

PROSPECTUS

CoCo Finance 2006-1 PLC (incorporated in Ireland)

Credit linked notes

€500,000

Class A+ Floating Rate Credit Linked Notes

Issue Price: 100%

€58,500,000

Class A Floating Rate Credit Linked Notes

Issue Price: 100%

€72,000,000

Class B Floating Rate Credit Linked Notes

Issue Price: 100%

€45,000,000

Class C Floating Rate Credit Linked Notes

Issue Price: 100%

€40,500,000

Class D Floating Rate Credit Linked Notes

Issue Price: 100%

€65,700,000

Class E Floating Rate Credit Linked Notes

Issue Price: 100%

The Class A+, Class A, Class B, Class C, Class D and Class E Notes (each class of Notes, a "**Class**", and all Classes collectively, the "**Issue**" or the "**Notes**") of CoCo Finance 2006-1 PLC (the "**Issuer**") are linked to the performance of a replenishable reference pool (the "**Reference Pool**") of certain claims for the payment of principal and interest and certain other payment claims, in each case, including partial claims, and denominated in various currencies (each such claim, a "**Reference Claim**"), held by or for the benefit of Commerzbank Aktiengesellschaft, including its branches ("**Commerzbank**" or the "**Bank**") or any subsidiary or affiliate of Commerzbank, arising from (a) certain loans, including fixed or floating rate, amortising, bullet or annuity loans, syndicated loans, participations and sub-participations (each, a "**Reference Loan**"), (b) certain revolving credit facilities, including syndicated revolving credit facilities (each, a "**Reference Facility**") and (c) certain guarantees, including syndicated guarantees and letters of credit (each, a "**Reference Guarantee**"), in each case, to corporate entities (including financial institutions) and certain other entities, and originated, including by way of acquisition from a third party, by the Bank or a subsidiary of the Bank pursuant to its credit and collection policies and serviced by the Servicers. Certain characteristics of the Reference Claims are described herein under "DESCRIPTION OF THE REFERENCE POOL". The initial aggregate Outstanding Nominal Amount of the Reference Claims included in the Reference Pool as of the Cut-off Date was approximately EUR 4.5 billion.

Application has been made to the Irish Financial Services Regulatory Authority (the "**IFSRA**"), as competent authority under Directive 2003/71/EC, for the Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market as defined in Article 1(13) of the Directive 93/22/EEC. Upon approval of the Prospectus by IFSRA, the Prospectus will be filed with the Companies Registration Office in accordance with Regulation 38(1)(b) of the Prospectus (Directive 2003/71/EC) Regulations 2005. The Issuer designates Ireland as Home Member State for the purposes of the Notes to be issued and the approval of this Prospectus. This Prospectus constitutes a prospectus for the purpose of Directive 2003/71/EC of the European Parliament and of the Council.

Commerzbank Aktiengesellschaft (in such capacity, the "**Lead Manager**") will purchase the Notes from the Issuer on June 30, 2006 (the "**Issue Date**") and will offer the Notes, from time to time, in negotiated transactions or otherwise at varying prices to be determined at the time of sale. The Class A+ Notes will be privately placed.

Particulars of the dates of, parties to and general nature of the material contracts are set out in various sections of this Prospectus.

Arranger and Lead Manager

Commerzbank Aktiengesellschaft

The date of this Prospectus is June 28, 2006.

Given the complexity of the Terms and Conditions, an investment in the Notes is suitable only for experienced investors who understand and are in a position to evaluate the risks inherent therein. **For a discussion of certain significant factors affecting investments in the Notes, see "RISK FACTORS"**. For the reference to the definitions of capitalised words and phrases appearing herein see "Index of Defined Terms" .

Any person intending to invest in any investment, described in this document should consult his professional advisor, including his stock broker, legal advisor and accountant, and ensure that he fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS, AND UNLESS SO REGISTERED MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD ONLY TO PERSONS (OTHER THAN U.S. PERSONS) OUTSIDE THE UNITED STATES PURSUANT TO REGULATION S UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE "SUBSCRIPTION AND SALE" BELOW.

The payment of principal of and, due to potential principal reductions, interest on the Notes is conditional upon the performance of the Reference Claims as described herein. There is no guarantee that the Noteholders will receive the full principal amount of the Notes and interest thereon and ultimately the obligations of the Issuer to pay principal under the Notes could even be reduced to EUR 1 per Note as a result of losses incurred in respect of the Reference Claims.

The payment obligations of the Issuer under the Notes will be secured by the Collateral.

On the Issue Date, the Issuer will pledge (*verpfänden*) to the Trustee the Eurohypo Pfandbriefe as well as all its present and future claims and rights under the Transaction Documents (other than the Corporate Administration Agreement, the Irish Security Agreement, the Senior Guarantee and the First Pledge Agreement) to secure the Trustee Claim under the Trust Agreement. The Trustee Claim entitles the Trustee to demand that all present and future obligations of the Issuer under the Notes be fulfilled. See "THE TRUST AGREEMENT" and "THE COLLATERAL".

On the Issue Date, the Issuer will also pledge the Eurohypo Pfandbriefe to the Bank as security for the Issuer's obligations under the Issuer Guarantee as described herein. See "THE FIRST PLEDGE AGREEMENT". Such pledge will rank senior to the pledge in respect of the Eurohypo Pfandbriefe granted to the Trustee pursuant to the Trust Agreement. See "THE TRUST AGREEMENT" and "THE COLLATERAL".

Notwithstanding the Collateral, the amount of principal of and, due to potential principal reductions, interest on the Notes may be reduced as a result of Realised Losses incurred with respect to the Reference Claims. In the event of such reduction, only the obligations of the Issuer to pay such reduced principal and interest will have the benefit of the Collateral.

Pursuant to the Trust Agreement the Trustee will, *inter alia*, verify the determinations and allocations of Realised Losses incurred in the Reference Pool in accordance with procedures set out in the Trust Agreement. See "THE NOTES – Loss Allocation" and "THE TRUST AGREEMENT".

The Notes will be governed by the laws of the Federal Republic of Germany ("**Germany**").

Each Class of Notes will be initially represented by a temporary global note in bearer form without interest coupons attached. The Temporary Global Note for each Class of Notes will be exchangeable, as described herein (see "THE NOTES - Notes") for a permanent global note in bearer form representing such Class of Notes without interest coupons attached. The Global Notes will be deposited with Citibank, N.A., London Branch, 21st Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom (in such capacity, the "**Common Depositary**") as common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). The Temporary Global Notes will be deposited with the Common Depositary on or before the Issue Date.

The Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes will be issued in denominations of EUR 100,000 and the Class A+ Notes will be issued in denominations of EUR 50,000. The Global Notes will not be exchangeable for definitive notes.

THE NOTES REPRESENT OBLIGATIONS OF THE ISSUER ONLY AND DO NOT REPRESENT AN INTEREST IN OR OBLIGATIONS OF THE LEAD MANAGER, THE TRUSTEE, COMMERZBANK OR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR AFFILIATES OR ANY AFFILIATE OF THE ISSUER OR ANY OTHER THIRD PERSON OR ENTITY. NEITHER THE NOTES NOR THE REFERENCE CLAIMS WILL BE INSURED OR GUARANTEED BY ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR BY THE LEAD MANAGER, THE TRUSTEE, COMMERZBANK OR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR AFFILIATES OR BY ANY OTHER PERSON OR ENTITY EXCEPT AS DESCRIBED HEREIN.

<u>Class</u>	<u>Initial Class Principal Amount</u>	<u>Interest Rate</u>	<u>ISIN</u>
Class A+	EUR 500,000	EURIBOR* + 0.05%	XS0257601665
Class A	EUR 58,500,000	EURIBOR* + 0.20%	XS0257602127
Class B	EUR 72,000,000	EURIBOR* + 0.32%	XS0257602473
Class C	EUR 45,000,000	EURIBOR* + 0.60%	XS0257602630
Class D	EUR 40,500,000	EURIBOR* + 0.95%	XS0257603109
Class E	EUR 65,700,000	EURIBOR* + 3.25%	XS0257603364

(*) As determined on each EURIBOR Determination Date. See "THE NOTES – Payments of Interest – Interest Rates".

