this scheme cover all parts of the bank. Checks on correct working procedures and systems are carried out at fixed intervals. As far as specific risks and legal requirements are concerned, such as provisions relating to the German Money Laundering Act (Geldwäschegesetz), inspections are carried out at least once a year. The inspection intervals are fixed in the long-term inspection scheme. This ensures that all working procedures are inspected once every three years. The audit is risk-oriented and process-specific and mainly focuses on the

structure and processes, the risk management and controlling mechanisms, as well as the internal monitoring system for all working procedures within Essen Hyp. The EDP Audit, which is integrated into the Internal Audit Department, is primarily charged with all issues relating to electronic data processing, such as the maintenance of the safety and consistency of our electronic files by controlling the granting of licenses to access the system, and by limiting the number of users. The findings of each inspection are recorded in an audit report. These reports are made available to the relevant departments, the Board of Managing Directors and the external auditors.

Feedback about the structuring and suitability of the risk management system is provided to the Board of Managing Directors and to the individual departments and sections. Material findings by the Internal Audit Department are reported to the Supervisory Board at its subsequent ordinary meeting. At the first meeting in every new financial year, the Internal Audit Department informs the Supervisory Board about all important findings and remedies taken in the past financial year. Should, at any time, the internal audit reveal serious deficiencies, the Chairman of the Supervisory Board is immediately informed. The Chairman of the Supervisory Board is also informed about any audit reports, which, based on the worst risk grading of all audit reports, are in the first quarter.

Overall risk position

Our parent company monthly calculates the economic capital needed by Essen Hyp to cover market, credit, operational and business risk. The aim is to calculate an overall risk figure. This concept of economic capital forms the basis for a system of risk-adjusted key parameters. Under this concept, the individual risk positions are added up and shown as an overall risk figure. Economic capital is an internal measure for determining the amount of equity capital which, with a given probability, will be needed in the course of one year to cover unexpected losses arising from risk positions. Economic capital reflects the bank's specific risk profile and also includes those risk categories which are not covered by regulatory capital, but which may be material from an economic point of view.

Essen Hyp's overall risk position measured as economic capital is set off against the total capital available for covering risk. The calculation of the capital available for covering risk goes beyond the accounting and regulatory concepts of capital. The aim of this comparison is to show that the bank is capable to take risk, to anticipate potential unexpected losses without serious negative effects on its business activity and to cover these losses from its own funds.

Objectives of risk management and future prospects

The importance of risk management for a riskreturn based bank management will continue to increase in the future. We are therefore committed to further improving our risk management systems which will be done, in particular, in cooperation with the Commerzbank Group. The aim is to use the capital that is available in the most efficient way.

Despite these high standards the risk models used are not in a position to cover all potential losses, given that it is not possible to simulate all imaginable stress scenarios. This applies, in particular, to historical models, which do not cover all potential future events. To sum up, we are committed to managing our overall risk position in

such a way that the allocation of economic capital to the individual business units results, to the extent possible, in a reduction of the overall risk position without having to accept a decline in return.

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Risk Management

Value at risk

Date	Utilization in %	Annual average utilization in %
30/04/2006	82.1	87.2
31/03/2006	69.7	87.2
28/02/2006	90.2	87.2
31/01/2006	95.4	87.2
31/12/2005	62.4	70.8
30/11/2005	71.5	70.8
31/10/2005	64.1	70.8
30/09/2005	75.3	70.8
31/08/2005	65.7	70.8
31/07/2005	87.5	70.8
30/06/2005	54.1	70.8
31/05/2005	61.2	70.8
30/04/2005	68.2	70.8
31/03/2005	85.4	70.8
28/02/2005	89.9	70.8
31/01/2005	70.6	70.8

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Risk Management

Worst case scenario

Date	Utilization in %	Annual average utilization in %
30/04/2006	59.3	62.4
31/03/2006	60.6	62.4
28/02/2006	62.9	62.4
31/01/2006	62.8	62.4
31/12/2005	58.1	66.3
30/11/2005	69.4	66.3
31/10/2005	65.2	66.3
30/09/2005	63.3	66.3
31/08/2005	64.2	66.3
31/07/2005	65.4	66.3
30/06/2005	59.3	66.3
31/05/2005	75.7	66.3
30/04/2005	83.7	66.3
31/03/2005	83.3	66.3
28/02/2005	65.3	66.3
31/01/2005	53.8	66.3

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Risk Management

Grundsatz I - overview

Pursuant to Sections 10 (1) and 10a (1) of the German Banking Act (KWG), *Grundsatz I* establishes rules concerning the adequacy of a credit institution's equity capital. Pursuant to *Grundsatz I* the ratio of the liable capital of an institution to its risk weighted assets must not fall below 8% at the close of each business day (Tier II capital ratio), while the ratio of the core capital of an institution to its risk weighted assets must not fall below 4% at the close of each business day (Tier I capital ratio).

Date	Tier I		Tier II	
	Required by law	Ratio	Required by law	Ratio
30/04/2006	4.0	6.5	8.0	10.8
31/03/2006	4.0	6.8	8.0	11.2
28/02/2006	4.0	6.3	8.0	10.8
31/01/2006	4.0	6.4	8.0	10.9
31/12/2005	4.0	6.5	8.0	11.0
30/11/2005	4.0	6.5	8.0	12.0
31/10/2005	4.0	6.5	8.0	12.0
30/09/2005	4.0	6.5	8.0	12.0
31/08/2005	4.0	6.5	8.0	12.0
31/07/2005	4.0	6.6	8.0	12.3
30/06/2005	4.0	6.6	8.0	12.3
31/05/2005	4.0	6.7	8.0	12.5
30/04/2005	4.0	6.8	8.0	12.6
31/03/2005	4.0	6.8	8.0	12.8
28/02/2005	4.0	6.3	8.0	12.3
31/01/2005	4.0	6.4	8.0	12.4

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Risk Management

Grundsatz II

Grundsatz II concerns the adequacy of a credit institution's liquidity provision. It is required and sufficient that the liquid assets cover all actual and potential liquidity outflows over the following twelve months. Since December 1, 2000 German mortgage banks have to comply with *Grundsatz II*.

Date	Ratio	Required by law
30/04/2006	1.51	1.0
31/03/2006	1.16	1.0
28/02/2006	1.25	1.0
31/01/2006	1.05	1.0
31/12/2005	1.08	1.0
30/11/2005	1.10	1.0
31/10/2005	1.19	1.0
30/09/2005	1.34	1.0
31/08/2005	1.24	1.0
31/07/2005	1.26	1.0
30/06/2005	1.19	1.0
31/05/2005	1.18	1.0
30/04/2005	1.35	1.0
31/03/2005	1.50	1.0
28/02/2005	1.32	1.0
31/01/2005	1.16	1.0

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Derivatives

Counterparty ratings

Nominal amount in Euro m/Remaining time to maturity		30.04.2006						
Rating	<= 1 year	in %	1-5 years	in %	> 5 year	in %	Total	in %
Triple A	260.8	1.23	930.3	0.94	3,570.1	4.79	4,761.2	2.45
Double A	6,378.6	30.17	33,053.3	33.43	20,424.6	27.37	59,856.5	30.75
Single A	14,486.5	68.53	64,902.9	65.63	50,606.4	67.84	129,995.8	66.79
Triple B	14.5	0.07	0.0	0.00	0.0	0.00	14.5	0.01
Total	21,140.4	100.00	98,886.5	100.00	74,601.1	100.00	194,628.0	100.00

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Derivatives

Yield curve distribution

**Essen Hyp derivatives portfolio by instruments
Financial derivatives in Euro m / Remaining time to maturity** **30.04.2006**

Instruments	<= 1 year	in %	>1-5 years	in %	>5 years	in %	Total	in %
Interest rate swaps	19,746.5	93.41	95,294.3	96.37	70,885.2	95.02	185,926.0	95.53
Swaptions	409.0	1.93	695.1	0.70	574.6	0.77	1,678.7	0.86
Other interest rate derivatives	25.6	0.12	153.4	0.16	0.00	0.00	179.0	0.09
Currency swaps	959.3	4.54	2,743.7	2.77	3,141.3	4.21	6,844.3	3.52
Total	21,140.4	100.00	98,886.5	100.00	74,601.1	100.00	194,628.0	100.00

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Code of Conduct

Outline

In co-operation with its member institutions, the Association of German Pfandbrief Banks (vdp) has established a code of conduct for the issuers of Jumbo *Pfandbriefe*.

This Code of Conduct contains (a) rules of conduct and (b) disclosure requirements, with which the mortgage banks will voluntarily comply:

- a. The rules of conduct nos. 1) to 3), which apply to the issuers of Jumbo *Pfandbriefe*, stipulate that
 - new issues and increases are to be announced duly in advance in order to make sure that there is sufficient time for the book-building process;
 - new issues and increases are to be marked to the market at all times;
 - as a rule, increases are to be launched by the laid down minimum number of market makers.
- b. The rule of conduct no. 4) lays down minimum standards on the information to be disclosed. This will allow investors to evaluate the quality of cover assets. The information, which should be updated at least quarterly, is to be published in suitable electronic media.

Since mid-2001 Essen Hyp has been publishing detailed information about its cover pools, derivatives and interest rate risks. This information has been complemented by further details in accordance with the provisions of the Code of Conduct.

Published on our Credit Research sites

New public-sector lending commitments

X

- New mortgage lending commitments **X**
- Public-sector cover pool **X**
- Mortgage cover pool **X**
- Derivatives **X**
- Derivatives serving as cover **X**
- Cover pools at market value / development and stress scenarios **X**

The information listed above is updated at regular intervals and can be viewed in the individual sections of our Credit Research sites.

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Breakdown of non-cover assets		
by rating		
S & P/Moody's/Fitch		30.04.2006
Should the rating agencies come to different rating results, the worst rating is taken into account.		
by rating	in Euro m	in %
AAA / Aaa / AAA	9	0.69
AA+ / Aa1 / AA+	0	0.00
AA / Aa2 / AA	206	15.75
AA- / Aa3 / AA-	100	7.65
A+ / A1 / A+	97	7.42
A / A2 / A	155	11.85
A- / A3 / A-	663	50.68
BBB+ / Baa1 / BBB+	15	1.15
BBB / Baa2 / BBB	50	3.82
BBB- / Baa3 / BBB-	0	0.00
BB+ / Ba1 / BB+	0	0.00
BB- / Ba3 / BB-	0	0.00
Without rating *	13	0.99
Total	1,308	100.00

* - Without rating

National credit institutions

International credit institutions

in Euro m	in %
0	0.00
0	0.00

Breakdown of non-cover assets by rating

Other (e.g. financial institutions)	13	0.99
Total	13	0.99

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Breakdown of non-cover assets

by borrowers

	30.04.2006	
	in Euro m	in %
by borrowers		
National credit institutions	0	0.00
Foreign Governments and municipalities	226	17.28
International credit institutions	300	22.94
Other foreign financial institutions (guaranteed by national or international credit institutions)	598	45.71
Others	184	14.07
Total	1,308	100.00

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Breakdown of non-cover assets

by countries

	in Euro m	in %
		30.04.2006
by countries		
Germany	30	2.29
EU member states without Germany		
The Netherlands	124	9.48
France	70	5.35
Denmark	0	0.00
Austria	0	0.00
Belgium	15	1.15
Great Britain	25	1.91
Ireland	105	8.03
Italy	44	3.36
Spain	282	21.56
Finland	0	0.00
Sweden	0	0.00
Estonia	0	0.00
Hungary	0	0.00
Total EU without Germany	665	50.84
Non EU member states in Western Europe	13	0.99
Others	600	45.88
Total	1,308	100.00

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Breakdown of non-cover assets

by risk weighting

	in Euro m	in %	30.04.2006
Risk weighting			
0%	287	21.94	
10%	0	0.00	
20%	792	60.55	
100%	229	17.51	
Total	1,308	100.00	

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Non-cover loans - Breakdown of new lending commitments

by rating

S & P/Moody's/Fitch

Should the rating agencies come to different rating results, the worst rating is taken into account.

