



HYPOTHEKENBANK IN ESSEN AG



06019000

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

Registered Letter / Advice of Delivery

Securities and Exchange Commission
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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	21.11.06

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

SUPPL

Dear Sir or Madam,

Please find enclosed the Interim Report as of September 30, 2006 (English and German version), the Press Release concerning the Business Results of Hypothekbank in Essen AG as of September 30, 2006 (English and German version), the Press Release "Essen Hyp made the breakthrough in the U.S. investor community" as of November 9, 2006 and the website as of October 31, 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,

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Hypothekbank in Essen
Aktiengesellschaft

Hypothekbank in Essen
Aktiengesellschaft
HRB (Register of Companies) 7083
Amtsgericht (Local Court) Essen

Supervisory Board:
Dr. Eric Strutz
(Chairman)

Board of Managing Directors:
Hubert Schulte-Kemper (Chairman)
Burkhard Dallosch, Michael Fröhner



HYPOTHEKENBANK IN ESSEN AG

November 14, 2006

**Press Release on the Interim Report as of
September 30, 2006**

The growth story continues – Essen Hyp on its way to become one of the top European Pfandbrief banks

Similar to the first half of the year, **new lending business in the capital market segment** kept increasing in the third quarter.

Until September 30, 2006 Essen Hyp took **loans and securities** totaling **€24.5bn** onto its books, a 37.6% increase compared to the same period in the previous year. At the same time, our **capital market loan portfolio** grew to **€76.7bn**, a €2.3bn increase compared to year-end 2005.

Turning to **real estate finance**, the total volume of **new lending commitments** was **€1.6bn** compared to €0.9bn in 2005. The increase can mainly be ascribed to the **favorable development of our home loan segment** and the **acquisition of a portfolio of home loans**.

In the period under review **Essen Hyp issued bonds totaling €36.5bn** (public-sector Pfandbriefe totaling €20.1bn, mortgage Pfandbriefe totaling €1.8bn and other bonds not requiring cover totaling €14.6bn), compared to €30bn in 2005.

Net interest income rose 7.1% to **€214.4m**.

Essen Hyp's **operating result before tax** rose 0.6% to **€125.3m**, while the bank's **balance sheet total** rose to **€95.3bn**.

“I am confident that we will again report excellent business results at the end of this year,” said Hubert Schulte-Kemper, Chairman of the Board of Managing Directors. “Accordingly, we will once again be amongst the top European Pfandbrief banks.”

Please see the **annex** for more detailed information. The complete interim report is available for download on our website:

<http://www.essenhyp.com/en/infopool/downloads.php>

Your contact for additional information:

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Annex: Complete Press Release

Capital Markets

New lending business: According to Hubert Schulte-Kemper Essen Hyp's **new lending business in the capital market segment kept increasing** in the third quarter. Until September 30, 2006 Essen Hyp took **loans and securities totaling €24.5bn** onto its books, a **37.6%** increase compared to the same period in the previous year.

Mr. Schulte-Kemper explained that one of the main driving forces behind the growth in new lending commitments were loans to foreign borrowers totaling €13bn (€7.2bn). Following the amendment of the Pfandbrief legislation, loans to borrowers in the EU are now, without exception, eligible to serve as Pfandbrief cover, which had a positive impact on Essen Hyp's activities in this segment. The share of loans to foreign borrowers in the total volume of new loans rose from some 40% in the previous year to now some 53%, which reflects the **increasing internationalization of Essen Hyp's lending business.**

Capital market transactions – loan portfolio: Mr. Schulte-Kemper reported that the total volume of Essen Hyp's **capital market loan portfolio** rose to

€76.7bn, a €2.3bn increase compared to year-end 2005.

In accordance with the overall increase in new loans, the share of loans to foreign borrowers rose by €4.4bn to €26.2bn (€21.8bn).

Real Estate Finance

New lending commitments: In the period under review Essen Hyp granted **new real estate loans totaling €1.6bn** compared to €0.9bn in the same period of the previous year. This increase mainly results from the **favorable development of our home loan segment** and the **acquisition of a portfolio of home loans.**

“Accordingly, the total volume of new home loans as of September 30, 2006 was €1.3bn compared to €0.2bn in the previous year,” Mr. Schulte-Kemper reported. He added that the total volume of new commercial loans in Germany came to €0.2bn and thus nearly maintained the previous year’s level of €0.3bn. New commercial lending commitments outside Germany totaled just €0.1bn, thus again dropping below the previous year’s level of €0.4bn. Mr. Schulte-Kemper emphasized that Essen Hyp has broadened its product range in order to reflect the changing market environment. In addition to traditional mortgage loans the bank now also offers loans that are not secured by mortgages, e.g. loans to investment trusts secured by

the assignment of claims for the reimbursement of expenses (*Aufwandsersatzansprüche*), as well as public-private partnership (PPP) financings.

Real estate loan portfolio: As of the reporting date, the total volume of Essen Hyp's real estate loan portfolio was €7.9bn (€7.1bn). "Whereas the total volume of home loans rose from €4.7bn as at year-end 2005 to €5.7bn at the end of the period under review, the total volume of commercial real estate loans decreased to €2.2bn compared to €2.4bn," Mr. Schulte-Kemper reported. This is mostly due to the repayment of foreign loans which tend to have shorter loan terms. These repayments could not be compensated for by new business.

Funding

“Essen Hyp placed bonds totaling €36.5bn in the period under review. Of this figure, public-sector Pfandbriefe accounted for €20.1bn, mortgage Pfandbriefe for €1.8bn and other bonds not requiring cover €14.6bn,” Hubert Schulte-Kemper reported. The increase in total issuance volume reflected both the expansion of our lending activities and the favorable capital market environment. Essen Hyp succeeded, for instance, in placing a 1-year public-sector Pfandbrief at 16 basis points below mid-swap.

Furthermore, Mr. Schulte-Kemper pointed out that Essen Hyp launched a Debt Issuance Program in Australian Dollars at the end of the third quarter. Under this program, Essen Hyp can issue both secured and unsecured bonds in Australia. The total issuance volume under the program is AUD 5 billion. Currency risk is ruled out through currency swaps. “Prior to launching the program we provided detailed information during a series of roadshows, which was one reason for the tremendous success,” Mr. Schulte-Kemper explained.

Earnings, assets and financial situation

Essen Hyp's **net interest income** stood at **€214.4m**, a 7.1% increase compared to the previous year.

Net commission income came to -€18.9m, compared to -€4.5m in the previous year. "The increase in commission expenses is mainly due to the increase in commission paid to our parent company for the brokerage of new home loans," Mr. Schulte-Kemper reported. "Commission paid for these loans is immediately recognized as expense, whereas the loans themselves will only lead to an increase in earnings in the subsequent years."

Taking these figures into account, net interest and commission income came to €195.5m compared to the €195.7m posted in the previous year.

The bank's operating result before provision for possible loan losses came to €168.5m, thus dropping slightly below the previous year's figure of €172.1m. Provision for possible loan losses decreased slightly from €49.4m to €43.2m.

In total, the bank's **operating result before tax** rose 0.6% to **€125.3m**.

Having filed the required notification, Essen Hyp became a trading book institution in August 2006 and is now allowed to carry out trading book activities, which allows the bank to respond to market changes within a short period of time. Mr. Schulte-Kemper

emphasized that the applicable market risk limits have remained unchanged.

As of September 30, 2006 Essen Hyp's balance sheet total was **€95.3bn**.

The total volume of risk assets in accordance with *Grundsatz I* was €11.1bn (€10.7bn). This corresponds to a total capital ratio of 11.1% (11%). The core capital ratio of 6.8% (6.5%) is in line with our target for the current financial year.

Outlook

In accordance with Essen Hyp's forecasts as of June 30, 2006 and in view of the current business and earnings performance, Mr. Schulte-Kemper remained confident that Essen Hyp will be able to generate a return on equity after tax of between 14.5% and 15% for the current financial year.

The complete interim report is available for download on our website:

<http://www.essenhyp.com/en/infopool/downloads.php>

Your contact for additional information:

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Figures from the balance sheet	Sep 30, 2006	Dec 31, 2005	Change
	in € m	in € m	
Balance sheet total	95,289	92,781	+2.7 %
Subscribed capital and reserves	749	699	+7.2 %
Profit-sharing certificates	293	293	0.0 %
Subordinated liabilities	310	290	+6.9 %
Claims			
Mortgage loans	7,775	6,926	+12.3 %
Public-sector loans	34,088	35,824	-4.9 %
Securities issued by other borrowers	43,818	39,855	+9.9 %
Other loans/other claims	6,842	7,352	-6.9 %
Liabilities			
to banks	11,110	20,394	-45.5 %
to customers	6,472	3,797	+70.5 %
Securitized liabilities	75,906	66,800	+13.6 %
Business performance and earnings			
	Sep 30, 2006	Sep 30, 2005	Change
	in € m	in € m	
New lending commitments			
Mortgage loans	1,576	850	+85.4 %
Public-sector loans	6,422	8,386	- 23.4 %
Securities issued by other borrowers	18,038	9,429	+91.3 %
Profit and loss account			
Net interest income	214.4	200.2	+7.1 %
Net interest and commission income	195.5	195.7	-0.1 %
General operating expenses	28.8	24.6	+17.1 %
Operating result before provision for possible loan losses	168.5	172.1	-2.1 %
Provision for possible loan losses	-43.2	-49.4	-12.6 %
Operating result	125.3	124.5	+0.6 %



14.11.2006

Pressemitteilung zum Zwischenbericht 30.09.2006

Aufschwung ungebrochen - Essen Hyp weiter auf Kurs in die Spitzengruppe der europäischen Pfandbriefbanken

Die **positive Neugeschäftsentwicklung im Kapitalmarktgeschäft** der Hypothekbank in Essen AG hat sich auch im 3. Quartal dieses Jahres weiter fortgesetzt.

Bis Ende September wurden **Darlehen und Wertpapiere** in Höhe von **€ 24,5 Mrd.** in die Bücher genommen. Das sind **37,6 %** mehr als im Vorjahreszeitraum. Gleichzeitig erhöhte sich der **Kapitalmarktbestand** im Vergleich zum 31.12.05 um **€ 2,3 Mrd. auf € 76,7 Mrd.**

Im **Immobilienfinanzierungsgeschäft** wurde ein **Neugeschäft** im Umfang von **€ 1,6 Mrd.** im Vergleich zu **€ 0,9 Mrd.** im Vorjahr zugesagt. Der Anstieg resultierte im Wesentlichen aus **erhöhten Neuabschlüssen im Privatkundensegment** sowie dem **Ankauf eines Immobilienfinanzierungsportfolios.**

Das **Gesamtemissionsvolumen von Schuldverschreibungen** betrug im Berichtszeitraum **€ 36,5 Mrd.** (€ 20,1 Mrd. öffentliche Pfandbriefe, € 1,8 Mrd. Hypothekendarlehen, € 14,6 Mrd. sonstige, nicht deckungspflichtige Schuldverschreibungen) im Vergleich zu **€ 30 Mrd.** in 2005.

Der **Zinsüberschuss** wurde um **7,1%** auf **€ 214,4 Mio.** gesteigert.

Insgesamt verbesserte sich das **Vorsteuerergebnis** um 0,6% auf **€ 125,3 Mio.** Die Bilanzsumme erhöhte sich auf **€ 95,3 Mrd.**

„Bis Ende des Jahres werden wir wieder ein sehr gutes Ergebnis erzielen“, äußerte sich der Vorstandsvorsitzende Hubert Schulte-Kemper zuversichtlich. Damit spielen wir weiterhin in der Spitzengruppe der europäischen Pfandbriefbanken mit.“

Weitere Informationen entnehmen Sie bitte der ausführlichen **Anlage**, den gesamten Zwischenbericht finden Sie unter <http://www.essenhyp.de/de/infopool/downloads.php>

Ihr Ansprechpartner für weitere Fragen:

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Anlage: Ausführliche Version

Geschäftsfeld Kapitalmarkt

Neugeschäft: Wie Hubert Schulte-Kemper betonte, habe sich die **positive Neugeschäftsentwicklung im Kapitalmarktgeschäft** der Hypothekenbank in Essen AG auch im 3. Quartal diesen Jahres weiter fortgesetzt. Bis Ende September seien **Darlehen und Wertpapiere** in Höhe von **€ 24,5 Mrd.** in die Bücher genommen worden. Das seien **37,6 %** mehr als im Vorjahreszeitraum.

Er merkte an, dass wesentlichen Anteil am Wachstum Ausleihungen an ausländische Adressen mit einem Neugeschäftsvolumen von **€ 13,0 Mrd. (€ 7,2 Mrd.)** hatten. Die uneingeschränkte Möglichkeit der Indeckungnahme von Adressen der Europäischen Union im Rahmen der Neuerungen im Pfandbriefgesetz habe sich dabei positiv auf die Geschäftsentwicklung ausgewirkt. Im Vergleich zum Vorjahr habe sich außerdem die Quote des Auslandsgeschäfts von rund **40%** auf nun rund **53%** erhöht, was die **fortschreitende Internationalisierung unseres Aktivgeschäfts** unterstreiche.

Kapitalmarktbestand: Schulte-Kemper betonte, dass der **Kapitalmarktbestand** sich im Vergleich zum 31.12.05 um **€ 2,3 Mrd.** auf **€ 76,7 Mrd.** erhöht habe.

Auch hier sei der Bestand an ausländischen Engagements – im Einklang mit der Neugeschäftsproduktion - im Berichtszeitraum um € 4,4 Mrd. auf 26,2 Mrd. (€ 21,8 Mrd.) angestiegen.

Geschäftsfeld Immobilienfinanzierungen

Neuzusagen: Im Immobilienfinanzierungsgeschäft wurde ein **Neugeschäft** im Umfang von **€ 1,6 Mrd.** im Vergleich zu € 0,9 Mrd. im Vorjahr zugesagt. Der Anstieg habe im Wesentlichen aus **erhöhten Neuabschlüssen im Privatkundensegment** sowie dem **Ankauf eines Immobilienfinanzierungsportfolios** resultiert.

„Insgesamt konnte im ersten Halbjahr ein Volumen an Finanzierungen von wohnwirtschaftlichen Objekten in Höhe von € 1,3 Mrd. (€ 0,2 Mrd.) zugesagt werden“, so Schulte-Kemper.

Er betonte, dass sich die inländischen gewerblichen Immobilienfinanzierungen mit € 0,2 Mrd. in etwa auf Vorjahresniveau (€ 0,3 Mrd.) bewegt hätten. Die ausländischen gewerblichen Finanzierungen mit Neuabschlüssen in Höhe von lediglich € 0,1 Mrd. (€ 0,4 Mrd.), hätten sich gegenüber dem Vorjahreszeitraum weiter rückläufig entwickelt.

Er wies darauf hin, dass die Produktpalette den Markterfordernissen entsprechend erweitert worden sei. Neben den Hypothekenfinanzierungen böte die

Essen Hyp nun auch nicht grundpfandrechtlich besicherte Darlehen (z. B. gegen Abtretung von Aufwandsersatzansprüchen bei Fondsfinanzierungen), sowie Finanzierungen im Rahmen von Public Private Partnerships (PPP) an.

Immobilienfinanzierungsbestand: „Der Gesamtbestand an Immobilienfinanzierungen belief sich zum Stichtag auf € 7,9 Mrd. (€ 7,1 Mrd.)“, berichtete Schulte-Kemper. „Im wohnwirtschaftlichen Segment konnten wir diesen aufgrund oben genannter Neugeschäfte gegenüber dem Jahresultimo 2005 auf € 5,7 Mrd. (€ 4,7 Mrd.) steigern.“ Rückläufig habe sich hingegen der Bestand an gewerblichen Immobilienfinanzierungen mit einem Volumen von € 2,2 Mrd. (€ 2,4 Mrd.) entwickelt. Grund hierfür seien Rückzahlungen von in der Regel kürzer laufenden ausländischen Immobilienfinanzierungen gewesen, die durch entsprechendes Neugeschäft nicht kompensiert worden seien.

Refinanzierung

„Das **Gesamtemissionsvolumen von Schuldverschreibungen** betrug im Berichtszeitraum **€ 36,5 Mrd.** (€ 20,1 Mrd. öffentliche Pfandbriefe, € 1,8 Mrd. Hypothekenpfandbriefe, € 14,6 Mrd. sonstige, nicht deckungspflichtige Schuldverschreibungen) im Vergleich zu € 30 Mrd. in 2005“, äußerte sich Hubert Schulte Kemper zufrieden.

Der Anstieg des Gesamtemissionsvolumens sei Folge der Ausweitung des Aktivgeschäfts sowie der sehr günstigen Refinanzierungsbedingungen der Bank. So sei es beispielsweise gelungen, einen öffentlichen Pfandbrief mit Laufzeit 1 Jahr mit einem Spread von -16 Basispunkten unter Midswap zu platzieren.

Herr Schulte-Kemper wies außerdem darauf hin, dass zum Ende des 3. Quartals ein Debt Issuance Program in australischen Dollar initiiert wurde, das sowohl die Emission unbesicherter als auch besicherter Schuldverschreibungen im australischen Markt erlaube. Volumen sei AUD 5,0 Mrd. Währungskurs-Risiken würden durch entsprechende Währungsswaps abgesichert. „Dieses Programm wurde vorab durch intensive Roadshow- Arbeit vorbereitet und führte unter anderem deshalb zu einem derart großen Erfolg“, so Schulte-Kemper.

Ertrags-, Vermögens- und Finanzlage

Der **Zinsüberschuss** konnte um 7,1% auf **€ 214,4 Mio.** gesteigert werden.

Das Provisionsergebnis betrug € -18,9 Mio. nach € -4,5 Mio. im Vorjahreszeitraum. „Die negative Entwicklung ist auf deutlich gestiegenen Provisionsaufwendungen an die Konzernmutter für die von ihr vermittelten Immobilienfinanzierungen zurückzuführen“, so Schulte-Kemper. „Die unmittelbar voll als Aufwand verbuchten Zahlungen führen in den Folgejahren zu entsprechenden Ertragsverbesserungen.“, erklärte er weiter. Insgesamt hat sich der Zins- und Provisionsüberschuss nur geringfügig von € 195,7 Mio. im Vorjahr auf € 195,5 Mio. per 30.09.2006 verschlechtert.

Das Betriebsergebnis vor Risikovorsorge sank leicht auf 168,5 Mio. (€ 172,1 Mio.).

Positiv entwickelte sich hingegen die Risikovorsorge, die von € 49,4 Mio. auf € 43,2 Mio. verringert werden konnte.

Insgesamt habe sich das **Vorsteuerergebnis** um 0,6% auf **€ 125,3 Mio.** verbessert.

Mit der Erklärung zum Handelsbuchinstitut im August des Jahres ist es der Essen Hyp möglich, kurzfristig auf Marktschwankungen zu reagieren. Herr Schulte-Kemper betonte, dass die Eingehung von

Handelsbuchpositionen ohne Ausweitung des Limitrahmens für Marktrisiken erfolgt.

Per 30.09.2006 erhöhte sich die Bilanzsumme der Essen Hyp auf **€ 95,3 Mrd.**

Das Volumen der Risikoaktiva erreichte gemäß Grundsatz I zum Stichtag € 11,1 Mrd. (€ 10,7 Mrd.) , was einer Eigenkapitalquote im Grundsatz I von 11,1 % (11,0 %) entspricht. Die Kernkapitalquote in Höhe von 6,8 % (6,5 %) bewegte sich innerhalb des diesjährigen Zielkorridors.

Ausblick

Der Vorstandsvorsitzende Schulte-Kemper äußerte sich zuversichtlich, dass entsprechend der Prognose zum Halbjahr 2006 aufgrund der bisherigen Geschäfts- und Ertragsentwicklung unverändert davon auszugehen sei, dass im Berichtsjahr eine Nachsteuerrendite von 14,5 % bis 15,0 % erreicht werden könne.

Den gesamten Zwischenbericht finden Sie unter <http://www.essenhyp.de/de/infopool/downloads.php>

Ihr Ansprechpartner für weitere Fragen:

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Zahlen aus der Bilanz	30.09.2006	31.12.2005	Veränderung
	Mio. €	Mio. €	
Bilanzsumme	95.289	92.781	+2,7 %
eingezahltes Kapital und Rücklagen	749	699	+7,2 %
Genussrechte	293	293	0,0 %
nachrangige Verbindlichkeiten	310	290	+6,9 %
<u>Forderungen</u>			
Hypothekendarlehen	7.775	6.926	+12,3 %
Kommunalkredite	34.088	35.824	-4,9 %
fremde Wertpapiere	43.818	39.855	+9,9 %
andere Forderungen	6.842	7.352	-6,9 %
<u>Verbindlichkeiten</u>			
gegenüber Kreditinstituten	11.110	20.394	-45,5 %
gegenüber Kunden	6.472	3.797	+70,5 %
verbriefte Verbindlichkeiten	75.906	66.800	+13,6 %
Geschäftsentwicklung und Ertragslage	30.09.2006	30.09.2005	Veränderung
	Mio. €	Mio. €	
Neugeschäft			
Hypothekendarlehen	1.576	850	+85,4 %
Kommunalkredite	6.422	8.386	- 23,4 %
fremde Wertpapiere	18.038	9.429	+91,3 %
Gewinn- und Verlustrechnung			
Zinsüberschuss	214,4	200,2	+7,1 %
Zins-und Provisionsüberschuss	195,5	195,7	-0,1 %
Verwaltungsaufwendungen	28,8	24,6	+17,1 %
Betriebsergebnis vor Risikovorsorge	168,5	172,1	-2,1 %
Risikovorsorge	-43,2	-49,4	-12,6 %
Betriebsergebnis	125,3	124,5	+0,6 %



HYPOTHEKENBANK IN ESSEN AG

November 9, 2006

Press Release

Essen Hyp made the breakthrough in the U.S. investor community

Essen Hyp successfully launched a USD benchmark issue, 56% of which was placed in the United States. "This extraordinarily high percentage is another milestone in our internationalization strategy," said Mr. Hubert Schulte-Kemper, Chairman of the Board of Managing Directors of Hypothekbank in Essen AG.

This benchmark bond, issued as a **public-sector Pfandbrief** in accordance with **Rule 144A**, has a coupon of **5%**. **Total issuance volume** is **USD 1.25 billion**, with the Pfandbrief maturing on **January 20, 2012**. The **re-offer price** is **99.903%**, i.e. **40 bp above 5-year U.S. Treasuries**. The Pfandbrief was rated **AAA** by the three major rating agencies. **56%**, i.e. more than half of the total issuance volume, was placed in the United States, followed by Asia (**27%**). A breakdown of the total issuance volume by sector shows that central banks account for **38%**, insurance companies for **15%** and investment trusts for **24%**.

The lead managers were Dresdner Bank AG, Goldman Sachs and Bear Stearns.

Targeted roadshows in the United States and Asia prior to issuing the Pfandbrief paved the way for the successful placement.

In future, Essen Hyp plans to issue a USD benchmark bond once every year. The aim is to establish a credit curve in USD and to win new investors.

This USD benchmark bond is Essen Hyp's second bond of this type. As early as in December 2005, Essen Hyp launched a USD benchmark bond, 34% of which was placed in the United States at that time.

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09.11.2006

Pressemitteilung

Essen Hyp erreicht Durchbruch bei US Investoren

Der Essen Hyp gelang eine erfolgreiche USD-Benchmark-Transaktion. Der Anteil der Platzierung in den USA lag bei 56%. „Dieser außergewöhnlich hohe Anteil ist ein weiterer Meilenstein im Zuge unserer Internationalisierungsstrategie“, so Hubert Schulte-Kemper, Vorsitzender des Vorstandes der Essen Hyp.

Bei der Emission handelte es sich um einen 5%igen öffentlichen Pfandbrief unter **Rule 144 A**. Das **Emissionsvolumen** beträgt **USD 1,25 Mrd.**, **Fälligkeit** ist der **20.01.2012**. Der **Reoffer-Preis** liegt bei **99,903%** und damit **+40 Basispunkte über fünfjährigen US Treasuries**. Gerated ist der Pfandbrief von allen drei Agenturen mit **AAA**. Die Platzierung erfolgte zum größten Teil in den **USA (56%)** und **Asien (27%)**. Die Verteilung nach Sektoren erfolgte hauptsächlich in den Bereichen **Zentralbanken (38%)**, **Versicherungen (15%)** und **Fondsgesellschaften (24%)**.

Leadmanager waren **Dresdner Bank AG**, **Goldman Sachs** und **Bear Stearns**.

Erreicht wurde dieser Erfolg durch eine vorangegangene intensive Roadshowarbeit in den **USA** und **Asien**.

Zukünftig plant die Essen Hyp einmal jährlich eine **USD-Benchmark-Anleihe** zu begeben. Ziel soll es sein eine **Kreditkurve in USD** aufzubauen und **neue Investoren** zu generieren.

Bei der jetzigen **USD-Benchmark-Anleihe** handelt es sich um die **2. Emission**. Bereits im **Dezember 2005** konnte die Essen Hyp mit einer **USD-Benchmark-Anleihe** einen Anteil von damals **34%** in den **USA** platzieren.

Ihr Ansprechpartner für weitere Fragen:

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The English version of our Interim Report as of September 30, 2006 is now available.

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- > [Press Release of Hypothekebank in Essen AG on the Interim Report as of September 30, 2006](#)
- > [Press Release of Hypothekebank in Essen AG as of November 09, 2006 "Essen Hyp made the breakthrough in the U.S. investor community"](#)
- > [Press Release of Hypothekebank in Essen AG as of October 17, 2006 "Essen Hyp goes down under"](#)

Hypothekebank in Essen AG Long-Term Ratings Raised to "A-"; Outlook Stable

On June 1, 2006, Standard & Poor's Ratings Services raised its long-term counterparty credit ratings on Hypothekebank In Essen AG (Essen Hyp) to "A-" from "BBB+". The "A-2" short-term ratings were affirmed. The outlook is stable.

- > [S&P Bank Credit Report as of June 1, 2006 \(PDF\)](#)

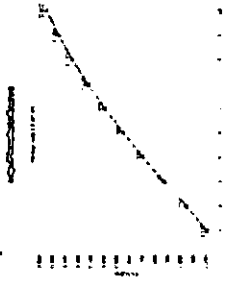
International Real Estate Finance: Europe and North America



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

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vdp-Pfandbrief Curve



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Sec 28 PfandBG

Last update: Sep 2006
>> [more](#)

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Ratings public-sector Pfandbriefe mortgage Pfandbriefe

S&P	AAA	-
Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA

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>> [more](#)

banking partners who are familiar with the highly complex real estate business.
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[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)

Current Financial and Economic Topics

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» **more**

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[Home](#)

Investor Relations

- [Ratings and Analyses](#)
- [Interest Rate Forecast G3](#)
- [Interest Rate Forecast Meeting](#)
- [Current Financial Topics](#)
- [Presentation](#)
- [Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Investor Relations

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" *Pfandbrief*, 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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Search:

vdp-Pfandbrief Curve



[» more](#)

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Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006 [» more](#)

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

Ratings	public-sector Pfandbriefe	mortgage Pfandbriefe
S&P	AAA	A
Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA
» more		

Economic and Interest Rate Outlook G3
[» more](#)

**Current Financial and
Economic Topics**

Eurozone: bumpy road ahead!
» **more**

**Interest Rate Forecast
Meeting**

Economists and portfolio
managers from all over
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the future interest rate and
economic development.
» **more**



[Home](#)

Investor Relations

- » [Ratings and Analyses](#)
- [Interest Rate Forecast G3](#)
- [Interest Rate Forecast Meeting](#)
- [Current Financial Topics Presentation](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Investor Relations

Ratings and Analyses (as of: June 1, 2006)

Ratings	S & P	Moody's	Fitch Ratings
<i>Pfandbriefe</i>			
- public-sector	AAA	Aaa	AAA
- mortgage	not rated	Aa1	AAA
Long-term counterparty rating	A- (outlook stable)	A2 (outlook stable)	A (outlook stable)
Short-term counterparty rating	A-2	P-1	F1
Notes issued under the Debt Issuance Program			
- Senior Unsecured Debt	A-	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** [Bank Credit Report as of June 1, 2006 and Research update as of July 12, 2005 and Rating analysis as of Aug 31, 2004.](#)
- > **Moody's** [Rating Analysis as of June 2006 and Press Release as of December 13, 2005.](#)
- > **Fitch Ratings** [Rating Analysis as of November 3, 2005](#)

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[Home](#)

Investor Relations

[Ratings and Analyses](#)

» [Interest Rate Forecast G3](#)

[Interest Rate Forecast Meeting](#)

[Current Financial Topics Presentation](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Investor relations

[Interest Rate Forecast G3](#)

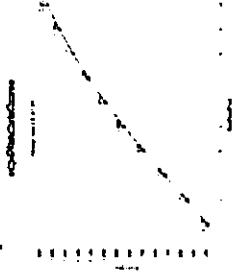
Economic and Interest Rate Outlook G3 for the United States, Euro Area, Japan May 2006

My optimistic forecasts for the United States have once again proved true. The U.S. economy grew at a robust rate of 3.5% in the past year, in accordance with my expectations. My forecast that the Federal Reserve would raise its fed funds target rate without a pause up to 5.0% has already proved true as well. Special contentment after the long period of false bond yield forecasts, however, comes from the fact that U.S. long-term interest rates finally changed their direction upwards, as forecast by me. In my opinion, firstly this is mainly due to the market participants' declining doubts on the sustainability of the U.S. upswing. Secondly, the enticement for Japanese investors to search for yields in the U.S. inclined in the light of increased Japanese long-term interest rates. » [more \(PDF\)](#)

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)

Search:

vdp-Pfandbrief Curve



» [more](#)

Credit Research

Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006 » [more](#)

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Ratings [public-sector Pfandbriefe](#) [mortgage Pfandbriefe](#)

S&P	AAA	-
Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA

» [more](#)

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**Current Financial and
Economic Topics**

Eurozone: bumpy road ahead!
» **more**

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Meeting**

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economic development.
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- [Home](#)
- [Investor Relations](#)
- [Credit Research](#)
- [Bonds & Notes](#)
- [Financial Reports](#)
- [International Real Estate Finance](#)
- [Company](#)
- [Info Pool / Press](#)
- [Contact](#)

Interest Rate Forecast Meeting on September 7, 2006

Results of the consensus survey

Forecast for the ECB main refi rate
Status as of September 07, 2006: 3.00%

	3rd quarter of 2006	4th quarter of 2006	1st quarter of 2007	2nd quarter of 2007	3rd quarter of 2007
Consensus Forecast	3.00%	3.50%	3.50%	3.50%	3.50%
Highest Forecast	3.25%	3.50%	3.75%	4.00%	4.00%
Lowest Forecast	3.00%	3.25%	3.25%	3.00%	3.00%

as of Quarter-end

Forecast for the 10-year Pfandbrief yields
Status as of September 07, 2006: 4.05%

	3rd quarter of 2006	4th quarter of 2006	1st quarter of 2007	2nd quarter of 2007	3rd quarter of 2007
Consensus Forecast	4.00%	4.00%	4.00%	4.00%	4.05%
Highest Forecast	4.20%	4.40%	4.60%	4.65%	4.65%
Lowest Forecast	3.80%	3.70%	3.50%	3.50%	3.50%

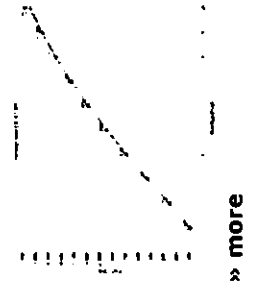
as of Quarter-end

Participants:

Thomas Homm, Bank im Bistum Essen, Essen

Search:

vdp-Pfandbrief Curve



[» more](#)

Credit Research

Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006
[» more](#)

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

Ratings	public-sector Pfandbriefe	mortgage Pfandbriefe
S&P	AAA	-
Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA

[» more](#)

Economic and Interest Rate Outlook G3
[» more](#)

Bernd Bäume, Bankhaus Lampe, Düsseldorf
Erhard Rossig, Bergbau-Berufsgenossenschaft, Bochum
Peter Wirth, Deutsche Apotheker- und Ärztebank, Düsseldorf
Mario Kalupa, Gallinat-Bank AG, Essen
Dr. Katja Rietzler, Institut für Makroökonomie und Konjunkturforschung, Düsseldorf
Dirk Chlench, Hypothekenbank in Essen AG, Essen
Sandra Petcov, Lehman Brothers International, London
Gernot Griebling, Landesbank Baden-Württemberg, Stuttgart
Eugen Keller, Bankhaus Metzler, Frankfurt am Main
Ekkehard Link, National-Bank AG, Essen
Dirk Hüttemann, Volksbank Marl-Recklinghausen, Marl
Timo Klein, Global Insight (Deutschland) GmbH, Frankfurt am Main
Dr. Harald Loy, Deutsche Bundesbank, Düsseldorf
Dieter Thomaschowski, IRIC GmbH, Erkrath
Dr. Frank Brocks, Hypothekenbank in Essen AG, Essen
Dirk Schoppmeier, Sparkasse Essen, Essen
Jan Bottermann, National-Bank AG, Essen
Jens Remmers, Hypothekenbank in Essen AG, Essen
Peter Hohlfeld, Institut für Makroökonomie und Konjunkturforschung, Düsseldorf
Daniel Hupfer, M.M. Warburg & Co. KGaA, Hamburg
Raimund Bitter, Hypothekenbank in Essen AG, Essen
Dr. Gunar Lietz, IKB Deutsche Industriebank AG, Düsseldorf
Lothar Heßler, HSBC Trinkaus & Burkhardt KGaA, Düsseldorf
Birgit Figge, DZ Bank AG, Frankfurt am Main
Martin Hofbauer, Hypothekenbank in Essen AG, Essen

Current Financial and Economic Topics

Eurozone: bumpy road ahead!
» **more**

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» **more**

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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[Home](#)

Investor Relations

[Ratings and Analyses](#)

[Interest Rate Forecast G3](#)

» [Interest Rate Forecast Meeting](#)

[Current Financial Topics](#)

[Presentation](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Investor Relations

[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:

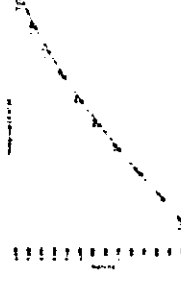
Dirk.Chlench@essenhyp.com

- > [Forecast meeting Sep 7, 2006](#)
- > [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](#)

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)

Search:

vdp-Pfandbrief Curve



» [more](#)

Credit Research

Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006
» [more](#)

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

Ratings	public-sector Pfandbriefe	mortgage Pfandbriefe
S&P	AAA	-
Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA
» more		

Economic and Interest Rate Outlook G3
» [more](#)

**Current Financial and
Economic Topics**

Eurozone: bumpy road ahead!
» [more](#)

**Interest Rate Forecast
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managers from all over
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the future interest rate and
economic development.
» [more](#)



[Home](#)

Investor Relations

- [Ratings and Analyses](#)
- [Interest Rate Forecast G3](#)
- [Interest Rate Forecast Meeting](#)
- » [Current Financial Topics Presentation](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Investor Relations

Current Financial and Economic Topics

This is where we publish our thoughts on current economic and financial topics. We monitor economic and financial developments in the USA, the euro area and Japan. If you are interested in receiving our articles automatically, please send us an e-mail and we will add your name to our mailing list.