Payments of interest and principal on the Notes to the Noteholders will be made on each Payment Date.

The Notes will be redeemed on the Scheduled Maturity Date unless earlier redeemed as described herein and *provided that* if as of the end of the Collection Period immediately preceding the Scheduled Maturity Date any Overdue Reference Claims are outstanding as to principal, certain Notes may remain outstanding after the Scheduled Maturity Date and payments of principal will be made on such Notes on each Payment Date after the Scheduled Maturity Date as described herein. See "THE NOTES – Redemption", "– Early Redemption for Default" and "– Early Redemption by the Issuer".

Payments with respect to the Notes are to be made by the Issuer net of any withholding taxes required to be deducted by law and any withholding taxes imposed with respect to the amounts received under the Eurohypo Pfandbriefe.

The Noteholders will not be entitled to gross-up payments in the event that payments on the Notes and/or payments under the Eurohypo Pfandbriefe become subject to withholding taxes and the Noteholders will not have the right to require an early redemption of the Notes in such event. See "THE NOTES – Taxes".

The Issuer will redeem all of the Notes if the Bank in its sole discretion elects to have an Issuer Guarantee Termination occur as a result of withholding or deduction for taxes with respect to payments on the Notes, the Eurohypo Pfandbriefe, the Issuer Guarantee or the Senior Guarantee. See "THE NOTES – Early Redemption by the Issuer".

In connection with the issue of the Notes, the Bank will enter into a loss guarantee agreement (the "**Issuer Guarantee**") between the Issuer as protection seller and the Bank as protection buyer effective as of June 30, 2006. Pursuant to the Issuer Guarantee, the Issuer will pay to the Bank amounts equal to all Realised Losses incurred in the Reference Pool and allocated to the Notes pursuant to the Loss Allocation.

In addition, the Bank will enter into a loss guarantee agreement (the "**Senior Guarantee**") between a counterparty as protection seller (the "**Senior Guarantee Counterparty**") and the Bank as protection

buyer effective as of June 30, 2006. Pursuant to the Senior Guarantee, the Senior Guarantee Counterparty will pay to the Bank amounts equal to a specified multiple of the amounts by which the Class Principal Amount of the Class A+ Notes is reduced as a result of any Loss Allocation.

The allocation of Realised Losses to the Notes as described herein will not be affected by the Senior Guarantee and the respective rights and obligations of Commerzbank and the Senior Guarantee Counterparty thereunder, *provided that* in the case of a conflict of interest between the interests of the Senior Guarantee Counterparty and the Noteholders, priority will be given to the interests of the Senior Guarantee Counterparty and the holder of the Class A+ Notes, and then among the Noteholders, to the interests of the Noteholders of the Class or Classes of Notes which rank most senior for the allocation of Realised Losses. See "THE TRUST AGREEMENT".

The Class A+, Class A, Class B, Class C, Class D and Class E Notes (the "Notes") are expected to be rated by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") and Moody's Investors Service Limited ("Moody's", and together with S&P, the "Rating Agencies"). It is a condition of the issue of the Notes that each Class of the Rated Notes receives the rating indicated below:

<u>Class</u>	<u>S&P</u>	<u>Moody's</u>
Class A+	AAA	Aaa
Class A	AAA	Aaa
Class B	AA	Aa2
Class C	A	A2
Class D	BBB	Baa2
Class E	BB	Ba2

The rating of "AAA" is the highest rating that S&P assigns to long term debt and the rating of "Aaa" is the highest rating that Moody's assigns to long term debt.

The ratings assigned by Moody's to each Class of Notes address the expected amount of Realised Losses in proportion to the initial Class Principal Amount of such Class of Notes posed to investors by the Legal Maturity Date.

The rating of each Class of Notes by S&P addresses the likelihood that the holders of such Class will receive all payments to which they are entitled, as described herein. The rating of each Class of Notes by S&P also addresses the risk that a Realised Loss will be allocated to such Class pursuant to the Terms and Conditions as described herein. The rating of all Rating Agencies takes into consideration the characteristics of the Reference Claims and the current structural, legal, tax and Issuer-related aspects associated with the Notes. However, the ratings assigned to the Notes do not represent any assessment of the likelihood of principal prepayments. The ratings do not address the possibility that the Noteholders might suffer a lower than expected yield due to prepayments.

The ratings assigned to the Notes should be evaluated independently from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the Rating Agencies at any time.

In this Prospectus references to "euro" or "EUR" or "€" are to the single unified currency of the members of the European Union ("EU"), including Germany and Ireland, which adopted the euro in accordance with the Treaty on European Union, as amended from time to time.

This Prospectus serves to describe, *inter alia*, the Notes, the Issuer, Commerzbank, the Collateral and the Reference Pool.

The Issuer is responsible for the information contained in this Prospectus except that

- (a) the Trustee only is responsible for the information under "THE TRUSTEE";
- (b) the Bank only is responsible for the information under "OUTLINE OF THE TRANSACTION – The Reference Pool", "DESCRIPTION OF THE REFERENCE POOL", "REFERENCE POOL SERVICING" and "THE BANK";
- (c) Eurohypo AG only is responsible for the information under "Eurohypo AG" and "THE COLLATERAL – Terms and Conditions of the Eurohypo Pfandbriefe".

Having taken all reasonable care to ensure that such is the case, the information contained in that part of the Prospectus for which the Issuer is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Having taken all reasonable care to ensure that such is the case, the information contained in that part of the Prospectus for which the Trustee is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Where information has been sourced from the Trustee, such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information published by the Trustee, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Having taken all reasonable care to ensure that such is the case, the information contained in that part of the Prospectus for which the Bank is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Where information has been sourced from the Bank, such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information published by the Bank, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Having taken all reasonable care to ensure that such is the case, the information contained in that part of the Prospectus for which Eurohypo AG is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Where information has been sourced from Eurohypo AG, such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information published by Eurohypo AG, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Subject to the following paragraphs, each of the Issuer, the Trustee, the Bank and Eurohypo AG accepts responsibility accordingly.

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus and, in connection with the issue and sale of the Notes, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Bank, the Trustee or the Lead Manager.

Neither the delivery of this Prospectus nor any offering, sale or delivery of any Notes shall, under any circumstances, create any implication (i) that the information in this Prospectus is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Prospectus has been most recently amended or supplemented, or (ii) that there has been no adverse change in the financial situation of the Issuer or of the Bank or of Eurohypo AG which is material in the context of the issue and offering of the Notes or with respect to the Reference Pool since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently

amended or supplemented, or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Prospectus by reference or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

No action has been taken by the Issuer or the Lead Manager other than as set out in this Prospectus that would permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus (nor any part hereof) nor any offering circular, prospectus, form of application, advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in compliance with applicable laws, orders, rules and regulations, and the Lead Manager has represented that all offers and sales by it have been made on such terms.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy any of the securities offered hereby in any circumstances in which such offer or solicitation is unlawful. The distribution of this Prospectus (or of any part hereof) and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part hereof) comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, the Notes have not been and will not be registered under the Securities Act and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Prospectus (or of any part hereof) see "SUBSCRIPTION AND SALE".

The investments described in this document are investment products designed for financially sophisticated investors with specialist knowledge of, and experience of investing in, such investments, who are capable of fully evaluating the risks involved in making such investments and who have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investments.

Any person intending to invest in any investment, described in this document should consult his professional advisor, including his stock broker, legal advisor and accountant, and ensure that he fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.

