

Hanover, November 2006

Dear Shareholders,

We are delighted to be able to present the Bank's nine-monthly figures to you prior to the Deutsche Hypo Extraordinary General Meeting due to take place in Hanover on 13 November. You will see that Deutsche Hypo has been able to continue the pleasing growth reported with the half-yearly figures, which were published in August along with the announcement of the new shareholder structure.

- In **mortgage loan business** above all, development of new business continued to be very positive. With a good € 1.6 billion this significantly surpassed the volume of acquisitions from the previous year (€ 672 million). The bank was able to improve its position in all of its target markets. Overall, it achieved domestic new mortgage business of € 512 million and foreign lending business of € 1.15 billion. As part of this enlarged new business, the mortgage portfolio also increased by € 542 million to over 8.4 billion.
- Deutsche Hypo's **capital market business** has continued to be conducted in a margin-conscious manner. At around € 3.9 billion, new business lies above the previous year's level (€ 3.8 billion), whereby the portfolio has increased by € 2.6 billion. In terms of the loan pools, we are concentrating on credit qualities, which correspond to a minimum rating in the A range.
- Furthermore, following on from the change in our shareholder structure, which was announced in August and has since been fully implemented, we continue to see a stable demand for our securities. At € 7.1 billion, the issue volume was in line with our expectations. As

before, we are operating our issue business on a demand-orientated basis and are thus able to optimise our refinancing conditions. The flat yield curve meant that the proportion of structured issues fell.

The Bank's **profits** were characterised by a strong upturn in new business. Administration costs, which rose by 5.3 % to € 25.7 million, could mainly be attributed to increased personnel costs in mortgage lending business. However, a rise of around 4% in net interest income and net commission income ensured an increase in the operating result before risk provisioning, surpassing the previous year's result by almost 2%. The conservative approach to risk provisioning, at € 18.6 million, was comparable to the previous year's level, which led to an increase in our result for normal business activity of a pleasing 3% to € 38 million.

On the basis of our stable, positive growth in terms of business and income, as at 30 September 2006, we are anticipating an improved operating result for the 2006 business year as a whole when compared to the previous year.

Following the trend-setting developments of the past few months at Deutsche Hypo, we would be delighted to welcome you, our shareholders, to our Extraordinary General Meeting. The new appointment of the Deutsche Hypo supervisory board and in particular the strengthening of our capital resources are important decisions for the stable growth of our bank in the future.

**DEUTSCHE HYPOTHEKENBANK
(ACTIEN-GESELLSCHAFT)**

The Management Board

Business progress figures

	1. 1.-30. 9. 2006 in EUR m	1.1.-30.9. 2005 in EUR m	Change in %
Total new business	5,559	4,491	23.8
Mortgage loans	1,665	672	147.8
of which: Commercial loans	1,314	417	215.1
Housing loans	351	255	37.6
Capital market business	3,894	3,819	2.0
Total loan drawdowns	5,433	4,363	24.5
Mortgage loans	1,540	638	141.4
Capital market business	3,893	3,725	4.5
Bond and loan turnover	6,889	7,938	-13.2
Mortgage Pfandbriefe	1,649	6	>100.0
Public Pfandbriefe	2,824	6,003	-53.0
Other bonds	2,416	1,929	25.2
Loans taken up	216	188	14.9

Profit and Loss Account figures

	1.1.-30.9. 2006 in EUR m	1.1.-30.9. 2005 in EUR m	Change in %
Interest income	1,177.6	1,156.2	1.9
Current income	22.2	17.0	30.6
Interest expenses	1,117.7	1,096.7	1.9
Net interest income	82.1	76.5	7.3
Commission income	4.1	2.7	51.9
Commission expenditure	5.2	1.1	>100.0
Net commission income	-1.1	1.6	
Net interest and commission income	81.0	78.1	3.7
Wages and salaries	11.0	10.2	7.8
Compulsory social insurance contributions	3.7	3.8	-2.6
Other administrative expenses	11.0	10.4	5.8
Administrative expenses	25.7	24.4	5.3
Balance of other operating income/expenses	1.1	1.7	-35.3
Operating result before risk provisioning	56.4	55.4	1.8
Risk provisioning	18.6	18.6	0.0
Result from financial investments	0.2	0.1	
Result from normal business activity	38.0	36.9	3.0