Articles in 2006

» **Euro Area: bumpy road ahead!** July 2006

Articles in 2005

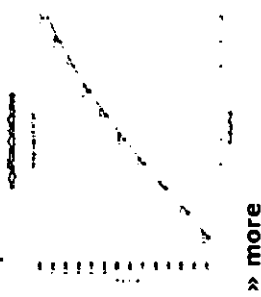
- » **Germany: Job Relocation to Eastern Europe - Much Ado about Nothing!** May 2005
- » **Germany: Will structural reforms push Germany into deflation?** January/February 2005

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
- » **Germany: Are economists now too bearish about Germany?** May/June 2004
- » **Japan: Third Time Lucky!** March/April 2004
- » **US-Dollar: It's the economy - stupid!** January/February 2004

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Credit Research

Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006
» more

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S&P AAA -

Moody's Aaa Aa1

Fitch Ratings AAA AAA

» more

Economic and Interest Rate Outlook G3

» more

Articles in 2003

- > **Rare Gems** November/December 2003
- > **Japan hands the wooden spoon to Germany!** September/October 2003
- > **World: A global economic upturn is underway!** July/August 2003
- > **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

- > **USA: The last ray of hope for the world economy** November/December, 2002
- > **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

- > **World: Will the New Economy Continue?** November/December 2001
- > **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

- Current Financial and Economic Topics**
- Eurozone: bumpy road ahead!
- >> **more**
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- >> **more**

- > **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
- > **Germany: Is a spread widening of credit products, as in the USA, a real danger for the German bond market?** May/June 2000
- > **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
- > **Euro Area: Real 3-month interest rates** March 1999
- > **USA: Personal savings rate** February 1999

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

Investor Relations

[Ratings and Analyses](#)
[Interest Rate Forecast G3](#)
[Interest Rate Forecast Meeting](#)
[Current Financial Topics](#)
 » [Presentation](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Investor relations

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**.

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)

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» [more](#)

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Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006

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Ratings	public-sector Pfandbriefe	mortgage Pfandbriefe
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Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA
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Economic and Interest Rate Outlook G3
 » [more](#)

**Current Financial and
Economic Topics**

Eurozone: bumpy road ahead!
» **more**

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- [Home](#)
- [Investor Relations](#)
- [Credit Research](#)**
- [Bonds & Notes](#)
- [Financial Reports](#)
- [International Real Estate](#)
- [Finance](#)
- [Company](#)
- [Info Pool / Press](#)
- [Contact](#)

Credit Research

Overview

- Pfandbrief Act**
- > [Sec. 28 \(1\) \(1-3\) PfandBG](#)
- > [Sec. 28 \(2\) \(1a\) PfandBG](#)
- > [Sec. 28 \(2\) \(1b,c\) PfandBG](#)
- > [Sec. 28 \(2\) \(2\) PfandBG](#)
- > [Sec. 28 \(3\) \(1\) PfandBG](#)
- > [Sec. 28 \(3\) \(2\) PfandBG](#)
- > [Archive](#)

- Public-sector Loans**
- Breakdown of public-sector cover pool**
- > [by rating](#)
- > [by borrowers and regions](#)
- > [by countries](#)
- > [by risk weighting](#)

- Cover pool at market value**
- > [Development/ Stress scenario](#)
- > [Surplus cover](#)
- Breakdown of new lending commitments**
- > [by rating](#)
- > [by borrowers and regions](#)
- > [by countries](#)
- > [by risk weighting](#)

- Risk Management**
- > [Risk Report](#)
- > [Value at risk](#)
- > [Worst case scenario](#)
- > [Grundsatz I](#)

- Code of Conduct**
- > [Outline](#)
- Non-cover Loans**
- Breakdown of non-cover loans (public-sector)**
- > [by rating](#)
- > [by borrowers](#)
- > [by countries](#)
- > [by risk weighting](#)

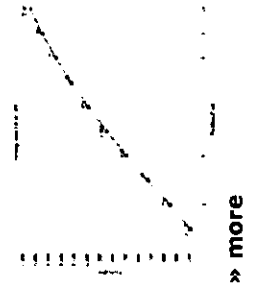
- Breakdown of new lending commitments (public-sector)**
- > [by rating](#)
- > [by borrowers](#)
- > [by countries](#)
- > [by risk weighting](#)

- Mortgage Loans**
- Breakdown of mortgage portfolio**
- > [Domestic loans by type of property, region and LTV](#)
- > [Foreign loans by type of property, country and LTV](#)
- Cover pool at market value**
- > [Development/ Stress scenario](#)
- > [Surplus cover](#)

- Breakdown of non-cover loans**
- > [Loans with a LTV > 60%](#)

Search:

vdp-Pfandbrief Curve



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Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006 > [more](#)

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Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA

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> **Grundsatz II**

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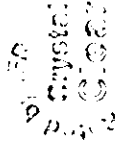
> **Counterparty ratings**
> **Yield curve distribution**

Ratings

> **Overview of ratings**

Breakdown of new lending commitments

> **Domestic loans by type of property, region and LTV**
> **Foreign loans by type of property, country and LTV**



Current Financial and Economic Topics

Eurozone: bumpy road ahead!
» **more**

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[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



Home

Investor Relations

Credit Research

Bonds & Notes

Financial Reports

International Real Estate

Finance

Company

Info Pool / Press

Contact

Credit Research

Overview of updates

Subject

Update period Last update

Pfandbrief Act

Section 28 (1) (1-3) PfandBG	quarterly	09.2006
Section 28 (2) (1a) PfandBG	quarterly	09.2006
Section 28 (2) (1b,c) PfandBG	quarterly	09.2006
Section 28 (2) (2) PfandBG	quarterly	09.2006
Section 28 (3) (1) PfandBG	quarterly	09.2006
Section 28 (3) (2) PfandBG	quarterly	09.2006
Archive	quarterly	06.2006

Public-sector loans

Breakdown of public-sector cover pool

by rating	monthly	10.2006
by borrowers and regions	monthly	10.2006
by countries	monthly	10.2006
by risk weighting	monthly	10.2006
Cover pool at market value		
Development/ Stress scenario	monthly	10.2006
Surplus cover	monthly	10.2006
Breakdown of new lending commitments		
by rating	monthly	10.2006
by borrowers and regions	monthly	10.2006

by countries 10.2006
 by risk weighting 10.2006

Non-cover Loans

Breakdown of non-cover loans
 by rating 10.2006
 by borrowers and regions 10.2006
 by countries 10.2006
 by risk weighting 10.2006

Breakdown of new lending commitments

by rating 10.2006
 by borrowers and regions 10.2006
 by countries 10.2006
 by risk weighting 10.2006

Mortgage Loans

Breakdown of mortgage portfolio
 domestic loans by type of property, region and LTV 09.2006
 foreign loans by type of property, country and LTV 09.2006

Cover pool at market value

Development/ Stress scenario 10.2006
 Surplus cover 10.2006

Breakdown of non-cover loans

Loans with a LTV > 60% 10.2006

Breakdown of new lending commitments

domestic loans by type of property,

region and LTV	quarterly	09.2006
foreign loans by type of property, country and LTV	quarterly	09.2006
Derivatives		
Counterparty ratings	monthly	10.2006
Yield curve distribution	monthly	10.2006
Risk Management		
Value-at-risk	monthly	10.2006
Worst-case scenario	monthly	10.2006
Grundsatz I	monthly	10.2006
Grundsatz II	monthly	10.2006

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Pfandbrief Act

Section 28 (1) (1-3) PfandBG

	Nominal value		Present value		Risk-adjusted present value		in EUR m
	Sep 30, 2006	Sep 30, 2005	Sep 30, 2006	Sep 30, 2005	Sep 30, 2006	Sep 30, 2005	
a) Total amount outstanding							
Mortgage Pfandbriefe	5,300.0	4,571.9	5,300.1	4,649.9	5,133.8	4,569.5	
Cover assets	5,485.3	4,815.9	5,638.6	5,318.8	5,284.6	5,040.5	
of which: derivatives	-	-	-	-	-	-	
of which: derivatives (%)	-	-	-	-	-	-	
of which: additional cover*	1,054.3	425.0	1,278.0	563.5	1,119.3	511.4	
of which: further cover assets	-	-	-	-	-	-	
Surplus cover	185.3	244.0	338.5	668.9	150.8	471.0	

	Sep 30, 2006				Sep 30, 2005				in EUR m
	<=1 year	>1 year <=5 years	>5 years <=10 years	>10 years	<=1 year	>1 year <=5 years	>5 years <=10 years	>10 years	
Supplementary to a): Maturity structure (remaining time to maturity)									
Mortgage Pfandbriefe	1,394.2	2,435.5	1,252.8	217.5	1,233.4	2,717.9	620.6	0.0	
Cover assets	532.5	898.2	2,883.8	1,170.8	404.4	740.3	2,697.9	973.3	
of which: additional cover*	102.3	0.0	137.0	815.0	0.0	0.0	0.0	425.0	

	Nominal value		Present value		Risk-adjusted present value		in EUR m
	Sep 30, 2006	Sep 30, 2005	Sep 30, 2006	Sep 30, 2005	Sep 30, 2006	Sep 30, 2005	
b) Total amount							

outstanding	value			
	Sep 30, 2006	Sep 30, 2005	Sep 30, 2006	Sep 30, 2005
Public-sector Pfandbriefe	68,408.4	55,853.9	67,724.9	57,311.8
Cover assets	70,812.4	57,387.3	72,575.3	61,710.1
of which: derivatives	-	-	-	-
of which: derivatives (%)	-	-	-	-
of which: additional cover*	5,317.1	-	5,051.2	-
of which: further cover assets	-	-	-	-
deduction: currency scenario	-	-	-	46.4
Surplus cover	2,404.0	1,533.4	4,850.4	4,398.3

in EUR m

Supplementary to b): Maturity structure (remaining time to maturity)	Sep 30, 2006				Sep 30, 2005			
	<=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	16,389.9	43,337.2	6,201.8	2,479.5	12,014.8	35,005.1	8,283.5	550.5
Cover assets	10,776.0	28,241.5	21,571.4	10,223.5	3,411.7	22,020.9	23,805.2	8,149.5
of which: additional cover*	-	875.1	3,849.7	592.3	-	-	-	-

*securities issued by other borrowers

The calculation of the risk-adjusted present value is based on the dynamic approach.

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)


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[Home](#)
[Investor Relations](#)
[Credit Research](#)
[Bonds & Notes](#)
[Financial Reports](#)
[International Real Estate](#)
[Finance](#)
[Company](#)
[Info Pool / Press](#)
[Contact](#)

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

	Sep 30, 2006	Sep 30, 2005
<= € 300,000	3,228.6	3,172.0
> € 300,000 - € 5,000,000	394.6	470.1
> € 5,000,000	807.9	748.8
Total amount	4,431.1	4,390.9

[Back](#) |
 [Glossary](#) |
 [Print](#) |
 [Sitemap](#) |
 [Imprint](#) |
 [Legal Disclaimer](#)


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Home
Investor Relations
Credit Research
Bonds & Notes
Financial Reports
International Real Estate Finance
Company
Info Pool / Press
Contact

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
	Sep 30, 2006	Sep 30, 2005	
	Commercial	Residential	Commercial Residential
Germany			
Condominiums	-	649.06	- 653.20
Detached and semi-detached houses	-	2,460.42	- 2,404.80
Apartment buildings	-	391.93	- 517.50
Office	360.47	-	381.30 -
Retail	247.86	-	229.40 -
Industrial	54.93	-	58.80 -
Other commercial properties	78.22	-	116.60 -
Buildings under construction, not yet generating earnings	0.00	-	0.00 -
Building sites	0.00	-	0.00 -
Total Germany	741.48	3,501.41	786.10 3,575.50

	Mortgage loans serving as cover		in EUR m
	Sep 30, 2006	Sep 30, 2005	
	Commercial	Residential	Commercial Residential
England			
Condominiums	-	0.00	- 0.00
Detached and semi-detached houses	-	0.00	- 0.00

Apartment buildings	-	0.00	-	0.00
Office	77.37	-	0.00	-
Retail	0.00	-	0.00	-
Industrial	0.00	-	0.00	-
Other commercial properties	0.00	-	0.00	-
Buildings under construction, not yet generating earnings	0.00	-	0.00	-
Building sites	0.00	-	0.00	-
Total England	77.37	0.00	0.00	0.00

in EUR m

Mortgage loans serving as cover

	Sep 30, 2006		Sep 30, 2005	
	Commercial	Residential	Commercial	Residential

Belgium				
Condominiums	-	0.00	-	0.00
Detached and semi-detached houses	-	0.00	-	0.00
Apartment buildings	-	0.51	-	0.50
Office	0.00	-	1.00	-
Retail	0.00	-	0.00	-
Industrial	0.00	-	0.00	-
Other commercial properties	0.00	-	0.00	-
Buildings under construction, not yet generating earnings	0.00	-	0.00	-
Building sites	0.00	-	0.00	-
Total Belgium	0.00	0.51	1.00	0.50

in EUR m

Mortgage loans serving as cover

	Sep 30, 2006		Sep 30, 2005	
	Commercial	Residential	Commercial	Residential

France				
Condominiums	-	0.00	-	0.00
Detached and semi-detached houses	-	0.00	-	0.00
Apartment buildings	-	0.00	-	0.00

Office	42.20	-	0.10	-
Retail	0.00	-	0.00	-
Industrial	0.00	-	0.00	-
Other commercial properties	19.00	-	0.00	-
Buildings under construction, not yet generating earnings	0.00	-	0.00	-
Building sites	0.00	-	0.00	-
Total France	61.20	0.00	0.10	0.00

in EUR m

Mortgage loans serving as cover

	Sep 30, 2006		Sep 30, 2005	
	Commercial	Residential	Commercial	Residential
The Netherlands				
Condominiums	-	0.00	-	0.00
Detached and semi-detached houses	-	0.00	-	0.00
Apartment buildings	-	0.00	-	0.00
Office	49.09	-	27.60	-
Retail	0.00	-	0.00	-
Industrial	0.00	-	0.00	-
Other commercial properties	0.00	-	0.00	-
Buildings under construction, not yet generating earnings	0.00	-	0.00	-
Building sites	0.00	-	0.00	-
Total The Netherlands	49.09	0.00	27.60	0.00
Total	929.14	3,501.92	814.80	3,576.00

Back | Glossary | Print | Sitemap | Imprint | Legal Disclaimer



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

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

	Sep 30, 2006	Sep 30, 2005
Germany	0.0	0.5
Total	0.0	0.5

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

Credit Research

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

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
Sep 30, 2006 Sep 30, 2005

Austria	Sep 30, 2006	Sep 30, 2005
Government	0.0	92.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	1,383.2	1.193.2
Total	1,383.2	1.285.2

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Belgium	Sep 30, 2006	Sep 30, 2005
Government	0.0	0.0
Regional authorities	0.0	27.8
Local authorities	0.0	0.0
Other borrowers	90.0	90.0
Total	90.0	117.8

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Canada

Government	0.0	0.0
Regional authorities	455.4	324.4
Local authorities	0.0	0.0
Other borrowers	176.5	118.4
Total	631.9	442.8

Assets serving as cover in EUR m
Sep 30, 2006 **Sep 30, 2005**

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

Assets serving as cover in EUR m
Sep 30, 2006 **Sep 30, 2005**

Czech Republic		
Government	238.0	200.0
Regional authorities	0.0	0.0
Local authorities	49.1	49.1
Other borrowers	11.8	12.7
Total	298.9	261.8

Assets serving as cover in EUR m
Sep 30, 2006 **Sep 30, 2005**

Denmark		
Government	0.0	0.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	231.0	0.0
Total	231.0	0.0

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Finland		
Government	447.8	51.1
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	169.0	0.0
Total	616.8	51.1

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

France		
Government	2.5	2.5
Regional authorities	0.0	0.0
Local authorities	12.3	12.9
Other borrowers	1,045.0	500.0
Total	1,059.8	515.4

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Germany		
Government	2,907.2	1,106.7
Regional authorities	27,352.3	22,219.6
Local authorities	2,410.9	2,622.5
Other borrowers	18,490.8	21,791.9
Total	51,161.2	47,740.7

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Great Britain		
Government	0.0	0.0
Regional authorities	0.0	0.0
Local authorities	41.3	0.0
Other borrowers	794.8	26.0

Total 836.1 26.0

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Greece

Government	827.5	2.5
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	35.0	35.0
Total	862.5	37.5

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Hungary

Government	546.2	545.2
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	50.0	50.0
Total	596.2	595.2

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Iceland

Government	0.0	0.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	254.5	105.0
Total	254.5	105.0

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Ireland

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

Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	165.0	0.0
Total	165.0	0.0

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Italy		
Government	2,225.0	0.0
Regional authorities	1,008.3	304.7
Local authorities	344.9	85.0
Other borrowers	10.0	0.0
Total	3,588.2	389.7

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Japan		
Government	0.0	0.0
Regional authorities	87.0	0.0
Local authorities	0.0	0.0
Other borrowers	0.0	0.0
Total	87.0	0.0

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

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

Assets serving as cover in EUR m

	Sep 30, 2006	Sep 30, 2005
Lithuania		
Government	39.0	39.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	0.0	0.0
Total	39.0	39.0

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Luxembourg		
Government	0.0	0.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	144.5	0.0
Total	144.5	0.0

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Norway		
Government	0.0	0.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	95.0	0.0
Total	95.0	0.0

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Poland		
Government	516.4	499.4
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	0.0	0.0
Total	516.4	499.4

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Portugal		
Government	1,082.0	1,855.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	0.0	0.0
Total	1,082.0	1,855.0

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Slovak Republic		
Government	297.5	218.5
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	0.0	0.0
Total	297.5	218.5

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Slovenia		
Government	0.0	54.1
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other borrowers	0.0	0.0
Total	0.0	54.1

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Spain		
Government	0.0	0.0
Regional authorities	2,053.4	1,169.2

Local authorities	10.0	0.0
Other borrowers	2,036.8	333.0
Total	4,100.2	1,502.2

Assets serving as cover in EUR m
Sep 30, 2006 **Sep 30, 2005**

Sweden		
Government	0.0	86.9
Regional authorities	0.0	0.0
Local authorities	270.5	133.9
Other borrowers	0.0	0.0
Total	270.5	220.8

Assets serving as cover in EUR m
Sep 30, 2006 **Sep 30, 2005**

Switzerland		
Government	0.0	0.0
Regional authorities	214.1	189.3
Local authorities	54.2	0.0
Other borrowers	150.0	0.0
Total	418.3	189.3

Assets serving as cover in EUR m
Sep 30, 2006 **Sep 30, 2005**

The Netherlands		
Government	0.0	0.0
Regional authorities	0.0	0.0
Local authorities	1.9	3.8
Other borrowers	467.0	68.0
Total	468.9	71.8

Assets serving as cover in EUR m
Sep 30, 2006 **Sep 30, 2005**

United Staates		
Government	83.0	84.4
Regional authorities	278.0	200.4
Local authorities	634.4	33.2
Other borrowers	377.9	59.9
Total	1,373.3	377.9

Assets serving as cover in EUR m
Sep 30, 2006 Sep 30, 2005

Others		
Government	0.0	452.8
Regional authorities	0.0	42.0
Local authorities	0.0	0.0
Other borrowers	0.0	151.8
Total	0.0	646.6
Total amount	70,812.4	57,387.3

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate
Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

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

	Sep 30, 2006	Sep 30, 2005
Country	0	0
Government	0	0
Regional authorities	0	0
Local authorities	0	0
Other borrowers	0	0
Total	0	0
Total	0	0

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Pfandbrief Act

Archive

This is where we file the quarterly information which we publish in accordance with Section 28 of the German Pfandbrief Act (PfandBG). Accordingly, investors can compare the current data to the figures from the previous quarters.

June 30, 2006

- > [Sec. 28 \(1\) \(1-3\) PfandBG](#)
- > [Sec. 28 \(2\) \(1a\) PfandBG](#)
- > [Sec. 28 \(2\) \(1b,c\) PfandBG](#)
- > [Sec. 28 \(2\) \(2\) PfandBG](#)
- > [Sec. 28 \(3\) \(1\) PfandBG](#)
- > [Sec. 28 \(3\) \(2\) PfandBG](#)

March 31, 2006

- > [Sec. 28 \(1\) \(1-3\) PfandBG](#)
- > [Sec. 28 \(2\) \(1a\) PfandBG](#)
- > [Sec. 28 \(2\) \(1b,c\) PfandBG](#)
- > [Sec. 28 \(2\) \(2\) PfandBG](#)
- > [Sec. 28 \(3\) \(1\) PfandBG](#)
- > [Sec. 28 \(3\) \(2\) PfandBG](#)

December 31, 2005

- > [Sec. 28 \(1\) \(1-3\) PfandBG](#)
- > [Sec. 28 \(2\) \(1a\) PfandBG](#)
- > [Sec. 28 \(2\) \(1b,c\) PfandBG](#)
- > [Sec. 28 \(2\) \(2\) PfandBG](#)
- > [Sec. 28 \(3\) \(1\) PfandBG](#)
- > [Sec. 28 \(3\) \(2\) PfandBG](#)

[Back](#) |
 [Glossary](#) |
 [Print](#) |
 [Sitemap](#) |
 [Imprint](#) |
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[Investor Relations](#)
[Credit Research](#)
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[International Real Estate](#)
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[Info Pool / Press](#)
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Public-sector loans

Breakdown of cover pool by rating

S & P/ Moody's / Fitch

31.10.2006

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	26,367	35.81
AA+ / Aa1 / AA+	4,419	6.00
AA / Aa2 / AA	3,761	5.11
AA- / Aa3 / AA-	16,641	22.59
A+ / A1 / A+	6,587	8.94
A / A2 / A	3,431	4.66
A- / A3 / A-	833	1.13
BBB+ / Baa1 / BBB+	1,071	1.45
BBB / Baa2 / BBB	0	0.00
Without rating *	10,543	14.31
Total	73,653	100.00

* - Without rating

Public-sector banks and saving banks

in Euro m	in %
5,379	7.30

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

in Euro m	in %
4,412	5.99

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

regional governments, cities and municipalities). Loans guaranteed by EU member states and EU institutions.	423	0.57
Others	329	0.45
Total	10,543	14.31

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



- [Home](#)
- [Investor Relations](#)
- [Credit Research](#)
- [Bonds & Notes](#)
- [Financial Reports](#)
- [International Real Estate Finance](#)
- [Company](#)
- [Info Pool / Press](#)
- [Contact](#)

Public-sector loans

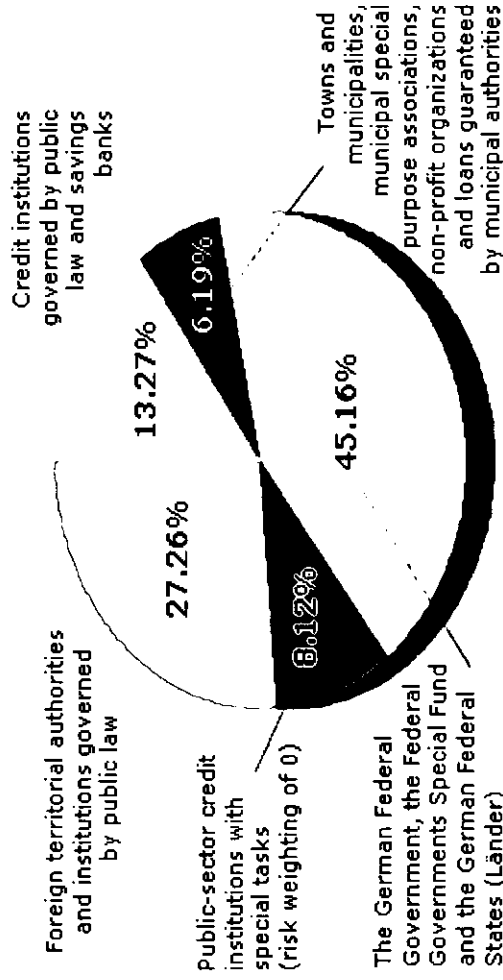
Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 73,653m

Information as permitted by banking confidentiality.

31.10.2006

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)	33,261	45.16

Towns and municipalities, municipal special purpose associations,

non-profit organizations and loans guaranteed by municipal authorities	4,558	6.19
Public-sector credit institutions with special tasks (risk weighting of 0)	5,981	8.12
Credit institutions governed by public law and savings banks	9,777	13.27
Foreign territorial authorities and institutions governed by public law	20,076	27.26
Total	73,653	100.00

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[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 73,653 m

Information as permitted by banking confidentiality.

31.10.2006

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

in Euro m

Federal Government of Germany	2,409
Federal Government's Special Fund	1,703
Laender (Individual German Federal States)	29,149
Total	33,261

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 73,653 m

Information as permitted by banking confidentiality.

31.10.2006

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

in Euro m

Baden-Wuerttemberg	228
Bavaria	245
Berlin	0
Brandenburg	1
Bremen	131
Hamburg	556
Hesse	178
Lower Saxony	1,103
Mecklenburg-Western Pomerania	26
North Rhine-Westphalia	1,263
Rhineland-Palatinate	124
Saarland	78
Saxony	1
Saxony-Anhalt	1
Schleswig-Holstein	596
Thuringia	27
Total	4,558

[Back](#) |
 [Glossary](#) |
 [Print](#) |
 [Sitemap](#) |
 [Imprint](#) |
 [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 73,653 m

Information as permitted by banking confidentiality.

31.10.2006

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

special public sector banks (solva 0)

in Euro m

5,981

Total

5,981

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 73,653 m

Information as permitted
by banking confidentiality.

31.10.2006

Credit institutions governed by public law and savings banks

Public-sector banks/ financial institution

in Euro m
4,861

Savings banks in

Baden-Wuerttemberg	1,184
Bavaria	55
Bremen	0
Hamburg	80
Hesse	172
Lower Saxony	525
Mecklenburg-Western Pomerania	55
North Rhine-Westphalia	2,359
Rhineland-Palatinate	101
Saarland	0
Saxony	0
Schleswig-Holstein	370
Mortgage loans guaranteed by the public-sector	15
Total	9,777

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 73,653m

Information as permitted
by banking confidentiality.

31.10.2006

Loans within EU

in Euro m

Public-sector banks in EU member states

5,424

EU member states

6,716

EU regional governments

3,065

EU member states, cities and municipalities

744

Loans guaranteed by EU member states

1,172

EU institutions

25

Subtotal

17,146

Other Foreign Loans

in Euro m

Public-sector banks

618

States

83

Regional governments

1,079

cities and municipalities

709

Loans guaranteed by foreign states

441

Subtotal

2,930

Total

20,076

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)


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[Home](#)
[Investor Relations](#)
[Credit Research](#)
[Bonds & Notes](#)
[Financial Reports](#)
[International Real Estate](#)
[Finance](#)
[Company](#)
[Info Pool / Press](#)
[Contact](#)

Public-sector loans

Breakdown of cover pool by countries

by countries	in Euro m	in %
Austria	1,433	1.95
Belgium	90	0.12
Canada	631	0.86
Cyprus	99	0.13
Czech Republic	299	0.41
Denmark	242	0.33
Finland	618	0.84
France	1,060	1.44
Germany	53,576	72.75
Great Britain	852	1.16
Greece	738	1.00
Hungary	496	0.67
Iceland	254	0.34
Ireland	165	0.22
Italy	3,579	4.86
Latvia	45	0.06
Lithuania	39	0.05
Luxembourg	145	0.20
Norway	95	0.13
Poland	517	0.70
Portugal	1,655	2.25
Slovak Republic	298	0.40

31.10.2006

Slovenia	0	0.00
Spain	4,024	5.46
Sweden	285	0.39
Switzerland	418	0.57
The Netherlands	474	0.64
The United States	1,439	1.95
Others	87	0.12
Total	73,653	100.00

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)


www.essenhyp.de
[Home](#)
[Investor Relations](#)
[Credit Research](#)
[Bonds & Notes](#)
[Financial Reports](#)
[International Real Estate
Finance](#)
[Company](#)
[Info Pool / Press](#)
[Contact](#)

Public-sector loans

Breakdown of cover pool by risk weighting

		31.10.2006
Risk weighting	in Euro m	in %
0%	53,887	73.16
10%	420	0.57
20%	19,346	26.27
100%	0	0.00
Total	73,653	100.00

[Back](#) |
 [Glossary](#) |
 [Print](#) |
 [Sitemap](#) |
 [Imprint](#) |
 [Legal Disclaimer](#)


[Home](#)
[Investor Relations](#)
[Credit Research](#)
[Bonds & Notes](#)
[Financial Reports](#)
[International Real Estate](#)
[Finance](#)
[Company](#)
[Info Pool / Press](#)
[Contact](#)

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 %	Market value (dynamic approach)		Market value (dynamic approach)	
					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
31.10.2006	75,323.29	71,282.12	4,041.17	5.67	3,053.33	4.39	5,246.35	7.18
30.09.2006	72,575.12	67,724.77	4,850.35	7.16	3,798.24	5.75	6,130.16	8.82
31.08.2006	69,812.84	65,862.85	3,949.99	6.00	2,936.87	4.57	5,195.37	7.69
31.07.2006	69,173.31	65,500.19	3,673.12	5.61	2,760.76	4.32	4,791.91	7.13
30.06.2006	67,581.61	63,727.44	3,854.17	6.05	3,161.51	5.09	4,667.92	7.14
31.05.2006	67,141.31	62,666.43	4,474.88	7.14	3,538.58	5.80	5,597.92	8.70
30.04.2006	65,277.48	61,164.14	4,113.34	6.73	3,275.96	5.51	5,057.34	8.03
31.03.2006	64,298.86	59,816.66	4,482.20	7.49	3,662.65	6.29	5,311.48	8.64
28.02.2006	64,272.59	58,886.18	5,386.41	9.15	4,501.30	7.85	6,060.05	10.02
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	8.80
30.11.2005	62,430.51	58,031.65	4,398.87	7.58	3,311.46	5.85	5,498.20	9.24
31.10.2005	61,530.28	56,677.61	4,852.67	8.56	3,780.43	6.84	5,952.40	10.24
30.09.2005	61,710.08	57,311.84	4,398.23	7.67	3,265.64	5.84	5,564.87	9.46
31.08.2005	59,821.89	54,513.21	5,308.68	9.74	4,180.94	7.86	6,407.15	11.46
31.07.2005	56,684.00	51,899.00	4,784.00	9.22	3,868.00	7.59	5,586.00	10.57
30.06.2005	58,357.09	53,981.53	4,375.56	8.11	3,328.38	6.27	5,287.48	9.64
31.05.2005	58,377.81	53,620.74	4,757.07	8.87	3,792.13	7.19	5,565.80	10.20
30.04.2005	57,030.69	52,985.78	4,044.91	7.63	3,116.60	5.99	4,831.23	8.95

31.03.2005	56,097.38	52,331.95	3,765.43	7.20	2,833.37	5.54	4,632.64	8.65
28.02.2005	54,733.21	50,224.00	4,509.21	8.98	3,602.76	7.34	5,314.14	10.33
31.01.2005	56,528.60	51,756.35	4,772.24	9.22	3,772.96	7.46	5,655.67	10.67

[Back](#) |
 [Glossary](#) |
 [Print](#) |
 [Sitemap](#) |
 [Imprint](#) |
 [Legal Disclaimer](#)


www.essenhyp.de
[Home](#)
[Investor Relations](#)
[Credit Research](#)
[Bonds & Notes](#)
[Financial Reports](#)
[International Real Estate](#)
[Finance](#)
[Company](#)
[Info Pool / Press](#)
[Contact](#)

Public-sector loans

Breakdown of cover pool
Surplus cover

all amounts in Euro m

Date	Public-sector Pfandbriefe outstanding	Cover	Surplus in % cover	Bonds and loans not yet serving as cover *	Total in %
31/10/2006	72,075.49	73,652.55	1,577.06	833.20	1.20 3.4
30/09/2006	68,536.00	70,929.00	2,393.0	804.30	1.2 4.7
31/08/2006	66,732.00	68,381.00	1,649.00	296.30	0.4 2.9
31/07/2006	66,517.00	68,051.00	1,534.00	190.80	0.3 2.6
30/06/2006	64,932.05	66,673.25	1,741.20	142.70	0.2 2.9
31/05/2006	63,572.00	65,542.00	1,970.00	398.40	0.6 3.7
30/04/2006	62,103.00	63,822.00	1,719.00	536.60	0.9 3.7
31/03/2006	60,439.00	62,494.00	2,055.00	357.80	0.6 4.0
28/02/2006	59,013.00	61,687.00	2,674.00	281.80	0.5 5.0
31/01/2006	59,483.00	60,996.00	1,513.00	486.30	0.8 3.3
31/12/2005	59,759.93	61,340.01	1,580.08	250.00	0.4 3.0
30/11/2005	57,693.00	59,110.10	1,417.10	548.10	1.0 3.5
31/10/2005	55,732.50	57,957.39	2,224.89	661.20	1.2 5.2
30/09/2005	55,853.90	57,387.30	1,533.40	583.60	1.0 3.7
31/08/2005	53,309.56	55,481.34	2,171.78	676.9	1.3 5.4
31/07/2005	50,685.58	52,655.52	1,969.94	1,332.70	2.6 6.5
30/06/2005	52,526.11	53,660.77	1,134.66	304.45	0.6 2.8
31/05/2005	52,313.45	53,968.26	1,654.81	615.90	1.2 4.4
30/04/2005	51,789.87	53,005.58	1,215.71	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

* 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.

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans - Breakdown of new lending commitments

by rating

S & P / Moody's / Fitch	31.10.2006	
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	9,114	33.45
AA+ / Aa1 / AA+	2,033	7.46
AA / Aa2 / AA	1,084	3.98
AA- / Aa3 / AA-	5,240	19.22
A+ / A1 / A+	3,223	11.82
A / A2 / A	3,615	13.26
A- / A3 / A-	990	3.63
BBB+ / Baa1 / BBB+	298	1.09
BBB / Baa2 / BBB	0	0.00
Without rating *	1,661	6.09
Total	27,258	100.00

* - Without rating

	in Euro m	in %
Public-sector banks and saving banks	926	3.39
Cities, municipalities, non-profit organizations and loans guaranteed by municipal authorities	575	2.11
Loans within the EU (Public-sector banks, EU member states, regional governments, cities and municipalities). Loans guaranteed by EU member states and EU institutions.	160	0.59
Others	0	0.00

Total

1,661

6.09

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



- [Home](#)
- [Investor Relations](#)
- [Credit Research](#)
- [Bonds & Notes](#)
- [Financial Reports](#)
- [International Real Estate](#)
- [Finance](#)
- [Company](#)
- [Info Pool / Press](#)
- [Contact](#)

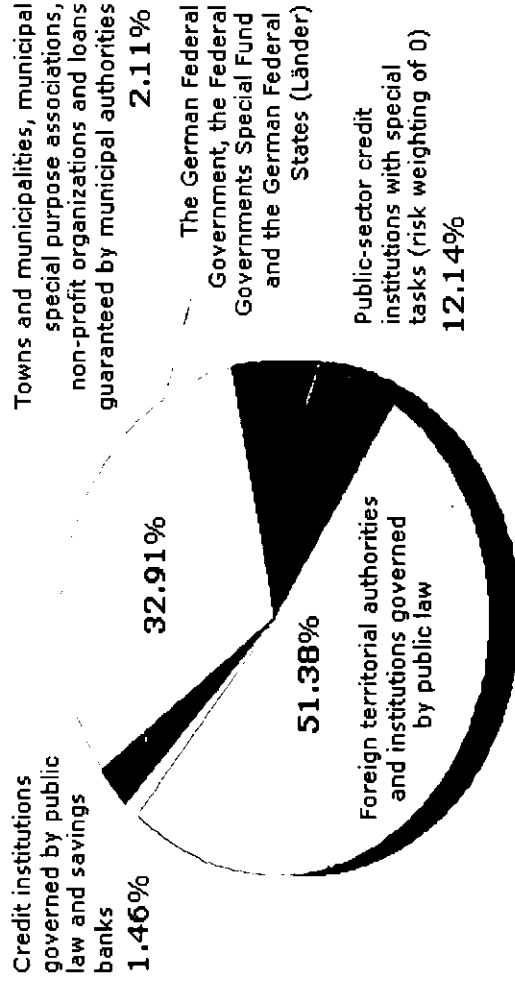
Public-sector loans - Breakdown of new lending commitments

by borrowers and regions

Information as permitted by banking confidentiality.