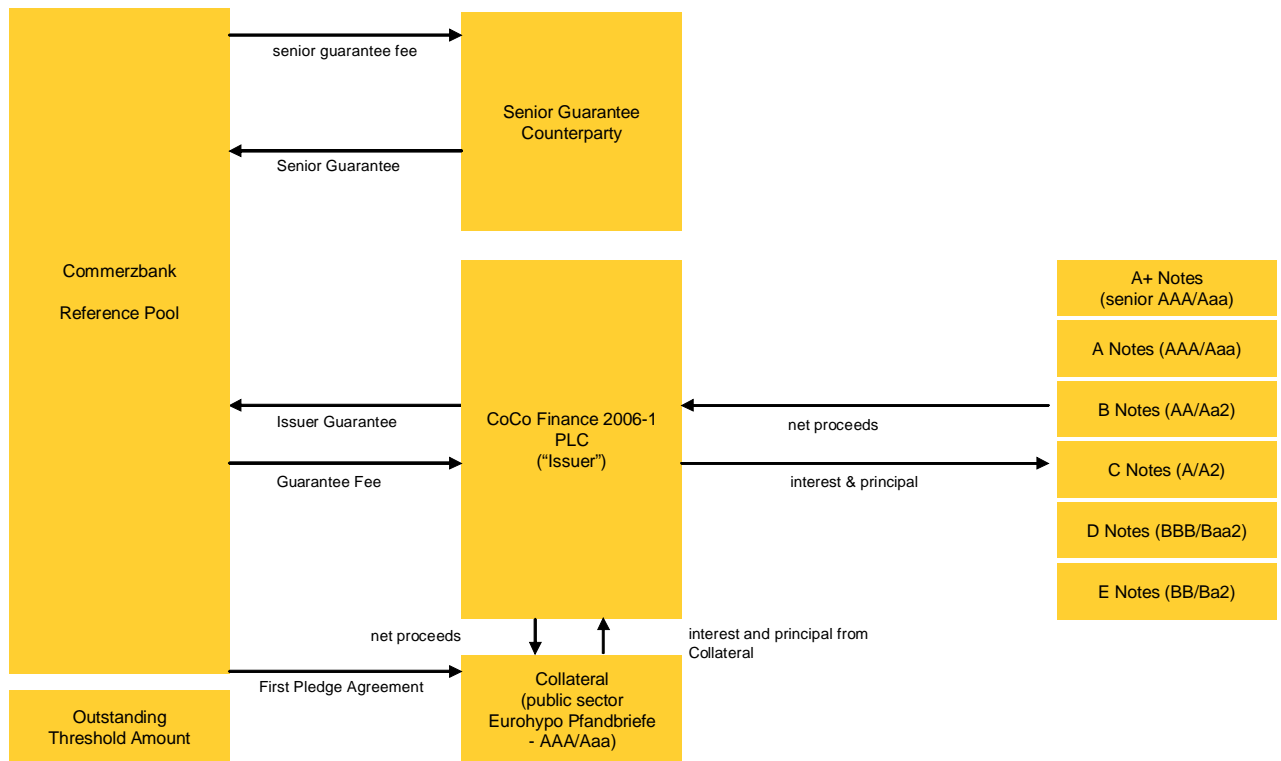
In connection with the issue and distribution of the Notes, the Lead Manager, or any person acting for it, may over-allot Notes (*provided that* the aggregate principal amount of Notes allotted does not exceed 105 percent of the aggregate principal amount of Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Lead Manager or any person acting for it will undertake such action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 calendar days after the issue date of the Notes and 60 calendar days after the date of the allotment of the Notes.

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
TRANSACTION OVERVIEW	8
OUTLINE OF THE TRANSACTION	9
RISK FACTORS	18
THE NOTES	28
THE TRUST AGREEMENT.....	55
DESCRIPTION OF THE REFERENCE POOL.....	85
REFERENCE POOL SERVICING.....	105
CREDIT AND COLLECTION POLICIES	109
THE ISSUER GUARANTEE	114
THE COLLATERAL	116
ACCOUNTS AND CASH ADMINISTRATION.....	120
CORPORATE ADMINISTRATION	121
THE ISSUER.....	123
THE BANK	127
EUROHYPO AG	139
THE TRUSTEE	140
RATING	141
TAXATION OF THE NOTES IN GERMANY.....	142
TAXATION OF THE NOTES IN IRELAND.....	146
SUBSCRIPTION AND SALE.	148
USE OF PROCEEDS	153
GENERAL INFORMATION.....	154
INDEX OF DEFINED TERMS.....	157

TRANSACTION OVERVIEW
(as of the end of business on the Issue Date)

The following transaction overview is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus.



OUTLINE OF THE TRANSACTION

The following general description of the transaction is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus.

The Issuer

CoCo Finance 2006-1 PLC, a public limited liability company incorporated under the laws of Ireland having its registered office at Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland, telephone number: +353 1 491 4055. The Issuer has been established for the purpose of issuing the Notes, entering into the Issuer Guarantee and into all other Transaction Documents to which it is a party. See "THE ISSUER".

The Notes

The Notes are credit linked to the performance of a replenishable reference pool of certain claims for the payment of principal and interest and certain other payment claims, in each case, including partial claims, and denominated in various currencies, held by or for the benefit of Commerzbank Aktiengesellschaft, including its branches or any subsidiary or affiliate of Commerzbank, arising from (a) certain loans, including fixed or floating rate, amortising, bullet or annuity loans, syndicated loans, participations and sub-participations, (b) certain revolving credit facilities, including syndicated revolving credit facilities and (c) certain guarantees, including syndicated guarantees and letters of credit, in each case, to corporate entities (including financial institutions) and certain other entities, and originated, including by way of acquisition from a third party, by the Bank or a subsidiary of the Bank pursuant to its credit and collection policies and serviced by the Servicers or, in the case of certain syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees, by Agent Banks monitored by the relevant Servicers, which are included in the Reference Pool as of the Cut-off Date or from time to time thereafter as described herein. See "THE NOTES".

The rights and claims of the Noteholder under the Notes are set out, *inter alia*, in Section 7, Section 10 and Section 11 of the Terms and Conditions and in Clauses 2.2 and Clause 26 of the Trust Agreement.

Status of the Notes

The Notes constitute direct and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and at least *pari passu* with all other current and future unsubordinated obligations of the Issuer, subject to Loss Allocation, Unjustified Loss Allocation and the Collateral and the redemption of the Notes in accordance with the Terms and Conditions, if applicable. The Notes constitute limited recourse obligations of the Issuer.

Corporate Administrator

Structured Finance Management (Ireland) Limited, Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland.

Cash Administrator

Citibank, N.A., London Branch, 21st Floor, Citigroup Centre,

	Canada Square, Canary Wharf, London E14 5LB, United Kingdom.
The Transaction Account Bank	Citigroup Global Markets Deutschland AG & Co. KGaA, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main, Germany.
The Bank	Commerzbank Aktiengesellschaft, Kaiserplatz, 60261 Frankfurt am Main, Germany.
The Servicers	The Bank; its subsidiaries and its affiliates on its behalf, <i>provided that</i> certain syndicated Reference Loans, syndicated Reference Facilities and syndicated Reference Guarantees may be serviced by the Agent Banks. See "REFERENCE POOL SERVICING".
The Arranger and Lead Manager	Commerzbank Aktiengesellschaft, 60 Gracechurch Street, London EC3V 0HR, United Kingdom (the " Arranger " and the " Lead Manager ").
The Trustee	Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Arnulfstrasse 126, 80636 Munich, Germany.
The Principal Paying Agent	Citibank, N.A., London Branch, 21 st Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.
The Irish Listing Agent	Goodbody Stockbrokers, Corporate Finance, Ballsbridge Park, Dublin 4, Ireland.
The Irish Paying Agent	Citibank International plc, 1 North Wall Quay, Dublin 1, Ireland.
Depository Agent	There shall be no depository agent involved in connection with the issue of the Notes.
Cut-off Date	April 30, 2006
Issue Date	June 30, 2006
Payment Dates	Without prejudice to Section 11.2 (Early Redemption for Default – Method and Amount) of the Terms and Conditions, payments of interest on the Notes will be made to the Noteholders quarterly in arrear, on the 15 th calendar day of March, June, September and December, or, if any such day is not a Business Day, on the next succeeding day which is a Business Day unless such day would thereby fall into the next calendar month, in which case the payment will be made on the immediately preceding Business Day. The first Payment Date will be September 15, 2006.
Interest Accrual Period	In respect of the first Payment Date, the period commencing on (and including) the Issue Date and ending on (but excluding) the first Payment Date and in respect of any subsequent Payment Date, the period commencing on (and including) the

immediately preceding Payment Date and ending on (but excluding) such Payment Date.