30.04.2006

by rating	in Euro m	in %
AAA / Aaa / AAA	0	0.00
AA+ / Aa1 / AA+	0	0.00
AA / Aa2 / AA	180	50.85
AA- / Aa3 / AA-	0	0.00
A+ / A1 / A+	0	0.00
A / A2 / A	95	26.84
A- / A3 / A-	29	8.19
BBB / Baa2 / BBB	50	14.12
Without Rating	0	0.00
Total	354	100.00

* - Without rating

	in Euro m	in %
National credit institutions	0	0.00
International credit institutions	0	0.00
Other (e.g. financial institutions)	0	0.00
Total	0	0.00

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Non-cover loans - Breakdown of new lending commitments

by borrowers

	in Euro m	in %
		30.04.2006
by borrowers		
National credit institutions	0	0.00
Foreign Governments and municipalities	79	22.32
International credit institutions	0	0.00
Other foreign financial institutions (guaranteed by national or international credit institutions)	275	77.68
Others	0	0.00
Total	354	100.00

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Non-cover loans - Breakdown of new lending commitments

by countries

by countries	in Euro m	in %
Germany	0	0.00
EU member states without Germany		
The Netherlands	0	0.00
Belgium	0	0.00
France	0	0.00
Austria	0	0.00
Denmark	0	0.00
Great Britain	0	0.00
Ireland	95	26.84
Italy	0	0.00
Spain	180	50.84
Finland	0	0.00
Sweden	0	0.00
Estonia	0	0.00
Hungary	0	0.00
Total EU without Germany	275	77.68
Non EU member states in Western Europe	0	0.00
Others	79	22.32
Total	354	100.00

30.04.2006

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Non-cover loans - Breakdown of new lending commitments
 by risk weighting

	30.04.2006
Risk weighting	in Euro m
0%	79
10%	0
20%	275
100%	0
Total	354
	in %
	22.32
	0.00
	77.68
	0.00
	100.00

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Mortgage loans

Breakdown of mortgage portfolio
by type of property, region and LTV

Commercial Properties in Euro m											31.03.2006	
Purpose of property	Country*	LTV up to 60%	in %	of which used as cover	in %	LTV 61-80 %	in %	LTV 81-90 %	in %	LTV >90 %	in %	Total in %
Office and administrative buildings	Foreign countries	444.4	27.7	149.8	16.1	158.5	46.4	48.8	28.9	27.7	15.7	679.4
	West **	526.0	32.8	374.7	40.2	61.1	17.9	20.6	19.5	50.9	28.8	658.6
	East ***	11.6	0.7	14.4	1.5	3.1	0.9	1.0	0.9	0.7	0.4	16.4
Building sites	Foreign countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	West **	0.7	0.0	0.0	0.0	0.1	0.0	0.0	0.0	1.0	0.6	1.8
	East ***	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Factory buildings	Foreign countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	West **	45.5	2.8	27.0	2.9	7.6	2.2	2.2	2.1	16.1	9.1	71.4
	East ***	1.6	0.1	0.0	0.0	0.5	0.1	0.2	0.2	0.0	0.0	2.3
Shops	Foreign countries	22.7	1.4	0.0	0.0	7.6	2.2	3.8	3.6	10.3	5.8	44.4
	West **	219.4	13.7	200.5	21.5	29.0	8.5	4.3	4.1	4.1	2.3	256.8
	East ***	59.9	3.7	46.9	5.0	18.6	5.4	7.2	6.8	9.4	5.3	95.1
Hotels and restaurants	Foreign countries	21.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.0
	West **	31.3	2.0	11.5	1.2	10.9	3.2	4.5	4.3	14.9	8.4	61.6
	East ***	23.4	1.5	0.0	0.0	6.4	1.9	2.0	1.9	15.3	8.7	47.1
Other non-residential	Foreign countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

properties	West **	123.0	7.7	79.3	8.5	20.8	6.1	8.3	7.9	25.4	14.4	177.5	8.0
	East ***	1.3	0.1	1.2	0.1	0.2	0.1	0.0	0.0	0.0	0.0	1.5	0.1
Ware-houses and exhibition buildings	Foreign countries	17.0	1.1	0.0	0.0	5.7	1.7	0.4	0.4	0.0	0.0	23.1	1.0
	West **	56.3	3.5	26.3	2.8	11.5	3.4	2.1	2.0	0.9	0.5	70.8	3.2
	East ***	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total commercial properties	Foreign countries	505.1	31.5	149.8	16.1	171.8	50.3	53.0	50.3	38.0	21.5	767.9	34.5
	West **	1,002.2	62.4	719.3	77.2	141.0	41.3	42.0	39.8	113.3	64.1	1,298.5	58.2
	East ***	97.8	6.1	62.5	6.7	28.8	8.4	10.4	9.9	25.4	14.4	162.4	7.3
	Total	1,605.1	100.0	931.6	100.0	341.6	100.0	105.4	100.0	176.7	100.0	2,228.8	100.0

Residential Properties in Euro m

Purpose of property	Country*	LTV up to 60%	in %	of which used as cover	in %	LTV 61-80 %	in %	LTV 81-90 %	in %	LTV >90 %	in %	Total	in %
Owned houses	Foreign countries	1.0	0.0	0.0	0.0	0.3	0.1	0.1	0.3	0.1	0.2	1.5	0.0
	West **	2,739.4	59.2	2,162.5	61.2	84.8	36.6	2.9	9.3	1.4	3.4	2,828.5	57.4
	East ***	373.1	8.1	283.7	8.0	19.0	8.2	1.3	4.2	0.5	1.2	393.9	8.0
Owned flats	Foreign countries	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
	West **	799.6	17.3	613.7	17.4	30.8	13.3	1.6	5.1	0.8	2.0	832.8	16.9
	East ***	46.0	1.0	34.1	1.0	1.7	0.7	0.1	0.4	0.1	0.2	47.9	1.0
Residential construction for letting purposes	Foreign countries	38.6	0.8	0.5	0.0	31.5	13.6	13.6	43.6	8.3	20.3	92.0	1.9
	West **	528.1	11.4	401.9	11.4	54.2	23.4	9.0	28.8	16.9	41.3	608.2	12.3
	East ***	100.6	2.2	38.0	1.1	9.7	4.2	2.6	8.3	12.8	31.3	125.7	2.5
Total residential properties	Foreign countries	39.8	0.9	0.5	0.0	31.8	13.7	13.7	43.9	8.4	20.5	93.7	1.9
	West **	4,067.1	87.9	3,178.1	89.9	169.8	73.2	13.5	43.2	19.1	46.7	4,269.5	86.6
	East ***	519.7	11.2	355.8	10.1	30.4	13.1	4.0	12.9	13.4	32.8	567.5	11.5
	Total	4,626.6	100.0	3,534.4	100.0	232.0	100.0	31.2	100.0	40.9	100.0	4,930.7	100.0

Total mortgage loans	Country*	LTV up in % to 60%	of which used as cover	in %	LTV 61-80 %	LTV in % 81-90 %	in % >90 %	LTV in %	Total in %		
	Foreign countries	544.9	150.3	3.3	203.6	66.7	7.7	46.4	5.4	861.6	12.0
	West **	5,069.3	3,897.4	87.3	310.8	55.5	1.0	132.4	2.4	5,568.0	77.8
	East ***	617.5	418.3	9.4	59.2	14.4	2.0	38.8	5.3	729.9	10.2
	Total	6,231.7	4,466.0	100.0	573.6	8.0	1.9	217.6	3.0	7,159.5	100.0

* - The figures comprise completely drawn loans and, for loans not yet made available in total, the drawn parts of the loans. Lending commitments are not taken into account.

** - West German Federal States including Berlin

*** - East German Federal States

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Mortgage loans

Breakdown of mortgage portfolio

Foreign loans by type of property, country and LTV

Commercial Properties in Euro m

31.03.2006

Purpose of property	Country*	LTV up to 60% of which used as cover	LTV 61-80%	LTV 81-90%	LTV >90%	Total	in %
Office and administrative buildings	United States	57.0	39.6	3.5	0.0	100.1	12.9
	Belgium	1.1	0.0	0.0	0.0	1.1	0.1
	England	131.9	61.0	31.5	22.6	247.0	32.2
	France	105.6	18.3	4.1	1.6	129.6	16.9
	Canada	20.8	6.91	3.5	3.5	34.7	4.5
	The Netherlands	49.4	10.9	0.2	0.0	60.5	7.9
	Poland	17.7	1.5	0.0	0.0	19.2	2.5
	Spain	60.9	20.3	6.0	0.0	87.2	11.4
Shops	Poland	22.7	7.6	3.8	10.3	44.4	5.8
Hotels and restaurants	France	19.0	0.0	0.0	0.0	19.0	2.5
	Spain	2.0	0.0	0.0	0.0	2.0	0.3
	France	17.0	5.7	0.4	0.0	23.1	3.0
Warehouse and exhibition buildings							
Total commercial properties	United States	57.0	39.6	3.5	0.0	100.1	13.0
	Belgium	1.1	0.0	0.0	0.0	1.1	0.1
	England	131.9	61.0	31.5	22.6	247.0	32.2
	France	141.6	24.0	4.5	1.6	171.7	22.4
	Canada	20.8	6.9	3.5	3.5	34.7	4.5
	The Netherlands	49.4	10.9	0.2	0.0	60.5	7.9
	Poland	40.4	9.1	3.8	10.3	63.6	8.3

Mortgage loans Breakdown of mortgage portfolio Foreign loans by type of property, country and LTV

Spain	62.9	0.0	20.3	6.0	0.0	89.2	11.6
Total	505.1	149.8	171.8	53.0	38.0	767.9	100.0

Residential Properties in Euro m 31.03.2006

Purpose of property	Country*	LTV up to 60%	of which used as cover	LTV 61-80%	LTV 81->90%	LTV Total	in %
owned flats	France	0.2	0.0	0.0	0.0	0.2	0.2
owned houses	Austria	0.5	0.0	0.2	0.0	0.7	0.7
	France	0.5	0.0	0.1	0.1	0.8	0.9
Residential construction for letting purposes	United States	38.1	0.0	31.5	13.6	91.5	97.7
	Belgium	0.5	0.5	0.0	0.0	0.5	0.5
Total residential properties	Austria	0.5	0.0	0.2	0.0	0.7	0.7
	United States	38.1	0.0	31.5	13.6	91.5	97.7
	Belgium	0.5	0.5	0.0	0.0	0.5	0.5
	France	0.7	0.0	0.1	0.1	1.0	1.1
Total		39.8	0.5	31.8	13.7	84	93.7

Total in Euro m 31.03.2006

Mortgage loans	Country*	LTV up to 60%	of which used as cover	LTV 61-80%	LTV 81->90%	LTV Total	in %
	Austria	0.5	0.0	0.2	0.0	0.7	0.1
	United States	95.1	0.0	71.7	17.1	191.6	22.2
	Belgium	1.6	1.5	0.0	0.0	1.6	0.2
	England	131.9	57.4	61.0	31.5	247.0	28.7
	France	142.3	42.2	24.1	4.6	172.7	20.0
	Canada	20.8	0.0	6.9	3.5	34.7	4.0
	The Netherlands	49.4	49.2	10.9	0.2	60.5	7.0
	Poland	40.4	0.0	9.1	3.8	63.6	7.4
	Spain	62.9	0.0	20.3	6.0	89.2	10.4

Total **544.9** **150.3** **203.6** **66.7** **46.4** **861.6** **100.0**

*- The figures comprise completely drawn loans and, for loans not yet made available in total, the drawn parts of the loans. Lending commitments are not taken into account.

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Mortgage loans - Cover pool at market value										
Development / Stress scenario										
	Date	Market value (cover pool)	Market value (mortgage Pfandbriefe)	Market value surplus cover in € m	Surplus cover in %	Surplus cover in € m in the case of rising yields	Surplus cover in % in the case of rising yields	Surplus cover in € m in the case of falling yields	Surplus cover in % in the case of falling yields	Market value (dynamic approach)
Home										
Investor Relations										
Credit Research										
Bonds & Notes										
Financial Reports										
International Real Estate Finance										
Company										
Info Pool	30.04.2006	5,613.82	4,202.43	1,411.39	33.59	1,204.30	29.56	1,650.71	38.07	
Contact	31.03.2006	5,150.96	4,484.62	666.34	14.86	512.86	11.73	839.23	18.24	
	28.02.2006	5,090.26	4,330.42	759.84	17.55	604.62	14.29	933.83	21.06	
	31.01.2006	4,868.26	4,220.63	647.63	15.34	495.58	12.00	817.30	18.94	
	31.12.2005	5,015.33	4,243.87	771.46	18.18	611.02	14.71	950.24	21.91	
	30.11.2005	5,078.69	4,122.27	956.42	23.20	782.72	19.37	1,148.82	27.30	
	31.10.2005	5,160.49	4,547.25	613.24	13.49	424.00	9.48	822.93	17.78	
	30.09.2005	5,318.82	4,649.87	668.95	14.39	471.03	10.31	888.32	18.76	
	31.08.2005	5,320.51	4,661.42	659.09	14.14	462.27	10.10	877.56	18.48	
	31.07.2005	5,290.00	4,628.00	662.00	14.30	504.00	11.04	834.00	17.77	
	30.06.2005	5,239.20	4,555.40	683.80	15.01	532.03	11.83	848.12	18.37	
	31.05.2005	5,100.54	4,146.51	954.03	23.01	804.10	19.64	1,115.57	26.56	
	30.04.2005	5,108.05	4,317.49	790.55	18.31	629.90	14.78	950.45	21.72	
	31.03.2005	4,969.25	4,172.34	796.91	19.10	622.86	15.16	973.35	22.97	
	28.02.2005	4,922.94	4,168.10	754.84	18.11	580.01	14.15	932.60	22.01	
	31.01.2005	4,947.91	4,176.32	771.59	18.48	623.90	15.59	919.38	21.65	

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Mortgage loans

Breakdown of cover pool
Surplus cover

all amounts in Euro m

Date	Mortgage Pfandbriefe outstanding	cover	Surplus cover	in %	Not yet serving as cover
30/04/2006	4,232.00	5,317.00	1,085.00	25.6	1,794.57
31/03/2006	4,492.00	4,887.00	395.00	8.8	1,783.22
28/02/2006	4,307.00	4,756.00	449.00	10.4	1,800.69
31/01/2006	4,192.00	4,607.00	415.00	9.9	1,740.80
31/12/2005	4,198.08	4,612.02	413.94	9.9	1,665.36
30/11/2005	4,076.70	4,688.10	611.40	15.0	1,645.59
31/10/2005	4,492.88	4,763.82	270.94	6.0	1,690.20
30/09/2005	4,571.90	4,815.90	244.0	5.3	1,658.30
31/08/2005	4,574.88	4,785.67	210.79	4.6	1,681.60
31/07/2005	4,543.61	4,747.55	203.94	4.5	1,754.73
30/06/2005	4,459.61	4,695.55	235.94	5.29	1,989.69
31/05/2005	4,060.27	4,600.05	539.78	13.3	1,989.69
30/04/2005	4,242.47	4,619.61	337.14	8.9	2,085.44
31/03/2005	4,117.74	4,560.71	442.97	10.8	2,129.07
28/02/2005	4,108.65	4,528.39	419.74	10.2	2,123.05
31/01/2005	4,108.15	4,508.92	400.77	9.8	2,124.31

* For technical reasons (e.g. due to the absence of evidence that the loan is secured by a first mortgage). The loans are usually included in the cover pool within not more than three months.