31.10.2006

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)	8,969	32.91
Towns and municipalities, municipal special purpose associations, non-profit organizations and loans guaranteed by municipal authorities	575	2.11

Public-sector credit institutions with special tasks (risk weighting of 0)	3,309	12.14
Credit institutions governed by public law and savings banks	399	1.46
Foreign territorial authorities and institutions governed by public law	14,006	51.38
Total	27,258	100.00

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

Credit Research

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans - Breakdown of new lending commitments

by borrowers and regions

Information as permitted
by banking confidentiality.

31.10.2006

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

Federal Government of Germany	128
Federal Government's Special Fund	935
Laender (Individual German Federal States)	7,906
Total	8,969

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans - Breakdown of new lending commitments

by borrowers and regions

Information as permitted
by banking confidentiality.

31.10.2006

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

in Euro m

Baden-Wuerttemberg	12
Bavaria	0
Berlin	0
Brandenburg	1
Bremen	0
Hamburg	20
Hesse	0
Lower Saxony	150
Mecklenburg-Western Pomerania	0
North Rhine-Westphalia	38
Rhineland-Palatinate	1
Saarland	0
Saxony	0
Saxony-Anhalt	0
Schleswig-Holstein	353
Thuringia	0
Total	575

[Back](#) |
 [Glossary](#) |
 [Print](#) |
 [Sitemap](#) |
 [Imprint](#) |
 [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans - Breakdown of new lending commitments

by borrowers and regions

Information as permitted
by banking confidentiality.

31.10.2006

**Public-sector credit institutions with special tasks (risk weighting
of 0)** **in Euro m**

special public sector banks (solva 0)	3,309
Total	3,309

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans - Breakdown of new lending commitments

by borrowers and regions

Information as permitted
by banking confidentiality.

31.10.2006

Credit institutions governed by public law and savings banks

Public-sector banks and Private banks/ financial institution

in Euro m
359

Savings banks in

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	399

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans - Breakdown of new lending commitments

by borrowers and regions

Information as permitted
by banking confidentiality.

31.10.2006

Loans within EU

in Euro m

Public-sector banks in EU member states

6,305

EU member states

3,642

EU regional governments

1,434

EU member states, cities and municipalities

478

Loans guaranteed by EU member states

150

EU Institutions

25

Subtotal

12,034

Other Foreign Loans

in Euro m

Public-sector banks

667

States

0

Regional governments

390

Foreign member states, cities and municipalities

697

Loans guaranteed by foreign states

218

Subtotal

1,972

Total

14,006

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans - Breakdown of new lending commitments

by countries

	in Euro m	in %
		31.10.2006
by countries		
Austria	589	2.16
Belgium	0	0.00
Canada	250	0.92
Cyprus	0	0.00
Czech Republic	0	0.00
Denmark	217	0.80
Estonia	0	0.00
Finland	488	1.79
France	661	2.42
Great Britain	815	2.99
Germany	13,252	48.62
Greece	1,210	4.44
Hungary	100	0.37
Iceland	79	0.29
Ireland	281	1.03
Italy	1,671	6.13
Latvia	0	0.00
Lithuania	0	0.00
Luxembourg	25	0.09
Norway	182	0.67
Poland	99	0.36
Portugal	1,170	4.29

Slovak Republic	0	0.00
Slovenia	0	0.00
Spain	4,177	15.32
Sweden	136	0.50
Switzerland	272	1.00
The Netherlands	395	1.45
The United States	1,074	3.94
Others	115	0.42
Total	27,258	100.00

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Public-sector loans - Breakdown of new lending commitments

by risk weighting

	31.10.2006	
Risk weighting		in Euro m
0%	17,877	in %
10%	1,290	65.59
20%	8,091	4.73
Total	27,258	29.68
		100.00

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



Home

Investor Relations

Credit Research

Bonds & Notes

Financial Reports

International Real Estate
Finance

Company

Info Pool / Press

Contact

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

Real Estate Finance Department – Transaction Management, Mortgage Lending Risk Management Department, Foreclosure Department

Risk reporting

Bank Management Department, Credit Research Department, Mortgage Lending Risk Management Department, Market Conformity Checking Section

Management of operational risk

Introduction of new products

Task Force 'New Products'

Legal risks

Legal Department; External lawyers if necessary

Modification of the legal framework

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.

BaseI 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 reevaluate 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.

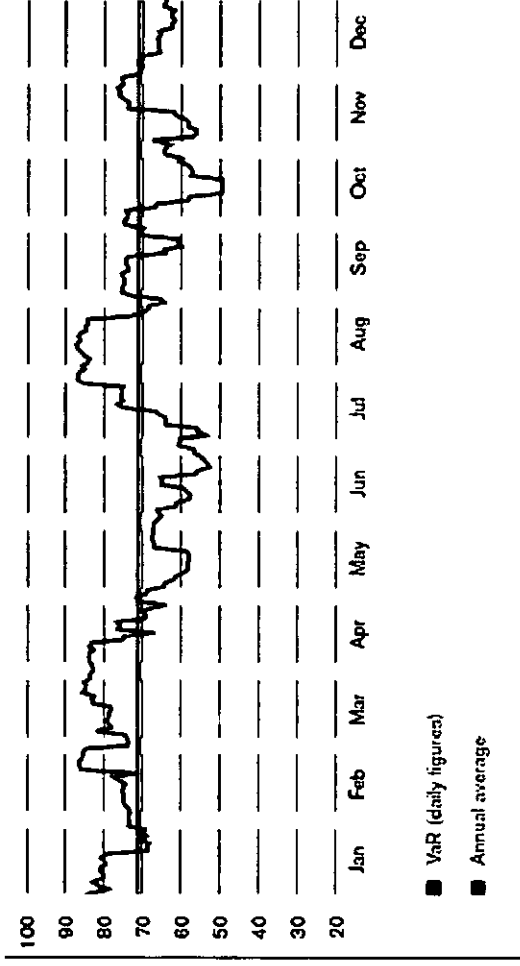
The reliability of our VaR model is constantly monitored by means of backtesting, i.e. the projected VaR is compared to the actual market value changes on a daily basis. To identify outliers, i.e. market value changes outside the forecast interval, we use a one-sided confidence interval. In 2005 the 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.

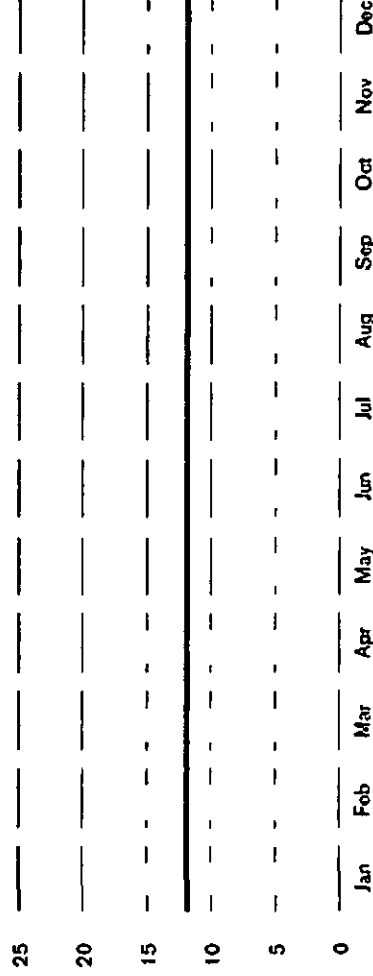
For VaR, market value and interest rate risk calculations, Essen Hyp uses the well-established Front Arena software and proprietary valuation tools.

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.

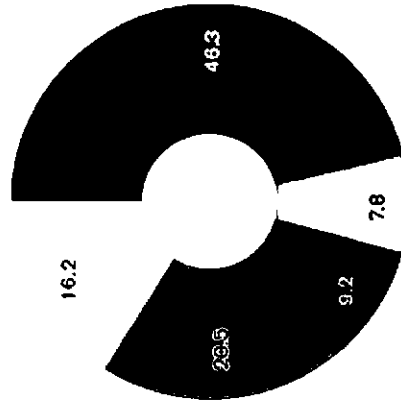
The ratings of our borrowers, as well as changes in the assessment of their credit quality are reviewed on a monthly basis. Changes are reported in our 'Risk Report Capital Markets'. This 'Risk Report Capital Markets' is compiled quarterly and complies with the Minimum Requirements for Risk Management (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	
	in €m	in %
Standard & Poor's / Moody's / Fitch		
AAA / Aaa / AAA	19,358	31.6
AA+ / Aa1 / AA+	5,804	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	85,617

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'.

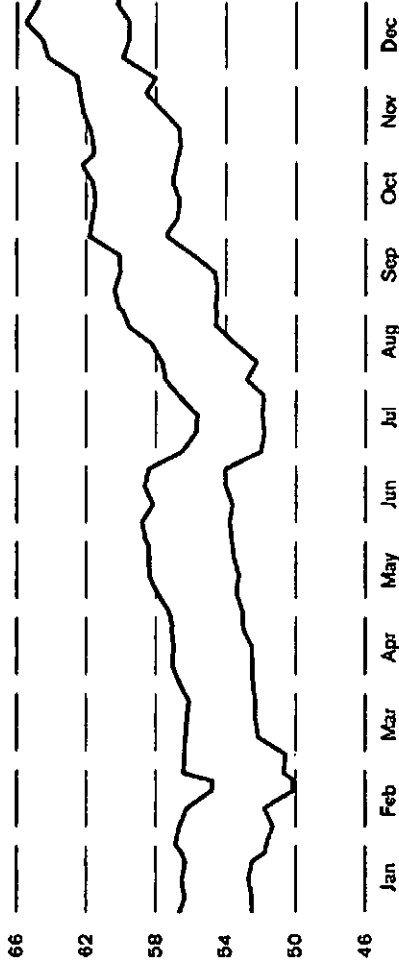
Rating	Implicit counterparty ratings		
	< 1 year	1-5 years	> 5 years
			Total

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

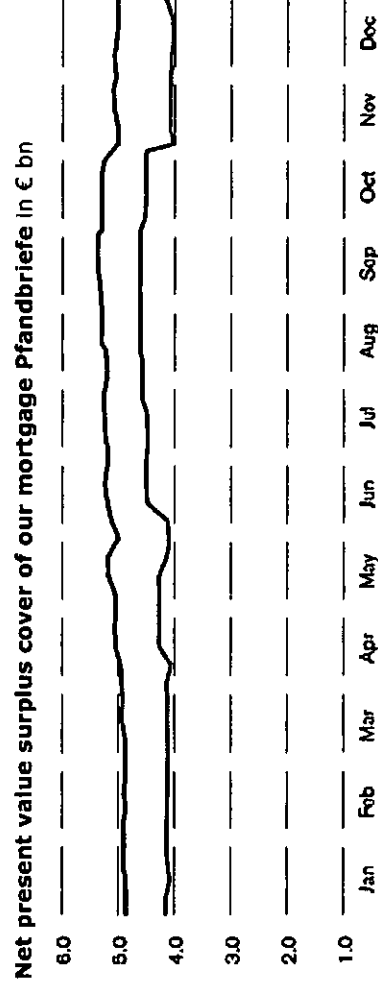
We only use derivatives to hedge our interest rate risk from individual transactions or portfolios and to manage our interest rate book, including, in particular, our earnings and interest rate risk profile. Essen Hyp's interest-bearing positions are valued on a daily basis. Information on the calculated 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

2.5	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
1.5	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
1	_____ minimum ratio required by law _____												
0.5													
0	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	

reached the Group benchmark of 3.0. The rating which resulted from this self-assessment is far better than the so-called default rating of 4.0, which has so far been used for the calculation of the economic capital. In coordination with our parent company we plan to carry out a detailed analysis, including the implementation of riskmitigating measures, in 2006. Based on these activities, we will carry out a more detailed analysis of operational risks within the scope of a so-called Risk & Control Inventory (RCI), which will be carried out in the premises of Essen Hyp in coordination with the Commerzbank AG.

In November 2005 we once again participated in the Business Continuity Management (BCM) Self Assessment. This assessment includes a survey on the implementation of our contingency plans and their compliance with applicable supervisory requirements and Group guidelines. According to the first evaluation carried out by Commerzbank Essen Hyp has a rating of 1.9, which clearly exceeds the Group benchmark of 3.0.

Since 2003 Essen Hyp has been integrated into the Commerzbank's intranet-based 'Loss Collection Tool' (LCT), which serves to collect and assess all operational risk losses incurred within the Group. This tool is also used for reporting legal risks. All operational losses incurred are reported to the Board of Managing Directors and the Supervisory Board during their ordinary meetings. However, even before the introduction of the selfassessments and the collection of loss data as described above, Essen Hyp was concerned about the issue of operational risk. In order to detect possible weak points, we have, for several years now, been analyzing the 'classical' operational risks relating to the bank's structure and processes, EDP, internal and external electronic communication (intranet, internet, e-mail), availability of qualified staff, adequate equipment and legal matters. With regard to certain specific issues we seek external advice from consultants and other specialists. For instance, external specialists have been tasked with analyzing and validating the safety of our IT systems at regular intervals, e.g. in view of hacker attacks.

Other preemptive measures in terms of operational risk include the preparation and improvement of contingency plans for all business units. To rule out potential EDP failures, the bank has two separate central computer systems located in different parts of Essen, one of which serves as a back-up system should the working system fail. Our reserve headquarters referred to above is situated on the same premises as our back-up system, so

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.

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



Risk Management

Value at risk

[Home](#)

[Investor Relations](#)

Credit Research

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Date	Utilization in %	Annual average utilization in %
31/10/2006	55.0	73.2
30/09/2006	43.2	73.2
31/08/2006	62.5	73.2
31/07/2006	63.7	73.2
30/06/2006	67.1	73.2
31/05/2006	71.1	73.2
30/04/2006	82.1	73.2
31/03/2006	69.7	73.2
28/02/2006	90.2	73.2
31/01/2006	95.4	73.2
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

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Risk Management

Worst case scenario

Date	Utilization in %	Annual average utilization in %
31/10/2006	50.8	56.4
30/09/2006	37.4	56.4
31/08/2006	44.6	56.4
31/07/2006	50.9	56.4
30/06/2006	53.4	56.4
31/05/2006	56.2	56.4
30/04/2006	59.3	56.4
31/03/2006	60.6	56.4
28/02/2006	62.9	56.4
31/01/2006	62.8	56.4
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

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



www.essenhyp.de

- [Home](#)
- [Investor Relations](#)
- [Credit Research](#)
- [Bonds & Notes](#)
- [Financial Reports](#)
- [International Real Estate](#)
- [Finance](#)
- [Company](#)
- [Info Pool / Press](#)
- [Contact](#)

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
31/10/2006	4.0	6.9	8.0	11.5
30/09/2006	4.0	6.8	8.0	11.2
31/08/2006	4.0	6.8	8.0	11.1
31/07/2006	4.0	6.6	8.0	11.0
30/06/2006	4.0	6.7	8.0	11.2
31/05/2006	4.0	6.7	8.0	11.0
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

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



- [Home](#)

- [Investor Relations](#)

- [Credit Research](#)

- [Bonds & Notes](#)

- [Financial Reports](#)

- [International Real Estate](#)

- [Finance](#)

- [Company](#)

- [Info Pool / Press](#)

- [Contact](#)

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
31/10/2006	1.27	1.0
30/09/2006	1.20	1.0
31/08/2006	2.22	1.0
31/07/2006	1.39	1.0
30/06/2006	1.28	1.0
31/05/2006	1.28	1.0
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

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Derivatives

Counterparty ratings

Nominal amount in Euro m/Remaining time to maturity 31.10.2006

Rating	<= 1 year	in %	1-5 years	in %	> 5 year	in %	Total	in %
Triple A	250.0	0.60	664.8	0.58	3,800.9	4.32	4,715.7	1.94
Double A	19,248.5	46.21	38,863.5	34.13	25,505.8	29.00	83,617.8	34.34
Single A	22,142.5	53.16	74,338.0	65.29	58,638.3	66.68	155,118.8	63.71
Triple B	14.3	0.03	0.0	0.00	0.0	0.00	14.3	0.01
Total	41,655.3	100.00	113,866.3	100.00	87,945.0	100.00	243,466.6	100.00

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



- [Home](#)

- [Investor Relations](#)

- [Credit Research](#)

- [Bonds & Notes](#)

- [Financial Reports](#)

- [International Real Estate](#)

- [Finance](#)

- [Company](#)

- [Info Pool / Press](#)

- [Contact](#)

Derivatives

Yield curve distribution

**Essen Hyp derivatives portfolio by instruments
Financial derivatives in Euro m / Remaining time to maturity** **31.10.2006**

Instruments	<= 1 year	in %	>1-5 years	in %	>5 years	in %	Total	in %
Interest rate swaps	36,948.6	95.90	109,811.7	96.44	83,351.6	94.78	233,111.9	95.75
Swaptions	178,4	0.43	647.0	0.57	537.7	0.61	1,363.1	0.56
Other interest rate derivatives	153,4	0.37	0.0	0.00	0.00	0.00	153.4	0.06
Currency swaps	1,374.9	3.30	3,407.6	2.99	4,055.7	4.61	8,838.2	3.63
Credit default swaps	0.0	0.00	0.0	0.00	0.0	0.01	0.0	0.00
Total	41,655.3	100.00	113,866.3	100.00	87,945.0	100.00	243,466.6	100.00

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Investor Relations

Ratings and Analyses (as of: June 1, 2006)

Ratings	S & P	Moody's	Fitch Ratings
<i>Pfandbriefe</i>			
- public-sector	AAA	Aaa	AAA
- mortgage	not rated	Aa1	AAA
Long-term counterparty rating	A- (outlook stable)	A2 (outlook stable)	A (outlook stable)
Short-term counterparty rating	A-2	P-1	F1
Notes issued under the Debt Issuance Program			
- Senior Unsecured Debt	A-	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** **Bank Credit Report as of June 1, 2006 and Research update as of July 12, 2005 and Rating analysis as of Aug 31, 2004.**
- > **Moody's** **Rating Analysis as of June 2006 and Press Release as of December 13, 2005.**
- > **Fitch Ratings** **Rating Analysis as of November 3, 2005**

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[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

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.

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



- [Home](#)
- [Investor Relations](#)
- [Credit Research](#)
- [Bonds & Notes](#)
- [Financial Reports](#)
- [International Real Estate Finance](#)
- [Company](#)
- [Info Pool / Press](#)
- [Contact](#)

Breakdown of non-cover assets

by rating

S & P/Moody's/Fitch

31.10.2006

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	0.74
AA+ / Aa1 / AA+	0	0.00
AA / Aa2 / AA	76	6.29
AA- / Aa3 / AA-	95	7.86
A+ / A1 / A+	97	8.02
A / A2 / A	115	9.51
A- / A3 / A-	704	58.22
BBB+ / Baa1 / BBB+	50	4.14
BBB / Baa2 / BBB	50	4.14
BBB- / Baa3 / BBB-	0	0.00
BB+ / Ba1 / BB+	0	0.00
BB- / Ba3 / BB-	0	0.00
Without rating *	13	1.08
Total	1,209	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)	13	1.08
Total	13	1.08

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Breakdown of non-cover assets

by borrowers

	31.10.2006
by borrowers	in Euro m in %
National credit institutions	0 0.00
Foreign Governments and municipalities	266 22.00
International credit institutions	300 24.81
Other foreign financial institutions (guaranteed by national or international credit institutions)	429 35.49
Others	214 17.70
Total	1,209 100.00

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Breakdown of non-cover assets

by countries

	31.10.2006
by countries	in Euro m in %
Germany	0 0.00
EU member states without Germany	
The Netherlands	64 5.29
France	70 5.79
Denmark	0 0.00
Austria	0 0.00
Belgium	0 0.00
Great Britain	25 2.07
Ireland	105 8.68
Italy	0 0.00
Spain	247 20.43
Finland	0 0.00
Sweden	0 0.00
Estonia	0 0.00
Hungary	0 0.00
Total EU without Germany	511 42.26
Non EU member states in Western Europe	13 1.08
Others	685 56.66
Total	1,209 100.00

[Back](#) |
 [Glossary](#) |
 [Print](#) |
 [Sitemap](#) |
 [Imprint](#) |
 [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Breakdown of non-cover assets

by risk weighting

	in Euro m	in %
Risk weighting		
0%	225	18.61
10%	0	0.00
20%	814	67.33
100%	170	14.06
Total	1,209	100.00

31.10.2006

[Back](#) |
 [Glossary](#) |
 [Print](#) |
 [Sitemap](#) |
 [Imprint](#) |
 [Legal Disclaimer](#)



- [Home](#)
- [Investor Relations](#)
- [Credit Research](#)
- [Bonds & Notes](#)
- [Financial Reports](#)
- [International Real Estate Finance](#)
- [Company](#)
- [Info Pool / Press](#)
- [Contact](#)

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.

31.10.2006

by rating	in Euro m	in %
AAA / Aaa / AAA	0	0.00
AA+ / Aa1 / AA+	0	0.00
AA / Aa2 / AA	90	19.48
AA- / Aa3 / AA-	90	19.48
A+ / A1 / A+	8	1.73
A / A2 / A	95	20.57
A- / A3 / A-	79	17.10
BBB+ / Baa1 / BBB+	50	10.82
BBB / Baa2 / BBB	50	10.82
Without Rating	0	0.00
Total	462	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

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



- [Home](#)

- [Investor Relations](#)

- [Credit Research](#)

- [Bonds & Notes](#)

- [Financial Reports](#)

- [International Real Estate Finance](#)

- [Company](#)

- [Info Pool / Press](#)

- [Contact](#)

Non-cover loans - Breakdown of new lending commitments

by borrowers	31.10.2006
by borrowers	in Euro m in %
National credit institutions	0 0.00
Foreign Governments and municipalities	169 36.58
International credit institutions	0 0.00
Other foreign financial institutions (guaranteed by national or international credit institutions)	293 63.42
Others	0 0.00
Total	462 100.00

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



- [Home](#)
- [Investor Relations](#)
- [Credit Research](#)
- [Bonds & Notes](#)
- [Financial Reports](#)
- [International Real Estate](#)
- [Finance](#)
- [Company](#)
- [Info Pool / Press](#)
- [Contact](#)

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	20.56
Italy	0	0.00
Spain	188	40.69
Finland	0	0.00
Sweden	0	0.00
Estonia	0	0.00
Hungary	0	0.00
Total EU without Germany	283	61.25
Non EU member states in Western Europe	0	0.00
Others	179	38.75
Total	462	100.00

31.10.2006

[Back](#) |
 [Glossary](#) |
 [Print](#) |
 [Sitemap](#) |
 [Imprint](#) |
 [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Non-cover loans - Breakdown of new lending commitments

by risk weighting

		31.10.2006
Risk weighting	in Euro m	in %
0%	119	25.76
10%	0	0.00
20%	293	63.42
100%	50	10.82
Total	462	100.00

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)


www.essenhyp.de
[Home](#)
[Investor Relations](#)
[Credit Research](#)
[Bonds & Notes](#)
[Financial Reports](#)
[International Real Estate](#)
[Finance](#)
[Company](#)
[Info Pool / Press](#)
[Contact](#)

Mortgage loans

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

Commercial Properties in Euro m

30.09.2006

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 adminl- strative buildings	Foreign countries	401.7	26.0	168.7	26.0	164.0	46.4	43.4	28.9	29.1	17.5	638.2	29.5
	West **	491.7	31.8	346.3	37.3	63.1	17.9	21.2	20.9	54.3	32.6	630.3	29.1
	East ***	12.2	0.8	14.2	1.5	3.0	0.8	1.0	1.0	0.6	0.4	16.8	0.8
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	0.0
	West **	1.1	0.1	0.0	0.0	0.1	0.0	0.0	0.0	1.0	0.6	2.2	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	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	0.0
	West **	42.9	2.8	26.4	2.8	6.3	1.8	1.8	1.8	3.6	2.2	54.6	2.5
	East ***	1.6	0.1	0.0	0.0	0.5	0.1	0.2	0.2	0.0	0.0	2.3	0.1
Shops	Foreign countries	30.2	2.0	0.0	0.0	10.1	2.9	5.0	4.9	10.4	6.3	55.7	2.6
	West **	230.5	14.9	201.1	21.6	30.6	8.7	3.8	3.8	3.8	2.3	268.7	12.4
	East ***	58.9	3.8	46.7	5.0	18.2	5.1	7.0	6.9	10.6	6.4	94.7	4.4
Hotels and restaurants	Foreign countries	20.9	1.4	19.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	20.9	1.0
	West **	31.4	2.0	11.4	1.2	10.9	3.1	4.3	4.2	12.8	7.7	59.4	2.7
	East ***	23.4	1.5	0.0	0.0	6.4	1.8	2.0	2.0	15.2	9.1	47.0	2.2
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	0.0

properties	West **	121.7	7.9	65.7	7.1	24.3	6.9	9.5	9.4	24.2	14.5	179.7	8.3
	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	17.6	1.1	0.0	0.0	5.3	1.5	0.0	0.0	0.0	0.0	22.9	1.1
	West **	57.6	3.7	28.5	3.1	10.4	2.9	2.0	2.0	0.8	0.5	70.8	3.3
	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 countries	Foreign countries	470.4	30.5	187.7	20.2	179.4	50.8	48.4	47.8	39.5	23.7	737.7	34.1
	West **	976.9	63.2	679.4	73.1	145.7	41.2	42.6	42.1	100.5	60.4	1,265.7	58.4
	East ***	97.4	6.3	62.1	6.7	28.3	8.0	10.2	10.1	26.4	15.9	162.3	7.5
Total		1,544.7	100.0	929.2	100.0	353.4	100.0	101.2	100.0	166.4	100.0	2,165.7	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	0.5	0.0	0.0	1.4	0.0
	West **	3,313.3	60.9	2,170.5	62.0	114.9	45.2	3.9	18.9	2.1	6.1	3,434.2	59.7
	East ***	424.2	7.8	290.0	8.3	22.1	8.7	1.3	6.3	0.5	1.5	448.1	7.8
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 **	965.0	17.7	615.1	17.6	41.0	16.1	1.8	8.7	0.8	2.3	1,008.6	17.5
	East ***	48.3	0.9	33.8	1.0	2.0	0.8	0.1	0.6	0.1	0.3	50.5	0.9
Residential construction for letting purposes	Foreign countries	33.5	0.6	0.5	0.0	11.0	4.3	2.3	11.2	1.8	5.2	48.6	0.8
	West **	556.7	10.2	354.2	10.1	53.8	21.1	8.8	42.7	17.2	50.0	636.5	11.1
	East ***	99.1	1.8	37.8	1.1	9.3	3.7	2.3	11.2	11.9	34.6	122.6	2.1
Total residential properties	Foreign countries	34.7	0.6	0.5	0.0	11.3	4.5	2.4	11.6	1.8	5.3	50.2	0.9
	West **	4,835.0	88.9	3,139.8	89.7	209.7	82.4	14.5	70.4	20.1	58.4	5,079.3	88.3
	East ***	571.6	10.5	361.6	10.3	33.4	13.1	3.7	18.0	12.5	36.3	621.2	10.8
Total		5,441.3	100.0	3,501.9	100.0	254.4	100.0	20.6	100.0	34.4	100.0	5,750.7	100.0

Total mortgage loans	Country*	LTV up to 60%	in %	of which used as cover	in %	LTV 61-80 %	LTV in %	LTV 81-90 %	in %	LTV >90 %	Total in %
	Foreign countries	505.1	64.2	188.2	4.2	190.7	24.2	50.8	6.4	41.3	787.9
	West **	5,811.9	91.6	3,819.2	86.2	355.4	5.6	57.1	0.9	120.6	6,345.0
	East ***	669.0	85.3	423.7	9.6	61.7	7.9	13.9	1.8	38.9	783.5
	Total	6,986.0	88.3	4,431.1	100.0	607.8	7.7	121.8	1.5	200.8	7,916.4

* - 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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Home

Investor Relations

Credit Research

Bonds & Notes

Financial Reports

International Real Estate

Finance

Company

Info Pool / Press

Contact

Mortgage loans

Breakdown of mortgage portfolio

Foreign loans by type of property, country and LTV

Commercial Properties in Euro m 30.09.2006

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	17.0	0.0	53.5	5.5	0.4	76.4	10.4
	Belgium	1.0	0.0	0.0	0.0	0.0	1.0	0.1
	England	116.4	77.4	55.1	30.3	23.7	225.5	30.7
	France	111.9	42.2	18.3	4.0	1.5	135.7	18.4
	Canada	20.7	0.0	6.9	3.5	3.5	34.6	4.7
	The Netherlands	49.4	49.1	10.9	0.1	0.0	60.4	8.2
	Poland	17.7	0.0	1.5	0.0	0.0	19.2	2.6
	Spain	67.6	0.0	17.8	0.0	0.0	85.4	11.6
Shops	United States	7.2	0.0	2.4	1.2	1.1	11.9	1.6
	Poland	23.0	0.0	7.7	3.8	9.3	43.8	5.9
Hotels and restaurants	France	19.0	0.0	0.0	0.0	0.0	19.0	2.6
	Spain	1.9	0.0	0.0	0.0	0.0	1.9	0.3
	France	17.6	0.0	5.3	0.0	0.0	22.9	3.1
Warehouse and exhibition buildings								
Total commercial properties	United States	24.2	0.0	55.9	6.7	1.5	88.3	12.0
	Belgium	1.0	0.0	0.0	0.0	0.0	1.0	0.1
	England	116.4	77.4	55.1	30.3	23.7	225.5	30.6
	France	148.5	61.2	23.6	4.0	1.5	177.6	24.1
	Canada	20.7	0.0	6.9	3.5	3.5	34.6	4.7
	The Netherlands	49.4	49.1	10.9	0.1	0.0	60.4	8.2

Poland	40.7	0.0	9.2	3.8	9.3	63.0	8.5
Spain	69.5	0.0	17.8	0.0	0.0	87.3	11.8
Total	470.4	187.7	179.4	48.4	39.5	737.8	100.0

Residential Properties in Euro m 30.09.2006

Purpose of property	Country*	LTV up to 60%	of which used as cover	LTV 61-80%	LTV 81-90%	LTV >90%	Total	in %
owned flats	France	0.2	0.0	0.0	0.0	0.0	0.2	0.4
owned houses	Austria	0.5	0.0	0.2	0.1	0.0	0.8	1.6
	France	0.5	0.0	0.1	0.0	0.0	0.6	1.2
Residential construction for letting purposes	United States	33.0	0.0	11.0	2.3	1.8	48.1	95.7
	Belgium	0.5	0.5	0.0	0.0	0.0	0.5	1.0
Total residential properties	Austria	0.5	0.0	0.2	0.1	0.0	0.8	1.6
	United States	33.0	0.0	11.0	2.3	1.8	48.1	95.8
	Belgium	0.5	0.5	0.0	0.0	0.0	0.5	1.0
	France	0.7	0.0	0.1	0.0	0.0	0.8	1.6
Total		34.7	0.5	11.3	2.4	1.8	50.2	100.0

Total in Euro m 30.09.2006

Mortgage loans	Country*	LTV up to 60%	of which used as cover	LTV 61-80%	LTV 81-90%	LTV >90%	Total	in %
	Austria	0.5	0.0	0.2	0.1	0.0	0.8	0.1
	United States	57.2	0.0	66.9	9.0	3.3	136.4	17.3
	Belgium	1.5	0.5	0.0	0.0	0.0	1.5	0.2
	England	116.4	77.4	55.1	30.3	23.7	225.5	28.6
	France	149.2	61.2	23.7	4.0	1.5	178.4	22.6
	Canada	20.7	0.0	6.9	3.5	3.5	34.6	4.4
	The Netherlands	49.4	49.1	10.9	0.1	0.0	60.4	7.7
	Poland	40.7	0.0	9.2	3.8	9.3	63.0	8.0

Spain	69.5	0.0	17.8	0.0	0.0	87.3	11.1
Total	505.1	188.2	190.7	50.8	41.3	787.9	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.

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)


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[Home](#)
[Investor Relations](#)
[Credit Research](#)
[Bonds & Notes](#)
[Financial Reports](#)
[International Real Estate](#)
[Finance](#)
[Company](#)
[Info Pool / Press](#)
[Contact](#)

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 %	Market value (dynamic approach)			Surplus cover in % in the case of falling yields
					Surplus cover in € m in the case of rising yields	Surplus cover in % in the case of rising yields	Market value (dynamic approach)	
31.10.2006	4,622.46	4,341.84	280.63	6.46	217.82	5.21	355.66	7.88
30.09.2006	5,638.30	5,300.26	338.05	6.38	150.43	2.93	561.11	10.25
31.08.2006	5,642.88	5,276.37	366.51	6.95	181.33	3.55	587.14	10.76
31.07.2006	5,714.59	5,253.52	461.07	8.78	289.82	5.71	664.75	12.22
30.06.2006	5,625.14	4,872.51	752.63	15.45	568.90	12.04	967.35	19.24
31.05.2006	5,577.03	4,709.82	867.21	18.41	681.27	14.91	1,083.72	22.32
30.04.2006	5,613.82	4,202.43	1,411.39	33.59	1,204.30	29.56	1,650.71	38.07
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

[Back](#) |
 [Glossary](#) |
 [Print](#) |
 [Sitemap](#) |
 [Imprint](#) |
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Home

Investor Relations

Credit Research

Bonds & Notes

Financial Reports

International Real Estate

Finance

Company

Info Pool / Press

Contact

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
31/10/2006	4,349.71	4,657.32	307.61	7.06	2,614.50
30/09/2006	5,300.00	5,483.00	183.00	3.45	2,554.70
31/08/2006	5,286.00	5,478.00	192.00	3.63	2,527.02
31/07/2006	5,286.00	5,455.00	169.00	3.2	2,454.24
30/06/2006	4,917.79	5,367.49	449.70	9.14	1,952.05
31/05/2006	4,732.00	5,259.00	527.0	11.1	1,876.40
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

Mortgage loans Breakdown of cover pool Surplus cover

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.