Payment of Interest

On each Payment Date, the interest accrued during the applicable Interest Accrual Period at the per annum rate indicated herein for each Class of Notes will be payable on the Class Principal Amounts outstanding as of the immediately preceding Payment Date (after Loss Allocation, Unjustified Loss Allocation and payment of principal, if any, on such date) or the Issue Date (in the case of the first Payment Date) as described herein.

The amount of interest payable on the Notes may be reduced, due to potential principal reductions, as a result of Realised Losses incurred with respect to the Reference Claims.

See "THE NOTES – Payments of Interest" and "– Loss Allocation".

Payment of Principal

On each Payment Date on or prior to the end of the Replenishment Period, the Notes may be redeemed up to an amount, and on each Payment Date falling after the end of the Replenishment Period, the Notes shall be redeemed in an amount equal to the Excess Amount as follows:

- (i) the Class A+ Notes shall be redeemed up to an amount or in an amount, as applicable, equal to the product of the Excess Amount and the A+ Reduction Factor;
- (ii) after the Class A+ Notes have been redeemed in full, the Class A, the Class B, the Class C, the Class D and then the Class E Notes, in this order sequentially, shall be redeemed up to an amount or in an amount, as applicable, in aggregate equal to the Excess Amount,

provided that the redemption amount allocated to each Class of Notes will be, in each case, calculated (a) after the reduction of the Class Principal Amount(s) and/or the Outstanding Threshold Amount by allocation of Realised Losses, if any, (b) the increase of the Class Principal Amount(s) and/or the Outstanding Threshold Amount as a result of the Unjustified Loss Allocation procedure, if any, in each case, on the relevant Payment Date.

See "THE NOTES – Redemption – Amortisation of the Notes".

Redemption - Scheduled Maturity Date

The Payment Date falling in June 2016. The Notes will be redeemed on the Scheduled Maturity Date unless earlier redeemed as described herein and *provided that* if as of the end of the Collection Period immediately preceding the Scheduled Maturity Date any Overdue Reference Claims are outstanding, the Issuer shall procure that Appraised Losses in respect of such Overdue Reference Claims are determined within 120 calendar days of the Scheduled Maturity Date and each such Appraised Loss shall constitute a Realised Loss to be allocated pursuant to the Loss Allocation.

See "THE NOTES – Redemption – Scheduled Maturity and Legal Maturity", "– Early Redemption for Default" and "– Early Redemption by the Issuer".

Redemption - Legal Maturity Date

October 13, 2016.

See "THE NOTES – Redemption – Scheduled Maturity and Legal Maturity".

Early Redemption

The Issuer shall redeem the Notes before the Scheduled Maturity Date as described herein if the Issuer Guarantee Termination occurs or if the Issuer Guarantee is terminated as a result of the occurrence of a Bank Event of Default.

Issuer Guarantee Termination occurs on the Payment Date: (A) as of which the Issuer Guarantee is terminated by the Bank at its option (i) following the Collection Period during which a Regulatory Event occurred, or (ii) following the Collection Period during which the aggregate Outstanding Nominal Amount of the Reference Claims has been reduced to 10% of the Replenishment Cap, or (iii) falling in or after June 15, 2011; or (B) immediately following the Collection Period during which the termination of the Issuer Guarantee occurred because of the occurrence of an Issuer Event of Default.

See "THE NOTES – Early Redemption by the Issuer".

Each Noteholder may declare due the Notes held by it in the event that a Default Event has occurred with respect to any of the Notes held by such Noteholder. In the event that any Noteholder exercises such right the Issuer will redeem the Notes as described herein.

See "THE NOTES – Early Redemption for Default".

Collection Period

With respect to the first Payment Date, the period from the Cut-off Date until the 15th calendar day of the calendar month preceding the month in which the first Payment Date occurs (both days inclusive) and with respect to any subsequent Payment Date, the period from the calendar day immediately following the last day of the previous Collection Period until the 15th calendar day of the calendar month immediately preceding the month in which the relevant Payment Date occurs (both days inclusive).

Reference Pool

On the Cut-off Date, the Reference Pool consisted of certain claims for the payment of principal and interest and certain other payment claims, in each case, including partial claims, and denominated in various currencies, held by or for the benefit of Commerzbank or any subsidiary or affiliate of Commerzbank, arising from (a) certain loans, including fixed or floating rate, amortising, bullet or annuity loans, syndicated loans, participations and sub-participations, (b) certain revolving credit facilities, including syndicated revolving credit facilities and (c) certain guarantees, including syndicated

guarantees and letters of credit, in each case, to corporate entities (including financial institutions) and certain other entities, and originated, including by way of acquisition from a third party, by the Bank or a subsidiary of the Bank pursuant to its credit and collection policies and serviced by the Servicers or by Agent Banks. The aggregate Outstanding Nominal Amount of the Reference Claims as of the Cut-off Date was approximately EUR 4.5 billion.

However, Reference Claims may be removed from the Reference Pool, or a substitution effective as of the Cut-off Date may be made for certain Reference Claims, *prior* to the Issue Date. Any Reference Claim may be so excluded (i) as a result of principal prepayment thereof in full or (ii) if, as a result of late payments or otherwise, the Bank deems such exclusion necessary or desirable. This may result in changes to certain of the Reference Pool characteristics set out in this Prospectus.

In the event that any of the characteristics of the Reference Pool on the Issue Date varies materially from those described herein, revised information regarding the Reference Pool will be made available to purchasers of the Notes and the Rating Agencies on or before such date.

A Reference Claim may be secured by certain collateral held from time to time by or for the benefit of the Bank and securing such Reference Claim and certain other claims (including other Reference Claims) of the Bank. See "DESCRIPTION OF THE REFERENCE POOL – Reference Pool Provisions – Reference Collateral".

As of the Cut-off Date or, in respect of Reference Claims subsequently added to the Reference Pool, the relevant Replenishment Date, certain Eligibility Criteria with respect to each of the Reference Claims must be met. Reference Claims which did not meet such Eligibility Criteria as of the Cut-off Date or any relevant Replenishment Date may be removed from the Reference Pool after the Issue Date or will not qualify for Loss Allocation unless certain exceptions apply. There have been no insurance policies provided for the direct benefit of the Issuer in relation to the Reference Claims.

For a detailed description of the Reference Pool, see "DESCRIPTION OF THE REFERENCE POOL – Reference Pool Provisions".

Replenishment of the Reference Pool

New Reference Claims may be added to the Reference Pool on the 15th calendar day of any month during the period from (and including) the Issue Date until (and including) June 15, 2011 (such period, the "**Replenishment Period**"), *provided that* the Replenishment Conditions are met.

On any Replenishment Date, the Bank may substitute any Reference Claim or any portion thereof, the Debtor of which has a Commerzbank Rating between 1.0 and 2.8 (inclusive)

with a new Reference Claim or new Reference Claims, or any portion thereof.

See "DESCRIPTION OF THE REFERENCE POOL – Reference Pool Provisions – Replenishment".

Non-EUR Reference Claims and Re-sets

The Outstanding Nominal Amount of each Non-EUR Reference Claim will be deemed to be equal to the amount in euro converted at the Exchange Rate determined as described herein. Non-EUR Reference Claim means a Reference Claim which is denominated in a currency other than euro.

As of each Re-set Date, the Bank may, subject to certain conditions described herein, re-set the Outstanding EUR Equivalent Amounts of the Non-EUR Reference Claims denominated in the same non-EUR currency (excluding Non-EUR Reference Claims with respect to which a Credit Event has occurred) with new Outstanding EUR Equivalent Amounts based on movements in the exchange rate between euro and the currency in which such Non-EUR Reference Claim is denominated. See "DESCRIPTION OF THE REFERENCE POOL – Reference Pool Provisions – Reference Claims – Non-EUR Reference Claims – Conversion; Re-sets".