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Mortgage loans

Breakdown of non-cover assets
Loans with a LTV > 60%

Loans with a LTV exceeding 60% are not eligible to serve as cover for mortgage Pfandbriefe.

Date	in %
30/04/2006	13.77
31/03/2006	13.56
28/02/2006	13.47
31/01/2006	13.17
31/12/2005	12.98
30/11/2005	12.69
31/10/2005	12.63
30/09/2005	13.01
31/08/2005	13.20
31/07/2005	13.45
30/06/2005	13.38
31/05/2005	14.16
30/04/2005	13.91
31/03/2005	13.98
28/02/2005	14.05
31/01/2005	13.97

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Mortgage loans

Breakdown of new lending commitments

Domestic loans by type of property, region and LTV

Commercial Properties in Euro m 31.03.2006

Purpose of property	Country*	LTV up to 60%	in %	of which used as cover	in %	LTV 61-80 %	LTV in % 81-90 %	LTV in % >90 %	Total	in %		
Office and administrative buildings	Foreign countries	0.0	0.0	0.0	0.0	29.8	57.1	0.1	0.9	0.0	29.9	17.2
	West **	0.0	0.0	1.3	0.5	0.5	1.0	0.2	1.8	0.8	1.8	1.6
	East ***	0.6	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.3
Building sites	Foreign countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	West **	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	East ***	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Factory buildings	Foreign countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	West **	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1
	East ***	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shops	Foreign countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	West **	65.4	96.5	0.0	0.0	21.8	41.8	10.8	97.3	42.4	140.4	80.6
	East ***	0.3	0.4	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.4	0.2
Hotels and restaurants	Foreign countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	West **	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	East ***	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-residential	Foreign countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

properties	West **	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	East ***	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ware-houses and exhibition buildings	Foreign countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	West **	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	East ***	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total commercial properties	Foreign countries	0.0	0.0	0.0	0.0	29.8	57.1	0.1	0.9	0.0	0.0	29.9	17.2
	West **	66.9	98.7	0.0	0.0	22.3	42.7	11.0	99.1	43.2	100.0	143.4	82.2
	East ***	0.9	1.3	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.0	1.0	0.6
	Total	67.8	100.0	0.0	0.0	52.2	100.0	11.1	100.0	43.2	100.0	174.3	100.0

Residential Properties in Euro m

Purpose of property	Country*	LTV up to 60%	in %	of which used as cover	in %	LTV 61-80 %	LTV 81-90 %	LTV in % >90 %	Total	in %			
Owned houses	Foreign countries	0.5	0.1	0.0	0.0	0.2	0.8	0.0	0.0	0.0	0.7	0.2	
	West **	311.4	92.2	0.1	33.3	3.8	14.3	0.1	0.9	0.1	1.6	315.4	82.7
	East ***	5.4	1.6	0.0	0.0	0.4	1.5	0.0	0.0	0.0	0.0	5.8	1.5
Owned flats	Foreign countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	West **	14.8	4.4	0.2	66.7	1.3	4.9	0.1	0.9	0.0	0.0	16.2	4.2
	East ***	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.1
Residential construction for letting purposes	Foreign countries	3.8	1.1	0.0	0.0	20.8	78.2	10.4	98.1	6.3	98.4	41.3	10.8
	West **	1.0	0.3	0.0	0.0	0.1	0.4	0.0	0.0	0.0	0.0	1.1	0.3
	East ***	0.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.2
Total residential properties	Foreign countries	4.3	1.3	0.0	0.0	21.0	79.0	10.4	98.1	6.3	98.4	42.0	11.0
	West **	327.2	96.8	0.3	100.0	5.2	19.5	0.2	1.9	0.1	1.6	332.7	87.2
	East ***	6.4	1.9	0.0	0.0	0.4	1.5	0.0	0.0	0.0	0.0	6.8	1.8
	Total	337.9	100.0	0.3	100.0	26.6	100.0	10.6	100.0	6.4	100.0	381.5	100.0

Total mortgage loans	Country*	LTV up in % to 60%	of which used as cover	LTV in % 61-80 %	LTV in % 81-90 %	LTV in % >90 %	Total in %						
	Foreign countries	4.3	0.0	50.8	70.7	10.5	14.6	6.3	8.7	71.9	12.9		
	West **	394.1	82.8	0.3	100.0	27.5	5.8	11.2	2.4	43.3	9.0	476.1	85.7
	East ***	7.3	93.5	0.0	0.0	0.5	6.5	0.0	0.0	0.0	0.0	7.8	1.4
	Total	405.7	73.0	0.3	100.0	78.8	14.2	21.7	3.9	49.6	8.9	555.8	100.0

* - The figures comprise completely drawn loans and, for loans not yet made available in total, the drawn parts of the loans. Lending commitments are not taken into account.

** - West German Federal States including Berlin

*** - East German Federal States

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Breakdown of new lending commitments
Foreign loans by type of property, country and LTV

Commercial Properties in Euro m 31.03.2006

Mortgage loans	Country*	LTV up to 60%	of which used as cover	LTV 61-80%	LTV 81-90%	LTV >90%	Total	in %
Office and administrative buildings	United States	0.0	0.0	29.8	0.1	0.0	29.9	100.0
Total commercial properties	United States	0.0	0.0	29.8	0.1	0.0	29.9	100.0
Total	Total	0.0	0.0	29.8	0.1	0.0	29.9	100.0

Residential Properties in Euro m 31.03.2006

Purpose of property	Country*	LTV up to 60%	of which used as cover	LTV 61-80%	LTV 81-90%	LTV >90%	Total	in %
owned houses	Austria	0.5	0.0	0.2	0.0	0.0	0.7	1.7
Residential construction for letting purposes	United States	3.8	0.0	20.8	10.4	6.3	41.3	98.3
Total residential properties	Austria	0.5	0.0	0.2	0.0	0.0	0.7	1.7
	United States	3.8	0.0	20.8	10.4	6.3	41.3	98.3
Total	Total	4.3	0.0	21.0	10.4	6.3	42.0	100.0

Total in Euro m 31.03.2006

Mortgage loans **Country*** **LTV** **of** **LTV** **LTV** **LTV** **Total** **in %**

	up to 60%	which used as cover	61- 80%	81- 90%	>90%
United States	3.8	0.0	50.6	10.5	6.3
Austria	0.5	0.0	0.2	0.0	0.0
Total	4.3	0.0	50.8	10.5	6.3
					71.2
					99.0
					1.0
					100.0

* - The figures comprise completely drawn loans and, for loans not yet made available in total, the drawn parts of the loans. Lending commitments are not taken into account.

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Bonds & Notes

The German Pfandbrief

During the past 100 years, Pfandbrief investors have never failed to receive full repayment – a clear proof of the Pfandbrief's high level of safety. This is just one reason why Pfandbriefe account for as much as 26.2% of all fixed income securities in Germany and have also become more and more popular with international investors.

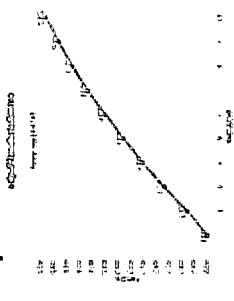
In recent years the Pfandbrief market has seen significant changes due to the increasing volume of Pfandbriefe that are issued in the form of Jumbos and Globals. In autumn 2003 the Pfandbrief issuers within the Association of German Pfandbrief Banks (vdp) agreed upon an amendment of the minimum standards for issuing Jumbo Pfandbriefe. The new standards envisage a minimum size of €750m for a newly issued Jumbo Pfandbrief, instead of previously €500m. Further, the issuer must increase the issue size to at least €1bn within 180 calendar days. Moreover, buybacks of Jumbo Pfandbriefe have been included in the minimum standards and subjected to strict transparency requirements. This requirement safeguards the status of Jumbo Pfandbriefe as a highly liquid market segment.

The updated minimum standards for the issuance of Jumbo Pfandbriefe enter into force with immediate effect, the Federal Cartel Office (Bundeskartellamt) having raised no objections.

More detailed information on the new minimum standards for the issuance of Jumbo Pfandbriefe is available on the website of the Association of German Pfandbrief Banks.

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vdp-Pfandbrief Curve



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Credit Research

Last update

April 2006

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Essen Hyp's Chief Economist Dirk Chlench ranked as one of the top forecasters » [more](#)

Mortgage Pfandbrief rating upgraded

On December 12, 2005,

Moody's Investors Service

upgraded the rating of Essen

Hyp's mortgage Pfandbriefe

from Aa2 to Aa1.

» [more](#)

Essen Hyp rating upgraded from A- to A

On November 3, 2005

FitchRatings upgraded the

bank's credit ratings to long-

term A with stable outlook from A- and short-term F1 from F2.

» **more (PDF)**

Public-sector Pfandbrief rating upgraded

With effect from February 17, 2005 Moody's upgraded the rating of Essen Hyp's public-sector Pfandbriefe to Aaa. As a result Essen Hyp's public-sector Pfandbriefe are now rated triple A by all major rating agencies.

» **more (PDF)**

Economic and Interest Rate Outlook G3

» **more**

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Economists and portfolio managers from all over Germany participate in these meetings and discuss the future interest rate and economic development.

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Jumbos / Globals and their Increases
Amounts in EUR m Status: 30.03.2006

Security no	Increases			Issuing volume	Coupon	Maturity	Issue Date	Market makers	Ratings	
	by	on	Security no						S&P/ Moody's	Fitch
257 412	233	07/01	1,000	4,750	29/06/06	22/06/98		1-3/5/6/11-13	AAA/Aaa	AAA
A0A C5V	500	05/04	2,500	2,75	21/11/06	21/01/04		1-6/8/13/14/18/24/26	AAA/Aaa	AAA
257 359	2.506	03/00	3,017	5,500	20/02/07	13/02/97		1/4/5/6/8	AAA/Aaa	AAA
802 308	750	04/05	2,750	2,750	25/07/07	14/07/03		1-6/13-15/18/25/26	AAA/Aaa	AAA
257 402	511	03/98	1,023	5,250	22/01/08	15/01/98		1/2/4/5/7/10	AAA/Aaa	AAA
HBE 0BQ	250	01/06	1,750	2,750	11/03/08	11/03/05		1/6/18/27	AAA/Aaa	AAA
A0A 71Z	1,000			3,25	19/05/08	18/05/04		3/15/25/28	AAA/Aaa	AAA
A0A Y3F	500	02/06	2,500	3,000	17/06/08	10/03/04		1-3/5/6/13-15/18/25-27	AAA/Aaa	AAA
257 414	767			4,750	11/08/08	04/08/98		1/4/11/13/14/20	AAA/Aaa	AAA
169 713	2,200			3,500	26/09/08	17/09/03		1-6/13-15/18/25/26	AAA/Aaa	AAA
257 424	2,000			4,000	19/01/09	11/01/99		1-3/5/6/8/10/11/14/20	AAA/Aaa	AAA
HBE 0BA	2,000			2,75	27/02/09	19/01/05		1-6/8/14/15/18/25/29	AAA/Aaa	AAA
257 433	2,000			4,250	06/07/09	11/05/99		1-6/10/11/23	AAA/Aaa	AAA
HBE 0F1	2,500			3,000	28/09/09	19/01/06		1-6/9/11/14/18/25/27	AAA/Aaa	AAA
HBE 0AJ	2,000			3,25	17/11/09	17/11/04		1/5/18/26	AAA/Aaa	AAA
HABE 0E6	1,500			3,000	17/02/10	10/11/05		1/3/5/9/10/11/14/15/19/22/25/28	AAA/Aaa	AAA
HBE0DE	1,250			2,50	05/07/10	05/07/05		1/4/5/14	AAA/Aaa	AAA
257 461	5,000			5,250	17/01/11	15/01/01		1-11/14/15/17/18	AAA/Aaa	AAA
HBE 0EK	1,000			2,750	21/09/11	14/09/05		3/15/25/28	AAA/Aaa	AAA

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Grenfell, 7=Salomon Brothers, 8=ABN AMRO Bank, 9=Société Générale, 10=Westdeutsche Landesbank,
11=Goldman Sachs, 12=Landesbank Sachsen, 13=Merrill Lynch, 14=Morgan Stanley, 15=CDC Ixis, 16=Bank-
gesellschaft Berlin, 17=SGZ-Bank, 18=Barclays Bank, 19=Norddeutsche Landesbank, 20=Lehman Brothers,
22=Bayerische Landesbank, 23 =Paribas 24 =Credit Agricole Indosuez, 25=LB Baden-Württemberg, 26=CSFB,
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Essen Hyp EUR 20,000,000,000 Debt Issuance Program (DIP)

Essen Hyp's €20bn Debt Issuance Program, which was launched on May 28, 1998 and increased to €20bn in July 2002, aims to facilitate Essen Hyp's funding on the international capital markets.