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

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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.

	in %
Date	
31/10/2006	12.76
30/09/2006	12.74
31/08/2006	12.64
31/07/2006	12.79
30/06/2006	13.71
31/05/2006	13.66
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

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



Home

Investor Relations

Credit Research

Bonds & Notes

Financial Reports

International Real Estate

Finance

Company

Info Pool / Press

Contact

Mortgage loans

Breakdown of new lending commitments
Domestic loans by type of property, region and LTV

Commercial Properties in Euro m 30.09.2006

Purpose of property	Country*	LTV up to 60%	in %	of which used as cover	LTV 61-80 %	LTV in % 81-90 %	LTV in % >90 %	LTV in %	Total in %			
Office and administrative buildings	Foreign countries	16.5	9.8	0.0	0.0	47.4	1.1	7.1	1.9	3.4	50.2	16.5
	West **	30.6	0.5	0.0	0.0	11.3	2.2	14.3	10.3	18.5	50.4	16.6
	East ***	1.3	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.4
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 **	0.0	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 **	1.3	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.4
	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	7.2	4.3	0.0	0.0	3.7	1.2	7.8	1.0	1.8	11.8	3.9
	West **	66.2	39.4	0.0	0.0	33.6	10.8	70.1	42.5	76.2	141.3	46.5
	East ***	0.5	0.3	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.6	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 **	1.4	0.8	0.0	0.0	0.5	0.8	0.1	0.6	0.0	2.0	0.7
	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 **	29.5	17.5	0.0	0.0	1.0	1.5	0.0	0.0	0.0	0.0	30.5	10.0
	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 **	13.7	8.1	0.0	0.0	1.0	1.5	0.0	0.0	0.0	0.0	14.7	4.8
	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	23.7	14.1	0.0	0.0	33.1	51.0	2.3	14.9	2.9	5.2	62.0	20.4
	West **	142.7	84.8	0.0	0.0	31.6	48.8	13.1	85.1	52.8	94.8	240.2	79.0
	East ***	1.8	1.1	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.0	1.9	0.6
Total		168.2	100.0	0.0	0.0	64.8	100.0	15.4	100.0	55.7	100.0	304.1	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	0.9	0.1	0.0	0.0	0.2	0.2	0.1	0.7	0.0	1.2	0.1	
	West **	729.7	64.1	4.1	53.9	50.3	45.4	1.2	8.1	0.4	5.8	781.6	61.5
	East ***	57.3	5.0	0.3	3.9	5.6	5.1	0.2	1.3	0.0	0.0	63.1	5.0
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 **	200.6	17.6	2.7	35.5	16.1	14.5	0.6	4.0	0.3	4.3	217.6	17.1
	East ***	3.1	0.3	0.0	0.0	0.3	0.3	0.0	0.0	0.0	0.0	3.4	0.3
Residential construction for letting purposes	Foreign countries	32.1	2.8	0.0	0.0	29.4	26.5	11.5	77.2	6.1	88.4	79.1	6.2
	West **	114.2	10.0	0.5	6.6	8.9	8.0	1.3	8.7	0.1	1.4	124.5	9.8
	East ***	1.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.1
Total residential properties	Foreign countries	33.0	2.9	0.0	0.0	29.6	26.7	11.6	77.9	6.1	88.4	80.3	6.3
	West **	1,044.5	91.7	7.3	96.1	75.3	68.0	3.1	20.8	0.8	11.6	1,123.7	88.3
	East ***	61.7	5.4	0.3	3.9	5.9	5.3	0.2	1.3	0.0	0.0	67.8	5.3
Total		1,139.2	100.0	7.6	100.0	110.8	100.0	14.9	100.0	6.9	100.0	1,271.8	100.0

Total mortgage loans	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 %
	Foreign countries	56.7	39.8	0.0	0.0	62.7	44.1	13.9	9.8	9.0	6.3	142.3	9.0
	West **	1,187.2	87.0	7.3	96.1	106.9	7.8	16.2	1.2	53.6	3.9	1,363.9	86.5
	East ***	63.5	91.1	0.3	3.9	6.0	8.6	0.2	0.3	0.0	0.0	69.7	4.4
	Total	1,307.4	83.0	7.6	100.0	175.6	11.1	30.3	1.9	62.6	4.0	1,575.9	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

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



Home
Investor Relations
Credit Research
Bonds & Notes
Financial Reports
International Real Estate
Finance
Company
Info Pool / Press
Contact

Mortgage loans		30.09.2006				
Breakdown of new lending commitments Foreign loans by type of property, country and LTV						
Commercial Properties in Euro m						
Mortgage loans	Country*	LTV up to 60%	of which used as cover	LTV 61-80 %	LTV 81-90 %	LTV Total in % >90
Office and administrative buildings	United States	0.0	0.0	28.5	0.0	28.5 46.0
	France	10.0	0.0	0.0	0.0	10.0 16.1
	England	6.5	0.0	2.2	1.1	11.7 18.9
Warehouse and exhibition building	United States	7.2	0.0	2.4	1.2	11.8 19.0
Total commercial properties	United States	7.2	0.0	30.9	1.2	40.3 65.0
	France	10.0	0.0	0.0	0.0	10.0 16.1
	England	6.5	0.0	2.2	1.1	11.7 18.9
	Total	23.7	0.0	33.1	2.3	62.0 100.0
Residential Properties in Euro m						
Purpose of property	Country*	LTV up to 60%	of which used as cover	LTV 61-80 %	LTV 81-90 %	LTV Total in % >90
owned houses	Austria	0.5	0.0	0.2	0.1	0.8 1.0
	Belgium	0.4	0.0	0.0	0.0	0.4 0.5
Residential construction for letting purposes	United States	32.1	0.0	29.4	11.5	79.1 98.5

Total residential properties	Austria	0.5	0.0	0.2	0.1	0.0	0.8	1.0
	United States	32.1	0.0	29.4	11.5	6.1	79.1	98.5
	Belgium	0.4	0.0	0.0	0.0	0.0	0.4	0.5
	Total	33.0	0.0	29.6	11.6	6.1	80.3	100.0

Total in Euro m								30.09.2006
Mortgage loans	Country*	LTV up to 60%	of which used as cover	LTV 61-80%	LTV 81->90%	LTV Total	in %	
	United States	39.3	0.0	60.3	12.7	7.1	119.4	83.9
	Austria	0.5	0.0	0.2	0.1	0.0	0.8	0.6
	France	10.0	0.0	0.0	0.0	0.0	10.0	7.0
	England	6.5	0.0	2.2	1.1	1.9	11.7	8.2
	Belgium	0.4	0.0	0.0	0.0	0.0	0.4	0.3
	Total	56.7	0.0	62.7	13.9	9.0	142.3	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.

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



- [Home](#)
- [Investor Relations](#)
- [Credit Research](#)
- Bonds & Notes**
- [Our Treasury Department](#)
- [Jumbos/Globals](#)
- [Debt Issuance Program](#)
- [Commercial Paper Program](#)
- [Bloomberg & Reuters Information](#)
- [Securities Prospectus](#)
- [Financial Reports](#)
- [International Real Estate Finance](#)
- [Company](#)
- [Info Pool / Press](#)
- [Contact](#)

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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.

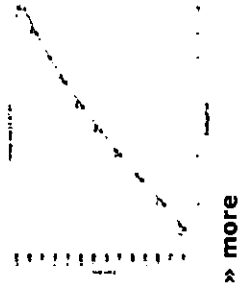
In recent years the *Pfandbrief* market has seen significant changes due to the increasing volume of *Pfandbriefe* that are issued in the form of Jumbos and Globals. In autumn 2003 the *Pfandbrief* issuers within the Association of German *Pfandbrief* Banks (vdp) agreed upon an amendment of the minimum 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.

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)

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Last update: Oct 2006

Sec 28 PfandBG

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» [more](#)

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S&P	AAA	-
Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA
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» **more**



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

» [Our Treasury Department](#)

[Jumbos/Globals](#)

[Debt Issuance Program](#)

[Commercial Paper Program](#)

[Bloomberg & Reuters](#)

[Information](#)

[Securities Prospectus](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

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Money Markets

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[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

Bonds & Notes

[Our Treasury Department](#)

» [Jumbos/Globals](#)

[Debt Issuance Program](#)

[Commercial Paper Program](#)

[Bloomberg & Reuters](#)

[Information](#)

[Securities Prospectus](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Bonds & Notes

Jumbos / Globals and their Increases
Amounts in EUR m Status: 28.09.2006

Security no	Increases by	on	Issuing volume	Coupon	Maturity	Issue Date	Market makers	Ratings	
								S&P/ Moody's	Fitch
A0A C5V	2,500	2,75	21/11/06	21/01/04	1-6/8/13/14/18/24/26	AAA/Aaa	AAA		
257 359	3,017	5,500	20/02/07	13/02/97	1/4/5/6/8	AAA/Aaa	AAA		
802 308	2,750	2,750	25/07/07	14/07/03	1-6/13-15/18/25/26	AAA/Aaa	AAA		
257 402	250	04/06	1,273	5,250	22/01/08	15/01/98	1/2/4/5/7/10	AAA/Aaa	AAA
HBE 0BQ	500	03/06	2,000	2,750	11/03/08	11/03/05	1/6/18/27	AAA/Aaa	AAA
A0A 71Z	250	05/06	1,250	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	750	07/06	2,950	3,500	26/09/08	17/09/03	1-6/13-15/18/25/26	AAA/Aaa	AAA
257 424	500	07/06	2,500	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	250	07/06	2,250	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	3,250	17/11/09	17/11/04	1/5/18/26	AAA/Aaa	AAA		
HBE 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		
HBE 1LM	1,200	3,75	28/09/12	28/09/06	1/3/4/9/16/22/25/30	AAA/Aaa	AAA		

1=Commerzbank, 2=HypoVereinsbank, 3=DZ Bank, 4=HSBC, 5=Dresdner Kleinwort Benson, 6=Deutsche Morgan

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=Bankgesellschaft 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, 27=Citigroup Global Markets Limited Zweigniederlassung Deutschland, 28=CALYON Corporate and Investment Bank, 29=Nordea Markets Division, 30=UBS Limited

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- [Home](#)

- [Investor Relations](#)

- [Credit Research](#)

- Bonds & Notes**
- [Our Treasury Department](#)
- [Jumbos/Globals](#)
- » [Debt Issuance Program](#)
- [Commercial Paper Program](#)
- [Bloomberg & Reuters Information](#)
- [Securities Prospectus](#)

- [Financial Reports](#)

- [International Real Estate Finance](#)

- [Company](#)

- [Info Pool / Press](#)

- [Contact](#)

Bonds & Notes

Essen Hyp EUR 30,000,000,000 Debt Issuance Program (DIP)

Essen Hyp's €30bn Debt Issuance Program, which was launched on May 28, 1998 and increased to €30bn in April 2006, 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.

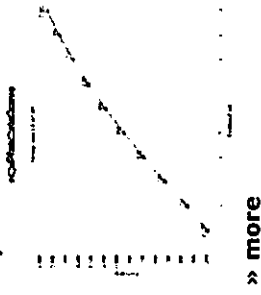
Maturities under this Program can reach up to 30 years, depending on the type of transaction. There is no specific maturity target.

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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Last update: Sep 2006
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Ratings	public-sector Pfandbriefe	mortgage Pfandbriefe
S&P	AAA	-
Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA
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The following ratings have been assigned to the Notes listed under Essen Hyp's Debt Issuance Program:

	Standard & Poor's	Moody's
Public-sector <i>Pfandbriefe</i>	AAA	Aaa
Senior Unsecured Debt	A-	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**.

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Home
Investor Relations
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Bonds & Notes
Our Treasury Department
Jumbos/Globals
Debt Issuance Program
» Commercial Paper Program
Bloomberg & Reuters Information
Securities Prospectus
Financial Reports
International Real Estate Finance
Company
Info Pool / Press
Contact

Bonds & Notes

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

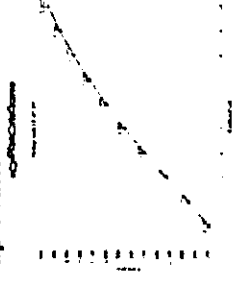
- Fixed-Rate Notes or
- Floating Rate Notes or
- Discounted Notes

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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» more

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Ratings	public-sector Pfandbriefe	mortgage Pfandbriefe
S&P	AAA	-
Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA
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Economic and Interest Rate Outlook G3
» more

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:
Citigroup, London; Dresdner Bank, FFM; Goldman Sachs, London; Ixis Corp & Inv. Bank, FFM; Lehman Brothers, London.

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:

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» **more**

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» **more**

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

Bonds & Notes

[Our Treasury Department](#)

[Jumbos/Globals](#)

[Debt Issuance Program](#)

[Commercial Paper Program](#)

[» Bloomberg & Reuters Information](#)

[Securities Prospectus](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

Bonds & Notes

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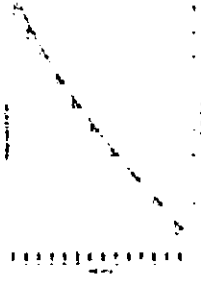
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[» more](#)

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Sec 28 PfandBG

Last update: Sep 2006
[» more](#)

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Fitch Ratings	AAA	AAA
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» **more**

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- [Home](#)
- [Investor Relations](#)
- [Credit Research](#)
- [Bonds & Notes](#)**
 - [Our Treasury Department](#)
 - [Jumbos/Globals](#)
 - [Debt Issuance Program](#)
 - [Commercial Paper Program](#)
 - [Bloomberg & Reuters Information](#)
 - » [Securities Prospectus](#)**
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- [International Real Estate Finance](#)
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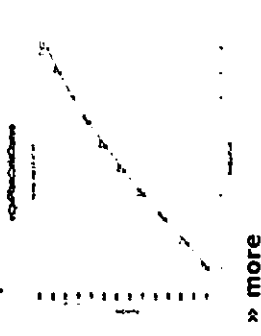
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Sec 28 PfandBG

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» more		

Economic and Interest Rate Outlook G3 [» more](#)

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Economic Topics**

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» **more**

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[Credit Research](#)

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[Debt Issuance Program](#)

[Commercial Paper Program](#)

[Bloomberg & Reuters Information](#)

[» Securities Prospectus](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

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[Info Pool](#)

[Contact](#)

Bonds & Notes

[Securities Prospectus](#)

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[» Jährliches Dokument für das Geschäftsjahr 2005 nach § 10 Wertpapierprospektgesetz \(WpPG\) \(PDF\)](#)

[» Final Terms: Series No: HBE11LW, Issue Date: November 02, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11L6, Issue Date: October 27, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11L2, Issue Date: October 26, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11L5, Issue Date: October 23, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11LZ, Issue Date: October 20, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE0BZ, Issue Date: October 18, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11LR, Issue Date: October 18, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11L1, Issue Date: October 17, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11Y, Issue Date: October 17, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11LP, Issue Date: October 17, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11LU, Issue Date: October 13, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11LT, Issue Date: October 13, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11LR, Issue Date: October 09, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11LQ, Issue Date: October 06, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE11LH, Issue Date: September 15, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE0J2, Issue Date: September 14, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE0JX, Issue Date: September 05, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE0JW, Issue Date: September 05, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE0J1, Issue Date: August 29, 2006 \(PDF\)](#)

[» Final Terms: Series No: HBE0JN, Issue Date: August 16, 2006 \(PDF\)](#)

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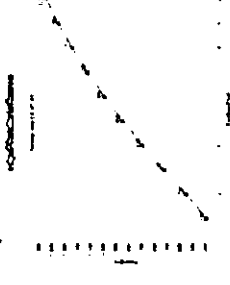
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[» Final Terms: Series No: HBE0JN, Issue Date: July 25, 2006 \(PDF\)](#)

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Credit Research

Last update: Sep 2006

Sec 28 PfandBG

Last update: Sep 2006
[» more](#)

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[» more](#)

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- » **Final Terms: Series No: HBE0JS, Issue Date: July 17, 2006 (PDF)**
- » **Final Terms: Series No: HBE0JE, Issue Date: July 14, 2006 (PDF)**
- » **Final Terms: Series No: HBE0JR, Issue Date: July 12, 2006 (PDF)**
- » **Final Terms: Series No: HBE0JJ, Issue Date: July 07, 2006 (PDF)**
- » **Final Terms: Series No: HBE0JR, Issue Date: July 12, 2006 (PDF)**
- » **Final Terms: Series No: HBE0JJ, Issue Date: July 07, 2006 (PDF)**
- » **Final Terms: Series No: HBE0H6, Issue Date: July 04, 2006 (PDF)**
- » **Final Terms: Series No: HBE0JG, Issue Date: July 03, 2006 (PDF)**

- » **Final Terms: Series No: HBE0H9, Issue Date: June 28, 2006 (PDF)**
- » **Final Terms: Series No: HBE0JB, Issue Date: June 28, 2006 (PDF)**
- » **Final Terms: Series No: HBE0H1, Issue Date: June 28, 2006 (PDF)**
- » **Final Terms: Series No: HBE0H5, Issue Date: June 27, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HV, Issue Date: June 23, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HU, Issue Date: June 22, 2006 (PDF)**
- » **Final Terms: Series No: HBE0H4, Issue Date: June 22, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HR, Issue Date: June 20, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HQ, Issue Date: June 20, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HX, Issue Date: June 20, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HS, Issue Date: June 16, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HR, Issue Date: June 13, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HY, Issue Date: June 12, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HT, Issue Date: June 08, 2006 (PDF)**

- » **Final Terms: Series No: HBE0HJ, Issue Date: May 31, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HP, Issue Date: May 26, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HG, Issue Date: May 19, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HN, Issue Date: May 19, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HM, Issue Date: May 19, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HH, Issue Date: May 18, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HE, Issue Date: May 05, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HF, Issue Date: May 03, 2006 (PDF)**

- » **Final Terms: Series No: HBE0HA, Issue Date: April 28, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HC, Issue Date: April 26, 2006 (PDF)**
- » **Final Terms: Series No: HBE0G5, Issue Date: April 20, 2006 (PDF)**
- » **Final Terms: Series No: HBE0HB, Issue Date: April 13, 2006 (PDF)**
- » **Final Terms: Series No: HBE0G7, Issue Date: April 10, 2006 (PDF)**

- » **Final Terms: Series No: HBE0GS, Issue Date: March 22, 2006 (PDF)**
- » **Final Terms: Series No: HBE0G3, Issue Date: March 21, 2006 (PDF)**
- » **Final Terms: Series No: HBE0G1, Issue Date: March 21, 2006 (PDF)**

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 - » **Final Terms: Series No: HBE0GR, Issue Date: March 07, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0GT, Issue Date: March 03, 2006 (PDF)**

 - » **Final Terms: Series No: HBE0GD, Issue Date: February 22, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0GM, Issue Date: February 20, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0GF, Issue Date: February 20, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0F4, Issue Date: February 16, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0GG, Issue Date: February 15, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0GB, Issue Date: February 10, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0GC, Issue Date: February 03, 2006 (PDF)**

 - » **Final Terms: Series No: HBE0GA, Issue Date: January 31, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0FQ, Issue Date: January 31, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0FV, Issue Date: January 27, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0FZ, Issue Date: January 24, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0FS, Issue Date: January 24, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0F3, Issue Date: January 23, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0FU, Issue Date: January 20, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0F0, Issue Date: January 20, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0FT, Issue Date: January 18, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0FS, Issue Date: January 10, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0FM, Issue Date: January 10, 2006 (PDF)**
 - » **Final Terms: Series No: HBE0FR, Issue Date: January 06, 2006 (PDF)**
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- » **Debt Issuance Programme Prospectus as of October 31, 2005 (PDF)**
 - » **Final Terms: Series No: HBE0E5, Issue Date: November 09, 2005 (PDF)**
 - » **Final Terms: Series No: HBE0E4, Issue Date: November 18, 2005 (PDF)**
 - » **Final Terms: Series No: HBE0E7, Issue Date: November 22, 2005 (PDF)**
 - » **Final Terms: Series No: HBE0FA, Issue Date: November 24, 2005 (PDF)**
 - » **Final Terms: Series No: HBE0E8, Issue Date: November 30, 2005 (PDF)**
 - » **Final Terms: Series No: HBE0FD, Issue Date: December 07, 2005 (PDF)**
 - » **Final Terms: Series No: HBE0FC, Issue Date: December 08, 2005 (PDF)**
 - » **Final Terms: Series No: HBE0FJ, Issue Date: December 22, 2005 (PDF)**
 - » **Final Terms: Series No: HBE0FK, Issue Date: December 23, 2005 (PDF)**
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Key Dates 2006

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Key Dates 2007

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[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate Finance](#)

[Borrower-specific Financing-Structures](#)

[Specialist Knowledge](#)

[Contacts](#)

[Company](#)

[Info Pool / Press](#)

[Contact](#)

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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 Hypothesenbank 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.

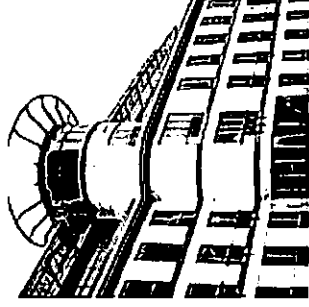
Your partner for international real estate projects.

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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Home
Investor Relations
Credit Research
Bonds & Notes
Financial Reports
International Real Estate Finance
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Specialist Knowledge
Contacts
Company
Info Pool / Press
Contact

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Borrower-specific financing structures

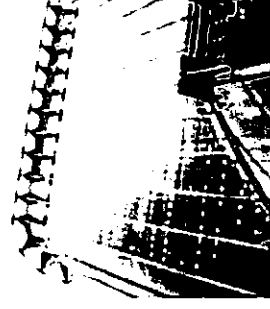
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Essen Hyp's international mortgage lending activities are bundled at our International Property Financing Desk. Our committed and efficient team will advise you of all relevant facts and decisions within a short period of time, so that you can put 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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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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[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate Finance](#)

[Borrower-specific Financing-Structures](#)

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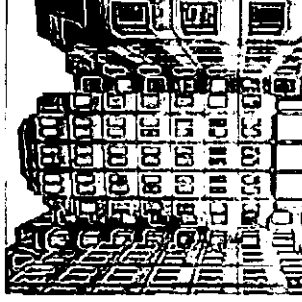
Quality is the key to success.

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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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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- [Credit Research](#)
- [Bonds & Notes](#)
- [Financial Reports](#)
- [International Real Estate](#)
- [Finance](#)
- Company**
- [Corporate Governance Code](#)
- [Organization Chart](#)
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Success needs far-sightedness

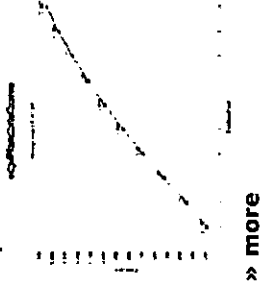
Success needs far-sightedness - guided by this motto, Hypothekbank in Essen AG, which was founded in 1987, has become one of the leading mortgage banks in Germany within just one decade. The bank's business activities basically rest on two pillars: the granting of public-sector and mortgage loans. Our 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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Ratings	public-sector Pfandbriefe	mortgage Pfandbriefe
S&P	AAA	-
Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA
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[Bonds & Notes](#)

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[International Real Estate](#)

[Finance](#)

Company

 » [Corporate Governance Code](#)

[Organization Chart](#)

[10 Successful Years in](#)

[Retrospect](#)

[Committees](#)

[Branches & Offices](#)

[External Links](#)

[Imprint](#)

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Investor relations

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 Conformity with the German Corporate Governance Code \(April 24, 2006\) \(PDF\)](#)
- > [Corporate Governance Code of Hypothekenbank in Essen Aktiengesellschaft \(PDF\)](#)
- > [Declaration of Compliance with the German Corporate Governance Code \(March 17, 2005\) \(PDF\)](#)

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Ratings	public-sector Pfandbriefe	AAA	mortgage Pfandbriefe	-
	S&P	AAA		Aa1
	Moody's	Aaa		AAA
	Fitch Ratings	AAA		

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Declaration of Conformity with the German Corporate Governance Code

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, Hypothekbank in Essen Aktiengesellschaft has only two shareholder groups: Commerzbank Aktiengesellschaft, with a majority stake, and the Schuppli Group holding the remaining shares. Accordingly, 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, first announced in the official section of the electronic version of the Federal Gazette (*Bundesanzeiger*) on August 20, 2002 and amended on June 2, 2005, 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 3.10 there is no yearly Corporate Governance Report in the bank's Annual Report.

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. As 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.

Pursuant to Section 5.4.3 proposed candidates for the Supervisory Board chair shall be announced to the shareholders. Due to the fact, however, that no shares of Essen Hyp are in free flow or listed on a stock exchange and that the bank has only two shareholder groups, this provision is not relevant to Essen Hyp.

Contrary to Section 5.4.6 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 such conflicts of interest are not formally dealt with at the General Meeting.

Due to the fact 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 Hypothekbank 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 main source of information available to them.

Essen, April 24, 2006

The Board of Managing Directors

The Supervisory Board

Corporate Governance Code of Hypothekbank in Essen Aktiengesellschaft, Essen

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 June 2, 2005, 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 Hypothekbank in Essen Aktiengesellschaft (hereinafter also referred to as “Essen Hyp“ or “bank“) are not listed on a stock exchange. At present, Hypothekbank 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, 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 (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 Hypothekenbank in Essen Aktiengesellschaft

A dual board system is prescribed by law for Hypothekenbank 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 coordinates 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 coordinates 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 Cooperation between the Board of Managing Directors and the Supervisory Board

- 3.1 The Board of Managing Directors and the Supervisory Board shall cooperate closely to the benefit of the company.
- 3.2 The Board of Managing Directors coordinates 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 discussion 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 offer 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 on possible deviations from the recommendations of the German Corporate Governance Code once every year. The company shall keep previous Declarations of Conformity with the Code available for viewing on its website for five years.

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, coordinates 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 cooperation within the Board of Managing Directors. The Board of Managing Directors cooperates 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 comprises a fixed salary and variable elements. The variable part of the compensation includes both 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 any unlawful advantage 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 bank.

- 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 coordinates the work within the Supervisory Board, chairs its meetings and attends to the affairs of the Supervisory Board externally.

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 bank. 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 bank's situation and development, or for the management of the bank. 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 bank, 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, the Supervisory Board shall include what it considers an adequate number of members. A Supervisory Board member is considered independent if he or she has no business or personal relations with the company or its Board of Managing Directors which cause a conflict of interest. Not more than two former members 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 company or provide any advisory services to them.
- 5.4.3 It shall not be the rule for the former Chairman of the Board of Managing Directors or a member of the Board of Managing Directors to become Supervisory Board Chairman or the Chairman of a Supervisory Board committee. If this is intended, special reasons shall be presented to the annual general meeting.
- 5.4.4 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 bank shall not accept more than five Supervisory Board mandates in non-group listed companies.
- 5.4.5 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.
- 5.4.6 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 bank. 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.

- 5.4.7 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 the company 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 must disclose insider information directly relating to the company without delay unless it is exempted from the disclosure requirement in an individual case.
- 6.2 As soon as the bank 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 bank, the Board of Managing Directors shall disclose this fact without delay.
- 6.3 The bank's treatment of all shareholders in respect of information shall be the same. The bank shall also disclose all new facts made known to financial analysts and similar addressees to its shareholders without delay.
- 6.4 The bank 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 bank 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 bank disclosed by the bank itself 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. In addition, the Financial Reporting Enforcement Panel (*Prüfstelle für Rechnungslegung*) and the Federal Financial Supervisory Authority (*BaFin*) are authorized to check that the Annual Financial Statements comply with the applicable accounting regulations (enforcement). 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 bank publishes a list of third party companies in which it has a participating interest that is not of minor importance for the bank. 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 bank, 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 business, financial, personal and other relationships exist between the auditor and its executive bodies and head auditors on the one hand, and the bank 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 bank 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.

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 Hypothekbank 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



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Home

Investor Relations

Credit Research

Bonds & Notes

Financial Reports

International Real Estate Finance

Company
Corporate Governance Code

» Organization Chart

10 Successful Years in Retrospect

Committees

Branches & Offices

External Links

Imprint

Info Pool / Press

Contact

Company

Organization Chart

Chairman of the Board of Managing Directors
Hubert Schulte-Kemper

Corporate Division I
Corporate Management Center

Head: Dr. G. Stricker
Deputy Heads:
N. Wittkopf, Dr. S. Tilch

- Secretariat to the Board of Managing Directors
- Investor Relations
- Corporate Communications
- Public Relations
- Strategy
- Personnel
- Group Reporting

Corporate Division II
Capital Markets

Head: J. Remmers
Deputy Heads:
G. Pless, M. Bartling

- Treasury
- Bank Management
- Research

Member of the Board of Managing Directors
Michael Fröhner

Corporate Division III
Real Estate Finance

Head: W. Salomo
Deputy Head: W. Böving

- National Real Estate Finance Marketing
- International Real Estate Finance Marketing
- Representative Offices
- Branches

Corporate Division IV
Services

Head: H. Möller

- IT- Compliance
- IT- Development
- IT- Production
- Organization

Member of the Board of Managing Directors
Burkhard Dallosch

Corporate Division V
Finance

Head: N. Boddenberg
Deputy Heads:
J. Wihler

- Accounting and Tax
- Operations Global Markets
- Risk Controlling

Corporate Division VI
Transaction Management

Head: C. Angott
Deputy Heads:
I. Plange, Chr. Bungarten

- Transaction Management (national/ international)
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[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



Home

Investor Relations

Credit Research

Bonds & Notes

Financial Reports

International Real Estate

Finance

Company

Corporate Governance Code

Organization Chart

» 10 Successful Years in Retrospect

Committees

Branches & Offices

External Links

Imprint

Info Pool / Press

Contact

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 Pfandbriefe	39	977	1,176	1,219	1,087	1,078	1,272	1,305	1,884	2,703	4,173	4,250
Public-sector Pfandbriefe	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

Capital and reserves:														
Subscribed capital and reserves***)	41	260	265	311	377	454	426	554	554	584	654	699		
Profit-sharing capital	0	54	54	129	187	243	255	279	284	324	319	293		
Subordinated liabilities	0	130	130	155	189	244	244	298	297	348	358	290		
Balance-sheet total:	1,103	17,734	25,393	35,471	45,596	55,905	58,771	69,553	70,979	74,299	79,461	92,781		
Net interest and commission income:	5.0	74.3	98.9	125.8	149.9	168.6	161.2	170.9	187.5	213.5	205.9	249.3		

General operating expenses:

Personnel expenses	0.8	6.2	6.9	8.4	8.0	9.3	9.8	10.6	10.8	12.1	13.7	14.8		
Other administrative expenses	0.7	3.7	4.6	5.9	7.1	8.2	8.9	9.5	9.4	11.2	14.4	16.5		
Depreciation on and value adjustments to intangible and fixed assets	0.1	3.3	2.2	1.6	1.5	3.2	3.5	3.4	3.0	2.2	13.0	2.7		
Operating result:	5.1	42.0	55.5	78.4	105.7	120.2	98.5	108.1	112.3	118.6	128.6	141.9		
Net income for the year:	3.1	20.5	26.9	38.7	53.0	64.8	66.7	72.3	76.2	81.2	91.0	103.0		

Notes:*) up to 1991 acc. to old accounting regulations

**) Since April 1, 1998 securities of public and public-sector issuers can be taken into ordinary cover. Figures without bonds issued by Hypothekbank in Essen.

***) after deduction of unpaid capital subscriptions in 1993

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

Company

[Corporate Governance Code](#)

[Organization Chart](#)

[10 Successful Years in](#)

[Retrospect](#)

[» Committees](#)

[Branches & Offices](#)

[External Links](#)

[Imprint](#)

[Info Pool / Press](#)

[Contact](#)

Company

[Committees](#)

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

Executive Vice Presidents

Hans-Jürgen Kröncke, Haltern
 Norbert Boddenberg, Essen
 Jens Remmers, Frankfurt/Main

Trustees

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

Supervisory Board

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

Dipl. oec. Berta Schuppli
 Deputy Chairman, Wiesbaden

Erich Labs
 Hypothekenbank in Essen AG,
 Essen

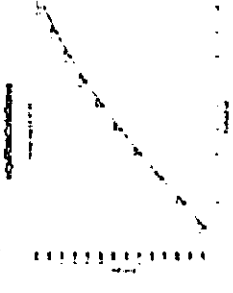
Kurt Müller
 Hypothekenbank in Essen AG,
 Essen

Wolfgang Hartmann
 Member of the Board of Managing

Dr. Renate Krümmel
 Executive Vice President

Search:

vdp-Pfandbrief Curve



[» more](#)

Credit Research

Last update: Oct
 2006

Sec 28 PfandBG

Last update: Sep 2006
[» more](#)

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

Ratings public-
 sector mortgage
 Pfand- Pfand-
 briefe briefe

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Moody's Aaa - Aa1

Fitch AAA - AAA

Ratings AAA - AAA

[» more](#)

**Economic and Interest
 Rate Outlook G3**

[» more](#)

Directors,
Commerzbank AG, Frankfurt/Main

Group Strategy and Controlling,
Commerzbank AG, Frankfurt/Main

Current Financial and Economic Topics

Eurozone: bumpy road ahead!
» **more**

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

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

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

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

Dr. Wolfgang Schuppli
Lawyer, Wiesbaden

Priv. Doz. Dr. Ulf R. Siebel
Lawyer, Frankfurt/Main

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

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



Search:

Company

- Home
- Investor Relations
- Credit Research
- Bonds & Notes
- Financial Reports
- International Real Estate
- Finance
- Company**
- Corporate Governance Code
- Organization Chart
- 10 Successful Years in Retrospect
- Committees
- » Branches & Offices
- External Links
- Imprint
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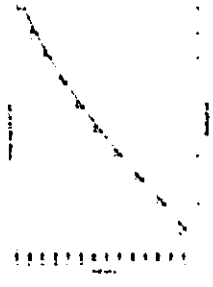
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» more

Credit Research

Last update: Oct 2006

Sec 28 PfandBG

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 » more

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

Ratings
 public-sector Pfandbriefe
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 » more

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[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

Company

[Corporate Governance Code](#)

[Organization Chart](#)

[10 Successful Years in](#)

[Retrospect](#)

[Committees](#)

[Branches & Offices](#)

[» External Links](#)

[Imprint](#)

[Info Pool / Press](#)

[Contact](#)

Company

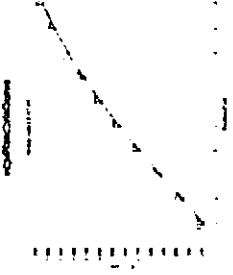
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[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)

Search:

vdp-Pfandbrief Curve



[» more](#)

Credit Research

Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006
[» more](#)

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

Ratings [public-sector Pfandbriefe](#) [mortgage Pfandbriefe](#)

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[» more](#)

Economic and Interest

Rate Outlook G3

[» more](#)

**Current Financial and
Economic Topics**

Eurozone: bumpy road ahead!
» **more**

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[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate Finance](#)

Company

[Corporate Governance Code Organization Chart](#)

[10 Successful Years in Retrospect](#)

[Committees](#)

[Branches & Offices](#)

[External Links](#)

» [Imprint](#)

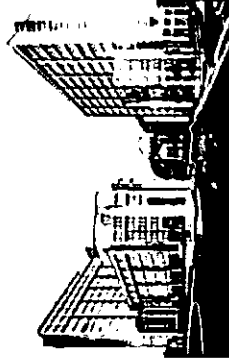
[Info Pool / Press](#)

[Contact](#)

Company

Imprint

Hypothenkbank in Essen Aktiengesellschaft is a stock corporation (Aktiengesellschaft) under German law. The bank has its registered office in Essen/Germany and is incorporated in the German Register of Companies (Handelsregister) under HRB No. 7083. The bank and its business activities are subject to the supervision of the Federal Financial Supervisory Authority (BAFin).