Servicing of the Reference Pool

The Servicers and, in the case of certain syndicated Reference Loans, syndicated Reference Facilities and syndicated Reference Guarantees, the Agent Banks, will administer, collect and enforce the Reference Claims, including by way of foreclosure on the related Reference Collateral.

The Servicers will service the Reference Claims and act towards the Agent Banks servicing the Reference Claims, in accordance with the Servicing Standards. See "REFERENCE POOL SERVICING".

Servicing Standards

The standard credit and collection policies of the Bank (in the case of Reference Claims arising under syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees, subject to the servicing conditions under such Reference Loan documentation, Reference Facility documentation or Reference Guarantee documentation, as applicable) and certain specific servicing principles (the "**Servicing Principles**") are set out in this Prospectus. The Servicing Principles form part of the Terms and Conditions of the Notes. See "REFERENCE POOL SERVICING".

Loss Allocation

On each Payment Date, any Realised Losses in respect of Reference Claims qualifying for the Loss Allocation will be allocated first to reduce the Outstanding Threshold Amount and then, after the Outstanding Threshold Amount has been reduced to zero, to reduce the Note Principal Amounts to EUR 1 per Note of the Class E Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class A Notes, in this order sequentially. Realised Losses will be allocated to reduce the Class Principal Amount of the Class A+ Notes only after the Class Principal Amount of the Class A Notes has been reduced

to EUR 1 per Note, *provided that* only the product of the Realised Losses and the A+ Reduction Factor shall be allocated to reduce the Class Principal Amount of the Class A+ Notes.

Realised Loss will include, *inter alia*, Accrued Interest and Enforcement Costs, in each case, in respect of each Reference Claim which becomes a Defaulted Reference Claim or Liquidated Reference Claim, as relevant, as described herein. See "THE NOTES – Loss Allocation".

Reference Claims with respect to which any of the Eligibility Criteria, Replenishment Conditions, Servicing Standards or, if relevant, the requirements for transfer of Reference Claims as set out in the Reference Pool Provisions are not complied with will not qualify for Loss Allocation, unless one of the exceptions described herein applies, and may be removed from the Reference Pool.

See "THE NOTES – Loss Allocation" and "DESCRIPTION OF THE REFERENCE POOL – Reference Pool Provisions – Non-compliance".

Eurohypo Pfandbriefe

The Trustee Claim with respect to each of Class of Notes will be secured by a pledge (*Pfandrecht*) for the benefit of the Trustee over a corresponding series of public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Eurohypo Pfandbriefe**"). The pledges over the Eurohypo Pfandbriefe will be subject and rank junior to first ranking pledges (*Pfandrecht*) for the benefit of the Bank as security for the obligations of the Issuer under the Issuer Guarantee towards the Bank. In addition, the Issuer will on the Issue Date pledge (*verpfänden*) to the Trustee all its present and future claims and rights under the Transaction Documents (other than the Corporate Administration Agreement, the Irish Security Agreement, the Senior Guarantee and the First Pledge Agreement) to secure the Trustee Claim under the Trust Agreement.

See "THE TRUST AGREEMENT" and "THE COLLATERAL".

Form and Denominations

Each Class of Notes will be initially represented by a Temporary Global Note in bearer form which will be exchangeable for a Permanent Global Note in bearer form representing the relevant Class of Notes as described herein. The Notes may be transferred in book-entry form only. The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be issued in denominations of EUR 100,000 and the Class A+ Notes will be issued in denominations of EUR 50,000. The Global Notes representing the Notes will not be exchangeable for definitive securities. See "THE NOTES – Notes".

Trust Agreement

Pursuant to the Trust Agreement between the Issuer, the Bank and the Trustee for the benefit of the Noteholders and the Senior Guarantee Counterparty, the Trustee will confirm compliance, verify the Loss Allocation and will supervise and

verify determinations and calculations and other actions of the Bank and the Issuer in connection with the Notes, the Issuer Guarantee and the Senior Guarantee as described herein.

Pursuant to the Trust Agreement the Issuer will also be required to make certain security arrangements with respect to the Collateral as described herein.

See "THE TRUST AGREEMENT".

Issuer's Source of Income

The Issuer will receive the funds necessary for the payments under the Notes from the Eurohypo Pfandbriefe and under the Issuer Guarantee.

Under the Issuer Guarantee, the Bank will pay to the Issuer in respect of each Payment Date an amount (the "**Guarantee Fee**") calculated as the sum of (i) the costs and expenses of the Issuer and (ii) the excess, if any, of (A) the aggregate Interest Amount and any Make-Whole Interest Amount payable by the Issuer on the Notes on such Payment Date, over (B) the aggregate amount of the interest amounts due (for the avoidance of doubt, prior to any withholding or deduction on account of taxes) under any Series of Eurohypo Pfandbriefe on the relevant Payment Date.

Pursuant to the Issuer Guarantee, the Bank will, on the Issue Date, collateralise its payment obligations under the Issuer Guarantee in an amount sufficient to cover any one and one-half Guarantee Fees.

See "THE ISSUER GUARANTEE".

Use of Proceeds

The net proceeds from the issue of the Notes are approximately EUR 282,200,000. The net proceeds are equal to the gross proceeds and will be used by the Issuer to acquire the Eurohypo Pfandbriefe. The Eurohypo Pfandbriefe will be deposited in the Custody Account of the Issuer with the Custodian pursuant to the Custody Agreement.

Selling Restrictions

Subject to certain exceptions, the Notes are not being offered, sold or delivered within the United States or to U.S. persons. For a description of these and other restrictions on sale and transfer see "SUBSCRIPTION AND SALE".

Listing

Application has been made to the Irish Financial Services Regulatory Authority (the "**IFSRA**"), as competent authority under Directive 2003/71/EC, for the Prospectus to be approved. Application has been made to list the Class A+ Notes, Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes to be admitted to the Official List and trading on the regulated market of the Irish Stock Exchange. The direct cost of the admission of the Notes to trading on the Irish Stock Exchange amount to approximately EUR 5,782.40.

Settlement

It is expected that delivery of the Notes will be made on or about the Issue Date through the book-entry facilities of

Euroclear and Clearstream, Luxembourg against payment therefor in euro in immediately available funds.

Governing Law

The Notes will be governed by the laws of the Federal Republic of Germany.

Ratings

The Notes are expected to be rated on the Issue Date by Moody's and S&P. It is a condition of the issue of the Notes, that each Class of Notes receives the ratings specified herein. See "RATING".

Taxation

Payments with respect to the Notes are to be made by the Issuer net of any withholding taxes required to be deducted by law and any withholding taxes imposed with respect to the Eurohypo Pfandbriefe.

The Noteholders will not be entitled to gross-up payments in the event that payments on the Notes and/or payments under the Eurohypo Pfandbriefe become subject to withholding taxes, and the Noteholders will not have the right to require an early redemption of the Notes in such event. See "THE NOTES – Taxes".

RISK FACTORS

The following is a summary of certain factors of and in connection with the Notes which prospective investors should consider before deciding to purchase the Notes. The following statements are not exhaustive: prospective investors should consider all of the information provided in this Prospectus and consult with their own professional advisers.

THE NOTES

Liability and Limited Recourse under the Notes

The Notes represent obligations of the Issuer only, and do not represent an interest in or obligations of the Lead Manager, the Trustee, any of the Agents, any of the Servicers, the Bank or any of their respective subsidiaries or affiliates or any affiliate of the Issuer or any other third person or entity. Neither the Notes nor the Reference Claims will be insured or guaranteed by any governmental agency or instrumentality or by the Lead Manager, the Trustee, any of the Agents, any of the Servicers, the Bank or any of their respective subsidiaries or affiliates or by any other person or entity except as described herein. Neither the Lead Manager, nor the Trustee, nor any of the Agents, nor any of the Servicers, nor the Bank, nor any of their respective subsidiaries or affiliates, nor any affiliate of the Issuer, nor any other third person or entity, assumes any liability to the Noteholders if the Issuer fails to make a payment due under the Notes.