The main intention of this Program is to provide structured financing transactions. However, any underlying risk exposure of a structured deal must be hedged against. In general, the required swap will be entered into with the dealer proposing the transaction. As a rule, each swap counterparty must have a minimum rating of AA- (S&P).

Jumbo *Pfandbriefe*, Global public-sector *Pfandbriefe* and similar benchmarks are launched outside the DIP.

The Program allows international fund-raising in almost any currency by means of a syndicated or non-syndicated, public or private placement. Funding proceeds are swapped back into EURIBOR. Pursuant to the German Mortgage Bank Act, Essen Hyp as a mortgage bank is not allowed to run any currency risks.

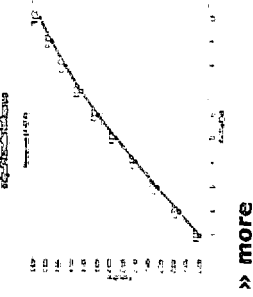
Maturities under this Program can reach up to 30 years, depending on the type of transaction. There is no specific maturity target.

Notes, including public-sector *Pfandbriefe*, may be issued in bearer or registered form. Depending on the agreement between issuer and dealer, Notes can be launched as Fixed Rate Notes, Floating Rate Notes, Indexed Notes, Dual Currency Notes or Zero Coupon Notes. The minimum volume per drawing is €5m.

Essen Hyp's DIP is listed on the Luxembourg stock exchange. The terms and conditions of the DIP also provide for a listing of bearer notes (including public-sector *Pfandbriefe*) on the Düsseldorf stock exchange, or any other stock exchange. Registered Notes (including public-sector *Pfandbriefe*) are not listed on any stock exchange.

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Essen Hyp rating upgraded from A- to A

On November 3, 2005 FitchRatings upgraded the bank's credit ratings to long-

The following ratings have been assigned to the Notes listed under Essen Hyp's Debt Issuance Program:

	Standard & Poor's	Moody's
Public-sector Pfandbriefe	AAA	Aaa
Senior Unsecured Debt	BBB+	A2
Subordinated Debt	BBB	A3

The Program is governed by German Law.

Our Debt Issuance Program has been arranged by Commerzbank and Merrill Lynch International. The dealers are ABN AMRO, Barclays Capital, Calyon, Citigroup, Commerzbank, Deutsche Bank, Goldman Sachs International, HSBC Trinkaus & Burkhardt, Lehman Brothers, Merrill Lynch International, Morgan Stanley, UBS Warburg and SG Investment Banking. The Program allows for reverse inquiry. Bids are welcome.

For further information please contact our Treasury Department or look at our latest » [Information Memorandum](#).

Günter Pless	Stefan Zander
Senior Vice President	Head of Derivatives/ Structured
Global Head of Treasury	Products
Tel.: +49 201 8135-360	Tel.: +49 201 8135-353
E-mail: Guenter.Pless@essenhyp.com	E-mail: Stefan.Zander@essenhyp.com
Fax Treasury: +49 201 8135-399	

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Essen Hyp EUR 5,000,000,000 Commercial Paper Program

Following the launch of its €5bn Commercial Paper Program in December 1998, Essen Hyp has been able to issue short-term notes since the beginning of 1999.

Essen Hyp actively uses this Program in order to ensure flexible funding at low cost.

The Program allows drawings in EUR and any other internationally recognized currencies, as agreed between Essen Hyp and the dealer(s). The Notes that are issued under the Program must have a maturity of not less than two days. Clearing can be made through Euro Clear and Clearstream Banking. In accordance with the existing legal and regulatory requirements, the maximum maturity in both cases is two years less one day. The minimum amount of the Notes is €2.5m. There is no issuance of Definitive Notes under this Program.

One of the special features of the Program is that it allows for the issuance of

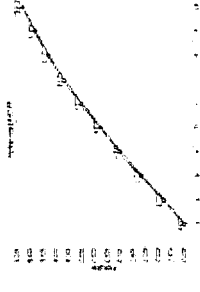
- Fixed-Rate Notes or
- Floating Rate Notes or
- Discounted Notes

all of which may be listed on a German stock exchange. The Notes may be deposited with the European Central Bank as Tier I securities.

Unless otherwise agreed, Floating Rate Notes under the Program have a maturity of at least six months and a minimum period of three months between two interest payment dates. Unless otherwise agreed, the EURIBOR is taken as the reference rate.

The Program itself is listed on the official market of the Düsseldorf stock

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exchange. Individual Notes may be listed with official quotations on the Düsseldorf stock exchange, or on any other stock exchange. However, Notes to be listed must have a minimum maturity of three months.

The Program offers a high degree of flexibility for both the dealer(s) and the issuer. Further day-to-day dealers are welcome.

Rating: Standard & Poor's: A-2 (Standard & Poor's)
P-1 (Moody's)

Arranger:
Commerzbank AG

Frequent dealers:
Commerzbank AG, Deutsche Bank AG, Barclays London

Day-to-day dealer:
Calyon, Paris; Citigroup, London; Dresdner; DZBank, FFM; Goldman Sachs, London; Ixis Corp & Inv. Bank, FFM; JP Morgan Chase, London; Lehman Brothers, London; SEB, Frankfurt.

The Program is a supplement to Essen Hyp's Debt Issuance Program, which was signed in May 1998 and increased to €20bn in July 2002.

For further information please contact Essen Hyp's Money Market Desk:

Heidi Riedel
Deputy Head of Treasury
Tel.: +49 201 8135-365
E-mail: Heidi.Riedel@essenhyp.com

Fax Treasury: +49 201 8135-399

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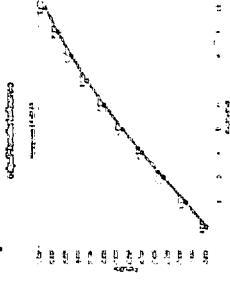
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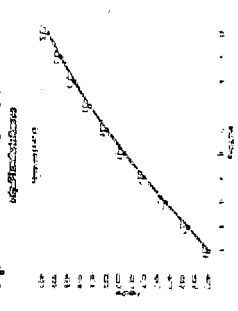
Securities Prospectus

Persons into whose possession the Debt Issuance Programme Prospectus of Hypothekenbank in Essen Aktiengesellschaft, as amended or supplemented (the "Prospectus"), or any final terms (the "Final Terms") of the offer of notes issued by Hypothekenbank in Essen Aktiengesellschaft under its Euro 20,000,000 Debt Issuance Programme (the "Notes") comes, are requested to inform themselves and to observe any legal restrictions on the distribution of the Prospectus and any Final Terms and on the offering, sale and delivery of Notes in the relevant jurisdictions, all as stated in the Prospectus. Persons interested in purchasing any Notes are additionally requested to study said legal restrictions in order to verify whether they qualify as an investor in such Notes before purchasing any of them.

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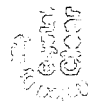
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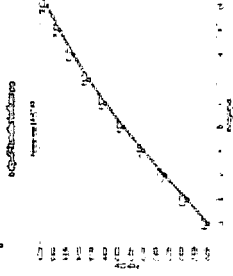
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- » **Debt Issuance Programme Prospectus as of October 31, 2005 (PDF)**
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On this site you will find all the relevant facts and figures of the Hypothenbank in Essen AG. Our annual reports include, for instance, the balance sheet, the profit and loss account and the operating result of the corresponding year. You will also find the management report with much additional information concerning the general economic situation, the bank, its work and its projects. For current information please refer to our Interim Reports of the present year.

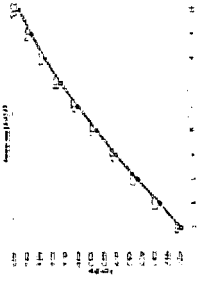
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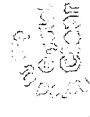
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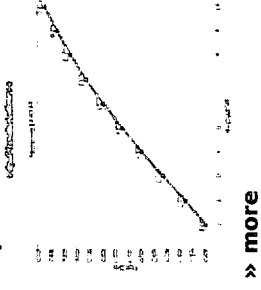
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- March 23, 2006 Annual General Meeting and (Supervisory Board) Meeting on the 2005 Annual Accounts
- March 24, 2006 Press Conference on the 2005 Annual Accounts and publication of the German version of our 2005 Annual Report
- May 2006 Publication of the English version of our 2005 Annual Report
- Mid-August 2006 Interim Report as of June 30, 2006
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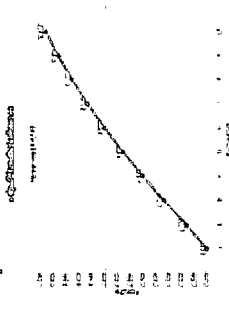
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Europe and North America

Whether office buildings or shopping malls – real estate financing has become a global business. Major first-class projects can only be put into practice at a profit if matching lenders are found on the international capital markets. Investors, developers and real estate companies look for banking partners who are familiar with the highly complex real estate business. Developing successful strategies that ensure maximum planning security requires the expertise of specialists. And these specialists are at your disposal at Hypothekenbank in Essen AG (Essen Hyp) – because our real estate markets are global.

Bringing in their knowledge of the individual countries and real estate market segments, our experts from various departments will, together with you, work out a tailored and innovative financing structure for your project – for existing properties and future investments alike. Available options include loan volumes from ten million euros (or the equivalent amount in foreign currencies) to several hundred million euros, terms of up to 10 years or more, fixed or floating interest rates. Essen Hyp participates in loan syndicates, but is also prepared to act as a stand-alone lender. We will accompany your project right from the start. Further to our expertise, we offer you a committed team and competitive loan terms: as a mortgage bank, Essen Hyp is entitled to issue *Pfandbriefe* and thus benefits from excellent funding opportunities.

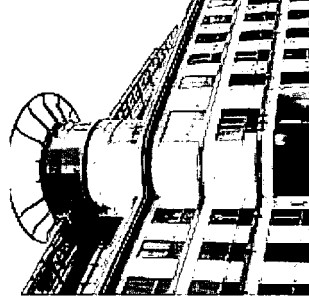
Your partner for international real estate projects.

In addition to mortgage lending in Germany, our core activity is the granting of loans on the West European and North American real estate markets, mainly concentrating on Great Britain, France, Belgium, the Netherlands, Spain, Switzerland, the United States and Canada. Essen Hyp is thus active on the world's most important real estate markets.

We are particularly interested in properties that benefit from a good

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"In the Spotlight: International Real Estate Projects"



Morrison Street,
Edinburgh, Scotland

"The Exchange" is an up-and-coming office district in the center of Edinburgh. Essen Hyp participates in the financing of a state-of-the-art administrative building with a total office area of 50,000 sqm. The project was completed in 2001.

location in major West European and North American cities. By providing the necessary funds and developing loan structures that are tailored to the borrowers' specific requirements, we make an active contribution to the successful realization of each individual transaction. In addition to this, we are also prepared to support regional real estate projects.

Capable of dealing with selected projects.

The properties that interest us most are office buildings, logistics centers, shopping malls (provided that they are located in the catchment area of major cities and benefit from low vacancy rates) and multi-tenant residential properties. A particular focus is on existing properties that are fully let under long-term leases and to tenants of good standing. Our customers include leading national investors as well as well-known international borrowers who are active on international, national or regional real estate markets.

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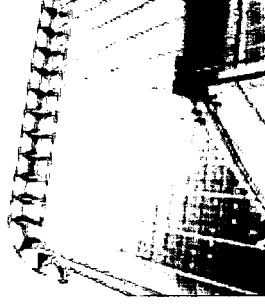
Borrower-specific financing structures

Borrower-specific financing structures.

Essen Hyp's international mortgage lending activities are bundled at our International Property Financing Desk. Our committed and efficient team will advise you of all relevant facts and decisions within a short period of time, so that you can put your plans into practice without delay. A basic decision will be made within a few days after receiving an enquiry for a loan. Having obtained and reviewed all documents needed for decision-making, we will issue an irrevocable lending commitment within a period of time agreed with you. The entire financing transaction – from counseling via loan commitment and disbursement to full redemption – will be accompanied by one particular internal expert who is familiar with all project-specific requirements and will always be at your disposal.

We are currently expanding our network of international representative offices so that you can additionally benefit from local contact partners. Establishing and maintaining fruitful and long-lasting customer relations always is the main objective of our efforts.

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"In the Spotlight: International Real Estate Projects"



City Point, London

With 37 floors, the City Point Tower is the second highest building in the City of London, benefiting from an excellent location. Essen Hyp participates as a syndicate partner in the financing of this property which was reopened in 1998. The building offers a total office area of 54,000 sqm, retail units totaling 4,700 sqm and storage space of 8,200 sqm.

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International Real Estate Finance

Specialist knowledge

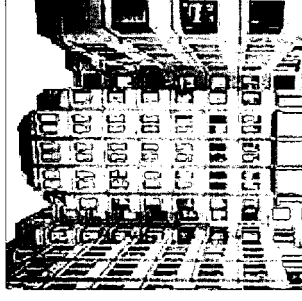
Quality is the key to success.