Pursuant to Section 27 (a) of the German Value Added Tax Act (UStG) and Article 22 (1) of the Sixth Council Directive 77/388/EEC of May 17, 1977 on the harmonization of the laws of the Member States relating to turnover taxes, the VAT identification number of Hypothenkbank in Essen AG is DE 119654158.

The server for these sites is located in Essen/Germany.

Hypothenkbank in Essen Aktiengesellschaft

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Fax: +49 201 8135-200

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Public Relations

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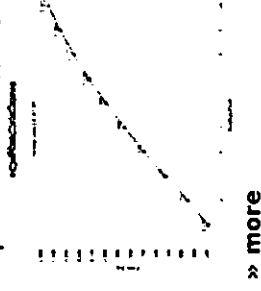
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Secretariat to the Board of Managing Directors

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Search:

vdp-Pfandbrief Curve



» [more](#)

Credit Research

Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006 » [more](#)

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

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Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA

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Board of Managing Directors

Hubert Schulte-Kemper
Michael Fröhner
Burkhard Dallosch

We have tasked Eurohypo AG, Rheinstr. 3, 65425 Rüsselsheim/Germany, with the credit servicing process, i.e. the granting and management of loans and the administration of the securities that relate to these loans.

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.

This website has been designed by:

vE & K Werbeagentur GmbH & Co. KG
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45131 Essen / Germany
Tel.: +49 201 43772-0
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[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)



- [Home](#)
- [Investor Relations](#)
- [Credit Research](#)
- [Bonds & Notes](#)
- [Financial Reports](#)
- [International Real Estate](#)
- [Finance](#)
- [Company](#)
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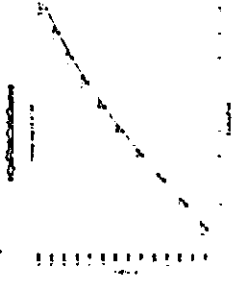
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This is where you will find facts and figures about Hypothenkenbank in Essen AG, including our Annual and Interim Reports, which are available for download. If you wish to learn more about Hypothenkenbank in Essen AG, just browse through our presentations on our recent roadshows and our last Capital Market Conference.

[Back](#) | [Glossary](#) | [Print](#) | [Sitemap](#) | [Imprint](#) | [Legal Disclaimer](#)

Search:

vdp-Pfandbrief Curve



» [more](#)

Credit Research

Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006
» [more](#)

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» [more](#)

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Economic Topics**

Eurozone: bumpy road ahead!
» **more**

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[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

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 Legal Disclaimer

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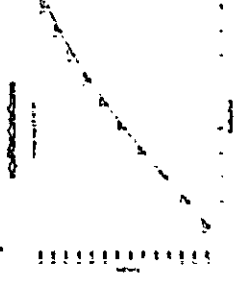
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- [Press Release Annual Report \(pdf\)](#)
- [Annual Report 2001 \(pdf\)](#)
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» [more](#)

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Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006

» [more](#)

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Ratings	public-sector Pfandbriefe	mortgage Pfandbriefe
----------------	---------------------------	----------------------

S&P	AAA	-
----------------	-----	---

Moody's	Aaa	Aa1
----------------	-----	-----

Fitch Ratings	AAA	AAA
----------------------	-----	-----

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Economic and Interest Rate Outlook G3

» [more](#)

Current Financial and Economic Topics

Eurozone: bumpy road ahead!
» **more**

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[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

[International Real Estate](#)

[Finance](#)

[Company](#)

[Info Pool / Press](#)

[Downloads](#)

[» Impressions](#)

[Capital Market Conference](#)

[Legal Disclaimer](#)

[Press](#)

[Contact](#)

Info Pool/ Press

Impressions

- > [Impressions of our Annual Reception on March 23, 2006](#)
- > [03.03.2005, Hotel Metropol, Moskau](#)
- > [10.02.2005, Stadshuset, Stockholm](#)
- > [Impressions of our Annual Reception on March 17, 2005](#)

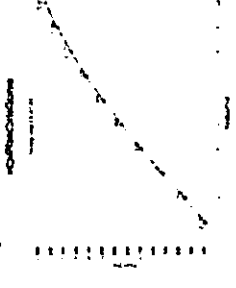
- > [23.06.2004, John F. Kennedy Library, Boston](#)
- > [21.06.2004, Mandarin Oriental, New York](#)

- > [16.02.2004, Commerzbank-Tower, Frankfurt](#)
- > [26.01.2004, Hotel Principe di Savoia, Milano](#)
- > [13.01.2004, Szépművészeti Múzeumba, Budapest](#)
- > [28.11.2003, Grand Hôtel Intercontinental, Paris](#)
- > [27.11.2003, Victoria and Albert Museum, London](#)
- > [21.11.2003, Fundacion Real Fábrica de Tapices, Madrid](#)

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Search:

vdp-Pfandbrief Curve



[» more](#)

Credit Research

Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006
[» more](#)

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Ratings	public-sector Pfandbriefe	mortgage Pfandbriefe
S&P	AAA	-
Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA
» more		

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**Current Financial and
Economic Topics**

Eurozone: bumpy road ahead!
» **more**

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[International Real Estate](#)

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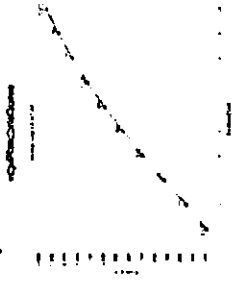
4th Capital Market Conference June 15-16, 2005

The success story of our Capital Market Conferences continues

Over the years, the International Capital Market Conference of Hypothenbank 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, Hypothenbank 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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Ratings	public-sector Pfandbriefe	mortgage Pfandbriefe
S&P	AAA	-
Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA

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Economic and Interest Rate Outlook G3

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» [more](#)

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» [more](#)

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- [Home](#)
- [Investor Relations](#)
- [Credit Research](#)
- [Bonds & Notes](#)
- [Financial Reports](#)
- [International Real Estate](#)
- [Finance](#)
- [Company](#)
- [Info Pool / Press](#)
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- [Impressions](#)
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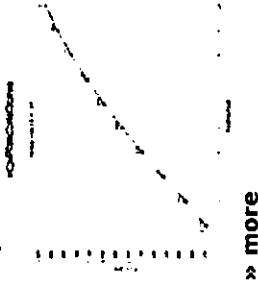
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Sec 28 PfandBG

Last update: Sep 2006

» more

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S&P	AAA	Aa1
Moody's	Aaa	AAA
Fitch Ratings	AAA	AAA
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- [Bonds & Notes](#)
- [Financial Reports](#)
- [International Real Estate](#)
- [Finance](#)
- [Company](#)
- [Info Pool / Press](#)
- [Downloads](#)
- [Impressions](#)
- [Capital Market Conference](#)
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Contact:

Dr. Kerstin Kipper
 Tel.: +49 201 8135-626
 Fax: +49 201 8135-135
 E-mail: kerstin.kipper@essenhyp.com

Her replacement up to April 1, 2007 is:

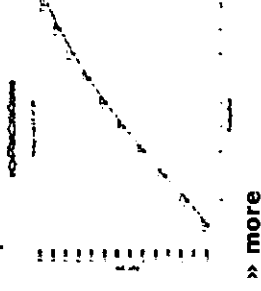
Caroline Fischer
 Head of Public Relations Management
 Tel.: +49 201 8135-495
 E-mail: caroline.fischer@essenhyp.com



- > [Press Release of Hypothekbank in Essen AG on the Interim Report as of September 30, 2006](#)
- > [Press Release of Hypothekbank in Essen AG as of November 09, 2006 "Essen Hyp made the breakthrough in the U.S. investor community"](#)
- > [Press Release of Hypothekbank in Essen AG as of October 17, 2006 "Essen Hyp goes down under"](#)
- > [Press Release of Hypothekbank in Essen AG as of September 05, 2006 "Essen Hyp started its series of Mozart Roadshows in Paris"](#)
- > [Press Release of Hypothekbank in Essen AG as of August 24, 2006 "Essen Hyp purchases AHBR real estate loan portfolio"](#)
- > [Press Release concerning the Business Results of Hypothekbank in Essen AG as of June 30, 2006 \(PDF\)](#)
- > [S&P Press Release as of May 16, 2006 \(PDF\)](#)

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Sec 28 PfandBG

Last update: Sep 2006

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Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA

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Economic and Interest Rate Outlook G3

>> [more](#)

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

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[Home](#)

[Investor Relations](#)

[Credit Research](#)

[Bonds & Notes](#)

[Financial Reports](#)

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Hypothekenbank in Essen Aktiengesellschaft

Gildehofstraße 1
45127 Essen/ Germany
Tel.: +49 201 8135-0
Fax.: +49 201 8135-200
> **E-mail: info@essenhyp.com**

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Tel.: +49 201 8135-495
Fax.: +49 201 8135-469

Secretariat to the Board of Managing Directors

Tel.: +49 201 8135-391
Fax.: +49 201 8135-200

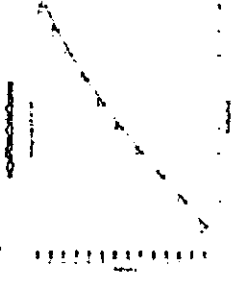
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>> **more**

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Last update: Oct 2006

Sec 28 PfandBG

Last update: Sep 2006
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Ratings public-sector Pfandbriefe

S&P	AAA
Moody's	Aaa
Fitch Ratings	AAA
>> more	

Economic and Interest Rate Outlook G3
>> **more**

**Current Financial and
Economic Topics**

Eurozone: bumpy road ahead!
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- [Home](#)
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- [Credit Research](#)
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- [Financial Reports](#)
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* mandatory fields

Title*:

Surname*:

First Name*:

Street:

Postal code / Town:

Occupation:

Telephone:

E-Mail*:

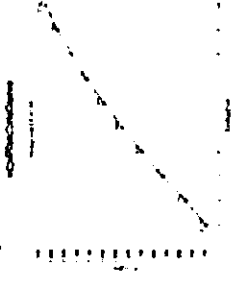
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Last update: Oct 2006

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Last update: Sep 2006
» [more](#)

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Ratings	public-sector Pfandbriefe	mortgage Pfandbriefe
S&P	AAA	A-
Moody's	Aaa	Aa1
Fitch Ratings	AAA	AAA
» more		

Economic and Interest Rate Outlook G3
» [more](#)

**Current Financial and
Economic Topics**

Eurozone: bumpy road ahead!
» **more**

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Meeting**

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» **more**

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).

**FINAL TERMS
ENDGÜLTIGE BEDINGUNGEN**

October 24, 2006

Final Terms
Endgültige Bedingungen

Euro 100,000,000 Floating Rate Notes due October 2012
issued pursuant to the
begeben aufgrund des

**Euro 30,000,000,000
Essen Hyp Debt Issuance Programme**

dated 28 April 2006
datiert 28. April 2006

of
der

Hypothesenbank in Essen Aktiengesellschaft

Issue Price: 100 per cent.
Ausgabepreis: 100%

Issue Date: October 26, 2006

Tag der Begebung: October 26, 2006

Series No: HBE1L2
Serien Nr.: HBE1L2

These are the Final Terms of an issue of Notes (which term, where applicable, shall include Pfandbriefe) under the Euro 30,000,000,000 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 28 April 2006 (the "**Prospectus**") and these Final Terms. The Prospectus and any supplement thereto is available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on 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 30.000.000.000 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 28. April 2006 über das Programm (der "Prospekt") zusammengenommen werden. Der Prospekt sowie jeder Nachtrag können in elektronischer Form 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.

Part I. TERMS AND CONDITIONS
Teil I. EMISSIONSBEDINGUNGEN

This Part I 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 I 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

Specified Currency <i>Festgelegte Währung</i>	Euro ("EUR")
Aggregate Principal Amount <i>Gesamtnennbetrag</i>	EUR 100,000,000
Specified Denomination(s) <i>Festgelegte Stückelung/Stückelungen</i>	EUR 50,000
Number of Notes to be issued in each Specified Denomination <i>Anzahl der in jeder festgelegten Stückelung auszugebenden Schuldverschreibungen</i>	2,000
Minimum Transfer Amount (specify) <i>Mindestnennbetrag für Übertragungen (angeben)</i>	EUR 50,000

Form
Form

- Notes
Schuldverschreibungen
- Pfandbriefe
- Mortgage Pfandbriefe
Hypothekendarlehenpfandbriefe
- Public-Sector Pfandbriefe

Öffentliche Pfandbriefe

New Global Note

New Global Note

[Yes/No]

[Ja/Nein]

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 C²

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

Nein

Coupons

Zinsscheine

Talons

Talons

Receipts

Rückzahlungsscheine

Certain Definitions

Definitionen

Clearing System

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
- The Depository Trust Company
55 Water Street
New York, NY 10041-0099
USA
- 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

Rate of Interest
Zinssatz

Fixed Interest Payment Date(s)
Feste(r) Zinszahlungstag(e)

First Interest Payment Date
Erster Zinszahlungstag

Initial Broken Amount(s) (per specified denomination)
Anfängliche(r) Bruchteilzinsbetrag(-beträge)
(für jede festgelegte Stückelung)

Fixed Interest Date preceding the Maturity Date
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

The Issue Date

**January 26, April 26, July 26
and October 26 in each year
from and including January
26, 2007 to and including
October 26, 2012, subject to**

adjustment in accordance with the Modified Following Business Day Convention. There shall be adjustment to the accrual.

Festgelegte Zinszahlungstage

Specified Interest Period(s)
Festgelegte Zinsperiode(n)

3 months

Business Day Convention
Geschäftstagskonvention

Modified Following Business Day Convention
Modifizierte Folgender Geschäftstag-Konvention

FRN Convention (specify period(s))
FRN Konvention (Zeitraum angeben)

Following Business Day Convention
Folgender Geschäftstag-Konvention

Preceding Business Day Convention
Vorangegangener Geschäftstag-Konvention

Relevant Financial Centres
Relevante Finanzzentren

TARGET

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

Reuters page EURIBOR01

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

- 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

0.03 per cent. per annum
0.03 % per annum

- 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, a description of any market disruption or settlement disruption events that affect the underlying and adjustment rules with relation to events concerning the underlying))
(Einzelheiten einfügen (einschließlich Wechselkurs(e) oder Grundlage für die Berechnung des/der Wechselkurs(e) zur Bestimmung von Zinsbeträgen, eine Beschreibung etwaiger Störungen des Marktes oder bei der Abrechnung, die den Basiswert beeinflussen sowie Korrekturvorschriften in Bezug auf Vorfälle, die den Basiswert beeinflussen))

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 that affect the underlying and adjustment rules with relation to events concerning the underlying))

(Einzelheiten einfügen (einschließlich des Index/der Formel, der Grundlage 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))

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)

Other
Anderer

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 **October 26, 2012**
Fälligkeitstag

Redemption Month
Rückzahlungsmonat

Final Redemption Amount
Rückzahlungsbetrag

Principal amount
Nennbetrag

Final Redemption Amount (per specified denomination) **EUR 50,000**
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 **No**
Option zur vorzeitigen Rückzahlung aus steuerlichen Gründen **Nein**

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

Minimum Redemption Amount
Mindestrückzahlungsbetrag

Higher Redemption Amount
Höherer Rückzahlungsbetrag

Call Redemption Date(s)
Wahrückzahlungstag(e) (Call)

Call Redemption Amount(s)
Wahrückzahlungsbetrag/-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 **Nein**

Put Redemption Date(s)
Wahrückzahlungstag(e) (Put)

Put Redemption Amount(s)
Wahrückzahlungsbetrag/-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, PAYING AGENT[S] AND CALCULATION AGENT (§ 6)
EMISSIONSSTELLE, ZAHLSTELLE[N]] UND BERECHNUNGSSTELLE (§ 6)**

Paying Agents
Zahlstellen

Fiscal Agent
Emissionsstelle

Additional Paying Agent(s)/specified office(s)
Zahlstelle(n)/bezeichnete Geschäftsstelle(n)

Calculation Agent
Berechnungsstelle

Yes
Ja

No
Nein

Required location (specify)
Vorgeschriebenen Ort (angeben)

Hypothekenbank in Essen
Aktiengesellschaft
Transaction Banking

Gildehofstrasse 1, D-45127
Essen
Federal Republic of Germany

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

Not Applicable

Internet Address
Internetadresse

Governing law
Anwendbares Recht

German Law

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

- Save as discussed in the Prospectus under "Interest of Natural and Legal Persons involved in the Issue/Offer", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

Mit Ausnahme der im Prospekt im Abschnitt "Interest of Natural and Legal Persons involved in the Issue/Offer" angesprochenen Interessen bestehen bei den an der Emission beteiligten Personen nach Kenntnis der Emittentin keine Interessen, die für das Angebot bedeutsam sind.

- Other interest (specify)
Andere Interessen (angeben)

Reasons for the offer

See "Use of Proceeds" in the Base Prospectus

Gründe für das Angebot

Estimated net proceeds

EUR 100,000,000

Geschätzter Nettobetrag der Erträge

Estimated total expenses of the issue

Geschätzte Gesamtkosten der Emission

Eurosystem eligibility
EZB-Fähigkeit

Intended to be held in a manner which would allow Eurosystem eligibility

[Yes/No]

Soll in EZB-fähiger Weise gehalten werden

[Ja/Nein]

Securities Identification Numbers
Wertpapier-Kenn-Nummern

- Common Code
Common Code

027219217

- ISIN Code
ISIN Code

DE000HBE1L21

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

HBE1L2

- Any other securities number
Sonstige Wertpapier-Kenn-Nummer

Yield

Rendite

Yield
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 method (specify)
Andere Methode (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)
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 Basiswertes 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 underlying³
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
keine

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

none
keine

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

- Not applicable
Nicht anwendbar
- Specify Details
Einzelheiten einfügen

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

- Not applicable
Nicht anwendbar
- Specify Details
Einzelheiten einfügen

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

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

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)

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

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

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

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

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

Various categories of potential investors to which the notes are offered

Angabe der verschiedenen Kategorien der potentiellen Investoren, denen die Schuldverschreibungen angeboten werden

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

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

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

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.

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

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

Subscription Agreement
Übernahmevertrag

Date of Subscription Agreement
Datum des Subscription Agreements

General Features of the Subscription Agreement
Hauptmerkmale des Übernahmevertrags

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

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

Société Générale
17, Cours Valmy

firm commitment
feste Zusage

92987 Paris La Défense Cedex

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)

Listing Commission
Börsenzulassungprovision

Other (specify)
Andere (angeben)

Stabilising Dealer(s)/Manager(s)
Kursstabilisierender Dealer/Manager

None
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)

No
Nein

- Luxembourg
Luxemburg
 - Regulated Market
 - Euro MTF
- Düsseldorf
- Other (insert details)
Sonstige (Einzelheiten einfügen)

Date of admission
Datum der Zulassung

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

All 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 trading⁴
Angabe sämtlicher 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
Luxemburg
- 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
Nicht anwendbar [Einzelheiten einfügen]

Rating
Rating

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

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 weggelassen 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

Name & title of signatory
Name und Titel des Unterzeichnenden

The Final Terms will be displayed on the website of Essen Hyp (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).

24 October 2006
24. Oktober 2006

Final Terms
Endgültige Bedingungen

EUR 100,000,000 8.00 per cent. Public Sector Pfandbriefe of 2006 due 27 October 2009
issued pursuant to the

*EUR 100.000.000 8,00% Öffentliche Pfandbriefe von 2006 fällig am 27. Oktober 2009
begeben aufgrund des*

**Euro 30,000,000,000
Essen Hyp Debt Issuance Programme**

dated 28 April 2006
datiert 28. April 2006

of
der

Hypothekenbank in Essen Aktiengesellschaft

Issue Price: 111.355 per cent.
Ausgabepreis: 111,355%

Issue Date: 27 October 2006
Tag der Begebung: 27. Oktober 2006

Series No: HBE1L6
Serien Nr.: HBE1L6

These are the Final Terms of an issue of Notes (which term, where applicable, shall include Pfandbriefe) under the Euro 30,000,000,000 Debt Issuance Programme of Hypothekenbank in Essen Aktiengesellschaft (the "Programme"). Full information on Hypothekenbank 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 28 April 2006 (the "**Prospectus**") and these Final Terms. The Prospectus and any supplement thereto is available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of Hypothekenbank in Essen Aktiengesellschaft (www.essenhyp.com/en/bonds_notes/securities_prospectus.php) and copies may be obtained from Hypothekenbank 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 30.000.000.000 Debt Issuance Programm der Hypothekenbank in Essen Aktiengesellschaft (das "Programm"). Vollständige Informationen über die Hypothekenbank in Essen Aktiengesellschaft und das Angebot der Schuldverschreibungen sind nur verfügbar, wenn die Endgültigen Bedingungen und der Basisprospekt vom 28. April 2006 über das Programm (der "Prospekt") zusammengenommen werden. Der Prospekt sowie jeder Nachtrag können in elektronischer Form auf der Internetseite der Luxembourg Stock Exchange (www.bourse.lu) und der Internetseite der Hypothekenbank in Essen Aktiengesellschaft (www.essenhyp.com/en/bonds_notes/securities_prospectus.php) eingesehen werden. Kopien sind erhältlich unter folgender Adresse: Hypothekenbank in Essen Aktiengesellschaft, Marktfolge Treasury, Gildehofstraße 1, D-45127 Essen, Bundesrepublik Deutschland.

Part I. TERMS AND CONDITIONS
Teil I. EMISSIONSBEDINGUNGEN

This Part I of the Final Terms is to be read in conjunction with the Terms and Conditions of the Pfandbriefe (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 I der Endgültigen Bedingungen ist in Verbindung mit den Emissionsbedingungen der Pfandbriefe (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

Hypothesenbank 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“) <i>Euro („EUR“)</i>
Aggregate Principal Amount <i>Gesamtnennbetrag</i>	EUR 100,000,000 <i>EUR 100.000.000</i>
Specified Denomination <i>Festgelegte Stückelung</i>	EUR 50,000 <i>EUR 50.000</i>
Number of Notes to be issued in each Specified Denomination <i>Anzahl der in jeder festgelegten Stückelung auszugebenden Schuldverschreibungen</i>	2,000 <i>2.000</i>
Minimum Transfer Amount (specify) <i>Mindestnennbetrag für Übertragungen (angeben)</i>	EUR 50,000 <i>EUR 50.000</i>

Form
Form

- Notes
Schuldverschreibungen
- Pfandbriefe
- Mortgage Pfandbriefe
Hypothesenpfandbriefe
- Public-Sector Pfandbriefe
Öffentliche Pfandbriefe
- New Global Note
New Global Note

No
Nein

TEFRA C
TEFRA C

Permanent Global Note
Dauerglobalurkunde

Temporary Global Note exchangeable for:
Vortäufige Globalurkunde austauschbar gegen:

Definitive Notes
Einzelurkunden

TEFRA D
TEFRA D

Temporary Global Note exchangeable for:
Vortäufige 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:
Vortäufige Globalurkunde austauschbar gegen:

Definitive Notes
Einzelurkunden

Definitive Notes
Einzelurkunden

No
Nein

Coupons
Zinsscheine

Talons
Talons

Receipts
Rückzahlungsscheine

Certain Definitions
Definitionen

Clearing System
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

The Depository Trust Company
55 Water Street

New York, NY 10041-0099
USA

- 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 <i>Verzinsungsbeginn</i>	27 October 2006 <i>27. Oktober 2006</i>
Rate of Interest <i>Zinssatz</i>	8.00 per cent. per annum <i>8,00 % per annum</i>
Fixed Interest Payment Date <i>Fester Zinszahlungstag</i>	27 October in each year <i>27. Oktober in jedem Jahr</i>
First Interest Payment Date <i>Erster Zinszahlungstag</i>	27 October 2007 <i>27. Oktober 2007</i>
Initial Broken Amount(s) (per specified denomination) <i>Anfängliche(r) Bruchteilzinsbetrag(-beträge)</i> <i>(für jede festgelegte Stückelung)</i>	Not applicable <i>Nicht anwendbar</i>
Fixed Interest Date preceding the Maturity Date <i>Festzinstermine, der dem Fälligkeitstag vorangeht</i>	27 October 2008 <i>27. Oktober 2008</i>
Final Broken Amount(s) (per specified denomination) <i>Abschließende(r) Bruchteilzinsbetrag(-beträge)</i> <i>(für jede festgelegte Stückelung)</i>	Not applicable <i>Nicht anwendbar</i>

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))

FRN Konvention (Zeitraum angeben)

- Following Business Day Convention
Folgender Geschäftstag-Konvention
- Preceding Business Day Convention
Vorangegangener Geschäftstag-Konvention

Relevant Financial Centres
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
- 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, a description of any market disruption or settlement disruption events that affect the underlying and adjustment rules with relation to events concerning the underlying))
(Einzelheiten einfügen (einschließlich Wechselkurs(e) oder Grundlage für die Berechnung des/der Wechselkurs(e) zur Bestimmung von Zinsbeträgen, eine Beschreibung etwaiger Störungen des Marktes oder bei der Abrechnung, die den Basiswert beeinflussen sowie Korrekturvorschriften in Bezug auf Vorfälle, die den Basiswert beeinflussen))

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 that affect the underlying and adjustment rules with relation to events concerning the underlying))
(Einzelheiten einfügen (einschließlich des Index/der Formel, der Grundlage 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))

- 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)
 Other
Anderer

PAYMENTS (§ 4)
ZAHLUNGEN (§ 4)

Payment Business Day
Zahlungstag

Relevant Financial Centres
Relevante Finanzzentren

Clearing System and TARGET
Clearing System und 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 27 October 2009
Fälligkeitstag 27. Oktober 2009
- 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

No

Nein

Early Redemption at the Option of the Issuer

Vorzeitige Rückzahlung nach Wahl der Emittentin

No

Nein

Minimum Redemption Amount

Mindestrückzahlungsbetrag

Higher Redemption Amount

Höherer Rückzahlungsbetrag

Call Redemption Date(s)

Wahrückzahlungstag(e) (Call)

Call Redemption Amount(s)

Wahrückzahlungsbetrag/-beträge (Call)

Minimum Notice to Holders

Mindestkündigungsfrist

Maximum Notice to Holders

Höchstkündigungsfrist

Early Redemption at the Option of a Holder

Vorzeitige Rückzahlung nach Wahl des Gläubigers

No

Nein

Put Redemption Date(s)

Wahrückzahlungstag(e) (Put)

Put Redemption Amount(s)

Wahrückzahlungsbetrag/-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 (§ 6)
EMISSIONSSTELLE UND ZAHLSTELLE (§ 6)

Paying Agents
Zahlstellen

Fiscal Agent
Emissionsstelle

Hypothekenbank in Essen AG
Gildehofstraße1
D-45127 Essen

Additional Paying Agent/specified office
Zahlstelle/bezeichnete Geschäftsstelle

Hypothekenbank in Essen AG
Gildehofstraße1
D-45127 Essen

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

Governing law
Anwendbares Recht

German Law
Deutsches Recht

PART I. B. PARTICIPATION CERTIFICATES
TEIL I. B. GENUSSSCHEINE

Not Applicable
Nicht anwendbar

Issuer
Emittentin

Hypothesenbank 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)

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

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
Nicht anwendbar

Issuer
Emittentin

Hypothesenbank in Essen
Aktiengesellschaft

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

- [Global] Mortgage Pfandbriefe
[Global] Hypothekenpfandbriefe
- [Global] Public-Sector Pfandbriefe
[Global] Öffentliche Pfandbriefe

Aggregate Principal Amount
Gesamtnennbetrag

Number of Notes
Anzahl der Stücke

Principal Amount
Nennbetrag

Number of Notes to be issued in the Principal Amount
Anzahl der im Nennbetragsauszugebenden
Schuldverschreibungen

Custodian for The Depository Trust Company
Verwahrer für The Depository Trust Company

- J. P. Morgan Trust Company, National Association
- Other (specify)
Anderer (angeben)

Currency
Währung

- EUR
- USD

Interest (§ 2)
Zinsen (§ 2)

Rate of interest
Zinssatz

Interest Commencement Date
Verzinsungsbeginn

Fixed Interest Payment Date(s)
Festzinstermine

First Interest Payment Date
Erster Festzinsternin

Initial Broken Amount
Anfänglicher Bruchteilzinsbetrag

Fixed Interest Date preceding the Maturity Date
Festzinsternin, der dem Fälligkeitstag vorangeht

Final Broken Amount
Abschließender Bruchteilzinsbetrag

Day Count Fraction

Zinstagequotient

- Actual/Actual (Actual/365)
- 30/360

**Repayment (§ 3)
Rückzahlung (§ 3)**

Specified Maturity Date
Festgelegter Endfälligkeitstag

**Payments (§ 4)
Zahlungen (§ 4)**

Frankfurt Business Day
Frankfurter Geschäftstag

- TARGET

**Registrar and Paying Agents (§ 8)
Die Registrierungsstelle und die Zahlstellen (§ 8)**

Paying Agent
Zahlstelle

- BNP Paribas Securities Services Luxembourg Branch
- Hypothekenbank in Essen AG
- J. P. Morgan Trust Company, National Association
- Other (specify)
Andere (angeben)

**Notices (§ 9)
Bekanntmachungen (§ 9)**

- d'Wort

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

- Save as discussed in the Prospectus under "Interest of Natural and Legal Persons involved in the Issue/Offer", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

Mit Ausnahme der im Prospekt im Abschnitt "Interest of Natural and Legal Persons involved in the Issue/Offer" angesprochenen Interessen bestehen bei den an der Emission beteiligten Personen nach Kenntnis der Emittentin keine Interessen, die für das Angebot bedeutsam sind.

- Other interest (specify)
Andere Interessen (angeben)

Reasons for the offer

See "Use of Proceeds" in the Prospectus
Siehe „Use of Proceeds“ im Prospekt

Gründe für das Angebot

Estimated net proceeds
Geschätzter Nettobetrag der Erträge

EUR 111,355,000
EUR 111.355.000

Estimated total expenses of the issue
Geschätzte Gesamtkosten der Emission

EUR 1,100
EUR 1.100

Eurosystem eligibility
EZB-Fähigkeit

Intended to be held in a manner which would allow Eurosystem eligibility
Soll in EZB-fähiger Weise gehalten werden

Yes
Ja

Securities Identification Numbers
Wertpapier-Kenn-Nummern

- Common Code
Common Code

027271235
027271235

- ISIN Code
ISIN Code

DE000HBE1L62
DE000HBE1L62

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

HBE1L6
HBE1L6

- Any other securities number
Sonstige Wertpapier-Kenn-Nummer

Yield
Rendite

Yield
Rendite

3.915 per cent. per annum
3,915% per annum

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 method (specify)
Andere Methode (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]

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)
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 Basiswertes beeinflusst wird, insb. in den Fällen, in denen die Risiken offensichtlich sind

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

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

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

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
keine

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

none
keine

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

- Not applicable
Nicht anwendbar
- Specify Details
Einzelheiten einfügen

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

- Not applicable
Nicht anwendbar
- Specify Details
Einzelheiten einfügen

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

- Not applicable
Nicht anwendbar
- Specify Details
Einzelheiten einfügen

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)

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

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

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

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

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

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

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

Various categories of potential investors to which the notes are offered

Angabe der verschiedenen Kategorien der potentiellen Investoren, denen die Schuldverschreibungen angeboten werden

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

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

Not applicable
Nicht anwendbar

Specify Details
Einzelheiten einfügen

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.

- Not applicable
Nicht anwendbar
- Specify Details
Einzelheiten einfügen

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.

- Not applicable
Nicht anwendbar
- Specify Details
Einzelheiten einfügen

Method of distribution
Vertriebsmethode

- Non-syndicated
Nicht syndiziert
- Syndicated
Syndiziert

Subscription Agreement
Übernahmevertrag

Date of Subscription Agreement
Datum des Subscription Agreements

General Features of the Subscription Agreement
Hauptmerkmale des Übernahmevertrags

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

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

DZ BANK AG
Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Platz der Republik
60265 Frankfurt am Main

- 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)

Not Applicable
Nicht anwendbar

Selling Concession (specify)
Verkaufsprovision (angeben)

Not Applicable
Nicht anwendbar

Listing Commission <i>Börsenzulassungprovision</i>	Not Applicable <i>Nicht anwendbar</i>
Other (specify) <i>Andere (angeben)</i>	Not Applicable <i>Nicht anwendbar</i>
Stabilising Dealer/Manager <i>Kursstabilisierender Dealer/Manager</i>	Hypothekenbank in Essen AG Gildehofstraße 1 D-45127 Essen
Subscription Agreement <i>Übernahmevertrag</i>	Not Applicable <i>Nicht anwendbar</i>
- Date of subscription agreement - <i>Datum des Übernahmevertrags</i>	
- General features of the subscription agreement (including the quotas) - <i>Angabe der Hauptmerkmale des Übernahmevertrags (einschließlich der Quoten)</i>	
Listing <i>Börsenzulassung</i>	Yes Ja
<input type="checkbox"/> Luxembourg <i>Luxemburg</i>	
<input type="checkbox"/> Regulated Market	
<input type="checkbox"/> Euro MTF	
<input checked="" type="checkbox"/> Düsseldorf	
<input type="checkbox"/> Other (insert details) <i>Sonstige (Einzelheiten einfügen)</i>	
Date of admission <i>Datum der Zulassung</i>	has been applied for <i>ist beantragt</i>
Estimate of the total expenses related to admission to trading <i>Geschätzte Gesamtkosten für die Zulassung zum Handel</i>	EUR 1,100 <i>EUR 1.100</i>
All 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 <i>Angabe sämtlicher 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</i>	
<input type="checkbox"/> Luxembourg <i>Luxemburg</i>	
<input type="checkbox"/> Düsseldorf	
<input type="checkbox"/> Other (insert details) <i>Andere (Einzelheiten einfügen)</i>	
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 <i>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</i>	
<input checked="" type="checkbox"/> Not applicable <i>Nicht anwendbar</i>	
Rating <i>Rating</i>	has been applied <i>ist beantragt</i>
Other relevant terms and conditions (specify) <i>Andere relevante Bestimmungen (einfügen)</i>	

Listing:
Börsenzulassung:

Düsseldorf
Düsseldorf

The above Final Terms comprise the details required to list this issue of Pfandbriefe pursuant to the € 30,000,000,000 Essen Hyp Debt Issuance Programme of Hypothekenbank in Essen Aktiengesellschaft (as from 27 October 2006).

Die vorstehenden Endgültigen Bedingungen enthalten die Angaben, die für die Börsennotierung dieser Emission von Pfandbriefen unter dem € 30.000.000.000 Essen Hyp Debt Issuance Programme der Hypothekenbank in Essen Aktiengesellschaft (ab dem 27. Oktober 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 weggelassen 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

Name & title of signatory
Name und Titel des Unterzeichnenden

30 October 2006
30. Oktober 2006

**Final Terms
Endgültige Bedingungen**

**EUR 7,500,000 Floating Rate Public-Sector Pfandbriefe due December 2016
issued pursuant to the**

*EUR 7.500.000 variabel verzinsliche Öffentliche Pfandbriefe fällig im Dezember 2016
begeben aufgrund des*

**Euro 30,000,000,000
Essen Hyp Debt Issuance Programme**

dated 28 April 2006
datiert 28. April 2006

of
der

Hypothesenbank in Essen Aktiengesellschaft

Issue Price: 100.173 per cent.
Ausgabepreis: 100,173%

Issue Date: 2 November 2006
Tag der Begebung: 2. November 2006

Series No: HBE1LW
Serien Nr.: HBE1LW

These are the Final Terms of an issue of Notes (which term, where applicable, shall include Pfandbriefe) under the Euro 30,000,000,000 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 28 April 2006 (the "**Prospectus**") and these Final Terms. The Prospectus and any supplement thereto is available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on 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 30.000.000.000 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 28. April 2006 über das Programm (der "Prospekt") zusammengenommen werden. Der Prospekt sowie jeder Nachtrag können in elektronischer Form 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.