The Issuer's ability to satisfy its payment obligations under the Notes in full is dependent upon its receiving in full the amounts payable to it under the Eurohypo Pfandbriefe and the Issuer Guarantee or the amount of the proceeds resulting from enforcement of the security granted by the Issuer to the Trustee over the Collateral pursuant to the Trust Agreement. If the Trustee enforces the claims under the Notes, such enforcement will be limited to those assets of the Issuer over which the Trustee was granted security. To the extent that such assets, or the proceeds of the realisation thereof, prove ultimately insufficient to satisfy the claims of all Noteholders in full, then any shortfall arising shall be extinguished and neither any Noteholder nor the Trustee shall have any further claims against the Issuer, *provided that* the foregoing shall be without prejudice to any termination or early redemption rights. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when, in the reasonable opinion of the Trustee, no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of the Noteholders, and neither assets nor proceeds will be so available thereafter.

In particular, the Trustee, the Bank, the Lead Manager, the Agents, the Process Agent, the Corporate Administrator or the Account Banks shall not petition or take any other step or action for the winding up, examinership, liquidation or dissolution of the Issuer nor for the appointment of a liquidator, examiner, receiver or other person in respect of the Issuer or its assets.

Credit Linked Notes

The payment of principal of and, due to potential principal reductions, interest on the Notes is conditional upon the performance of the Reference Claims as described herein. Failures by Debtors under the Reference Claims to pay timely principal and interest on the Reference Claims may reduce the amount of principal and interest payable to the Noteholders. There is no guarantee that the Noteholders will receive the full principal amount of the Notes and interest thereon and ultimately the obligations of the Issuer to pay principal under the Notes could even be reduced to EUR 1 per Note as a result of losses incurred in respect of the Reference Claims.

Reference Collateral

The Reference Claims may from time to time be secured by the Reference Collateral. Such Reference

Collateral may secure one or more Reference Claims, as well as other claims of the Bank. If the records or legal obligations of the Bank provide for a particular allocation of such Reference Collateral and/or the Reference Collateral relating to a Reference Claim arising from a syndicated Reference Loan, syndicated Reference Facility or syndicated Reference Guarantee has been allocated by an Agent Bank, in each case, as described herein, such Reference Collateral will be allocated to secure the respective Reference Claim(s) for the purpose of the Loss Allocation in accordance with such collateral allocation. In all other cases the proceeds of foreclosure on such Reference Collateral will be allocated *pro rata* to all claims, including the Reference Claim(s), secured by such Reference Collateral. Accordingly, in such cases only a portion of the proceeds from such Reference Collateral will be allocated to the relevant Reference Claim(s); such portion may change from time to time as the claims of the Bank secured by the Reference Collateral may be repaid or otherwise extinguished and new claims and new collateral allocated to the Reference Collateral and the Reference Claims, respectively.

The Bank may at any time release, or cause to be released, any Reference Collateral if it either (i) in its professional judgement concludes that it is required to do so by applicable law or contractual arrangements, or (ii) does so in the ordinary course of its business and in accordance with the Credit and Collection Policies.

In the event that a Debtor defaults on a Reference Claim secured by Reference Collateral, the relevant Servicer is required to foreclose on the Reference Collateral securing such Reference Claim in accordance with the Servicing Standards. However, there is no guarantee that the value of the portion of such Reference Collateral allocable to the relevant Reference Claim in the context of the foreclosure (less disbursements necessary for the foreclosure proceedings) will fully cover the Outstanding Nominal Amount of the Reference Claim.

The principles of Loss Allocation and the allocation of the proceeds from the Reference Collateral to the Reference Claims are described under "THE NOTES – Loss Allocation" and "DESCRIPTION OF THE REFERENCE POOL – Reference Pool Provisions – Reference Collateral" and "– Allocation of Payments and Enforcement Proceeds".

Compliance with Transaction Documents and Realised Losses

Compliance with the Terms and Conditions, in particular the Eligibility Criteria, Replenishment Conditions and Servicing Standards, the Trust Agreement and other Transaction Documents is no guarantee or assurance that Realised Losses will not be incurred in respect of the Reference Claims and allocated to the Notes pursuant to Loss Allocation.

No Interest in the Reference Claims or Reference Collateral

Neither the Noteholders nor the Issuer will have any right to or interest in any Reference Claim or Reference Collateral even in the case that a Realised Loss in respect of such Reference Claim has been allocated to the Notes in accordance with the Loss Allocation. See "THE NOTES - Loss Allocation".

Leverage

The initial aggregate of the Class Principal Amounts of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes together with the initial Outstanding Threshold Amount will be EUR 373,500,000. Upon the occurrence of any Realised Loss, first the Outstanding Threshold Amount will be reduced and after it has been reduced to zero, the Note Principal Amounts of the Class E Notes will be reduced and after they have been reduced to EUR 1 per Note, then the Note Principal Amounts of the Class D Notes, then the Note Principal Amounts of the Class C Notes, then the Note Principal Amounts of the Class B Notes, and then the Note Principal Amounts of the Class A Notes will be reduced to EUR 1 per Note by such Realised Losses. Realised Losses will be allocated to reduce the Note Principal Amounts of the Class A+ Notes and the notional

amount of the Senior Guarantee only after the Note Principal Amounts of the Class A Notes have been reduced to EUR 1 per Note. Accordingly, the Outstanding Threshold Amount, then the Class E Notes, then the Class D Notes, then the Class C Notes, then the Class B Notes and then the Class A Notes provide a first loss protection with respect to the Reference Pool. Since the Aggregate Principal Balance of the Reference Pool is expected, before the Scheduled Maturity Date, to exceed the Outstanding Threshold Amount together with the aggregate of the Class Principal Amounts of the Notes, the Notes, other than the Class A+ Notes, provide protection for the Reference Pool on a leveraged basis and, as a result of such leverage, the loss risk in respect of the Notes, other than the Class A+ Notes, is a multiple of the loss risk in respect of the Reference Pool. The leverage described above increases the risk of loss to Noteholders.

Trust Agreement - Interests of the Noteholders and the Senior Guarantee Counterparty

Pursuant to the Trust Agreement the Trustee will carry out its duties thereunder as a trustee for the benefit of the Noteholders and the Senior Guarantee Counterparty. In the case of a conflict of interest among the interests of the Senior Guarantee Counterparty and the Noteholders, priority will be given to the interests of the Senior Guarantee Counterparty and the Class A+ Noteholders, then among the other Noteholders, to the interests of the Noteholders of the Class or Classes of Notes which rank most senior for the allocation of Realised Losses.

See "THE TRUST AGREEMENT".

Trustee Resignation

Pursuant to the Trust Agreement, the Trustee may resign at any time as a trustee for the Noteholders for good cause (*aus wichtigem Grund*). If the Trustee so resigns, for as long as no successor trustee has been appointed, the protection of the Noteholders' rights by the Trustee, including in respect of the Collateral, may be inoperative. See "THE TRUST AGREEMENT".

Further, if no successor trustee is appointed by the expiration of the 30th Business Day following the delivery of a notice of resignation by the Trustee, each Noteholder may declare due the Notes held by it by delivery of a written notice to the Issuer with a copy to the Trustee. However, even in such circumstances the foreclosure on the Collateral needs to be carried out by the resigning Trustee holding the Collateral. Accordingly, the due and timely redemption of the Notes by foreclosure on the Collateral in accordance with the Trust Agreement may be adversely affected in such circumstances. See "THE NOTES - Early Redemption for Default" and "THE TRUST AGREEMENT".

Early Redemption by the Noteholders

Each Noteholder may declare due the Notes held by it by delivery of a written notice to the Issuer with a copy to the Trustee if a Default Event in respect of such Notes occurred, *provided that* the right to declare the Notes due in respect of any Default Event shall cease to exist if such Default Event has been cured before the right is exercised. A Default Event occurs, *inter alia*, if the Trustee gives notice to the Noteholders that it will resign as Trustee pursuant to the Trust Agreement for good cause as set out herein unless a notice has been given to the Noteholders that the cause for such resignation has been remedied to the Trustee's satisfaction or a successor trustee has been appointed in accordance with the Trust Agreement as described herein. In the event that any Noteholder exercises such right, the Issuer will redeem the Notes as described herein. See "THE NOTES - Early Redemption for Default" and "THE TRUST AGREEMENT".