We see our task in providing you with specialist knowledge to ensure the long-term success of your project. Our credit decision is based on the in-depth analysis and evaluation of all risks that are inherent in a transaction. Important factors to be looked at are the state of the property, location, investment profitability and tenant credit quality. Each property to be financed is appraised by our internal appraisers or by external specialists who are based in the region concerned and have to give evidence of their qualification and their experience with regard to the respective property type. The question as to whether a property can be used for multiple purposes and the cash flows from rental income are the most important parameters in our project analyses. We are only prepared to accept a loan transaction if our analysis comes to the conclusion that the project meets our high requirements for profitability and safety and that the risks are calculable over the long term.

The standard securities we require for providing a loan include a first-ranking mortgage over the property, the assignment of rental income and insurance proceeds and, in certain cases, additional securities to be agreed individually.

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"In the Spotlight: International Real Estate Projects"



Long Acre, London

In Central London, a few steps from the famous Covent Garden, Essen Hyp participates as a syndicate partner in the financing of an office building (total office area of 18,000 sqm), which will be fully restored by 2003. All offices will allow a flexible room shaping and design, thus meeting the needs of first-class companies with specific requirements.

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Thomas Link has been working as an attorney in the international real estate business for several years. Based on this expertise, he is tasked with the systematic project analysis and smooth handling of transactions. As Relationship Manager, he maintains close contact with customers and partners, as well as with external law firms and appraisers. In order to ensure a functioning workflow he acts as the intermediary between all parties involved in the loan process.



▷ **Thomas Link**

Rainer Polenz has been living and working in London for more than 20 years. In his function as the Head of Department of a German bank, he gained a deep understanding of the UK real estate market. Mr. Polenz now heads Essen Hyp's UK representative office. He is in charge of customer relations and product marketing, establishing and maintaining close contacts with the national and international banks that are active on the UK real estate market. In addition, he monitors the development of the projects in which Essen Hyp is involved.



▷ **Rainer Polenz**

If you require further information, please do not hesitate to contact us for specific and personalized advice:

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Your Partner in International Real Estate Financing

More than ever the key to success in national and international real estate financing is to find a syndicate partner who is able to make quick decisions and to develop and implement innovative financing strategies. A partner, such as Hypothekenbank in Essen AG.

Quick decision-making and efficiency are of paramount importance to us. This is why our International Real Estate Finance Department reports directly to our Board of Managing Directors, allowing us to reach a basic decision on any loan application within only a few days. Essen Hyp always exploits its full financial potential. When arranging syndicate transactions we pool the know-how of our financial experts, real estate specialists, treasurers and lawyers in order to quickly develop financing structures that are characterized by fair loan terms and a high degree of predictability.

This brochure gives you an overview of our business activities and financing terms. In line with current developments in the banking industry, our main objective is to increase our financing activities in Western Europe and North America. We stand out by making full use of our key competitive edge – quick decision-making.

Just rely on the facts – and on a trustworthy partner.

International Real Estate Financing – Our Organizational Structure

Essen Hyp international

The headquarters of Hypothekbank in Essen AG is located in Essen, in the very heart of the Ruhr area. Essen Hyp currently has representative offices in London, Paris and Brussels.

Essen Hyp's real estate financing activities – key figures

Far-sightedness is the basis of the success of Hypothekbank in Essen AG. With a balance sheet total of approx. €93bn as of December 31, 2005, we are one of the biggest German mortgage banks. The total volume of mortgage loans granted by Essen Hyp currently stands at more than €7.1bn. It is our objective to continuously increase and diversify our real estate portfolio.



Contact

Your contacts for any suggestions and queries relating to international real estate finance are either our local representative office or:

Thomas Link
Real Estate Finance – Marketing
Head of International Division
Director
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Fax: +49 201 8135-295
E-mail: thomas.link@essenhyp.com

Our Financing Strategy

Focus on selected markets

Our customers include leading institutional investors, as well as well-known real estate companies, developers and residential construction companies. Our preferred markets are major cities in the United Kingdom, Belgium, the Netherlands, Luxembourg, France, Spain, the United States and Canada.

Real estate projects with excellent prospects

Our main focus is on office buildings, multi-family projects, shopping malls and logistics centers, as well as on portfolios composed of these types of properties. In addition to this we finance first-class management properties, such as hotels run and guaranteed by leading international hotel companies.

Our preferred financing transactions

Above all we are looking for senior loans – as a rule, up to 80% of the market value in Europe and up to 75% in North America. Furthermore, our product range includes foreign-currency loans, mezzanine loans, junior loans, the refinancing of existing properties and bridge loans.

Basic terms and conditions

As a rule we offer loan terms of up to 15 years. Longer terms might be possible in exceptional cases. The cost of funds can be determined on the basis of fixed or floating interest rates, including additional features such as caps, floors or other rate-hedging instruments. We are also prepared to agree upon cost of funds on a forward basis. Repayment rates depend on the loan to value, the type of property and the loan term.

Loan security

Depending on the type of loan, we require standard security, such as a first or second mortgage, the assignment of rental income and insurance proceeds, the pledge of shares in the borrower or a cost overrun guarantee. This list is not exhaustive, which means that other types of security might have to be agreed for certain transactions.

Our covenants include:

- LTV below 80% (for the United States and Canada below 75%)
- IC of at least 115% (for the United States and Canada of at least 140%)
- DSC of at least 110% (for the United States and Canada of at least 120%)
- rate-hedging instruments in the case of variable interest rates
- property insurance as is customary in the country concerned (including the assignment of insurance proceeds to the financing credit institutions)
- sufficient authority to monitor the use of funds and influence decision-making, especially in the case of cash flow based SPV financings
- satisfactory information on the borrower and the property

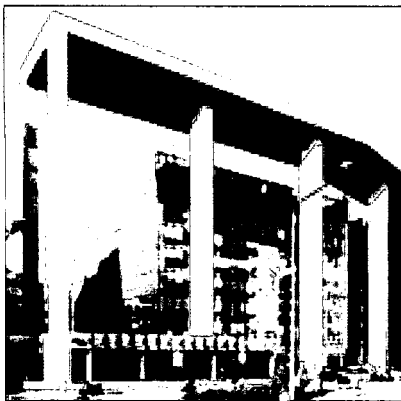
Essen Hyp acts as agent, (co-)arranger, (co-)underwriter or syndicate partner. We are permitted to underwrite up to €290m, which is the legal limit for large exposures applicable to our bank. The minimum participation amount we accept is €10m.

Our real estate financing activities and our bank in general are described in more detail further on. Additional information can be retrieved from our website www.essenhyp.com.

Syndicated Loans for Successful Real Estate Projects

Setting up loan syndicates in cooperation with partner banks, which aim to ensure the success of first-class real estate projects, is a key element in our work. Our bank is the perfect partner when it comes to finding joint solutions for large-volume financing transactions and developing innovative strategies to put ambitious projects into practice. Ensuring a high degree of risk diversification is, in every case, of paramount importance for us.

Establishing and maintaining fruitful and long-term business relationships is always our main objective. Our syndication staff report directly to the Board of Managing Directors, which ensures quick decision-making. This efficiency will help you to put your plans into practice without delay. Provided you are satisfied with our basic decision, just send us the documents required for making the final decision so that we can complete the due diligence process. You will then receive a binding offer within a period of time agreed with you.



Arcs de Seine, Paris, France

This office building, which was partly financed by Essen Hyp, is located south west of the city center of Paris. It was completed in 2001 and offers a total floor area of 45,151 sqm.

Far-sighted Financing Transactions

Our aim is to provide you with the specialist knowledge necessary to ensure the long-term success of your projects. The sustainable value of the property and its long-term risk profile are key determinants in our credit decision. This is why we thoroughly analyze each individual property and its tenants. This covers aspects such as the quality of the property, its location, investment profitability and the credit quality of the tenants. The question as to whether a property can be used for multiple purposes, together with the cash flows from rental income (including stress scenarios), are the most important parameters in our project analysis.

Additionally, each property to be financed is appraised by our in-house experts.

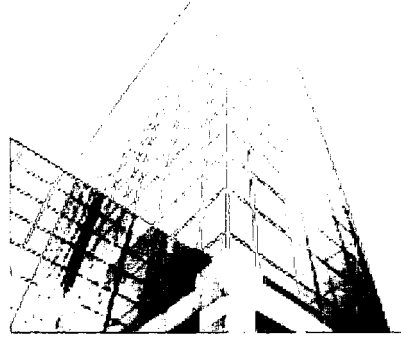
Rue Galliéni, Paris, France

Completed in 2001, this office building encompasses a total floor area of 10,208 sqm on 9 floors. Essen Hyp participated in the financing of this property as a syndicate partner.



Thomas More Square, London, England

This building complex, which was financed by Essen Hyp, is situated at St. Katharine Dock on the River Thames, thus benefiting from an excellent location between the City and Docklands. The property has a total office area of 44,500 sqm, retail units totaling 2,500 sqm and storage space totaling 2,500 sqm.



Hypothekbank in Essen AG

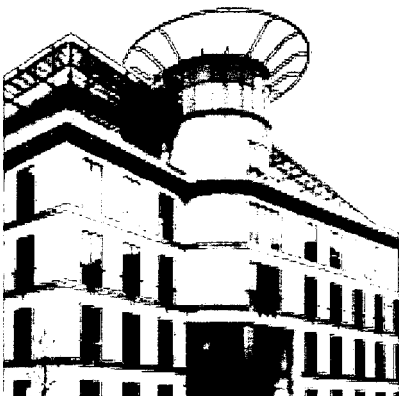
Far-sightedness is the basis for the success of Hypothekbank in Essen AG, whose core activities are public-sector and mortgage lending. Established as a specialist bank in 1986, Essen Hyp soon became one of the leading German mortgage banks. It is part of the business strategy of our bank to expand our national and international real estate financing activities.

With a balance sheet total of approx. €93bn as of December 31, 2005, Essen Hyp today ranks amongst the biggest German mortgage banks.

Thanks also to our benchmark Jumbo and Global *Pfandbrief* issues, the German *Pfandbrief*, our key funding instrument, has become an investment vehicle that is highly appreciated on the international capital markets. Today, the *Pfandbrief* market is one of the world's most important non-government bond markets.

The leading international rating agencies acknowledge the excellent quality of the *Pfandbriefe* issued by Hypothekbank in Essen AG. Our public-sector *Pfandbriefe* were given the best possible rating of AAA by Standard & Poor's and FitchRatings. Moody's also confirms the high level of safety of Essen Hyp's public-sector *Pfandbriefe* by awarding an Aaa rating. Our website www.essenhyp.com enables our investors to carry out their individual credit research of our bank.

Essen Hyp currently runs representative offices in London, Paris and Brussels.



Morrison Street, Edinburgh, Scotland

'The Exchange' is an up-and-coming office district in the center of Edinburgh. Here Essen Hyp participates in the financing of a state-of-the-art administrative building with a total office area of 50,000 sqm. The project was completed in 2001.

Milton & Shire, London, England

Built in 1996, this office building is located on the northern edge of the City of London. Essen Hyp arranged the financing of an effective floor area totaling 42,500 sqm, with offices accounting for 39,800 sqm of this figure.





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Success needs far-sightedness

Success needs far-sightedness - guided by this motto, Hypothekbank in Essen AG, which was founded in 1987, has become one of the leading mortgage banks in Germany within just one decade. The bank's business activities basically rest on two pillars: the granting of public-sector and mortgage loans. Our mortgage lending activities range from the extension of retail loans to finance detached or semi-detached houses or owned flats in Germany to the financing of large commercial properties on the domestic market, as well as abroad. To refinance these lending activities Essen Hyp is active on the national and international capital markets. In this context, one of our key objectives is to increase the popularity of our most important funding instrument, the Pfandbrief, with national and international investors. The fact that we have been awarded excellent ratings from the three leading rating agencies is just one proof of the quality of our work. Essen Hyp's most important shareholder is the Commerzbank AG.

You can find more detailed information on our bank, its management and its business activities on the following pages. Should you have any further questions please feel free to **contact** us and we will be happy to provide you with any information you require.

▷ 15 Years of Hypothekbank in Essen AG

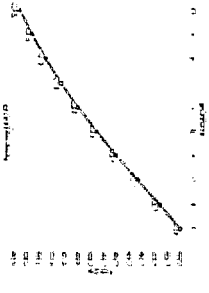
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Essen Hyp's Chief Economist Dirk Chlensch ranked as one of the top forecasters » [more](#)

Mortgage Pfandbrief rating upgraded

On December 12, 2005,

Moody's Investors Service

upgraded the rating of Essen

Hyp's mortgage Pfandbriefe

from Aa2 to Aa1.

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Essen Hyp rating upgraded from A- to A

On November 3, 2005

FitchRatings upgraded the

bank's credit ratings to long-

term A with stable outlook from A- and short-term F1 from F2.

» [more \(PDF\)](#)

Public-sector Pfandbrief rating upgraded

With effect from February 17, 2005 Moody's upgraded the rating of Essen Hyp's public-sector Pfandbriefe to Aaa. As a result Essen Hyp's public-sector Pfandbriefe are now rated triple A by all major rating agencies.

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Interest Rate Forecast Meeting

Economists and portfolio managers from all over Germany participate in these meetings and discuss the future interest rate and economic development.