Part I. TERMS AND CONDITIONS
Teil I. EMISSIONSBEDINGUNGEN

This Part I 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 I 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

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") <i>Euro ("EUR")</i>
Aggregate Principal Amount <i>Gesamtnennbetrag</i>	EUR 7,500,000 <i>EUR 7.500.000</i>
Specified Denomination(s) <i>Festgelegte Stückelung/Stückelungen</i>	EUR 50,000 <i>EUR 50.000</i>
Number of Notes to be issued in each Specified Denomination <i>Anzahl der in jeder festgelegten Stückelung auszugebenden Schuldverschreibungen</i>	150 150
Minimum Transfer Amount (specify) <i>Mindestnennbetrag für Übertragungen (angeben)</i>	

Form
Form

- Notes
Schuldverschreibungen
- Pfandbriefe
- Mortgage Pfandbriefe
Hypothekpfandbriefe
- Public-Sector Pfandbriefe
Öffentliche Pfandbriefe

New Global Note
New Global Note

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
Nein

Coupons
Zinsscheine

Talons
Talons

Receipts
Rückzahlungsscheine

Certain Definitions
Definitionen

Clearing System
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

- The Depository Trust Company
55 Water Street
New York, NY 10041-0099
USA
- 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

Rate of Interest
Zinssatz

Fixed Interest Payment Date(s)
Feste(r) Zinszahlungstag(e)

First Interest Payment Date
Erster Zinszahlungstag

Initial Broken Amount(s) (per specified denomination)
Anfängliche(r) Bruchteilzinsbetrag(-beträge)
(für jede festgelegte Stückelung)

Fixed Interest Date preceding the Maturity Date
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

2 November 2006
2. November 2006

20 March, 20 June,
20 September and
20 December in each year,
commencing on 20 December
2006 (first short Interest Period)
20. März, 20. Juni,
20. September und
20. Dezember in jedem Jahr,

beginnend am 20. Dezember
2006 (erste kurze Zinsperiode)

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))
FRN Konvention (Zeitraum angeben)
- Following Business Day Convention
Folgender Geschäftstag-Konvention
- Preceding Business Day Convention
Vorangegangener Geschäftstag-Konvention

Relevant Financial Centres
Relevante Finanzzentren

TARGET
TARGET

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

Reuters page EURIBOR01
Reuters Seite EURIBOR01

*Andere Methoden der Bestimmung (Einzelheiten angeben
(einschließlich Zinsfestlegungstag, Marge, Referenzbanken,
Ausweichbestimmungen))*

**Margin
Marge**

0.0 per cent. per annum
0,0 % per annum

- 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, a description of any market disruption
or settlement disruption events that affect the underlying and
adjustment rules with relation to events concerning the underlying))
*(Einzelheiten einfügen (einschließlich Wechselkurs(e)
oder Grundlage für die Berechnung des/der Wechselkurs(e)
zur Bestimmung von Zinsbeträgen, eine
Beschreibung etwaiger Störungen des Marktes oder bei der
Abrechnung, die den Basiswert beeinflussen sowie
Korrekturvorschriften in Bezug auf Vorfälle, die den Basiswert
beeinflussen))*

**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 that affect the underlying and adjustment rules with relation to events concerning the underlying))
(Einzelheiten einfügen (einschließlich des Index/der Formel, der Grundlage 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))

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)
 Other
Anderer

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

20 December 2016
20. Dezember 2016

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 **No**
Nein

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

Minimum Redemption Amount
Mindestrückzahlungsbetrag

Higher Redemption Amount
Höherer Rückzahlungsbetrag

Call Redemption Date(s)
Wahrückzahlungstag(e) (Call)

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

Minimum Notice to Holders
Mindestkündigungsfrist

Maximum Notice to Holders
Höchstkündigungsfrist

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

Put Redemption Date(s)
Wahrückzahlungstag(e) (Put)

Put Redemption Amount(s)
Wahrückzahlungsbetrag/-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 CALCULATION AGENT (§ 6)

EMISSIONSSTELLE UND BERECHNUNGSSTELLE (§ 6)

Paying Agents

Zahlstellen

Fiscal Agent

Emissionsstelle

Additional Paying Agent(s)/specified office(s)
Zahlstelle(n)/bezeichnete Geschäftsstelle(n)

Hypothekenbank in Essen Aktiengesellschaft

Calculation Agent
Berechnungsstelle

Hypothekenbank in Essen Aktiengesellschaft

Yes

Ja

No

Nein

Required location (specify)

Vorgeschriebenen Ort (angeben)

NOTICES (§ 10)

MITTEILUNGEN (§ 10)

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

Governing law
Anwendbares Recht

German Law
Deutsches Recht

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**

- Save as discussed in the Prospectus under "Interest of Natural and Legal Persons involved in the Issue/Offer", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

Mit Ausnahme der im Prospekt im Abschnitt "Interest of Natural and Legal Persons involved in the Issue/Offer" angesprochenen Interessen bestehen bei den an der Emission beteiligten Personen nach Kenntnis der Emittentin keine Interessen, die für das Angebot bedeutsam sind.

- Other interest (specify)
Andere Interessen (angeben)

Reasons for the offer
Gründe für das Angebot

Estimated net proceeds Euro 7,512,975
Geschätzter Nettobetrag der Erträge *Euro 7.512.975*

Estimated total expenses of the issue Euro 1,100
Geschätzte Gesamtkosten der Emission *Euro 1.100*

Eurosystem eligibility
EZB-Fähigkeit

Intended to be held in a manner which would allow
Eurosystem eligibility No
Soll in EZB-fähiger Weise gehalten werden *Nein*

Securities Identification Numbers
Wertpapier-Kenn-Nummern

- Common Code 027204511
Common Code
- ISIN Code DE000HBE1LW3
ISIN Code
- German Securities Code HBE1LW
Wertpapier-Kenn-Nummer (WKN)
- Any other securities number
Sonstige Wertpapier-Kenn-Nummer

Yield
Rendite

Yield
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 method (specify)
Andere Methode (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)
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 Basiswertes 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
keine

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

none
keine

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

- Not applicable
Nicht anwendbar
- Specify Details
Einzelheiten einfügen

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

- Not applicable
Nicht anwendbar
- Specify Details
Einzelheiten einfügen

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

- Not applicable
Nicht anwendbar

- Specify Details
Einzelheiten einfügen

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)

- Not applicable
Nicht anwendbar

- Specify Details
Einzelheiten einfügen

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

- Not applicable
Nicht anwendbar

- Specify Details
Einzelheiten einfügen

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

- Not applicable
Nicht anwendbar

- Specify Details
Einzelheiten einfügen

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

- Not applicable
Nicht anwendbar

- Specify Details
Einzelheiten einfügen

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

- Not applicable
Nicht anwendbar

- Specify Details
Einzelheiten einfügen

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.

- Not applicable
Nicht anwendbar

- Specify Details
Einzelheiten einfügen

Placing and Underwriting

Platzierung und Übernahme

Commerzbank Aktiengesellschaft

Kaiserplatz

D-60261 Frankfurt am Main

Method of distribution

Vertriebsmethode

- Non-syndicated
Nicht syndiziert
- Syndicated
Syndiziert

Subscription Agreement

Übernahmevertrag

Date of Subscription Agreement

Datum des Subscription Agreements

General Features of the Subscription Agreement

Hauptmerkmale des Übernahmevertrags

Management Details including form of commitment

***Einzelheiten bezüglich des Bankenkonsortiums
einschließlich der Art der Übernahme***

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

Commerzbank
Aktiengesellschaft

- 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)

Listing Commission
Börsenzulassungprovision

Other (specify)
Andere (angeben)

Stabilising Dealer(s)/Manager(s)

**Hypothesenbank in Essen
Aktiengesellschaft**

Kursstabilisierender Dealer/Manager

*Hypothesenbank in Essen
Aktiengesellschaft*

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) Yes
Börsenzulassung(en) Ja

- Luxembourg
Luxemburg
- Regulated Market
- Euro MTF

Düsseldorf

- Other (insert details)
Sonstige (Einzelheiten einfügen)

Date of admission requested
Datum der Zulassung beantragt

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

Euro 1,100
Euro 1.100

All 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 sämtlicher 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
Nicht anwendbar

Rating requested
Rating beantragt

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

Listing:
Börsenzulassung:

The above Final Terms comprise the details required to list this issue of Pfandbriefe pursuant to the € 30,000,000,000 Essen Hyp Debt Issuance Programme of Hypothekbank in Essen Aktiengesellschaft (as from 17 October 2006).

Die vorstehenden Endgültigen Bedingungen enthalten die Angaben, die für die Börsennotierung dieser Emission von Pfandbriefen unter dem € 30.000.000.000 Essen Hyp Debt Issuance Programme der Hypothekbank in Essen Aktiengesellschaft (ab dem 17. Oktober 2006) erforderlich sind.

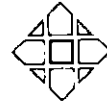
Responsibility
Verantwortlichkeit

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 weggelassen 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

Zwischenbericht zum
30.9.2006



HYPOTHEKENBANK IN ESSEN AG

	30.9.06 Mio. €	31.12.05 Mio. €
Bilanzsumme	95.289	92.781
Eingezahltes Kapital und Rücklagen	749	699
Genussrechte	293	293
Nachrangige Verbindlichkeiten	310	290
Forderungen		
Hypothekendarlehen	7.775	6.926
Kommunalkredite	34.088	35.824
Fremde Wertpapiere	43.818	39.855
Andere Forderungen	6.842	7.352
Verbindlichkeiten		
gegenüber Kreditinstituten	11.110	20.394
gegenüber Kunden	6.472	3.797
Verbriefte Verbindlichkeiten	75.906	66.800
	30.9.06 Mio. €	30.9.05 Mio. €
Neuzusagen		
Hypothekendarlehen	1.576	850
Kommunalkredite	6.422	8.386
Fremde Wertpapiere	18.038	9.429
Gewinn- und Verlustrechnung		
Zinsüberschuss	214,4	200,2
Zins- und Provisionsüberschuss	195,5	195,7
Verwaltungsaufwendungen	28,8	24,6
Betriebsergebnis vor Risikovorsorge	168,5	172,1
Risikovorsorge	-43,2	-49,4
Betriebsergebnis	125,3	124,5

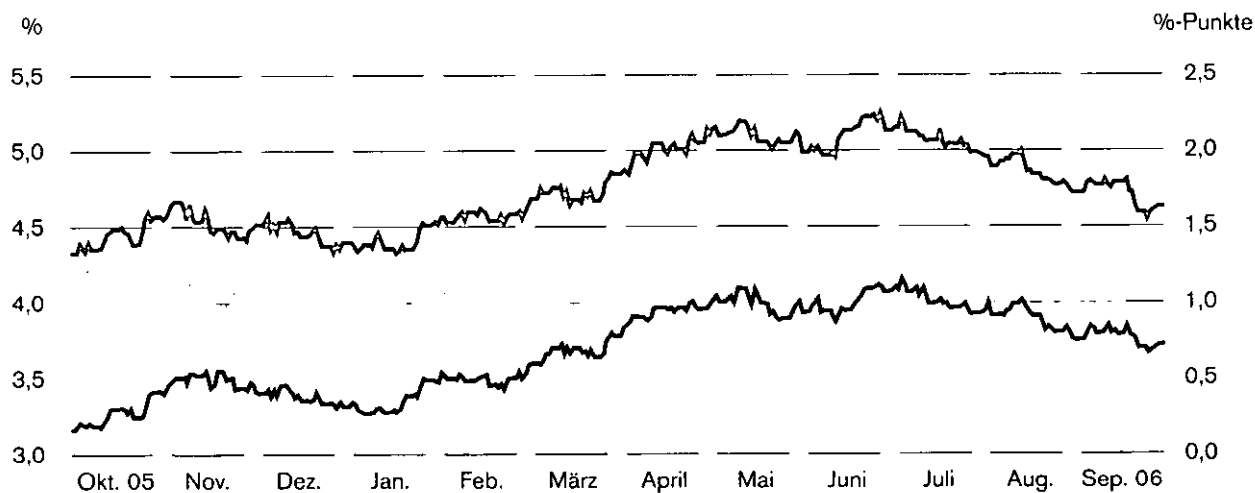
Aufgrund von Rundungen können sich im vorliegenden Bericht bei Summenbildungen und bei der Berechnung von Prozentangaben geringfügige Abweichungen ergeben.

Sehr geehrte Geschäftsfreunde,

in den Vereinigten Staaten haben die zurückliegenden Leitzinserhöhungen der US-Notenbank – die Währungshüter schleusten ihren Tagesgeldzielsatz von 1,0 % im Juni 2004 bis auf 5,25 % im Juni 2006 herauf – in Verbindung mit auf Rekordniveau steigenden Rohölpreisen Bremsspuren hinterlassen. Im Berichtszeitraum verlor das gesamtwirtschaftliche Wachstum an Dynamik, auch bedingt durch einbrechende Wohnungsbauaktivitäten. Die Inflationsrate stieg zwischenzeitlich bis auf 4,6 % an, fiel aber am Ende des Berichtszeitraumes aufgrund wieder nachgebender Kraftstoffpreise und eines Basiseffektes auf 2,1 % zurück. Vor diesem Hinter-

grund nahm die US-Notenbank auf ihren Sitzungen im August und im September eine abwartende Haltung ein und beließ den Leitzins bei 5,25 %. Gleichwohl bestehen nach Ansicht der US-Notenbank weiterhin gewisse Inflationsrisiken. Die Renditen von zehnjährigen US-Staatsanleihen sind von knapp 4,4 % am Jahresende 2005 im Einklang mit der in der ersten Hälfte dieses Jahres erfolgten Fortsetzung der geldpolitischen Straffung bis auf ein Hoch von 5,24 % am 28. Juni geklettert. Auf der einen Tag später stattfindenden US-Notenbanksitzung erfolgte der Beschluss, den Leitzins um weitere 25 Basispunkte auf 5,25 % zu erhöhen.

Renditeentwicklung von Staatsanleihen 30.9.2005 bis 30.9.2006, Vereinigte Staaten und Deutschland im Vergleich



- Treasury Notes, Laufzeit 10 Jahre (linke Skala)
- Bundesanleihen, Laufzeit 10 Jahre (linke Skala)
- Zinsvorteil von Treasury Notes (rechte Skala)

Quelle: Bloomberg

Die im Anschluss an diese Sitzung veröffentlichte Presseerklärung wurde von vielen Marktteilnehmern dahingehend interpretiert, dass die US-Notenbank damit am Ende ihres Erhöhungskurses angelangt ist, wodurch eine Wende am US-Rentenmarkt ausgelöst wurde. Schwächer ausfallende Konjunkturnachrichten bestärkten die Marktteilnehmer in dieser Ansicht, so dass die Renditen von zehnjährigen US-Staatsanleihen wieder bis auf 4,63 % am Ende des Berichtszeitraumes fielen.

In Japan hat sich der Wirtschaftsaufschwung im Berichtszeitraum mit etwas vermindertem Tempo fortgesetzt. Vor dem Hintergrund einer regen Exporttätigkeit und hoher Gewinne wuchsen die Unternehmensinvestitionen mit Vorjahresveränderungsraten im hohen einstelligen Bereich. Obgleich sich der Arbeitsmarkt im Berichtszeitraum weiter erholte – zuletzt kamen auf 100 Bewerber 108 Stellenangebote –, blieb der Anstieg der privaten Konsumausgaben moderat. Trotz des schon einige Jahre währenden Aufschwunges ist die Deflation im Land der aufgehenden Sonne noch nicht mit letzter Sicherheit überwunden. Nach revidierten Angaben betrug die Vorjahresveränderungsrate des Konsumentenpreisindex (ohne frische Nahrungsmittel) im August lediglich 0,3 %, nach 0,2 % im Juli. Die japanische Zentralbank beendete im März ihre ultraexpansive Politik der quantitativen Lockerung und kehrte zur Nullzinspolitik zurück. Im Juli beschlossen dann die Währungshüter, den Tagesgeldzielsatz von 0 % auf 0,25 % anzuheben.

Im Gegensatz zur Entwicklung in den Vereinigten Staaten und Japan hat sich im Euroraum das Expansionstempo beschleunigt. Die Ausweitung der Bruttoanlageinvestitionen trug maßgeblich zum kräftigen Wachstum der Gesamtwirtschaft bei. Infolgedessen verringerte sich im Berichtszeitraum

auch die Arbeitslosigkeit. Das Wirtschaftsklima im Euroraum erreichte im September – trotz der Anzeichen einer Wachstumsabkühlung in den Vereinigten Staaten und der bevorstehenden Mehrwertsteuererhöhung in Deutschland – ein Mehrjahreshoch. Die Inflationsrate verharrte aufgrund der gestiegenen Energiepreise über weite Strecken des Berichtszeitraumes über der Zielmarke der Europäischen Zentralbank (EZB) von unter, aber nahe 2,0 %. Vor diesem Hintergrund erhöhte der EZB-Rat in mehreren Schritten den Leitzins von 2,25 % am Jahresende 2005 bis auf 3,0 %. Darüber hinaus ließen im September Äußerungen von EZB-Ratsmitgliedern den Schluss zu, dass die EZB nicht nur gewillt ist, bis Jahresende ihren Leitzins auf 3,5 % zu erhöhen, sondern auch im nächsten Jahr weiter an der Zinsschraube zu drehen. Die Renditen von lang laufenden Anleihen folgten im Berichtszeitraum größtenteils der Richtungsvorgabe ihrer Pendanten aus den Vereinigten Staaten. So kletterten die Renditen von zehnjährigen Bundesanleihen von 3,31 % Ende 2005 bis auf ein Hoch von 4,10 % am 28. Juni. Gleichzeitig mit der Wende am US-Rentenmarkt stellten sich auch hierzulande wieder fallende Kapitalmarktrenditen ein, ungeachtet der verschärften Tonlage aus dem Frankfurter Eurotower. Zehnjährige Bundesanleihen rentierten mit 3,71 % am Ende des Berichtszeitraumes. Der Zinsvorteil von zehnjährigen Pfandbriefen (PEX) gegenüber Bundesanleihen mit kongruenter Laufzeit (REX) erhöhte sich von 11 Basispunkten im Durchschnitt des Monats Dezember 2005 auf 20 Basispunkte im Durchschnitt des Monats September 2006.

Geschäftsfeld Kapitalmarkt

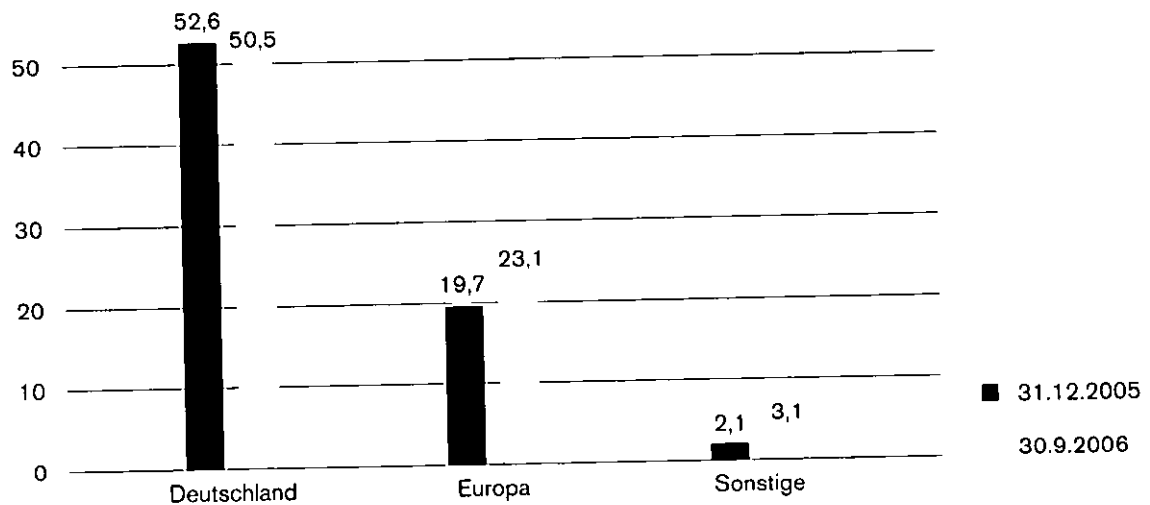
Neugeschäft. Im Kapitalmarktgeschäft konnten wir die erfreuliche Neugeschäftsentwicklung des ersten Halbjahrs auch im dritten Quartal fortsetzen. Bis Ende September haben wir Darlehen und Wertpapiere in Höhe von € 24,5 Mrd. oder 37,6 % mehr als im Vorjahreszeitraum (€ 17,8 Mrd.) in die Bücher genommen. 98 % bzw. € 24,0 Mrd. (€ 17,3 Mrd.) sind davon als Deckungsaktiva für unsere öffentlichen Pfandbriefe geeignet. Außerhalb der Deckung wurden fremde Wertpapiere in Höhe von lediglich € 0,5 Mrd. (€ 0,5 Mrd.) erworben.

Wesentlichen Anteil am Wachstum hatten dabei mit einem Neugeschäftsvolumen von € 13,0 Mrd. (€ 7,2 Mrd.) Ausleihungen an ausländische

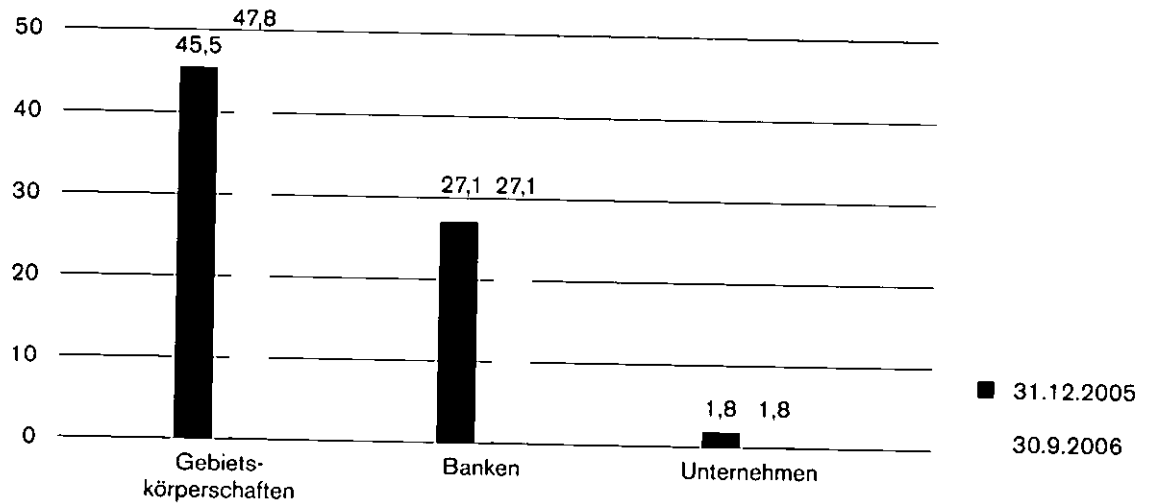
Adressen. Die uneingeschränkte Möglichkeit der Indeckungnahme von Adressen der Europäischen Union im Rahmen der Neuerungen im Pfandbriefgesetz wirkt sich dabei positiv auf die Geschäftsentwicklung aus. In Europa entfielen größere Abschnitte auf Spanien, Italien, Portugal und Griechenland. In den Vereinigten Staaten konnten wir unser Engagement mit € 1,2 Mrd. ausbauen. Im Vergleich zum Vorjahr erhöhte sich die Quote des Auslandsgeschäfts von rund 40 % auf nun rund 53 %, was die fortschreitende Internationalisierung unseres Aktivgeschäfts unterstreicht.

Zur Unterstützung dieser Strategie planen wir, erstmalig Roadshows für die Generierung des Aktivgeschäfts durchzuführen.

Bestandsentwicklung Kapitalmarktgeschäft nach Regionen in Mrd. €



Bestandsentwicklung Kapitalmarktgeschäft nach Sektoren in Mrd. €



Kapitalmarktbestand. Insgesamt hat sich der Bestand von € 74,4 Mrd. per 31.12.2005 um € 2,3 Mrd. auf € 76,7 Mrd. erhöht. Die Aufteilung nach Regionen verdeutlicht, dass der Bestand an ausländischen Engagements – im Einklang mit der Neugeschäftsproduktion – im Berichtszeitraum um € 4,4 Mrd. auf 26,2 Mrd. (€ 21,8 Mrd.) angestiegen ist. In der sektoralen Gliederung wird deutlich, dass der Anstieg im Wesentlichen auf Ausleihungen an Gebietskörperschaften entfällt. Der Anteil dieser Adressen erreicht ein Volumen von € 47,8 Mrd.

(€ 45,5 Mrd.). Das Bankenportfolio blieb mit € 27,1 Mrd. (€ 27,1 Mrd.) gegenüber dem Jahresultimo 2005 ebenso konstant wie der Bestand im Sektor Unternehmen mit € 1,8 Mrd. (€ 1,8 Mrd.).

Geschäftsfeld Immobilienfinanzierungen

Neuzusagen. Im Immobilienfinanzierungsgeschäft haben wir im Berichtszeitraum Neugeschäfte im Umfang von € 1,6 Mrd. (€ 0,9 Mrd.) zugesagt. Der Anstieg resultiert im Wesentlichen aus erhöhten Neuabschlüssen im Privatkundensegment sowie dem Ankauf eines Immobilienfinanzierungsportfolios mit einem Volumen von gut € 0,4 Mrd. Das Portfolio beinhaltet mehr als 4.000 Einzelfinanzierungen von Wohnobjekten, insbesondere Eigentumswohnungen sowie Ein- und Zweifamilienhäuser, die fast ausschließlich in Nordrhein-Westfalen belegen sind. Das Portfolio setzt sich zu 95 % aus erstrangigen Darlehen zusammen, ein Beleg für die sehr gute Qualität des Portfolios.

Weiterhin haben wir unser Engagement im kleinteiligen Privatkundengeschäft durch mehrere Sonderkontingente, die wir in Kooperation mit der Commerzbank AG aufgelegt haben, verstärkt. Zum 30.09.2006 ist der Essen Hyp von der Commerzbank AG ein Darlehensvolumen in einer Größenordnung von insgesamt € 0,7 Mrd. (€ 0,1 Mrd.) zugeführt worden. Über Eigeneinreichungen und Drittvermittlungen erreichte uns ein Volumen in Höhe von € 0,2 Mrd. (€ 0,1 Mrd.). Insgesamt konnten wir im ersten Halbjahr ein Volumen an Finanzierungen von wohnwirtschaftlichen Objekten in Höhe von € 1,3 Mrd. (€ 0,2 Mrd.) zusagen.

Die inländischen gewerblichen Immobilienfinanzierungen bewegten sich mit € 0,2 Mrd. in etwa auf Vorjahresniveau (€ 0,3 Mrd.). Der Schwerpunkt unserer Finanzierungstätigkeit im inländischen gewerblichen Bereich lag bei Büro- und Verwaltungsgebäuden sowie Handels- und Einzelhandelsstätten.

Die ausländischen gewerblichen Finanzierungen mit Neuabschlüssen in Höhe von lediglich

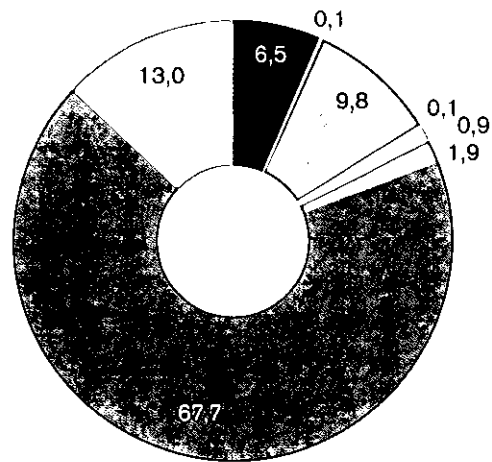
€ 0,1 Mrd. (€ 0,4 Mrd.), im Wesentlichen in den USA, England und Frankreich, entwickelten sich gegenüber dem Vorjahreszeitraum weiter rückläufig. Hauptgrund für diese Entwicklung sind nach wie vor unsere unverändert hohen Anforderungen an die Objektqualität, die langfristige Stabilität des Mietniveaus, die Bonität und Professionalität der Investoren sowie an die Laufzeit der Mietverträge, die in der Mehrzahl der Anträge nicht erfüllt waren.

Den Markterfordernissen entsprechend haben wir unsere Produktpalette erweitert. Neben den Hypothekenfinanzierungen bieten wir nun auch nicht grundpfandrechtl. besicherte Darlehen, diese z. B. gegen Abtretung von Aufwandsersatzansprüchen bei Fondsfinanzierungen, sowie Finanzierungen im Rahmen von Public Private Partnerships (PPP) an.

Immobilienfinanzierungsbestand. Der Gesamtbestand an Immobilienfinanzierungen belief sich zum Stichtag auf € 7,9 Mrd. (€ 7,1 Mrd.). Im wohnwirtschaftlichen Segment konnten wir diesen aufgrund oben genannter Neugeschäfte gegenüber dem Jahresultimo 2005 auf € 5,7 Mrd. (€ 4,7 Mrd.) steigern. Rückläufig entwickelte sich hingegen der Bestand an gewerblichen Immobilienfinanzierungen mit einem Volumen von € 2,2 Mrd. (€ 2,4 Mrd.). Ursächlich für diese Entwicklung sind Rückzahlungen von in der Regel kürzer laufenden ausländischen Immobilienfinanzierungen, die durch entsprechendes Neugeschäft nicht kompensiert wurden.

Gesamte Hypothekenneuzusagen per 30.9.2006

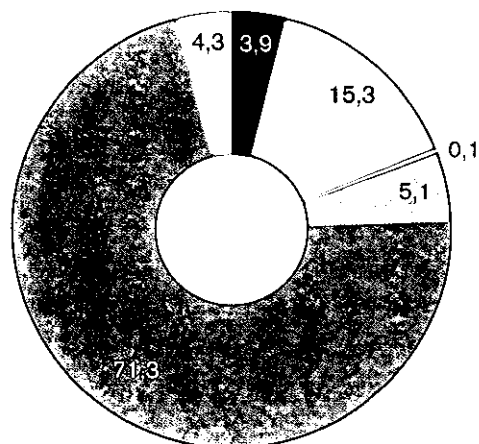
Gliederung nach Immobilienarten in %



- Büroflächen
- Produktionsstätten
- Handels- und Einzelhandelsstätten
- Hotels und Gaststätten
- Logistikimmobilien und Lager
- Sonstige
- Eigengenutzte Wohnobjekte
- Mietwohnungsbau

Gesamtvolumen: € 1.575,9 Mio.

Gliederung nach Regionen in %

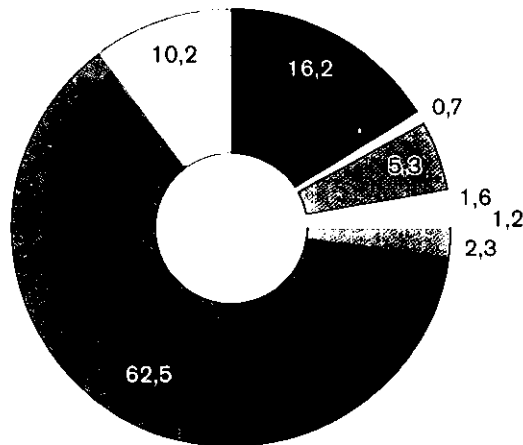


- Gewerbeimmobilien Ausland
- Gewerbeimmobilien West (D)
- Gewerbeimmobilien Ost (D)
- Wohnimmobilien Ausland
- Wohnimmobilien West (D)
- Wohnimmobilien Ost (D)

Gesamtvolumen: € 1.575,9 Mio.

Hypothekendarlehensbestand (nominal) per 30.9.2006

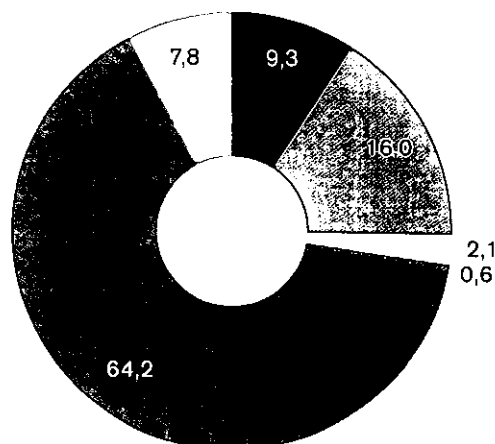
Gliederung nach Immobilienarten in %



- Büroflächen
- Produktionsstätten
- ▨ Handels- und Einzelhandelsstätten
- ▩ Hotels und Gaststätten
- ▧ Logistikimmobilien und Lager
- Sonstige
- Eigengenutzte Wohnobjekte
- ▨ Mietwohnungsbau

Gesamtvolumen: € 7.916,4 Mio.

Gliederung nach Regionen in %



- Gewerbeimmobilien Ausland
- Gewerbeimmobilien West (D)
- ▨ Gewerbeimmobilien Ost (D)
- ▨ Wohnimmobilien Ausland
- Wohnimmobilien West (D)
- ▨ Wohnimmobilien Ost (D)

Gesamtvolumen: € 7.916,4 Mio.

Refinanzierung

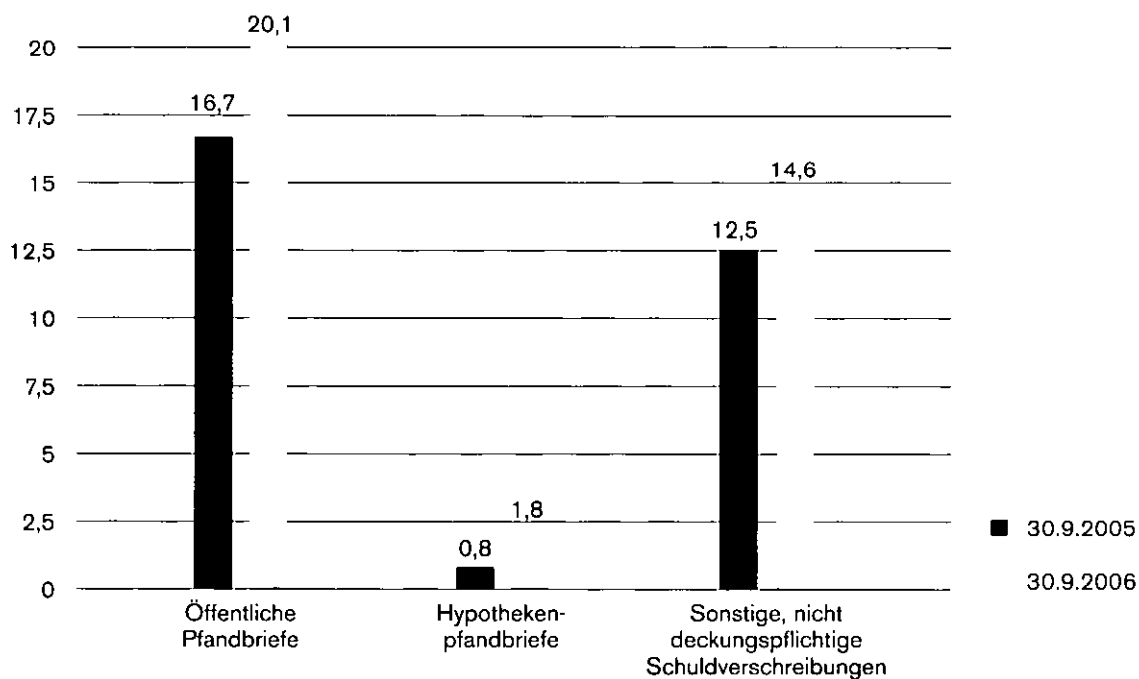
Im Berichtszeitraum emittierten wir insgesamt Schuldverschreibungen in Höhe von € 36,5 Mrd. (€ 30,0 Mrd.). Von diesem Neugeschäftsvolumen entfielen auf öffentliche Pfandbriefe € 20,1 Mrd. (€ 16,7 Mrd.), € 1,8 Mrd. (€ 0,8 Mrd.) auf Hypothekendarlehenpfandbriefe und € 14,6 Mrd. (€ 12,5 Mrd.) auf sonstige, nicht deckungspflichtige Schuldverschreibungen. Die ungedeckte Refinanzierung erfolgte zum größten Teil revolving über unser Commercial Paper Program mit einem Volumen von € 8,5 Mrd., nach € 7,7 Mrd. im Vorjahreszeitraum.