If no Noteholder exercises its early redemption right in such circumstances and the Trustee resigns as set out herein and no successor trustee is appointed, the Noteholders may lose the benefit of the Collateral and the protection of their rights by the Trustee generally.

Early Redemption by the Issuer

The Issuer shall redeem the Notes as described herein before the Scheduled Maturity Date on the Payment Date: (A) as of which the Issuer Guarantee is terminated by the Bank at its option (i) following the Collection Period during which a Regulatory Event occurred, or (ii) following the Collection Period during which the aggregate Outstanding Nominal Amount of the Reference Claims has been reduced to 10% of the Replenishment Cap, or (iii) falling in or after June 15, 2011; or (B) immediately following the Collection Period during which the termination of the Issuer Guarantee occurred because of the occurrence of an Issuer Event of Default.

See "THE NOTES - Early Redemption by the Issuer".

Collateral and Trustee Claim

On the Issue Date, the Issuer will pledge (*verpfänden*) the Eurohypo Pfandbriefe as well as all its present and future claims and rights under the Transaction Documents (other than the Corporate Administration Agreement, the First Pledge Agreement, the Senior Guarantee and the Irish Security Agreement) to secure the Trustee Claim (*Treuhänderanspruch*) under the Trust Agreement.

The Trustee Claim entitles the Trustee to demand that all present and future obligations of the Issuer under the Notes be fulfilled. See "THE TRUST AGREEMENT" and "THE COLLATERAL".

There is no authority to the effect that the Trustee Claim (*Treuhänderanspruch*) of the Trustee against the Issuer established by the Trust Agreement may not be validly secured by a pledge of the relevant Collateral pursuant to the Trust Agreement. See "THE TRUST AGREEMENT". However, as there is no specific authority confirming the validity of such pledge either, the validity of such pledge is subject to some degree of legal uncertainty.

Notwithstanding the Collateral, the amount of principal of and, due to potential principal reductions, interest on the Notes may be reduced as a result of Realised Losses incurred with respect to the Reference Claims and only the obligations of the Issuer to pay any amount of principal and interest determined to be due to the Noteholders in accordance with the Terms and Conditions, which may be reduced by such Realised Losses, will have the benefit of the Collateral.

Senior Pledge of the Bank

The pledge of the Eurohypo Pfandbriefe and any other security interest in respect of the Eurohypo Pfandbriefe granted to the Trustee for the benefit of the Noteholders in accordance with the Trust Agreement will be subject to and rank junior to a pledge and other security interest in respect of the Eurohypo Pfandbriefe for the benefit of the Bank as security for the Issuer's obligations under the Issuer Guarantee as described herein. "THE FIRST PLEDGE AGREEMENT".

Realisation of Collateral

If a Foreclosure Event occurs, the Trustee is required to foreclose or cause foreclosure on the relevant Collateral as set out in the Trust Agreement. See "THE TRUST AGREEMENT". If a Foreclosure Event occurs, the Trustee is required to realise the Collateral as set out in the Trust Agreement. In respect of the Eurohypo Pfandbriefe, if the required Foreclosure Amount cannot be achieved through sale of such Eurohypo Pfandbriefe in accordance with the procedure set out in the Trust Agreement, the Trustee will deliver such Eurohypo Pfandbriefe to the relevant Noteholders, in exchange for and upon surrender of the relevant Foreclosure Notes, in full satisfaction of all payment obligations of the Issuer under such Foreclosure Notes, as set out in the Trust Agreement. As a result, such Noteholders may receive securities with characteristics that are different from the characteristics of the Foreclosure Notes they held before and that will have a market value at the time of the exchange that is lower than the nominal value of their claims under the Foreclosure Notes at such time. See "THE

TRUST AGREEMENT" and "THE NOTES – Collateral".

Irish Law

It is unclear how the Irish courts would interpret the pledges purported to be created pursuant to the First Pledge Agreement and the Trust Agreement (together, the "**Security Documents**"). It is likely that, subject to the Security Documents' constituting valid pledges (*Pfandreht*) as a matter of their governing laws, the Irish courts would view these pledges as creating a fixed charge or a floating charge.

It is the essence of a fixed charge that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the monies or claims constituting such assets. In particular, the Irish courts have held that, in order to create a fixed charge over receivables, it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargee.

Floating charges have certain weaknesses, including the following:

- (i) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;
- (ii) they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (iii) they rank after certain insolvency remuneration expenses and liabilities;
- (iv) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (v) they rank after fixed charges.

Geographical and Industry Concentration of the Debtors

Reference Claims may be concentrated in certain countries or locations. See "DESCRIPTION OF THE REFERENCE POOL – Information Tables regarding the Initial Reference Pool – Jurisdiction of Reference Claim". Any deterioration in the economic conditions of the countries or areas in which the Debtors are located or any deterioration in the economic conditions of other areas that causes an adverse effect on the ability of the Debtors to repay the Reference Claims could increase the risk of losses on the Reference Claims. A concentration of the Debtors in such countries or areas may therefore result in a greater risk of loss than if such concentration had not been present.

Further, although the Debtors are involved in a range of different industry sectors, there may be a higher concentration of Debtors in a particular industry sector. See "DESCRIPTION OF THE REFERENCE POOL – Information Tables regarding the Initial Reference Pool – Distribution by Moody's industry" and "– Distribution by Standard & Poor's industry". Deterioration in the economic conditions in such industry sector may adversely affect the ability of the Debtors to repay the Reference Claims and therefore could increase the risk of losses on the Reference Claims. A greater concentration of the Debtors in particular industry sector(s) may therefore result in a greater risk of loss than if such concentration had not been present.

Foreign Exchange Controls

Foreign trade and exchange control restrictions of the countries in which the Debtors are domiciled

may hinder or prevent due performance by the Debtors under the Reference Claims and may lead to a default by the Debtors under the Reference Claims. This may ultimately result in allocation of Realised Losses to the Noteholders.

Re-sets of Non-EUR Reference Claims

As of any Re-set Date, the Bank may re-set the then Outstanding EUR Equivalent Amount of the Non-EUR Reference Claims denominated in the same non-EUR currency (excluding the Reference Claims with respect to which a Credit Event has occurred) based on movements in the exchange rate between euros and the currency of such Non-EUR Reference Claim if certain conditions, including the general Replenishment Conditions, described herein are complied with.

Reduction of the Outstanding EUR Equivalent Amount of a Reference Claim as a result of a Re-set increases the Bank's ability to replenish the Reference Pool during the Replenishment Period. Therefore, the number of changes in the composition of the Reference Pool over time during the Replenishment Period may be greater than if the Reference Pool were denominated entirely in euros.

See "DESCRIPTION OF THE REFERENCE POOL – Reference Pool Provisions – Reference Claims – Non-EUR Reference Claims – Conversion; Re-sets".

Reliance on the Creditworthiness of the Bank

The net proceeds from the issue of the Notes will be used to acquire the Eurohypo Pfandbriefe, which will be issued by Eurohypo AG. The Bank will be obliged to pay the Guarantee Fees under the Issuer Guarantee.

These are the Issuer's only sources of financing. Accordingly, the ability of the Issuer to meet its obligations under the Notes will depend on its receipt of payments under the Eurohypo Pfandbriefe and the payment of the Guarantee Fee pursuant to the Issuer Guarantee. In addition, termination of the Issuer Guarantee, *inter alia*, as a result of the Bank's default under the Issuer Guarantee, will result in early redemption of the Notes as described herein. See "THE NOTES – Early Redemption by the Issuer".

As long as and to the extent the payments from the Bank to the Issuer under the Issuer Guarantee are not collateralised by the Cash Collateral as described herein, the Issuer is relying on the creditworthiness and timely performance of the Bank in respect of the receipt of payments from the Issuer Guarantee.