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Corporate Governance Code of Hypothekenbank in Essen AG

The German Corporate Governance Code Commission set up by the German government, presented the German Corporate Governance Code on February 26, 2002. This Code of best practice describes key statutory provisions for the management and supervision of German listed companies and embodies internationally and nationally recognized standards for good and responsible governance. It is intended to make the German system of corporate governance transparent and understandable, and also to promote the trust of international and national investors, customers, employees and the general public in the management and supervision of listed companies.

The shares of Essen Hyp are not listed on a stock exchange. This is why certain legal requirements and stipulations set out in the German Corporate Governance Code, which are applicable to German listed companies, are not relevant to Essen Hyp

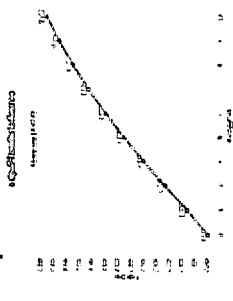
Nevertheless, and in view of maximum transparency, Essen Hyp expressly welcomes and supports the German Corporate Governance Code and the goals and objectives it pursues. The Corporate Governance Code of Essen Hyp complies with most of the requirements set out in the German Corporate Governance Code. Given that Essen Hyp's shares are not listed on a stock exchange and that the bank is thus not in a position to satisfy those requirements of the Code that are mandatory for listed companies, the bank does not expressly state which recommendations of the Corporate Governance Code are not complied with for this reason.

- ▷ [Declaration of Compliance with the German Corporate Governance Code \(PDF\)](#)
- ▷ [Corporate Governance Code of Hypothekenbank in Essen Aktiengesellschaft \(PDF\)](#)

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Interest Rate Forecast Meeting

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Declaration of Compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (*AktG*)

Preliminary remark: The shares of Hypothekbank in Essen Aktiengesellschaft (hereinafter also referred to as “Essen Hyp“ or the “bank“) are not listed on a stock exchange. At present, the Hypothekbank in Essen Aktiengesellschaft has only two shareholder groups: Commerzbank Aktiengesellschaft, with a majority stake, and the Schuppli Group holding the remaining shares. This explains why certain legal requirements and stipulations set out in the German Corporate Governance Code, which are applicable to German listed companies, are not relevant to Essen Hyp.

Nevertheless, Hypothekbank in Essen Aktiengesellschaft expressly welcomes and supports the German Corporate Governance Code and the goals and objectives it pursues. The Corporate Governance Code of Hypothekbank in Essen Aktiengesellschaft complies with the recommendations of the German Governance Code Commission, announced in the official section of the electronic Federal Gazette (*Bundesanzeiger*) on May 21, 2003, except for those restrictions which relate to the fact that Essen Hyp is not a German listed company and does not produce consolidated accounts, and except also for the following recommendations:

Pursuant to Section 2.3.2 the bank shall inform all domestic and foreign shareholders, shareholders' associations and financial services' providers, who, in the preceding 12 months, have requested such notification, of the convening of the General Meeting, and shall provide them with the convention documents upon request, also using electronic channels. The shares of Hypothekbank in Essen Aktiengesellschaft are not listed on a stock exchange. Hypothekbank in Essen Aktiengesellschaft has only two shareholder groups: the Commerzbank Aktiengesellschaft and the Schuppli Group. All shareholders are known to the bank. This is why Essen Hyp makes use of the simplifications as regards the invitation to and convening of General Meetings laid down in the German Stock Corporation Act (*AktG*). Thus, Essen Hyp does not announce its General Meetings externally, e.g. in the Federal Gazette (*Bundesanzeiger*), and, contrary to the provisions laid down in Section 2.3.1, the agenda and the reports and documents required for the General Meeting are not published on Essen Hyp's company website.

Given that both shareholders are represented in the Supervisory Board and in the Presiding Committee as the committee responsible for the employment contracts of the members of the Board of Managing Directors, the Supervisory Board does not discuss and review the structure of the Board's compensation system as laid down in Section 4.2.2.

Contrary to Section 4.2.4 the information and figures on the compensation of the members of the Board of Managing Directors are not individualized.

Pursuant to Section 5.3.2 the Supervisory Board shall set up an Audit Committee which, in particular, handles issues of accounting and risk management. Given that the Supervisory Board of Essen Hyp is composed of not more than 6 members, the Board refrained from setting up such an Audit Committee. Risk management issues are the responsibility of the Risk Committee of the Supervisory Board, which also deals with the bank's market, liquidity, credit, counterparty and operational risks, as well as with any other risks that do not belong to any of the mentioned risk categories. Issues relating to the annual audit are addressed by the Supervisory Board itself.

Due to our bank's shareholder structure we have refrained from specifying an age limit within the meaning of Section 5.4.1.

Contrary to Section 5.4.5 the information and figures on the compensation of the members of the Supervisory Board are not individualized.

Given that all shareholders carrying voting rights are directly or indirectly represented in the Supervisory Board, conflicts of interest are dealt with exclusively within the Supervisory Board in accordance with Section 5.5.2. Contrary to Section 5.5.3 the General Meeting is not informed about such conflicts of interest.

Given that no shares of Essen Hyp are in free flow or listed on a stock exchange, and that the bank does not have any stock option programs or comparable incentives in place, the provisions laid down in Sections 4.2.3, 6.6 and 7.1.3 of the German Corporate Governance Code are not relevant to Essen Hyp.

As long as Hypothekenbank in Essen Aktiengesellschaft compiles its Annual Accounts in accordance with the provisions of the German Commercial Code (*HGB*), it will not pass information to third parties by means of Annual Reports or Interim Reports compiled in accordance with the International Accounting Standards (*IAS*), as stipulated in Section 7.1.1. Apart from the Annual Accounts and Interim Reports, the two shareholder groups of the company receive additional information during the Supervisory Board meetings, so that the above reports are not the only source of information available to them.

Essen, March 17, 2005

The Board of Managing Directors

The Supervisory Board

1 Preamble

1.1 Implementation of the German Corporate Governance Code.

The German Corporate Governance Code Commission (the “Code Commission”) set up by the German government, presented the German Corporate Governance Code on February 26, 2002. This Code of best practice describes key statutory provisions for the management and supervision of German listed companies and embodies internationally and nationally recognized standards for good and responsible governance. It is intended to make the German system of corporate governance transparent and understandable, and also to promote the trust of international and national investors, customers, employees and the general public in the management and supervision of listed companies.

The German Corporate Governance Code contains the following three elements:

- a presentation of applicable law
- recommendations of the Code Commission regarding the management and supervision of companies
- suggestions

This Code of best practice, as amended on May 21, 2003, has been officially published by the Federal Ministry of Justice, and is complemented by a provision in the German Stock Corporation Act (*AktG*) pursuant to which the Board of Managing Directors and the Supervisory Board of listed stock corporations (*Aktiengesellschaften*) are required to declare every year whether these recommendations were complied with and which recommendations were not applied (the “comply-or-explain declaration”).

The shares of Hypothekenbank in Essen Aktiengesellschaft (hereinafter also referred to as “Essen Hyp“ or the “bank“) are not listed on a stock exchange. At present, Hypothekenbank in Essen Aktiengesellschaft has only two shareholder groups: Commerzbank Aktiengesellschaft, with a majority stake, and the Schuppli Group holding the remaining shares. This is why certain legal requirements and stipulations set out in the German Corporate Governance Code, which are applicable to German listed companies, are not relevant to Essen Hyp.

Nevertheless, Hypothekenbank in Essen Aktiengesellschaft expressly welcomes and supports the German Corporate Governance Code and the goals and objectives it pursues. The Corporate Governance Code of Hypothekenbank in Essen Aktiengesellschaft (hereinafter referred to as the “Code”) complies with the requirements set out in the German Corporate Governance Code, except from those restrictions which relate to the fact that Essen Hyp is not a German listed company and does not set up consolidated accounts.

The Code clarifies the rights of shareholders who provide Essen Hyp with the necessary equity capital and bear the entrepreneurial risk. At the same time, it presents the rules set out in the Articles of Association and the rules of procedure for the Supervisory Board and the Board of Managing Directors.

1.2 Board system of Hypothekbank in Essen Aktiengesellschaft

A dual board system is prescribed by law for Hypothekbank in Essen Aktiengesellschaft as a German stock corporation.

The Board of Managing Directors is responsible for managing the company. Its members are jointly accountable for the management of the company, whereby the individual members are responsible for the areas assigned to them within the framework of Board resolutions. The chairman of the Board of Managing Directors co-ordinates the work of the Board members. Subject to certain legal provisions, such as Section 15 of the German Banking Act (*KWG*), Board resolutions are passed with the majority of votes cast.

The Supervisory Board appoints, supervises and advises the members of the Board of Managing Directors and is directly involved in decisions of fundamental importance to the company. The chairman of the Supervisory Board co-ordinates the work of the Supervisory Board.

Two thirds of the members of the Supervisory Board are elected by the shareholders at the General Meeting. The two remaining members of the Supervisory Board are staff representatives who are elected by the bank's employees at a secret ballot. The chairman of the Supervisory Board is appointed by the Commerzbank Aktiengesellschaft, being the majority shareholder. His deputy is appointed by the minority shareholder. Subject to certain legal provisions, Supervisory Board resolutions are passed with the majority of votes cast. In the case of a tie – also at elections – the chairman of the meeting has the casting vote. Both, the representatives elected by the shareholders and the staff representatives are obliged to act in the company's best interests.

The company's accounting follows the 'true and fair view' principle and presents a view of the company's net assets, financial position and earnings situation that corresponds to the actual circumstances.

As a rule this Code will be reviewed and, if necessary, adjusted once a year in the light of national and international developments and changes within the company.

2 Shareholders and General Meeting

2.1 Shareholders

- 2.1.1 Shareholders exercise their rights at the General Meeting and vote there.
- 2.1.2 Each share carries one vote. There are no shares with multiple voting rights, preferential voting rights (golden shares) or maximum voting rights.

2.2 General Meeting

- 2.2.1 The Board of Managing Directors submits the Annual Financial Statements to the General Meeting. The General Meeting decides on the appropriation of profit and the discharge of the acts of the Board of Managing Directors and of the Supervisory Board. It also elects the shareholders' representatives to the Supervisory Board and the auditors.

Furthermore, the General Meeting decides on the Articles of Association, the object of the company, amendments to the Articles of Association and essential corporate measures such as, in particular, inter-company agreements and transformations and the issuance of new shares, convertible bonds, bonds with warrants and profit-sharing certificates, or it authorizes the Board of Managing Directors to issue them with the approval of the Supervisory Board. In addition, the General Meeting decides on the authorization to purchase own shares.

- 2.2.2 When new shares are issued, shareholders shall have a subscription right reflecting their respective share of the equity capital, unless the General Meeting decides otherwise.
- 2.2.3 Each shareholder is entitled to participate in the General Meeting, to take the floor on matters on the agenda and to submit materially relevant questions and proposals.
- 2.2.4 The chairman of the General Meeting shall ensure that the meeting runs smoothly.

2.3 Invitation to the General Meeting, Proxies

- 2.3.1 The Board of Managing Directors shall convene the General Meeting at least once a year, giving details of the agenda. A quorum of shareholders is entitled to require that a General Meeting be convened and the agenda extended. The Board of Managing Directors shall not only make available the reports and documents that are required by law for the General Meeting, including the Annual Report, during the meeting itself, but also send them to the shareholders on request.

- 2.3.2 The bank facilitates the personal exercising of shareholders' rights and also assists the shareholders in the use of proxies. The Board of Managing Directors arranges for the appointment of a representative to exercise shareholders' voting rights in accordance with their instructions.

3 Co-operation between the Board of Managing Directors and the Supervisory Board

- 3.1 The Board of Managing Directors and the Supervisory Board shall co-operate closely to the benefit of the company.
- 3.2 The Board of Managing Directors co-ordinates the bank's business strategy with the Supervisory Board and discusses the current state of strategy implementation with the Supervisory Board at regular intervals.
- 3.3 Pursuant to specific provisions set out in the Articles of Association, by the Supervisory Board and in the German Banking Act (*KWG*), transactions of fundamental importance require the approval of the Supervisory Board. These transactions include decisions or measures which fundamentally alter the company's asset, financial or earnings situation, as well as fundamental credit decisions.
- 3.4 Providing the Supervisory Board with sufficient information is the joint responsibility of the Board of Managing Directors and the Supervisory Board.

The Board of Managing Directors shall inform the Supervisory Board regularly, without delay and comprehensively, about all issues that are relevant to Essen Hyp with regard to planning, business development, the risk situation and risk management. The Board of Managing Directors reports on deviations of the actual plans from previously formulated targets, indicating the reasons for these deviations.

The Supervisory Board specifies the information and reporting duties of the Board of Managing Directors. The reports of the Board of Managing Directors to the Supervisory Board are, as a rule, to be submitted in writing. Documents required for decision-making such as, in particular, the Annual Financial Statements and the Auditors' Report are, to the extent possible, forwarded to the members of the Supervisory Board in due time prior to the meeting.

- 3.5 Good corporate governance requires an open dialogue between the Board of Managing Directors and the Supervisory Board, as well as amongst the members within the Board of Managing Directors and the Supervisory Board. The strict observance of confidentiality is of paramount importance for this.

All Board members shall ensure that the staff members they employ also comply with the obligation to maintain confidentiality.

- 3.6 As necessary, the Supervisory Board meets without the Board of Managing Directors.
- 3.7 In the event of a takeover bid, the Board of Managing Directors and the Supervisory Board of the bank as the target company must submit a statement of their reasoned position so that the shareholders can make an informed decision on the bid.