Daneben haben wir großvolumige Slimbos (Short Liquid Money Market Bonds) in Höhe von insgesamt € 3,6 Mrd. (€ 1,5 Mrd.) emittiert bzw. aufgestockt. Für Investoren ist bei diesem Produkt insbesondere die Liquidität interessant, die durch die Börseneinführung und eine Market Making

Verpflichtung seitens des Konsortiums garantiert wird.

Der Anstieg des Gesamtemissionsvolumens ist Folge der Ausweitung unseres Aktivgeschäfts sowie der sehr günstigen Refinanzierungsbedingungen der Bank. So ist es uns beispielsweise gelungen, einen öffentlichen Pfandbrief mit Laufzeit 1 Jahr mit einem Spread von –16 Basispunkten unter Midswap zu platzieren. Auch bei einer Jumbo-Aufstockung im Juli des Jahres in Höhe von € 250 Mio. erreichte die Bank mit –12 Basispunkten ein überaus günstiges Refinanzierungsniveau. Insgesamt emittierten wir im Segment der Jumbo- und Globalpfandbriefe ein Volumen von € 6,7 Mrd. (€ 6,0 Mrd.). Hierbei erfolgte im September eine großvolumige Pfandbriefemission im Jumbo-Format mit einem Volumen von € 1,2 Mrd., die zu 58,2 % bei ausländischen Investoren platziert

Neuemissionen in Mrd. €



werden konnte, u. a. in Japan und Taiwan. Zu den größten Investorengruppen gehörten Banken, Fondsgesellschaften und Zentralbanken.

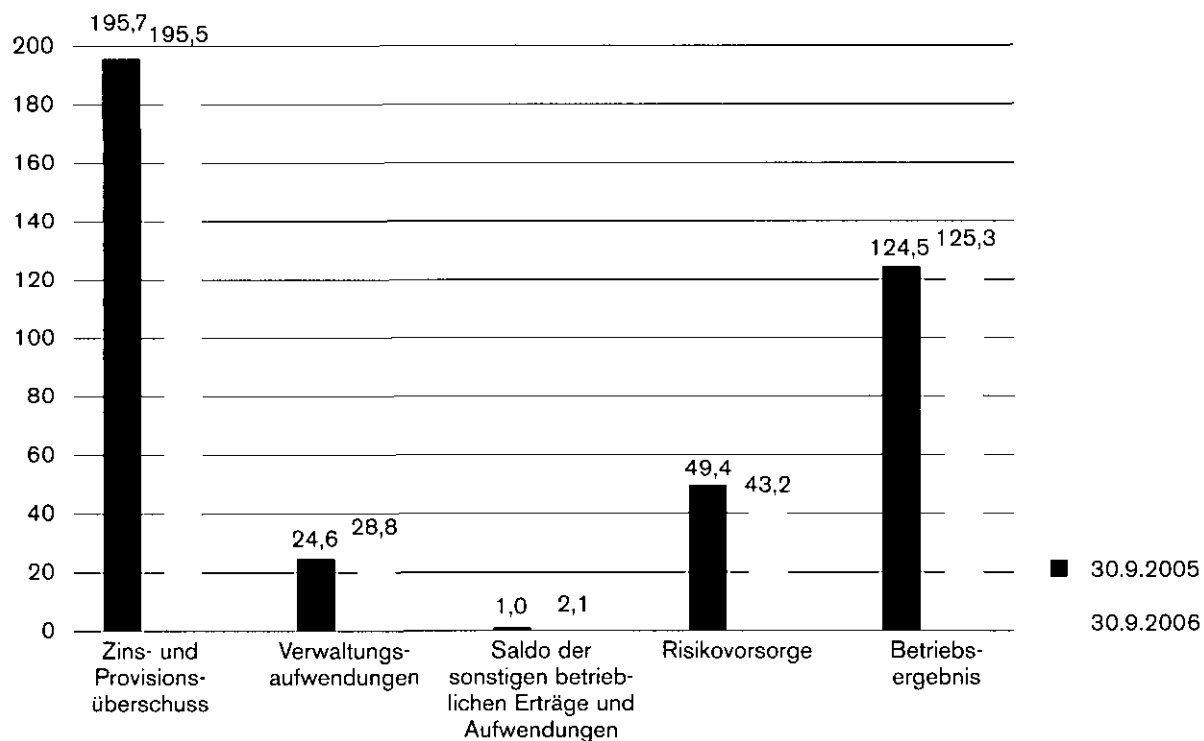
Zum Ende des dritten Quartals haben wir ein Debt Issuance Program in australischen Dollar initiiert, das sowohl die Emission unbesicherter wie besicherter Schuldverschreibungen im australischen Markt erlaubt. Das Programmvolumen beträgt A\$ 5,0 Mrd., wobei Währungskurs-Risiken durch entsprechende Währungsswaps abgesichert werden. Ziel ist, die bisherige Investorenbasis in Europa, Asien und Nordamerika um den australischen Markt zu erweitern.

Ertrags-, Vermögens- und Finanzlage

Ertragslage. Der Zinsüberschuss belief sich im Berichtszeitraum auf € 214,4 Mio. und konnte gegenüber dem Vorjahreswert (€ 200,2 Mio.) um 7,1 % gesteigert werden. Die positive Entwicklung ist im Wesentlichen auf die Erträge aus dem gewachsenen Bestand in der Bilanzposition Schuldverschreibungen und andere festverzinsliche Wertpapiere zurückzuführen. In den laufenden Erträgen aus Aktien und anderen nicht festverzinslichen Wertpapieren sind die anteiligen Erträge unserer Fonds sowie Dividendenerträge aus Aktien, die wir im Rahmen von Wertpapierdarlehensgeschäften erwirtschaftet haben, enthalten.

Das Provisionsergebnis betrug € –18,9 Mio. nach € –4,5 Mio. im Vorjahreszeitraum. Grund für die

Zahlen aus der Gewinn- und Verlustrechnung in Mio. €



negative Entwicklung sind die deutlich gestiegenen Provisionsaufwendungen an die Konzernmutter für die von ihr vermittelten Immobilienfinanzierungen, die unmittelbar voll als Aufwand verbucht wurden und in den Folgejahren zu entsprechenden Ertragsverbesserungen führen. Insgesamt können wir einen Zins- und Provisionsüberschuss von € 195,5 Mio. (€ 195,7 Mio.) ausweisen.

Aufwand. Die Verwaltungsaufwendungen erhöhten sich im Berichtszeitraum auf € 28,8 Mio. (€ 24,6 Mio.). Darunter entfielen auf Personalkosten € 12,1 Mio. (€ 11,1 Mio.), auf die verbleibenden anderen Verwaltungsaufwendungen € 16,7 Mio. (€ 13,5 Mio.). Ursächlich für den Anstieg der Verwaltungsaufwendungen sind im Wesentlichen erhöhte Dienstleistungskosten im Rahmen von Outsourcing-Maßnahmen der Bank, insbesondere für die externe Verwaltung des gewachsenen Retailbestands.

Das Betriebsergebnis vor Risikoversorge beläuft sich auf € 168,5 Mio. und ist gegenüber dem vergleichbaren Vorjahreszeitraum (€ 172,1 Mio.) leicht gesunken.

Positiv entwickelte sich hingegen die Risikoversorge, die von € 49,4 Mio. auf € 43,2 Mio. verringert werden konnte. Neben den planmäßigen Zuführungen zur Kreditrisikoversorge beinhaltet die Risikoversorge sämtliche Aufwendungen und Erträge aus der Überkreuzkompensation gemäß § 340 f Abs. 3 HGB.

Insgesamt verbesserte sich das Vorsteuerergebnis um 0,6 % auf € 125,3 Mio. nach € 124,5 Mio. im Vorjahreszeitraum.

Die Bank hat sich durch eine entsprechende Anzeige an die Bundesanstalt für Finanzdienstleistungsaufsicht im August des Jahres zum Handelsbuchinstitut erklärt.

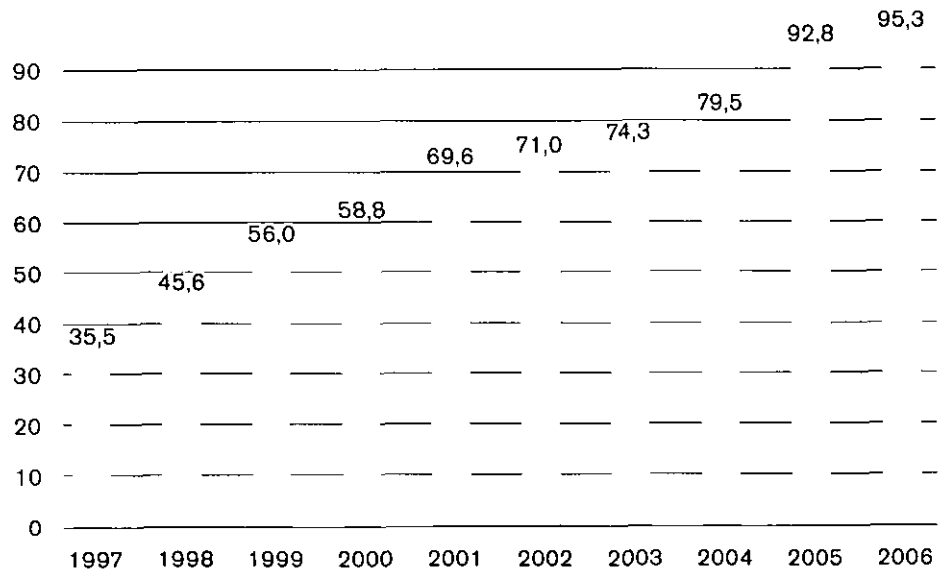
Mit der Aufnahme von Handelsbuchaktivitäten ist es uns möglich, kurzfristig auf Marktschwankungen zu reagieren. Die Eingehung von Handelsbuchpositionen erfolgt ohne Ausweitung des Limitrahmens für Marktrisiken.

Vermögens- und Finanzlage. Zum 30. September 2006 erhöhte sich die Bilanzsumme auf € 95,3 Mrd. (€ 92,8 Mrd.).

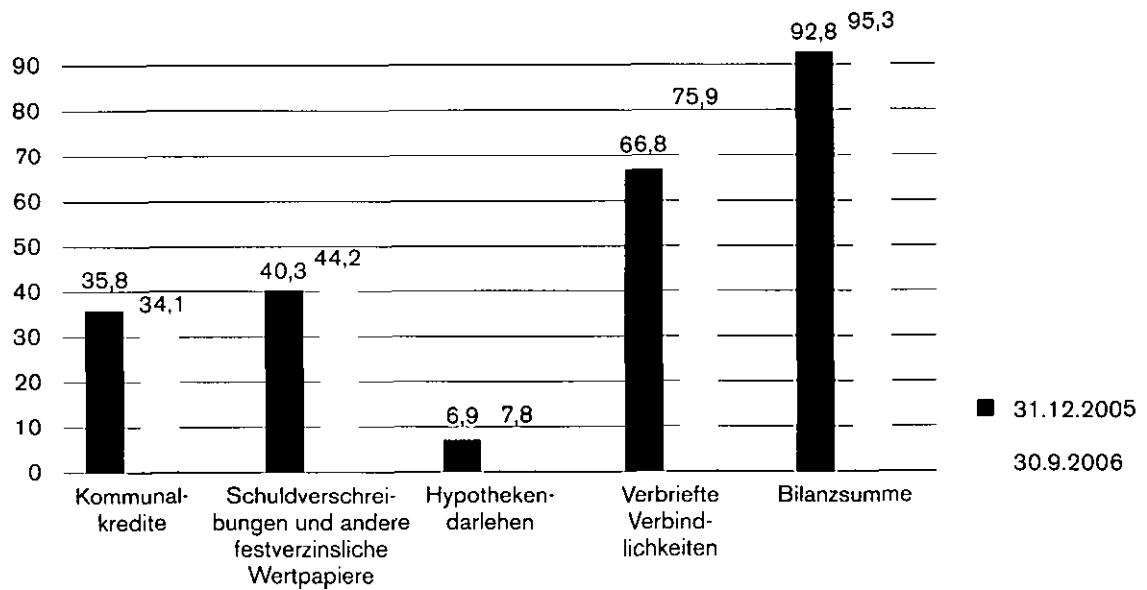
Die Vermögenslage hat sich, gemessen an wichtigen Bilanzpositionen, entsprechend der Geschäftsentwicklung im Berichtsjahr wie in der nebenstehenden Grafik dargestellt verändert.

Das Volumen der Risikoaktiva gemäß Grundsatz I erreichte zum Stichtag € 11,1 Mrd. (€ 10,7 Mrd.), was einer Eigenkapitalquote im Grundsatz I von 11,1 % (11,0 %) entspricht. Die Kernkapitalquote in Höhe von 6,8 % (6,5 %) bewegt sich innerhalb unseres diesjährigen Zielkorridors.

Entwicklung der Bilanzsumme in Mrd. €, Stand: 30.9.2006



Entwicklung wichtiger Bilanzpositionen in Mrd. €



Ergebnisstruktur der Bank im Vergleich zum Vorjahr

	1.1. – 30.9.06 in Mio. €	1.1. – 30.9.05 in Mio. €	Veränderungen in %
Zinserträge und andere laufende Erträge	2.601,4	2.279,7	+14,1
– Zinsaufwendungen	2.387,0	2.079,5	+14,8
= Zinsüberschuss	214,4	200,2	+7,1
– Saldo Provisionsergebnis	18,9	4,5	>100,0
= Zins- und Provisionsüberschuss	195,5	195,7	–0,1
– Eigenhandelsergebnis	0,3	0,0	–
– Personalaufwand	12,1	11,2	+8,0
– andere Verwaltungsaufwendungen	15,3	11,4	+34,2
– Abschreibungen auf Sachanlagen	1,4	2,0	–30,0
= Teilbetriebsergebnis	166,4	171,1	–2,7
+ Saldo sonstige betriebliche Erträge und Aufwendungen	2,1	1,0	>100,0
= Betriebsergebnis vor Risikovorsorge	168,5	172,1	–2,1
– Risikovorsorge	43,2	49,4	–12,6
+ Erträge aus Veräußerung von Wertpapieren des Anlagevermögens	0,0	1,8	–100,0
= Betriebsergebnis	125,3	124,5	+0,6

Relationship-Management

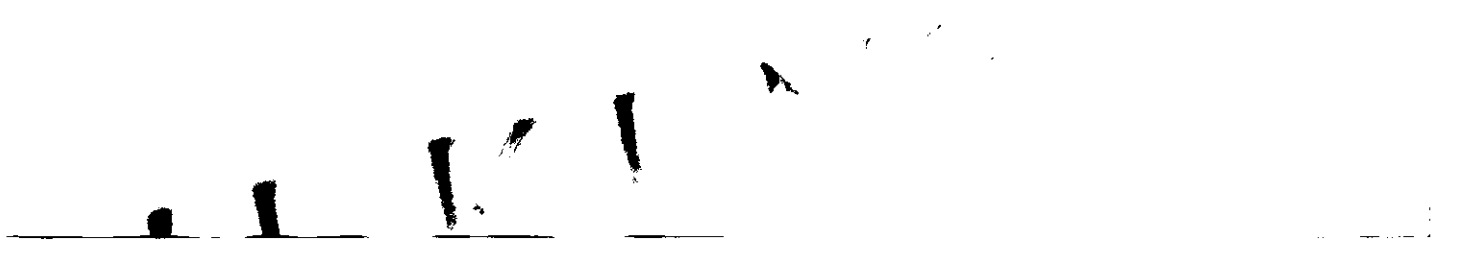
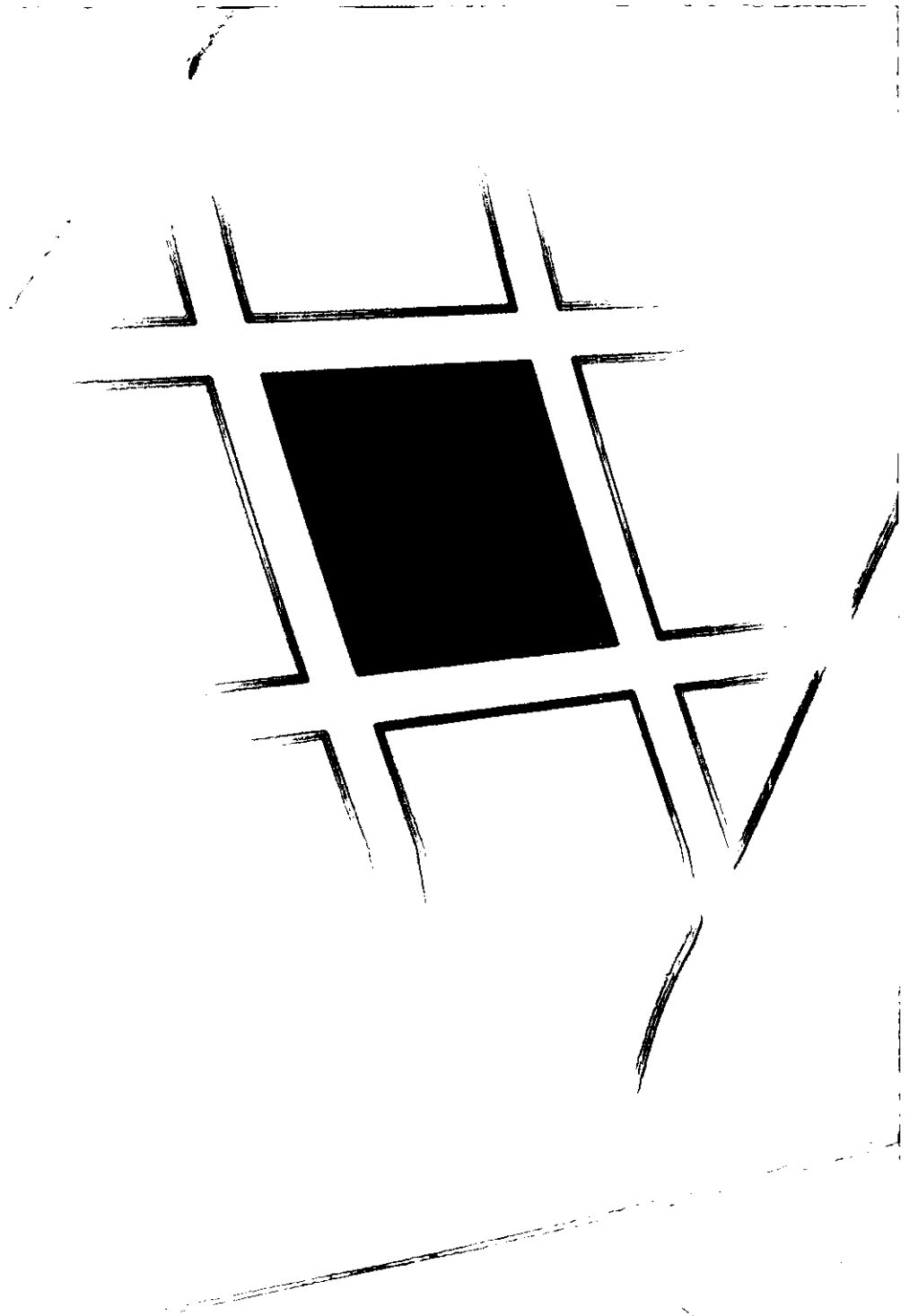
Die Bank veranstaltete im September dieses Jahres eine Roadshow zur Pflege und zum weiteren Ausbau ihrer Geschäftsbeziehungen im europäischen Ausland. Ziele waren Paris, Brüssel, Luxemburg und Amsterdam. Im Mittelpunkt der Veranstaltung stand eine speziell für die Bank abgewandelte fußballerische Darstellung der Mozartoper „Die Entführung aus dem Serail“. Annähernd 1.000 Kapitalmarktpartner sowie Vertreter aus Wirtschaft, Politik und Gesellschaft nahmen an den vier Mozart-Roadshows teil. Aufgrund der sehr erfreulichen Resonanz planen wir, diese Form der Unternehmenspräsentation im Juni 2007 in Madrid, Berlin, Prag, Stockholm und London fortzusetzen.

Ausblick

Entsprechend unserer bisherigen Prognose zum Halbjahr 2006 gehen wir aufgrund der bisherigen Geschäfts- und Ertragsentwicklung unverändert davon aus, im Berichtsjahr eine Nachsteuerrendite von 14,5 % bis 15,0 % erreichen zu können.

Essen, im Oktober 2006

Der Vorstand



	30.9.06 Mio. €	31.12.05 Mio. €	Veränderungen	
			Mio. €	%
Forderungen an Kreditinstitute	16.836,1	18.705,8	-1.869,7	-10,0
a) Hypothekendarlehen	0,0	0,0	0,0	0,0
b) Kommunalkredite	10.016,9	11.364,3	-1.347,4	-11,9
c) andere Forderungen	6.819,2	7.341,5	-522,3	-7,1
Forderungen an Kunden	31.868,8	31.395,7	473,1	1,5
a) Hypothekendarlehen	7.774,7	6.926,1	848,6	12,3
b) Kommunalkredite	24.071,1	24.459,9	-388,8	-1,6
c) andere Forderungen	23,0	9,7	13,3	137,1
Schuldverschreibungen und andere festverzinsliche Wertpapiere	44.244,0	40.309,6	3.934,4	9,8
a) Anleihen und Schuldverschreibungen	43.818,1	39.854,8	3.963,3	9,9
b) eigene Schuldverschreibungen	425,9	454,8	-28,9	-6,4
Verbindlichkeiten gegenüber Kreditinstituten	11.110,3	20.394,4	-9.284,1	-45,5
a) Hypotheken-Namenspfandbriefe	483,1	250,3	232,8	93,0
b) Öffentliche Namenspfandbriefe	934,5	619,1	315,4	50,9
c) andere Verbindlichkeiten	9.692,7	19.525,0	-9.832,3	-50,4
Verbindlichkeiten gegenüber Kunden	6.472,0	3.796,9	2.675,1	70,5
a) Hypotheken-Namenspfandbriefe	1.303,4	747,2	556,2	74,4
b) Öffentliche Namenspfandbriefe	4.628,8	2.652,8	1.976,0	74,5
c) andere Verbindlichkeiten	539,8	396,9	142,9	36,0
Verbriefte Verbindlichkeiten	75.906,3	66.800,1	9.106,2	13,6
a) Hypothekenspfandbriefe	3.663,4	3.252,2	411,2	12,6
b) Öffentliche Pfandbriefe	64.033,4	57.699,6	6.333,8	11,0
c) sonstige Schuldverschreibungen	8.209,5	5.848,3	2.361,2	40,4
Nachrangige Verbindlichkeiten	310,1	290,1	20,0	6,9
Genussrechtskapital	293,5	293,5	0,0	0,0
Eigenkapital	748,7	698,7	50,0	7,2
a) gezeichnetes Kapital	364,0	314,0	50,0	15,9
b) Rücklagen	384,7	384,7	0,0	0,0
Bilanzsumme	95.289,3	92.780,9	2.508,4	2,7

	1.1. – 30.9.06 Mio. €	1.1. – 30.9.05 Mio. €	Veränderungen	
			Mio. €	%
Zinserträge aus Kredit- und Geldmarkt- geschäften, festverzinslichen Wert- papieren und Schuldbuchforderungen	2.501,2	2.201,4	299,8	13,6
Laufende Erträge aus Wertpapieren, Beteiligungen und Anteilen an verbundenen Unternehmen	100,2	78,3	21,9	28,0
Zinsaufwendungen	2.387,0	2.079,5	307,5	14,8
Zinsüberschuss	214,4	200,2	14,2	7,1
Provisionserträge	4,3	2,0	2,3	>100,0
Provisionsaufwendungen	23,2	6,5	16,7	>100,0
<i>Provisionsergebnis</i>	<i>-18,9</i>	<i>-4,5</i>	<i>-14,4</i>	<i>>100,0</i>
Zins- und Provisionsüberschuss	195,5	195,7	-0,2	-0,1
Nettoertrag oder Nettoaufwand aus Finanzgeschäften	-0,3	0,0	-0,3	—
Löhne und Gehälter	10,1	9,4	0,7	7,4
Soziale Abgaben	2,0	1,7	0,3	17,6
Andere Verwaltungsaufwendungen ein- schließlich Abschreibungen auf Sachanlagen	16,7	13,5	3,2	23,7
<i>Verwaltungsaufwendungen</i>	<i>28,8</i>	<i>24,6</i>	<i>4,2</i>	<i>17,1</i>
Saldo der sonstigen betrieblichen Erträge und Aufwendungen	2,1	1,0	1,1	>100,0
Betriebsergebnis vor Risikovorsorge	168,5	172,1	-3,6	-2,1
Risikovorsorge	-43,2	-49,4	6,2	-12,6
Erträge aus Veräußerung von Wertpapieren des Anlagevermögens	0,0	1,8	-1,8	-100,0
Betriebsergebnis	125,3	124,5	0,8	0,6
Durchschnittszahl der Beschäftigten	167	151		
darunter: Teilzeitbeschäftigte und Auszubildende	29	22		

Angaben gemäß § 28 Pfandbriefgesetz

Angaben gemäß § 28 Pfandbriefgesetz werden auf unserer Website www.essenhyp.de veröffentlicht.

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MICHAEL FRÖHNER

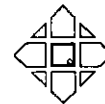
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Interim Report
as of September 30, 2006



HYPOTHEKENBANK IN ESSEN AG

	Sep 30, 2006 in € m	Dec 31, 2005 in € m
Balance sheet total	95,289	92,781
Subscribed capital and reserves	749	699
Profit-sharing certificates	293	293
Subordinated liabilities	310	290
Claims outstanding		
Mortgage loans	7,775	6,926
Public-sector loans	34,088	35,824
Securities issued by other borrowers	43,818	39,855
Other loans/other claims	6,842	7,352
Liabilities		
to banks	11,110	20,394
to customers	6,472	3,797
Securitized liabilities	75,906	66,800
	Sep 30, 2006 in € m	Sep 30, 2005 in € m
New lending commitments		
Mortgage loans	1,576	850
Public-sector loans	6,422	8,386
Securities issued by other borrowers	18,038	9,429
Profit and loss account		
Net interest income	214.4	200.2
Net interest and commission income	195.5	195.7
General operating expenses	28.8	24.6
Operating result before provision for possible loan losses	168.5	172.1
Provision for possible loan losses	-43.2	-49.4
Operating result	125.3	124.5

In this interim report, slight rounding differences might occur in the totals of rounded amounts and percentages.

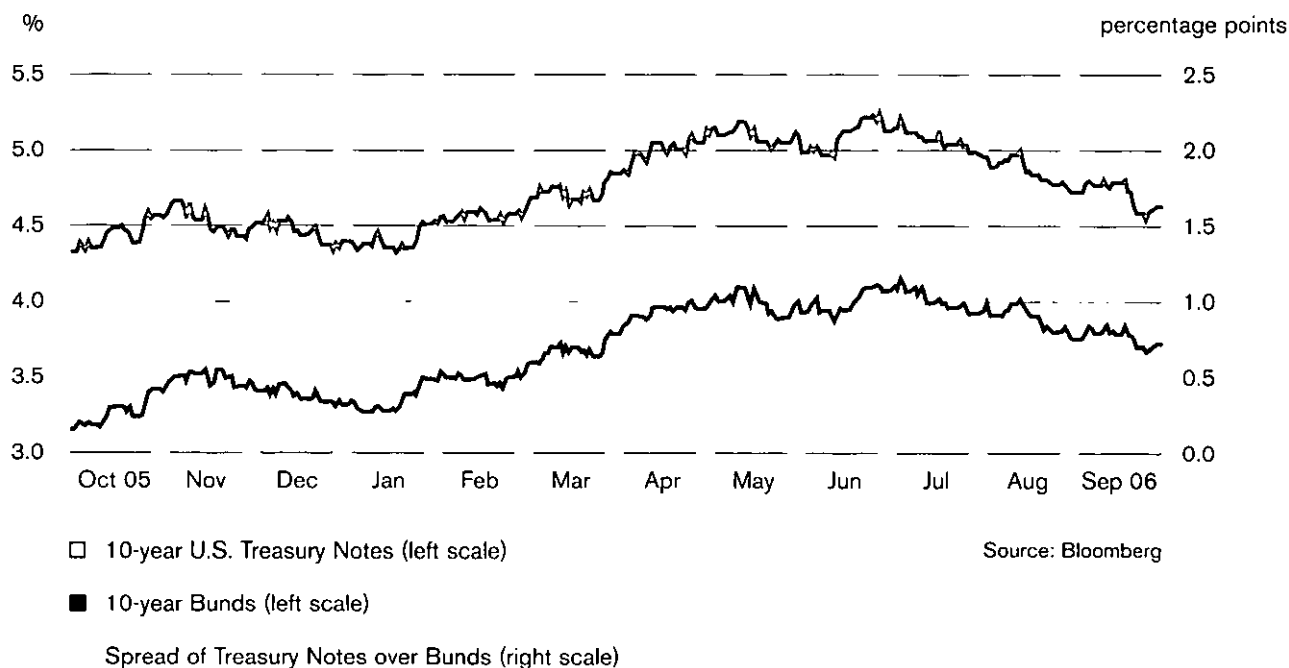
Dear Business Colleagues,

In the United States, the series of interest rate hikes, during which the Federal Reserve increased its federal funds target rate from 1% in June 2004 to as much as 5.25% in June 2006, combined with record-level crude oil prices has become a drag on the economy. In the period under review overall economic growth lost some of its momentum, in part affected by the sharp decline in residential investment. Having risen to as much as 4.6% temporarily, inflation dropped back to 2.1% at the end of the reporting period due to decreasing gasoline prices and a base effect. In this environment,

the Federal Reserve took a wait-and-see attitude at its August and September meetings, keeping the federal funds target rate unchanged at 5.25%. Nevertheless, the Federal Reserve still sees some inflation risks remaining.

In accordance with the continued interest rate hikes during the first half of this year, yields on 10-year U.S. Treasury Notes rose from just below 4.4% at year-end 2005 to up to 5.24% on June 28. One day later, the Federal Reserve decided to increase its target for the federal funds rate by another 25 basis points to 5.25%. Many market watchers held the

Comparison of government bond yields in the United States and Germany September 30, 2005 – September 30, 2006



view that the Fed statement issued following the meeting suggested an end to the series of rate hikes, causing a turnaround in bond yields. Weaker economic data further backed the market players' view. As a result 10-year Treasury Notes fell to 4.63% at the end of the reporting period.

Economic growth in Japan continued in the period under review, albeit at a somewhat slower pace. Driven by strong exports and high corporate profits, growth in corporate investment was in the upper single-digit range. The Japanese labor market, too, continued to recover, as can be seen from the fact that Japan's jobs-to-applicants ratio has improved to 108:100. Having said this, however, growth in private consumption was rather moderate. Even though the Japanese economy has been in recovery for several years now, it cannot be said with absolute certainty that deflation has finally been overcome. According to revised figures, inflation excluding fresh food was just 0.3% year-on-year in August compared to 0.2% in July. In March this year the Bank of Japan abandoned its extremely accommodative policy of quantitative easing, returning to its zero-interest policy. Later on, in July, the Bank of Japan decided to increase its overnight call rate from 0% to 0.25%.

In contrast to the United States and Japan, economic growth in the euro area picked up speed. The increase in gross capital expenditure was one of the driving forces behind strong overall economic growth. Consequently, labor markets also recovered in the period under review. Despite the signs of a slowdown in U.S. economic growth and

the forthcoming VAT increase in Germany, economic climate in the euro area reached the highest level for several years in September. Due to the increase in energy prices, inflation was above the ECB's target of close to, but below 2% throughout most of the reporting period. In this environment, the ECB Governing Council increased its key interest rate in several steps from 2.25% at year-end 2005 to 3%. In addition, statements by ECB Council members in September suggested that the ECB is not only willing to increase its minimum bid rate of the main refinancing operations to 3.5% by year-end 2006, but that they might even continue their series of rate hikes in 2007. Throughout most of the reporting period, long-term bond yields in the euro area followed the lead of their U.S. counterparts. 10-year Bund yields rose from 3.31% at year-end 2005 to as much as 4.10% on June 28, 2006. Hand-in-hand with the turnaround on the U.S. bond markets the euro area bond markets saw falling bond yields in spite of the more hawkish comments from the Frankfurt Eurotower. 10-year Bunds yielded 3.71% at the end of the reporting period. The yield spread of 10-year Pfandbriefe (PEX) over Bunds with the same maturity (REX) increased from an average of 11 basis points in December 2005 to an average of 20 basis points in September 2006.

Capital market transactions

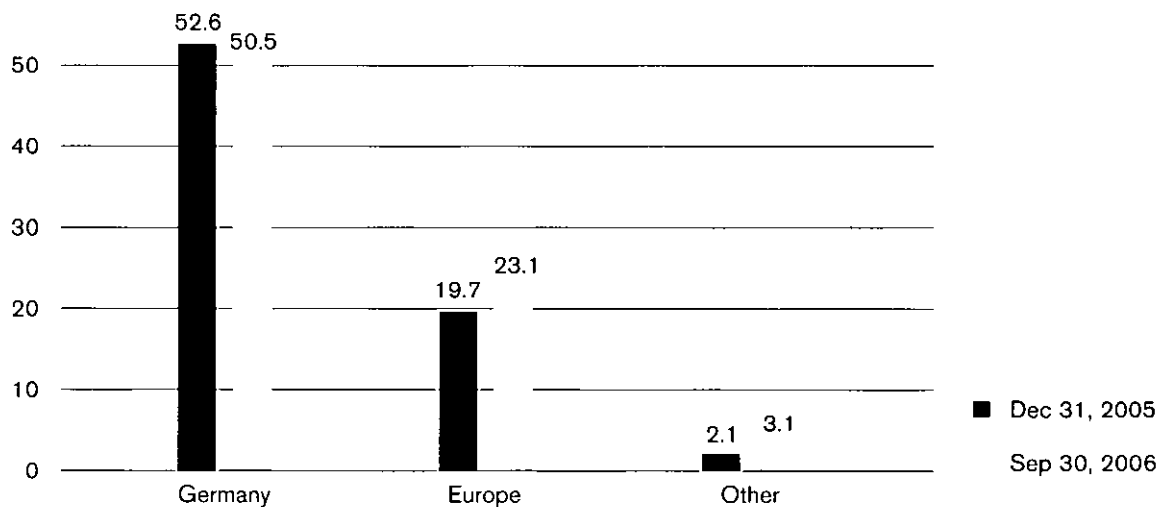
New lending business. Similar to the first half of this year, new lending business kept increasing in the third quarter. In the period under review the total volume of new public-sector loans and securities rose by 37.6% to €24.5bn compared to €17.8bn in the previous year. €24bn (€17.3bn), or 98%, of these new loans are eligible to serve as cover for public-sector Pfandbriefe. Essen Hyp took securities issued by other borrowers that are not eligible to serve as cover totaling only €0.5bn (€0.5bn) onto its books.