Balance Sheet figures

	30.9.2006 in EUR m	31.12.2005 in EUR m
Cash reserves	70	33
Due from banks	6,781	6,652
a) Mortgage loans	34	35
b) Loans to the public sector	5,399	5,411
c) Other claims	1,348	1,206
Due from non-bank customers	17,190	16,566
a) Mortgage loans	8,371	7,855
b) Loans to the public sector	8,819	8,530
c) Other claims	0	181
Bonds and other fixed-income securities	11,795	9,534
Shares and other variable-yield securities	231	204
Due to banks	3,650	3,188
including: a) Registered mortgage Pfandbriefe	378	308
b) Registered public Pfandbriefe	582	932
Due to non-bank customers	9,409	8,083
including: a) Registered mortgage Pfandbriefe	1,476	1,316
b) Registered public Pfandbriefe	6,899	5,785
Bonded liabilities	22,129	20,870
Including: a) Mortgage Pfandbriefe	3,642	3,341
b) Public Pfandbriefe	14,455	14,086
c) Other bonds	4,032	3,443
Subordinated liabilities	223	210
Participatory capital	129	129
Equity capital	465	458
Including a) Subscribed capital	81	81
Capital held by silent partners	44	44
b) Reserves	340	333
Total assets	36,232	33,164
Contingent liabilities	21	1
Other liabilities	467	307

Other information

	1.1. - 30.9. 2006	1.1. - 30.9. 2005
No. of employees (average)	212	207
Including: Part-time staff	21	19
Trainees	7	7

BRANCHES OFFICES

40213 Düsseldorf
Rathausufer 12
Tel.: +49 211 86792-0
Fax: +49 211 86792-29

30159 Hannover
Georgsplatz 8
Tel.: +49 511 3045-591
Fax: +49 511 3045-599

REPRESENTATIVE OFFICES

London EC2V 5DE
40 Basinghall Street
City Tower – Level 19
Tel.: +44 20 7 9200100
Fax: +44 20 7 9200110

75002 Paris
23, rue de la Paix
Tel.: +33 1 550484-85
Fax: +33 1 550484-89

SUBSIDIARIES

1071 AB Amsterdam
Deutsche Hypo B.V.
Vossiusstraat 3
Tel.: +31 20 6914551
Fax: +31 20 6919811

85774 München-Unterföhring
Münchner Strasse 16
Tel.: +49 89 992908-0
Fax: +49 89 9576201

28006 Madrid
Maria de Molina 40
1° planta
Tel.: +34 91 7452642
Fax: +34 91 4116183

60313 Frankfurt
Pallasky KSF GmbH
Goethestr. 31-33
Tel : +49 69 900294-10
Fax : +49 69 900294-20

STATE SUPERVISORY BODY

Bundesanstalt für Finanzdienstleistungsaufsicht
Graurheindorfer Straße 108
53117 Bonn

MANAGEMENT BOARD

30159 Hannover
Georgsplatz 8
Tel.: +49 511 3045-0
Fax: +49 511 3045-459
www.deutsche-hypo.de

REGISTERED BRANCH

10719 Berlin
Uhlandstrasse 165/166
Tel.: +49 30 8827331
Fax: +49 30 8832648

CHAIRMAN OF THE SUPERVISORY BOARD

Wolfgang Hollender

BOARD OF MANAGING DIRECTORS

Jürgen Grieger
Jürgen Morr
Thomas Frhr. v. Tucher

COMMERCIAL REGISTER

AG Hannover 81 B 5602
AG Berlin-Charlottenburg 92 B 1

INTERIM REPORT AS PER

30 SEPTEMBER 2006