After the announcement of a takeover bid, the Board of Managing Directors may not take any actions outside the ordinary course of business that could prevent the success of the bid unless the Board of Managing Directors has been authorized by the General Meeting, or the Supervisory Board has given its approval. In making their decisions, the Board of Managing Directors and the Supervisory Board are obliged to act in the best interests of the shareholders and of the company.

- 3.8 The members of the Board of Managing Directors and the Supervisory Board shall comply with the rules of proper corporate management. If they violate the due care and diligence of a prudent and conscientious member of the Board of Managing Directors or the Supervisory Board, they are liable to the bank for damages.

The bank has taken out a directors' and officers' liability insurance (D&O insurance) policy for the Board of Managing Directors and the Supervisory Board, placed through the majority shareholder, the Commerzbank Aktiengesellschaft. A suitable deductible has been agreed for both the members of the Board of Managing Directors and the members of the Supervisory Board.

- 3.9 Pursuant to Section 15 of the German Banking Act (*KWG*) the extension of loans from the company to members of the Board of Managing Directors or the Supervisory Board or their relatives (spouses and children who are still minors) requires the unanimous approval of the Board of Managing Directors, as well as the prior consent of the Supervisory Board.
- 3.10 The Board of Managing Directors and the Supervisory Board shall report in each year's Annual Report on the company's Corporate Governance. This includes the explanation of possible deviations from the recommendations of the German Corporate Governance Code.

4 The Board of Managing Directors

4.1 Tasks and Responsibilities

- 4.1.1 The Board of Managing Directors is responsible for independently managing the company. In doing so, it is obliged to act in the company's best interests and undertakes to increase the sustainable value of the company.
- 4.1.2 The Board of Managing Directors develops the company's strategy, co-ordinates it with the Supervisory Board and ensures its implementation.

- 4.1.3 The Board of Managing Directors shall ensure that all provisions set out by law are complied with.
- 4.1.4 The Board of Managing Directors ensures appropriate risk management and risk controlling within the company.

4.2 Composition and Compensation

- 4.2.1 The Board of Managing Directors is composed of several persons and has a chairman. Rules of procedure, which require the approval of the Supervisory Board, govern co-operation within the Board of Managing Directors. The Board of Managing Directors co-operates on a basis of trust with the bank's other bodies and the employee representatives to the benefit of the company.
- 4.2.2 The compensation of the members of the Board of Managing Directors is fixed by the Presiding Committee of the Supervisory Board at an appropriate amount, based on a performance assessment. Criteria for determining the appropriateness of the compensation are, in particular, the tasks of the respective Board member, his personal performance, the performance of the Board of Managing Directors as a whole, the economic situation, and the performance and future prospects of the bank, taking into account its competitors.
- 4.2.3 The overall compensation of the members of the Board of Managing Directors is composed of a fixed salary and variable elements. The variable part of the compensation includes result- and performance-linked components and is based on the achievement of the bank's business success, the results of the business segments for which the respective Board member is responsible, and his individual performance. All compensation components must be appropriate, both individually and in total.
- 4.2.4 The compensation of the members of the Board of Managing Directors is reported in the Notes to the Annual Accounts, broken down into fixed salary and variable components, each in a single sum.

4.3 Conflicts of Interest

- 4.3.1 During their employment with Essen Hyp, the members of the Board of Managing Directors are subject to a comprehensive non-competition obligation.
- 4.3.2 In connection with their work, the members of the Board of Managing Directors and employees may neither demand nor accept from third parties payments or other benefits for themselves or for any other person, nor grant unlawful advantages to third parties.

- 4.3.3 The members of the Board of Managing Directors are bound by the company's best interests. No member of the Board of Managing Directors will pursue personal interests in his decisions, or use business opportunities intended for Essen Hyp for himself.
- 4.3.4 Each member of the Board of Managing Directors must disclose conflicts of interest to the Supervisory Board without delay and inform the other members of the Board of Managing Directors. All transactions between the company and the members of the Board of Managing Directors, persons they are closely related to or companies they have a personal association with must meet the standards that are customary in the sector. Important transactions require the approval of the Supervisory Board or the Committee responsible according to the rules of procedure of the Supervisory Board.
- 4.3.5 Sideline activities of the members of the Board of Managing Directors, especially Supervisory Board mandates outside the company, are subject to the approval of the Supervisory Board.

5 The Supervisory Board

5.1 Tasks and Responsibilities

- 5.1.1 The task of the Supervisory Board is to provide continuous advice to and to monitor the work of the Board of Managing Directors in the management of the company. The Supervisory Board must be involved in all decisions that are of fundamental importance to the company.
- 5.1.2 The Supervisory Board appoints and dismisses the members of the Board of Managing Directors. Together with the Board of Managing Directors, the Presiding Committee of the Supervisory Board ensures that there is long-term successor planning. The Supervisory Board has delegated the preparations for the appointment of members to the Board of Managing Directors to the Presiding Committee, which also lays down the conditions of the employment contracts, including compensation.

A re-appointment prior to one year before the end of the appointment period with a simultaneous termination of the current appointment may only take place under special circumstances. For members of the Board of Managing Directors there is a fixed age limit of 65 years.

- 5.1.3 The Supervisory Board has issued rules of procedure.

5.2 Tasks and Powers of the Chairman of the Supervisory Board

The chairman of the Supervisory Board co-ordinates the work within the Supervisory Board and chairs its meetings.

The chairman of the Supervisory Board also chairs the Presiding Committee which, inter alia, deals with the employment contracts of the members of the Board of Managing Directors.

The chairman of the Supervisory Board maintains close contact with the Board of Managing Directors, and with the chairman in particular, in order to discuss the strategy, business development and risk management of the company. The chairman of the Supervisory Board shall, without delay, be informed by the chairman of the Board of Managing Directors of any events material for the assessment of the company's situation and development, or for the management of the company. The chairman of the Supervisory Board shall then inform the Supervisory Board and, as necessary, convene an extraordinary meeting of the Supervisory Board.

5.3 Formation of Committees

- 5.3.1 Depending on the specific features of the company and the number of Supervisory Board members, the Supervisory Board has formed a Presiding Committee and a Risk Committee from within itself. These two committees serve to increase the efficiency of the Supervisory Board's work and deal with more complex issues. The chairman of each committee regularly reports to the Supervisory Board on the work of the respective committee.
- 5.3.2 The rules of procedure of the Supervisory Board provide for committees to make decisions in place of the Supervisory Board. The Presiding Committee prepares Supervisory Board meetings, at which personnel decisions are to be made.
- 5.3.3 The Supervisory Board can delegate other subjects to be handled by one or several committees. These subjects include the strategy of the company, the compensation of the members of the Board of Managing Directors, investments and financing.

5.4 Composition and Compensation

- 5.4.1 When submitting proposals for the election of Supervisory Board members, care shall be taken that the Supervisory Board, is, at all times, composed of members who, as a whole, have the required knowledge, ability and expertise to properly complete their tasks and are sufficiently independent. Furthermore, the international activities of the company and potential conflicts of interest are taken into account.

- 5.4.2 To ensure the Supervisory Board's independent advice and supervision of the Board of Managing Directors, not more than one former member of the Board of Managing Directors shall be a member of the Supervisory Board. Moreover, Supervisory Board members shall not hold directorships or similar positions with main competitors of the bank or provide any advisory services to them.
- 5.4.3 The members of the Supervisory Board shall ensure that they have sufficient time to perform their mandate. Members of the Board of Managing Directors of a listed company shall not accept more than five Supervisory Board mandates in non-group listed companies.
- 5.4.4 The election or re-election of all Supervisory Board members takes place at the same time, and as a rule for the longest admissible period of office. Elections to replace members are for the remaining period of office of a member of the Supervisory Board who resigns prematurely, or, if the resigning member's period of office was shorter than the regular period of office in accordance with sentence 1 of this Section, up to the end of the period of office of the other members of the Supervisory Board who have been appointed for the longest admissible period of office.
- 5.4.5 The compensation of the members of the Supervisory Board is specified in the Articles of Association. It is based upon the responsibilities and tasks of the members of the Supervisory Board, as well as the economic situation and performance of the company. Also taken into account are the holding of a chair or deputy chair position in the Supervisory Board, as well as the chairmanship and membership in any Supervisory Board committee.

The members of the Supervisory Board receive fixed as well as performance-related compensation. The latter is based upon the dividend payments to the bank's shareholders. .

The compensation of the members of the Supervisory Board is reported in the Notes to the Annual Accounts, broken down according to components, each in a single sum. Should, by way of exception, compensation be paid to the members of the Supervisory Board or advantages extended for services provided individually, in particular, advisory or agency services, these payments are shown separately in the Notes to the Annual Accounts.

- 5.4.6 If a member of the Supervisory Board has taken part in less than half of the meetings of the Supervisory Board in a financial year, this will be noted in the Report of the Supervisory Board.

5.5 Conflicts of Interest

- 5.5.1 All members of the Supervisory Board are bound to act in the company's best interests. No member of the Supervisory Board will pursue personal interests in his decisions, or use business opportunities intended for Essen Hyp for himself.

- 5.5.2 Each member of the Supervisory Board shall inform the chairman of the Supervisory Board of any conflicts of interest, especially those which may result from a consultant or directorship position with clients, suppliers, lenders or other business partners. If necessary, the chairman of the Supervisory Board will then have the Presiding Committee discuss the issue. The chairman of the Supervisory Board shall disclose his own conflicts of interest to the Supervisory Board or the Presiding Committee.
- 5.5.3 Material and not merely temporary conflicts of interest with respect to the person of a Supervisory Board member shall result in the termination of his mandate.
- 5.5.4 Advisory and other service agreements between a member of the Supervisory Board and the bank require the Supervisory Board's approval.

5.6 Examination of Efficiency

The Supervisory Board shall examine the efficiency of its activities on a regular basis.

6 Transparency

- 6.1 The Board of Managing Directors shall disclose without delay any new facts within the company's field of activity that are not known publicly if they are likely to substantially influence the price of the company's listed securities, due to their impact on the asset and financial situation or general business development.
- 6.2 As soon as the company becomes aware of the fact that an individual acquires, sells or by any other means exceeds or falls short of 5, 10, 25, 50 or 75% of the voting rights in the company, the Board of Managing Directors shall disclose this fact without delay.
- 6.3 The company's treatment of all shareholders in respect of information shall be the same. The company shall also disclose all new facts made known to financial analysts and similar addressees to its shareholders without delay.
- 6.4 The company shall use suitable communication media, such as the internet, to inform shareholders and investors in a prompt and uniform manner.
- 6.5 Any information which the company discloses abroad in compliance with applicable capital market law provisions will also be disclosed domestically without delay.
- 6.6 As part of the bank's regular information policy, the dates of its most important regular publications (including the Annual Report, Interim Reports, General Meeting) are published sufficiently in advance in a 'financial calendar'.
- 6.7 Any information on the company disclosed by Essen Hyp shall also be published on the bank's website. The website shall have a clear structure.

7.1 Reporting

7.1.1 Third parties receive their information through the Annual Financial Statements. During the financial year, they receive additional information in the form of interim reports that are published at the end of the second and third quarters. The Annual Financial Statements and Interim Reports are prepared according to national legislation, i.e. the provisions set out in the German Commercial Code (*HGB*), which also form the basis for taxation.

7.1.2 The Annual Financial Statements are prepared by the Board of Managing Directors and examined by the auditors and the Supervisory Board. The Annual Financial Statements shall be publicly accessible within 90 days of the end of the financial year; Interim Reports shall be publicly accessible within 45 days of the end of the reporting period.

7.1.3 The company publishes a list of third party companies in which it has a participating interest that is not of minor importance for the company. The trading portfolios of the bank, on which voting rights are not exercised, are disregarded in this context. In accordance with the German Commercial Code (*HGB*) the following information is provided in the bank's Annual Accounts: name and registered office of the company, the amount of the interest, the amount of equity and the operating result of the past financial year.

7.1.4 Notes on the relationships with shareholders who are considered 'related parties' pursuant to the applicable accounting regulations, shall be provided in the Annual Financial Statements.

7.2 Audit of the Annual Financial Statements

7.2.1 Prior to submitting a proposal for election, the Supervisory Board will obtain a statement from the proposed auditor stating whether, and where applicable, which professional, financial and other relationships exist between the auditor and its executive bodies and head auditors on the one hand, and the company and its Board members on the other hand, that could call its independence into question. This statement shall include the extent to which other services were performed for the company in the past year, especially in the field of consultancy, or which are contracted for the following year.

The Supervisory Board agrees with the auditor that the chairman of the Supervisory Board will be informed immediately of any grounds for disqualification or partiality occurring during the audit, unless such grounds are removed immediately.

7.2.2 The Supervisory Board shall commission the auditor to carry out the audit and conclude an agreement on the latter's fee.

- 7.2.3 The Supervisory Board shall arrange for the auditor to report on all facts and events of importance for the tasks of the Supervisory Board which arise during the performance of the audit.

The Supervisory Board shall arrange for the auditor to inform it and/or note in the Auditors' Report if, during the performance of the audit, the auditor comes across facts which show a misstatement by the Board of Managing Directors and Supervisory Board on the Corporate Governance Code.