One of the driving forces behind the growth in new lending commitments were loans to foreign borrowers totaling €13bn (€7.2bn). Following the amendment of the Pfandbrief legislation, loans to

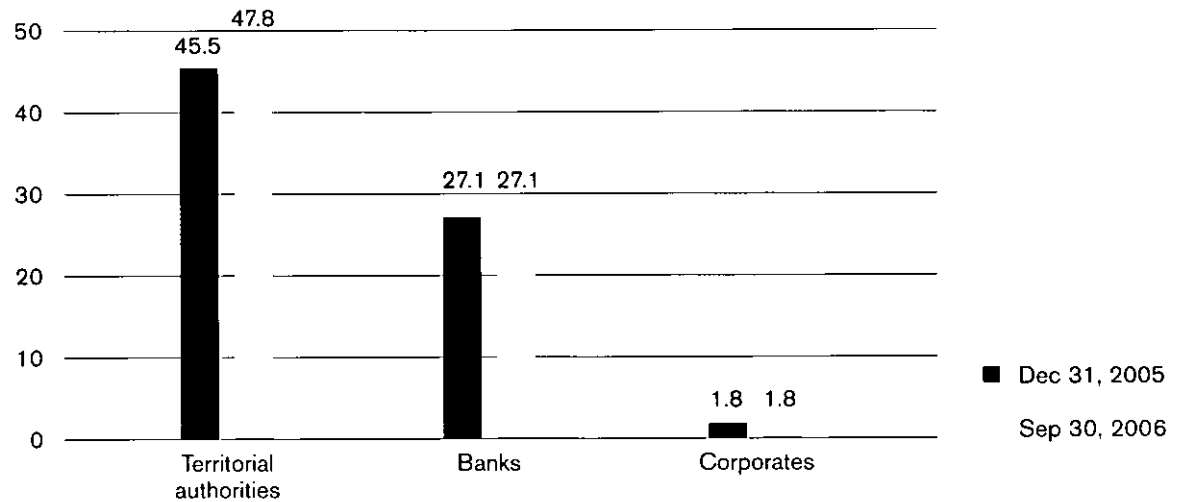
borrowers in the EU are now, without exception, eligible to serve as Pfandbrief cover, which had a positive impact on our activities in this segment. For us, the most important European countries were Spain, Italy, Portugal and Greece. We also increased our lending activities in the United States where we granted new loans totaling €1.2bn. The share of loans to foreign borrowers in the total volume of new loans rose from some 40% in the previous year to now 53%. This figure reflects the increasing internationalization of our lending business.

We plan to further support our internationalization strategy by organizing roadshows which, for the first time, aim at promoting our lending business.

Breakdown of capital market transactions by region in € bn



Breakdown of capital market transactions by borrower in € bn



Capital market transactions – loan portfolio. The total volume of our capital market loan portfolio rose €2.3bn from €74.4bn as at year-end 2005 to €76.7bn. The breakdown of this loan portfolio by region shows that the share of loans to foreign borrowers increased in accordance with the overall increase in new loans by €4.4bn to €26.2bn (€21.8bn) in the period under review. The breakdown of our loan portfolio by borrower shows that loans to territorial authorities account for most of the increase. Their share is €47.8bn (€45.5bn),

while banks account for €27.1bn (€27.1bn) and corporates for €1.8bn (€1.8bn), i.e. in both cases the same amounts as in the previous year.

Real estate finance

New lending commitments. In the period under review we granted new real estate loans totaling €1.6bn compared to €0.9bn in the same period of the previous year. This increase mainly results from the favorable development of our home loan segment and the acquisition of a portfolio of home loans totaling some €0.4bn. This portfolio includes more than 4,000 individual loans secured by owner-occupied houses and condominiums, most of which are located in North Rhine Westphalia. More than 95% of these loans do not exceed 60% of the lending value (*Beleihungswert*) of the property securing the loan, which reflects the excellent quality of the portfolio.

In addition, we promoted our home loan segment by launching several special loan programs in cooperation with Commerzbank AG. Up to September 30, 2006, Commerzbank forwarded loans totaling €0.7bn (€0.1bn) to us. In addition, we granted new home loans totaling €0.2bn (€0.1bn) directly and/or via other brokers. As a result, the total volume of new home loans as of September 30, 2006 was €1.3bn (€0.2bn).

The total volume of new commercial loans in Germany came to €0.2bn, thus nearly maintaining the previous year's level (€0.3bn). Our main focus in this segment was on office and administrative buildings and on retail space.

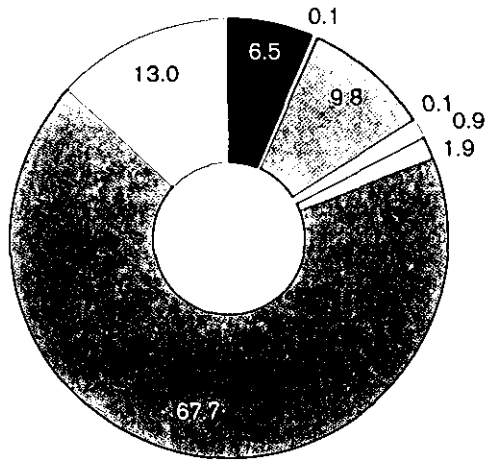
New commercial lending commitments outside Germany totaled just €0.1bn, thus again dropping below the previous year's level of €0.4bn. Most of these loans were granted in the United States,

England and France. The continued decline in our international real estate financing activities is due to the fact that most of the incoming loan applications do not comply with our high standards, which we have kept unchanged. These standards include quality of the property, stable rental income over the long term, credit quality and expertise of the investor, tenant rollover and property type. Essen Hyp has broadened its product range in order to reflect the changing market environment. In addition to traditional mortgage loans we now also offer loans that are not secured by mortgages, e.g. loans to investment trusts secured by the assignment of claims for the reimbursement of expenses (*Aufwandsersatzansprüche*), as well as public-private partnership (PPP) financings.

Real estate loan portfolio. As of the reporting date, the total volume of our real estate loan portfolio was €7.9bn (€7.1bn). Whereas the total volume of home loans rose from €4.7bn as at year-end 2005 to €5.7bn at the end of the period under review, the total volume of commercial real estate loans decreased to €2.2bn (€2.4bn). This is due to the repayment of foreign loans which tend to have shorter loan terms. These repayments could not be compensated for by new business.

New lending commitments as of September 30, 2006

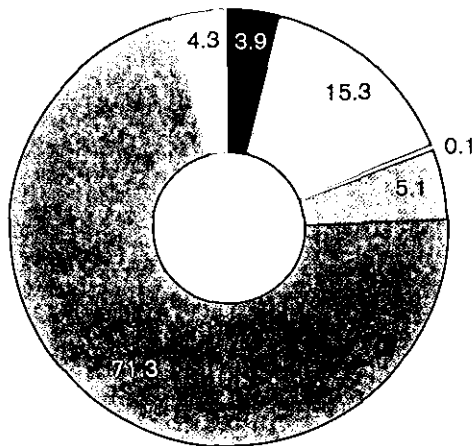
Breakdown by type of property in %



- Office
- Industrial
- Retail
- Hotels and restaurants
- Logistics centers and warehouses
- Other
- Owner-occupied houses and condominiums
- Apartment buildings

Total: €1,575.9m

Breakdown by region in %

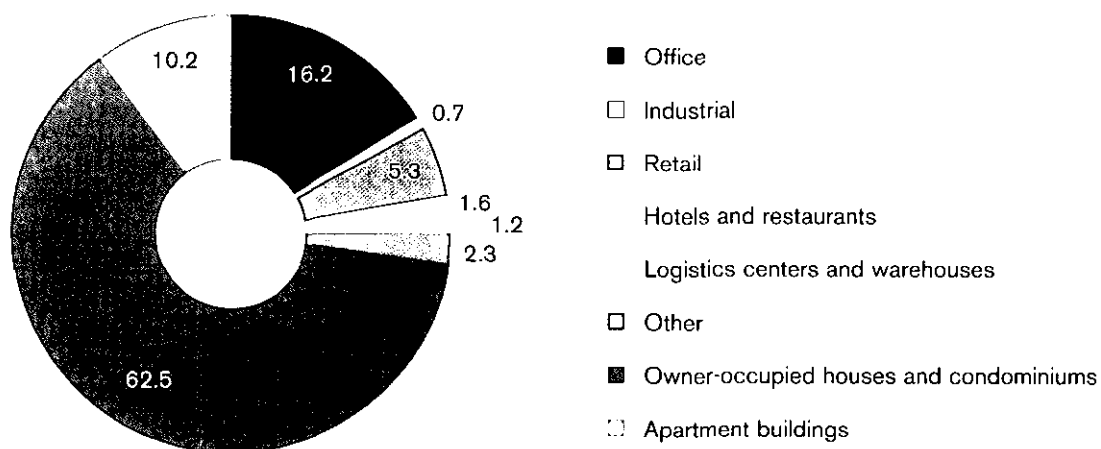


- Commercial properties outside Germany
- Commercial properties West German Federal States
- Commercial properties East German Federal States
- Residential properties outside Germany
- Residential properties West German Federal States
- Residential properties East German Federal States

Total: €1,575.9m

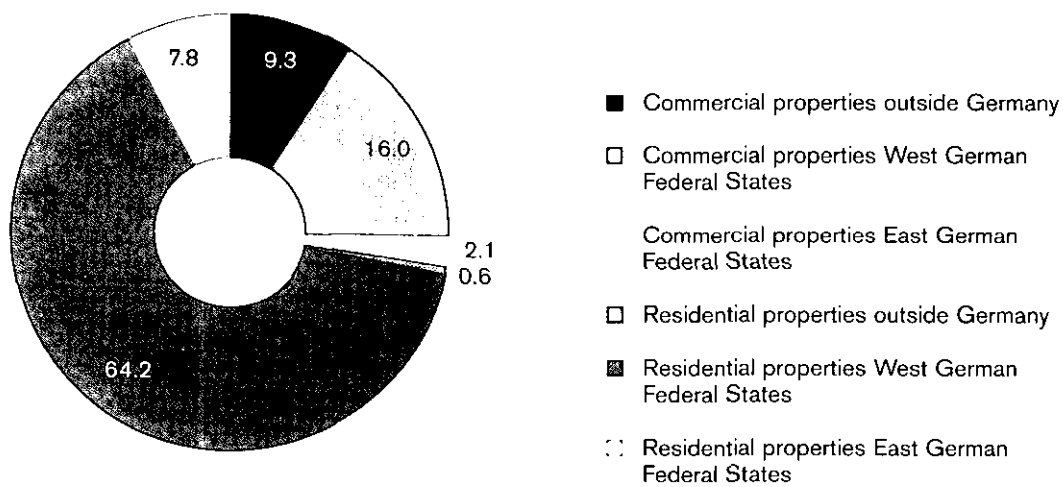
Mortgage loan portfolio (nominal amounts) as of September 30, 2006

Breakdown by type of property in %



Total: €7,916.4m

Breakdown by region in %



Total: €7,916.4m

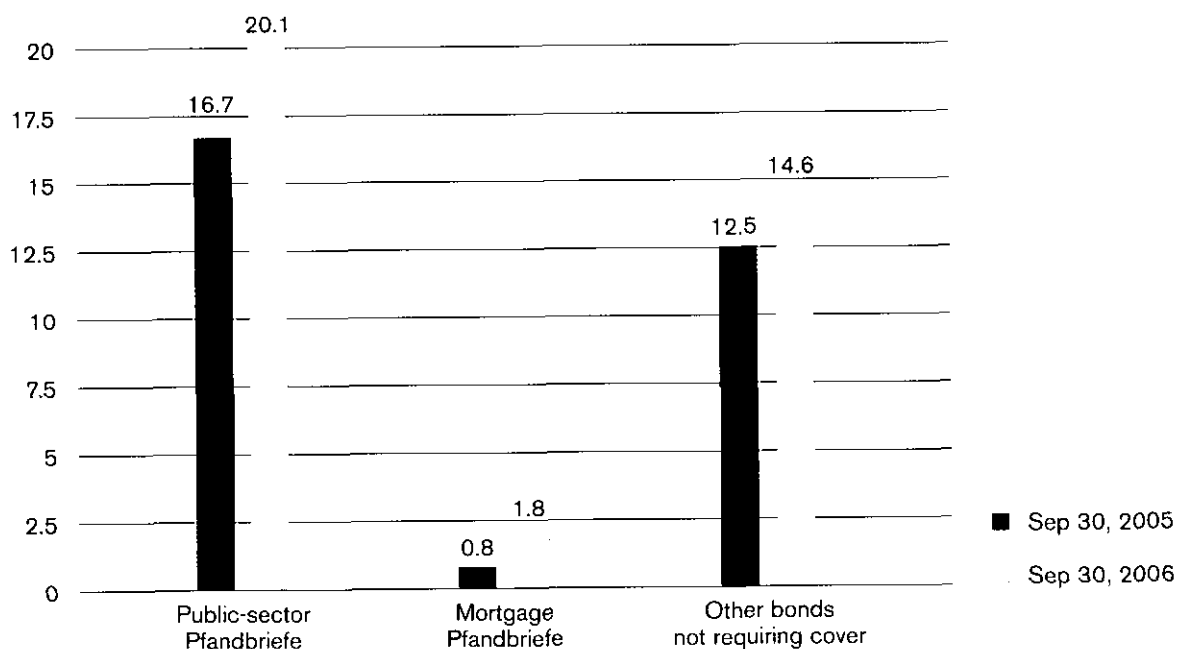
Funding

Essen Hyp placed bonds totaling €36.5bn (€30bn) in the period under review. Of this figure, public-sector Pfandbriefe accounted for €20.1bn (€16.7bn), while mortgage Pfandbriefe totaled €1.8bn (€0.8bn) and other bonds not requiring cover came to €14.6bn (€12.5bn). These unsecured bonds were mainly issued as revolving credit via our Commercial Paper Program. The total volume of bonds placed via our Commercial Paper Program was €8.5bn, compared to €7.7bn in the same period of the previous year.

In addition, we placed and/or increased large-volume Slimbos (Short Liquid Money Market Bonds) at a total volume of €3.6bn (€1.5bn). Slimbos are an attractive investment option for investors given their liquidity which is ensured by their stock market listing and the lead managers' market making obligations.

The increase in total issuance volume reflects both the expansion of our lending activities and the favorable capital market environment. Essen Hyp succeeded, for instance, in placing a 1-year public-sector Pfandbrief at 16 basis points below mid-swap. Furthermore, we placed a €250m Jumbo increase at 12 basis points below mid-swap in July, thus again benefiting from extremely favorable funding conditions. In total, Essen Hyp issued Jumbo and Global Pfandbriefe totaling €6.7bn (€6bn) in the reporting period. This figure includes a €1.2bn Jumbo Pfandbrief launched in September, 58.2% of which was placed with foreign investors, e.g. in Japan and Taiwan. Central banks, banks and investment trusts were the most important investor groups.

Total volume of new issues in € bn



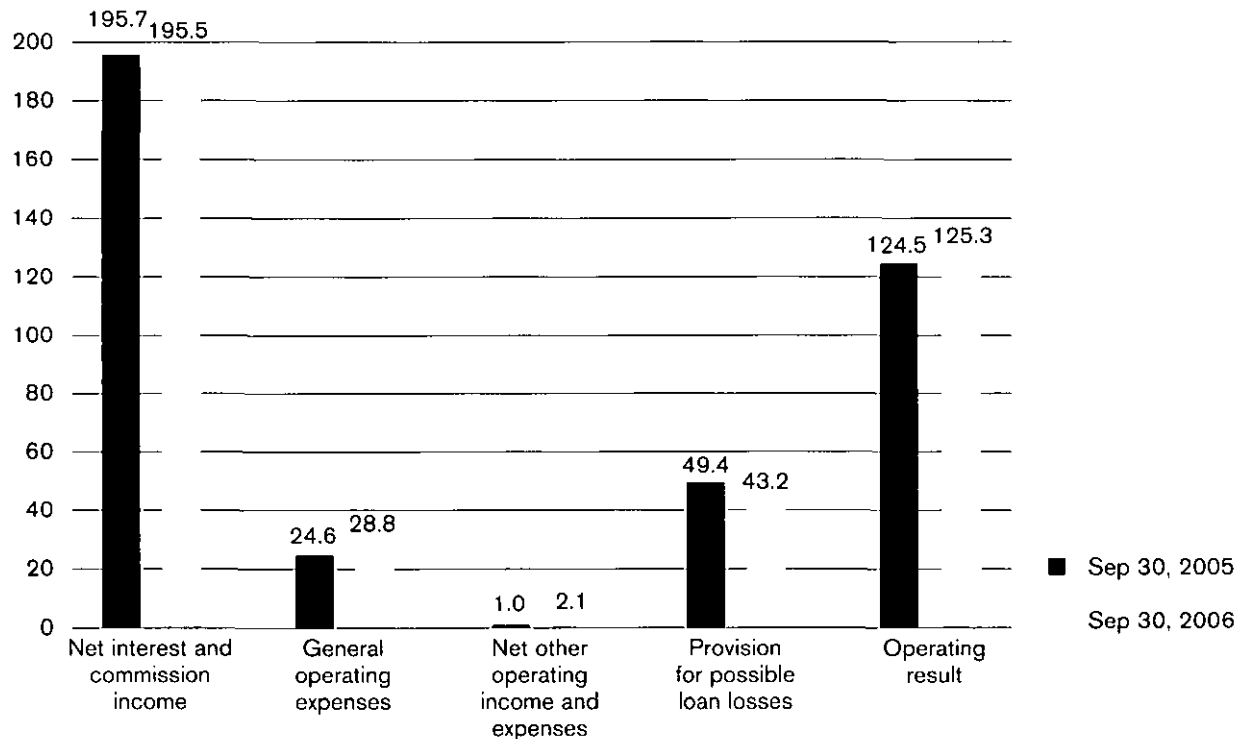
Earnings, assets and financial situation

At the end of the third quarter, we launched a Debt Issuance Program in Australian Dollars. This program permits us to issue secured and unsecured bonds in Australia. The total issuance volume under this program is AUD 5 billion. Currency risk is ruled out through currency swaps. The aim of the program is to win new investors in Australia in order to broaden our investor base which currently covers Europe, Asia and North America.

Earnings. Essen Hyp's net interest income stood at €214.4m at the end of the reporting period, a 7.1% increase compared to €200.2m in the previous year. This growth can mostly be ascribed to the earnings generated from the increased volume of loans shown in the balance sheet item *Bonds and other fixed income securities*. In addition, current income from shares and other variable-yield securities includes payouts on fund units, as well as dividends earned within the scope of securities lending transactions.

Net commission income came to –€18.9m, compared to –€4.5m in the previous year. The increase in commission expenses is mainly due to the increase in commission paid to our parent company for the

Figures from the profit and loss account in € m



brokerage of new home loans. Commission paid for these loans is immediately recognized as expense, whereas the loans themselves will only lead to an increase in earnings in the subsequent years. Taking these figures into account, net interest and commission income came to €195.5m compared to the €195.7m posted in the previous year.

Expenses. General operating expenses rose to €28.8m (€24.6m) in the first three quarters of 2006. This figure comprises personnel costs totaling €12.1m (€11.1m) and other administrative expenses totaling €16.7m (€13.5m). The increase in general operating expenses can mainly be ascribed to an increase in servicing fees for the outsourcing of certain activities, including, in particular, the administration of our increased home loan portfolio. The bank's operating result before provision for possible loan losses came to €168.5m, thus dropping slightly below the previous year's figure of €172.1m. Provision for possible loan losses decreased slightly from €49.4m to €43.2m. Provision for possible loan losses not only includes the scheduled allocations to credit risk provisioning, but also all income and expenses in accordance with cross-compensation pursuant to Section 340f (3) of the German Commercial Code.

In total, the bank's operating result before tax rose 0.6% to €125.3m compared to €124.5m in the same period of 2005.

Having filed the required notification with the Federal Financial Supervisory Authority (*BaFin*), Essen Hyp became a trading book institution in August 2006.

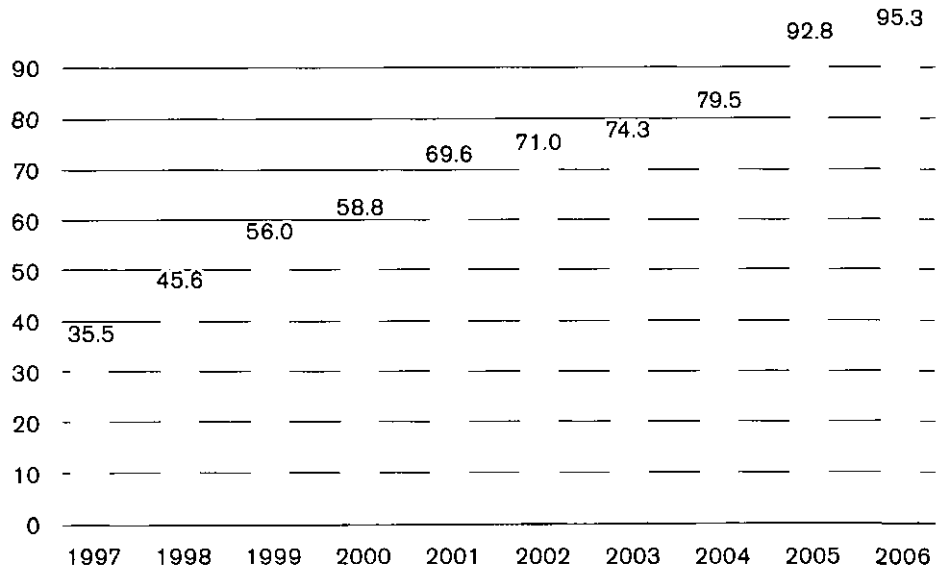
Consequently, Essen Hyp is now allowed to carry out trading book activities, allowing us to respond to market changes within a short period of time. The applicable market risk limits have remained unchanged despite the permission to carry out trading book activities.

Assets and financial situation. As of September 30, 2006 Essen Hyp's balance sheet total was €95.3bn compared to €92.8bn as at year-end 2005.

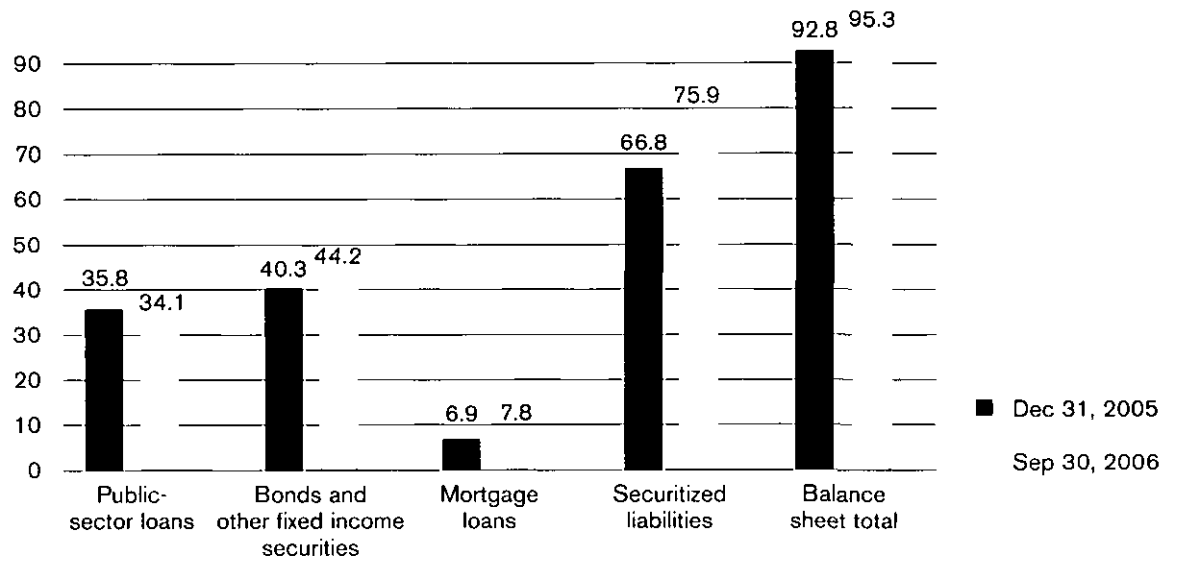
The chart on the next page shows the changes in our assets and financial situation measured by certain important balance sheet items. These changes correspond to the business development in the period under review.

The total volume of risk assets in accordance with *Grundsatz 1* was €11.1bn (€10.7bn) as of September 30, 2006. This corresponds to a total capital ratio of 11.1% (11%) in accordance with *Grundsatz 1*. The core capital ratio of 6.8% (6.5%) is in line with our target for the current financial year.

Development of balance sheet total as of September 30, 2006 in € bn



Development of important balance sheet items in € bn



Breakdown of Essen Hyp's results (year-on-year)

	Jan 1– Sep 30, 2006 in € m	Jan 1– Sep 30, 2005 in € m	Change in %
Interest and other current income	2,601.4	2,279.7	+14.1
– Interest paid	2,387.0	2,079.5	+14.8
= Net interest income	214.4	200.2	+7.1
– Net commission expenses	18.9	4.5	>100.0
= Net interest and commission income	195.5	195.7	–0.1
– Net income/loss from proprietary trading	0.3	0.0	–
– Personnel expenses	12.1	11.2	+8.0
– Other administrative expenses	15.3	11.4	+34.2
– Depreciation on tangible assets	1.4	2.0	–30.0
= Partial operating result	166.4	171.1	–2.7
+ Net other operating income and expenses	2.1	1.0	>100.0
= Operating result before provision for possible loan losses	168.5	172.1	–2.1
– Provision for possible loan losses	43.2	49.4	–12.6
+ Income from selling securities treated as assets	0.0	1.8	–100.0
= Operating result	125.3	124.5	+0.6

Relationship Management

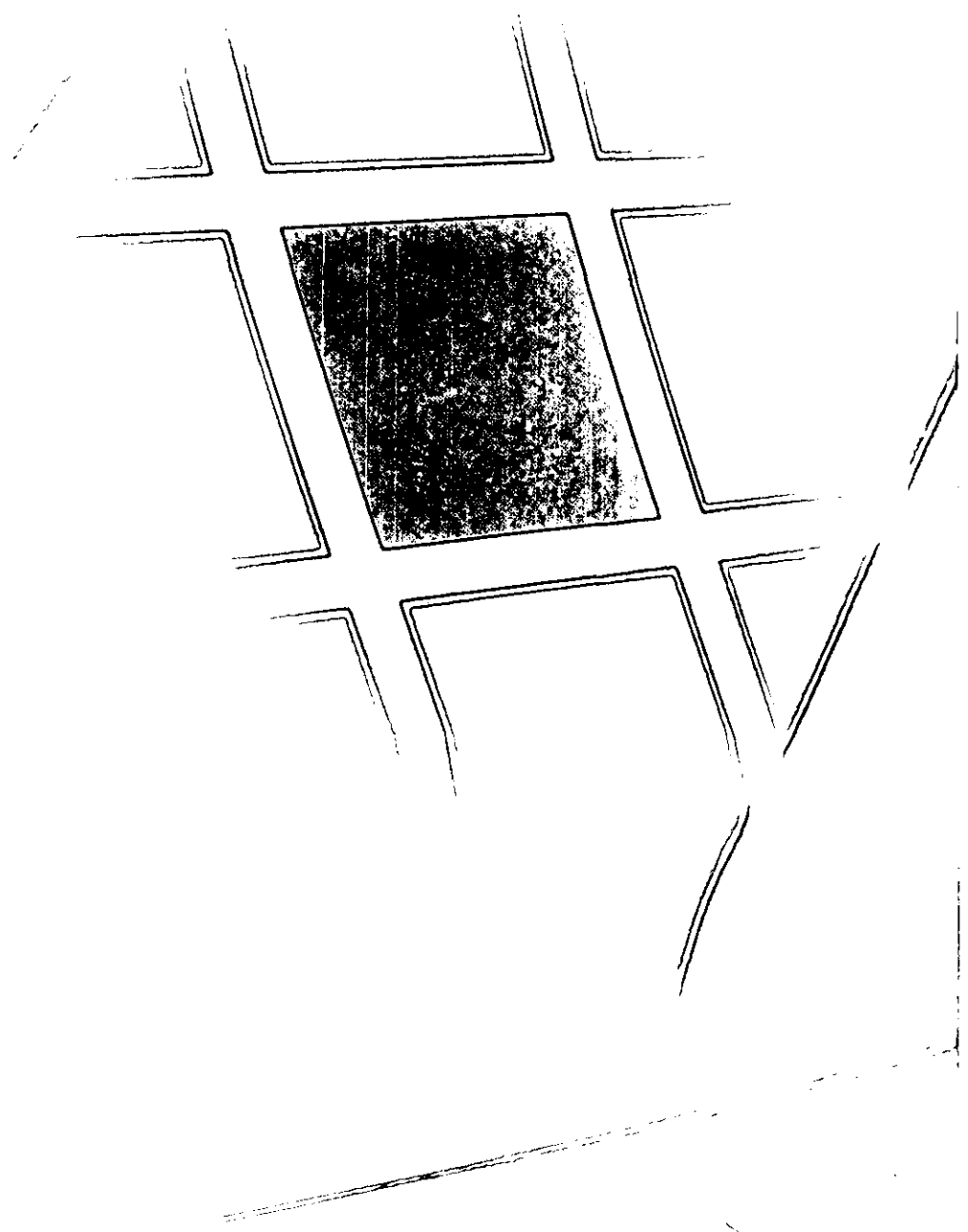
In September this year, Essen Hyp organized a series of roadshows to build up and intensify relationships with European business partners. These roadshows took us to Paris, Brussels, Luxembourg and Amsterdam. The highlight of each roadshow was a presentation of Mozart's 'The Abduction from the Seraglio'. Adapted for Hypothekbank in Essen AG, the opera was transferred into a football environment. Almost 1,000 capital market partners, politicians and representatives from business and the public attended the four roadshows. Given the tremendous response, we plan to continue this series of roadshows to Madrid, Berlin, Prague, Stockholm and London in June 2007.

Outlook

In accordance with our forecasts as of June 30, 2006, and in view of our current business and earnings performance, we remain confident that we will be able to generate a return on equity after tax of between 14.5% and 15% for the current financial year.

Essen, October 2006

The Board of Managing Directors



	Sep 30, 2006 in € m	Dec 31, 2005 in € m	Change in € m	in %
Claims on banks	16,836.1	18,705.8	-1,869.7	-10.0
a) mortgage loans	0.0	0.0	0.0	0.0
b) public-sector loans	10,016.9	11,364.3	-1,347.4	-11.9
c) other claims	6,819.2	7,341.5	-522.3	-7.1
Claims on customers	31,868.8	31,395.7	473.1	1.5
a) mortgage loans	7,774.7	6,926.1	848.6	12.3
b) public-sector loans	24,071.1	24,459.9	-388.8	-1.6
c) other claims	23.0	9.7	13.3	137.1
Bonds and other fixed income securities	44,244.0	40,309.6	3,934.4	9.8
a) bonds and notes	43,818.1	39,854.8	3,963.3	9.9
b) bonds and notes issued by				
Hypothesenbank in Essen AG	425.9	454.8	-28.9	-6.4
Liabilities to banks	11,110.3	20,394.4	-9,284.1	-45.5
a) registered mortgage Pfandbriefe issued	483.1	250.3	232.8	93.0
b) registered public-sector				
Pfandbriefe issued	934.5	619.1	315.4	50.9
c) other liabilities	9,692.7	19,525.0	-9,832.3	-50.4
Liabilities to customers	6,472.0	3,796.9	2,675.1	70.5
a) registered mortgage Pfandbriefe issued	1,303.4	747.2	556.2	74.4
b) registered public-sector				
Pfandbriefe issued	4,628.8	2,652.8	1,976.0	74.5
c) other liabilities	539.8	396.9	142.9	36.0
Securitized liabilities	75,906.3	66,800.1	9,106.2	13.6
a) mortgage Pfandbriefe issued	3,663.4	3,252.2	411.2	12.6
b) public-sector Pfandbriefe issued	64,033.4	57,699.6	6,333.8	11.0
c) other bonds and notes	8,209.5	5,848.3	2,361.2	40.4
Subordinated liabilities	310.1	290.1	20.0	6.9
Profit-sharing certificates	293.5	293.5	0.0	0.0
Capital and reserves	748.7	698.7	50.0	7.2
a) subscribed capital	364.0	314.0	50.0	15.9
b) capital reserve	384.7	384.7	0.0	0.0
Balance sheet total	95,289.3	92,780.9	2,508.4	2.7

	Jan 1 – Sep 30, 2006 in € m	Jan 1 – Sep 30, 2005 in € m	Change in € m	in %
Interest income from lending and money market transactions, fixed income securities and government-inscribed debt	2,501.2	2,201.4	299.8	13.6
Current income from shares and other variable-yield securities, participating interests, trade investments and holdings in affiliated companies	100.2	78.3	21.9	28.0
Interest paid	2,387.0	2,079.5	307.5	14.8
Net interest income	214.4	200.2	14.2	7.1
Commission received	4.3	2.0	2.3	>100.0
Commission paid	23.2	6.5	16.7	>100.0
<i>Net commission income</i>	-18.9	-4.5	-14.4	>100.0
Net interest and commission income	195.5	195.7	-0.2	-0.1
Net income or expenses from financial operations	-0.3	0.0	-0.3	—
Wages and salaries	10.1	9.4	0.7	7.4
Compulsory social security contributions	2.0	1.7	0.3	17.6
Other administrative expenses, including depreciation on tangible assets	16.7	13.5	3.2	23.7
<i>General operating expenses</i>	28.8	24.6	4.2	17.1
Net other operating income and expenses	2.1	1.0	1.1	>100.0
Operating result before provision for possible loan losses	168.5	172.1	-3.6	-2.1
Provision for possible loan losses	-43.2	-49.4	6.2	-12.6
Income from selling securities treated as assets	0.0	1.8	-1.8	-100.0
Operating result	125.3	124.5	0.8	0.6
Average number of staff	167	151		
including: part-time staff and trainees	29	22		

Disclosure of financial and other information in accordance with Section 28 of the German Pfandbrief Act (*PfandBG*)

Financial and other information requiring disclosure in accordance with Section 28 of the German Pfandbrief Act (*PfandBG*) can be viewed on our website www.essenhyp.com.

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Board of Managing Directors

HUBERT SCHULTE-KEMPER
Chairman

BURKHARD DALLOSCH

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