- 7.2.4 The auditor takes part in the Supervisory Board's deliberations on the Annual Financial Statements and reports on the relevant results of the audit. He is available to answer the questions the members of the Supervisory Board may have.



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10 Successful Years in Retrospect

Figures in Euro 1987 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005

m, year-end balance *)

Claims outstanding:

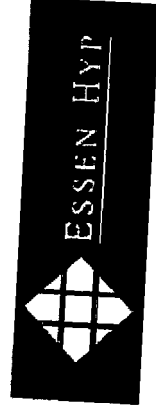
Mortgage loans	108	1,386	1,565	1,715	1,827	1,841	2,271	3,003	4,290	5,822	7,258	6,926
Public-sector loans	603	13,505	21,675	29,389	35,873	39,810	36,097	36,841	35,870	34,764	33,102	35,824
Bonds and notes (**)	31	2,142	1,022	2,689	5,918	10,701	16,493	24,349	24,286	25,179	30,588	39,855
Other claims	0	174	461	672	888	1,591	2,415	2,703	4,035	5,647	5,047	7,352

Bonds and notes issued:

Mortgage <i>Pfandbriefe</i>	39	977	1,176	1,219	1,087	1,078	1,272	1,305	1,884	2,703	4,173	4,250
Public-sector <i>Pfandbriefe</i>	819	14,160	21,438	30,077	38,684	48,379	47,015	54,519	50,738	51,477	52,571	60,972
Other bonds and notes / other liabilities	0	2,031	2,192	3,418	4,872	5,281	9,170	12,182	16,855	18,452	20,855	25,770

New lending commitments:

Mortgage loans	135	329	427	266	415	574	1,216	1,366	1,627	2,517	1,956	1,770
Public-sector loans	875	8,719	10,124	14,238	14,856	16,706	13,714	5,297	4,235	7,148	4,538	10,898
Bonds and notes (**)	31	1,547	1,306	2,907	4,518	6,771	12,494	16,632	12,420	8,016	10,541	16,156



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Board of Managing Directors

Hubert Schulte-Kemper, Marl, Chairman
 Michael Fröhner, Dortmund
 Burkhard Dallosch, Prague

Executive Vice Presidents

Hans-Jürgen Kröncke, Haltern
 Norbert Boddenberg, Essen

Trustees

Dieter Eberle, Lawyer, Essen
 Dr. rer. pol. Thomas Geer, Deputy, Essen
 Rolf Dahlmann, Deputy, Essen

Supervisory Board

Dr. Eric Strutz
 Chairman; Member of the Board of Managing Directors, Commerzbank AG, Frankfurt/Main

Erich Labs
 Hypothekenbank in Essen AG, Essen

Wolfgang Hartmann
 Member of the Board of Managing Directors,

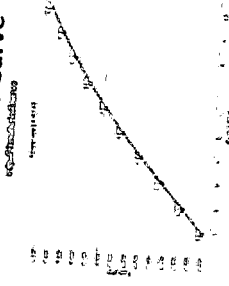
Dipl. oec. Berta Schuppli
 Deputy Chairman, Wiesbaden

Kurt Müller
 Hypothekenbank in Essen AG, Essen

Dr. Renate Krümmel
 Executive Vice President
 Group Strategy and Controlling,

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 Search: go

vdp-Pfandbrief Curve



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Credit Research

Last update
 April 2006
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Essen Hyp's Chief Economist Dirk Chlensch ranked as one of the top forecasters » [more](#)

Mortgage Pfandbrief rating upgraded

On December 12, 2005, Moody's Investors Service upgraded the rating of Essen Hyp's mortgage Pfandbriefe from Aa2 to Aa1.
 » [more](#)

Essen Hyp rating upgraded from A- to A

On November 3, 2005 FitchRatings upgraded the bank's credit ratings to long-

Commerzbank AG, Frankfurt/Main

Commerzbank AG, Frankfurt/Main

term A with stable outlook from A- and short-term F1 from F2.

» [more \(PDF\)](#)

Advisory Council

Dr. Axel Frhr. v. Ruedorffer
Chairman (since March 18, 2004);
Member of the Central Advisory
Board, Commerzbank AG,
Frankfurt/Main

Dr. Friedel Abel
Chairman of the Board of Managing
Directors, Hochtief Construction
AG, Essen

Public-sector Pfandbrief rating upgraded

With effect from February 17, 2005 Moody's upgraded the rating of Essen Hyp's public-sector Pfandbriefe to Aaa. As a result: Essen Hyp's public-sector Pfandbriefe are now rated triple A by all major rating agencies.

» [more \(PDF\)](#)

Harold Hörauf
Member of the Supervisory Board
HSBC Trinkaus & Burkhardt KGaA,
Düsseldorf

Dr. Hans-Joachim Jacob
Auditor, Munich

Prof. em. Dr. Paul Klemmer,
President of the Verband für
Wohnungswesen, Städtebau und
Raumordnung e.V., Berlin
† July 26, 2005

Uwe Kruschinski
Member of the Board of Managing
Directors, Bankgesellschaft Berlin
AG, Berlin

Economic and Interest Rate Outlook G3

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Hermann Marth
Chairman of the Board of Managing
Directors, RAG Immobilien AG,
Essen

Auxiliary Bishop Franz Grave
Episcopal Vicar for Universal
Church and Social Issues, Essen

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Eastern Europe - Much Ado
about Nothing! » [more](#)

Dr. Udo Scheffel
Chairman of the Management
Board of the Bayerische
Bau und Immobilien GmbH & Co.
KG, Munich

Dr. Wolfgang Schuppli
Lawyer, Wiesbaden

Interest Rate Forecast Meeting

Economists and portfolio
managers from all over
Germany participate in
these meetings and discuss
the future interest rate and
economic development.
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Priv. Doz. Dr. Ulf R. Siebel
Lawyer, Frankfurt/Main

Dr. Alfred Tacke
Chairman of the Board of Managing
Directors,
STEAG AG, Essen

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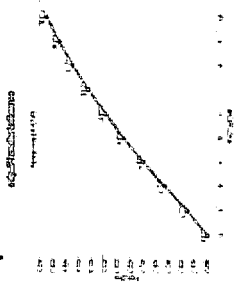
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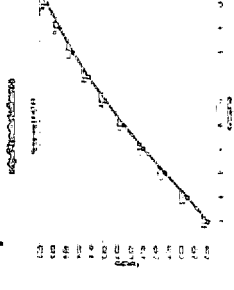
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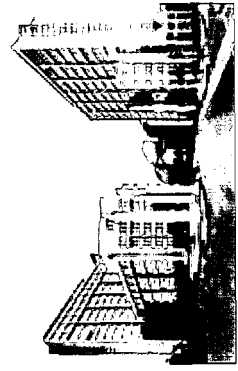


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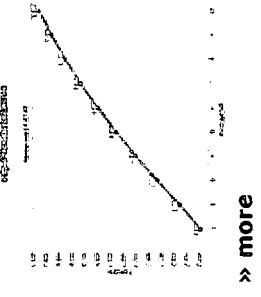
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Michael Fröhner
Burkhard Dallosch

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For this purpose, we have authorized and empowered Eurohypo AG to carry out any task relating to credit servicing on our behalf, even prior to loan approval. This authorization includes, in particular, the correspondence with notaries public, land registries, authorities and credit institutions, as well as the issuing of declarations in conjunction with our claims, legal charges and other securities.

Since July 2003 the STATER Deutschland GmbH & Co KG, Hochkreuzallee 1, 53175 Bonn, is also responsible for the credit service, i.e. the administration of loans.

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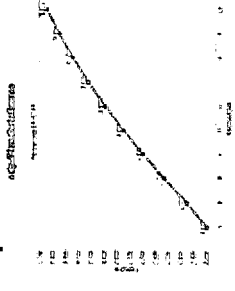
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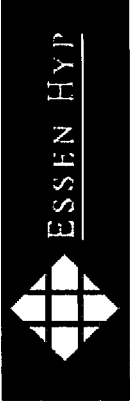
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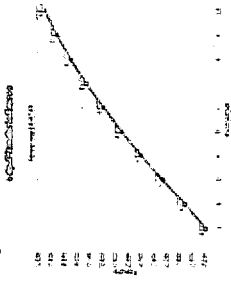
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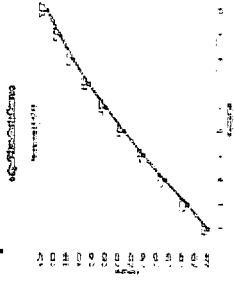
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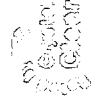
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- ▷ **10.02.2005, Stadshuset, Stockholm**
- ▷ **Impressions of our Annual Reception on March 17, 2005**
- ▷ **23.06.2004, John F. Kennedy Library, Boston**
- ▷ **21.06.2004, Mandarin Oriental, New York**
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- ▷ **26.01.2004, Hotel Principe di Savoia, Milano**
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- ▷ **28.11.2003, Grand Hôtel Intercontinental, Paris**
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4th Capital Market Conference June 15-16, 2005

The success story of our Capital Market Conferences continues

Over the years, the International Capital Market Conference of Hypothesenbank in Essen AG has become an internationally established forum for the German *Pfandbrief*. "It is a pleasure for us to continue our tradition of an open dialogue this year," emphasized Mr. Hubert Schulte-Kemper, Chairman of the Board of Managing Directors. The guest speech during the opening event was held by Gyula Horn, the former Prime Minister of the Republic of Hungary.

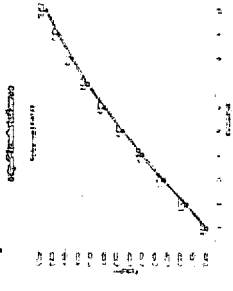
One key issue looked at during the conference was the new German *Pfandbrief* Act, which will come into effect in a few days. Since its foundation in 1987, Hypothesenbank in Essen AG has made a major contribution in establishing Jumbo and Global *Pfandbriefe* as an attractive investment – and in increasing their quality standards. Our success in this business segment made us one of the biggest private issuers worldwide.

Demand from international investors for covered bonds has kept increasing. This is why several countries now launch covered bonds that are modeled on the German *Pfandbrief*. Consequently, our discussions focused on developing joint strategies to preserve and strengthen the *Pfandbrief*'s position as an attractive investment, combining attractive yields and low risk. Other issues discussed during the conference include issuance conditions for covered bonds, true sales, structured *Pfandbriefe*, trends in public-private partnerships and the future competitiveness of Germany as an economic location. Capital market executives, analysts, investment specialists, experts and investors from all over the world took the opportunity to share their views on the international capital markets and global economic developments in several lectures and discussion panels. The opinion of the participants was unanimous: Essen Hyp's capital market conference is an event not to be missed by capital market players, and even the longest journey to Essen is worthwhile.

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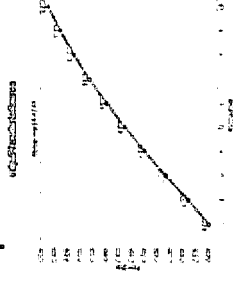
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▷ **Press Release of Hypothekenbank in Essen AG as of December 13, 2005. "Moody's upgraded the rating of Essen Hyp's mortgage Pfandbriefe from Aa2 to Aa1"**

▷ **Press Release "Essen Hyp captures the U.S. market with its new Pfandbrief" as of December 1, 2005**

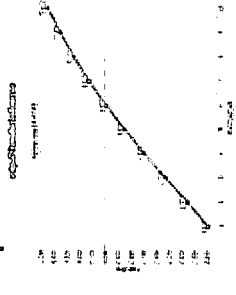
▷ **Press Release "FitchRatings upgrades Essen Hyp rating from A- to A" as of November 3, 2005**

▷ **Press Release "Interest Rate Experts Meet at Essen Hyp" as of November 2, 2005**

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On December 12, 2005, Moody's Investors Service upgraded the rating of Essen Hyp's mortgage Pfandbriefe from Aa2 to Aa1.
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On November 3, 2005 FitchRatings upgraded the bank's credit ratings to long-

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- ▷ [Press Release "World Economic Forum at Essen Hyp's Capital Market Conference" \(as of June 9, 2005 - PDF\)](#)
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- ▷ [Press Release "Interest Rate Forecast Meeting of Essen Hyp with Prof. Peter Bofinger" \(as of March 22, 2005 - PDF\)](#)
- ▷ [Press Release "Business results 2004" \(as of March 18, 2005 - PDF\)](#)
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- ▷ [Public-sector Pfandbrief rating upgraded \(as of February 17, 2005 - PDF\)](#)
- ▷ [Press Release "Essen Hyp and Dr. Helmut Kohl: Taking the Pfandbrief around the world" \(as of February 16, 2005 - PDF\)](#)
- ▷ [Press Release "Interest rates at an all-time low" \(as of February 9, 2005 - PDF\)](#)
- ▷ [Press Release "Hypothekbank in Essen AG continues to grow" \(as of](#)

term A with stable outlook from A- and short-term F1 from F2.
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Public-sector Pfandbrief rating upgraded

With effect from February 17, 2005 Moody's upgraded the rating of Essen Hyp's public-sector Pfandbriefe to Aaa. As a result Essen Hyp's public-sector Pfandbriefe are now rated triple A by all major rating agencies.
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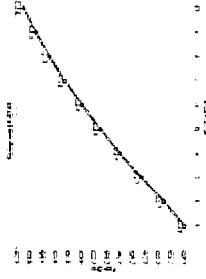
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