Limited Information

The Bank is under no obligation and will not provide to the Issuer, the Trustee or the Noteholders financial or other information with respect to the Reference Claims or the Debtors except as specifically set out in the Notes and the Trust Agreement. Except as set out in the Notes and the Trust Agreement, the Issuer and the Bank will have no obligation and will not keep the Noteholders and/or the Trustee informed as to the performance of the Reference Claims, the compliance of the Reference Pool with the Reference Pool Provisions and as to matters arising in relation to the Debtors or any other debtors or guarantors of the Reference Claims, including information on the Bank's other exposures to any Debtor or whether or not circumstances exist under which there is a possibility of the occurrence of a Credit Event and/or Realised Loss. Further, the Noteholders will have no right to inspect the internal records of the Bank.

No Independent Investigation

Neither the Lead Manager nor the Issuer nor the Trustee has conducted or will conduct any independent investigations of the Reference Pool. The Trustee will only conduct such reviews and verifications in respect of the Reference Pool as, and only to the extent, set out in the Trust

Agreement.

Reliance on Administration and Collection Procedures

The Bank, in its capacity as Servicer, and its subsidiaries and affiliates acting as Servicers, will carry out the administration, collection and enforcement of the Reference Claims, including foreclosure on the related Reference Collateral, in accordance with the Credit and Collection Policies (in the case of Reference Claims arising under syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees, subject to the servicing conditions under such Reference Loan documentation, Reference Facility documentation or Reference Guarantee documentation, as applicable) subject only to the Servicing Principles (see "REFERENCE POOL SERVICING").

In some cases the applicable servicing requirements with respect to Reference Claims arising under syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees may be changed by decision of a majority of syndicate banks, even without the consent of the Bank. Moreover, in the case of Reference Claims arising under syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees in respect of which none of the Servicers acts as the agent bank, the third party Agent Bank will carry out administration, collections and enforcement of the Reference Claims, including foreclosure on the related Reference Collateral, if any, in accordance with the servicing requirements of the documentation governing the relevant Reference Loan, Reference Facility or Reference Guarantee and also to a material degree in accordance with their own credit and collection policies. The Bank, as a syndicate bank, will have only limited means under the documentation governing the relevant Reference Loan, Reference Facility or Reference Guarantee to influence the servicing of the relevant Reference Claims by the Agent Banks. Subject to certain conditions being met, the Bank and any of its subsidiaries and affiliates acting as Servicers may be substituted in their function as Servicer of a Reference Claim by a subsidiary of the Bank, another servicing company specialised in the servicing and administration of loans or any other entity (see "REFERENCE POOL SERVICING - Change in Servicer").

Accordingly, the Noteholders are relying on the business judgement and practices of the Servicers, or in certain cases the relevant Agent Banks, in administering the Reference Claims, enforcing claims against Debtors, including taking decisions with respect to enforcement and/or foreclosure on the related Reference Collateral and also, as the case may be with respect to Reference Claims arising under syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees, on decisions of majority of syndicate banks with which the Bank may not have agreed and which could, therefore, be contrary to the Servicing Standards.

Replenishment and Changes to the Characteristics of the Reference Pool

On the 15th calendar day of any month during the Replenishment Period, the Bank has the right at its sole discretion, subject to certain Replenishment Conditions being met, to add new Reference Claims to the Reference Pool. Such Replenishment may change the characteristics of the Reference Pool.

On any Replenishment Date, the Bank has the right at its sole discretion, subject to certain conditions being met, to substitute certain Reference Claims with a new Reference Claim or new Reference Claims, or any portion thereof. Such Substitution may change the characteristics of the Reference Pool.

See "DESCRIPTION OF THE REFERENCE POOL – Reference Pool Provisions – Replenishment".

Conflicts of Interest

The Bank is acting in a number of capacities in connection with the Transaction. The Bank acting in connection with the Transaction will have only the duties and responsibilities expressly agreed to by it in the relevant capacity and will not, by virtue of it or any of its subsidiaries or affiliates acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a

standard of care other than as expressly provided with respect to each such capacity. The Bank in its various capacities in connection with the Transaction may enter into business dealings from which it may derive revenues and profits without any duty to account therefor in connection with the Transaction.

The Bank may hold and/or service other claims against the Debtors other than the Reference Claims. The interests or obligations of the Bank in its respective capacities with respect to such other claims may in certain aspects conflict with the interests of the Noteholders.

The Bank may engage in commercial relationships, in particular, be lender, provide investment banking and other financial services to the Debtors and other parties. In such relationships the Bank is not obliged to take into account the interests of the Noteholders. Accordingly, because of these relationships, potential conflicts of interest may arise out of the Transaction.

Limited Liquidity

There is currently no secondary market for the Notes. Application has been made to the Irish Stock Exchange for the Class A+ Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes to be admitted to the Official List and trading on its regulated market. However, there can be no assurance that a secondary market for the Notes will develop or that a market will develop for all Classes of Notes or, if it does develop, that it will continue.

Taxation

Payments with respect to the Notes are to be made by the Issuer net of any withholding taxes required to be deducted by law and any withholding taxes imposed with respect to the Eurohypo Pfandbriefe.

The Noteholders will not be entitled to gross-up payments in the event that the payments on the Notes and/or payments under the Eurohypo Pfandbriefe become subject to withholding taxes, and the Noteholders will not have the right to require an early redemption of the Notes in such event. See "THE NOTES – Taxes".

The Issuer will redeem all of the Notes if the Bank in its sole discretion elects to have an Issuer Guarantee Termination occur as a result of withholding or deduction for taxes with respect to payments on the Notes, the Eurohypo Pfandbriefe, the Issuer Guarantee or the Senior Guarantee. See "THE NOTES – Early Redemption by the Issuer".

See "TAXATION".

THE ISSUER

Preferred creditors under Irish law

Upon an insolvency of an Irish incorporated company such as the Issuer, when applying the proceeds of assets subject to fixed security which have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company which have been approved by the Irish courts. See also "Examination" below.

The holder of a fixed security over the book debts of an Irish incorporated company which would include the Issuer may be required by the Irish Revenue Commissioners, by notice in writing, to pay to them sums equivalent to those which the holder thereafter receives in payment of debts due to it by the company. Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of

value added tax) arising after the issuance of a notice by the Irish Revenue Commissioners to the holder of the fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of an Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

Notwithstanding the Collateral, the amount of principal of and, due to potential principal reductions, interest on the Notes may be reduced as a result of Realised Losses incurred with respect to the Reference Claims and only the obligations of the Issuer to pay any amount of principal and interest determined to be due to the Noteholders in accordance with the Terms and Conditions, which may be reduced by such Realised Losses, will have the benefit of the Collateral.

Examination

Examination is a court procedure available under the Companies (Amendment) Act 1990, as amended (the "**1990 Act**") to facilitate the survival of Irish companies in financial difficulties.

The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment. Furthermore, he may sell assets which are the subject of a fixed charge. However, if such power is exercised he must account to the holders of the fixed charge for the amount realised and discharge the amount due to them out of the proceeds of sale.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the High Court when at least one class of creditors has voted in favour of the proposals and the High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Notes), the Trustee would be in a position to reject any proposal not in favour of the holders of Notes. The Trustee would also be entitled to argue at the High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the holders of the Notes, especially if such proposals included a writing down to the value of amounts due by the Issuer to the holders of Notes.

The primary risks to the holders of Notes if an examiner were to be appointed with respect to the Issuer are as follows:

- the potential for a scheme of arrangement being approved involving the writing down of the debt due by the Issuer to the holders of Notes as secured by the Trust Agreement and the Irish Security Agreement (as defined below);
- the potential for the examiner to seek to set aside any negative pledge in the Notes, the Trust Agreement or the Irish Security Agreement, prohibiting the creation of security or the incurring

of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and

- in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the amounts secured by the security granted pursuant to the Trust Agreement and the Irish Security Agreement. See "RISK FACTORS - Preferred creditors under Irish law".

THE NOTES

The following is the text of the Terms and Conditions applicable to each Class of Notes which will be attached to each Global Note. In case of any overlap or inconsistency in the definition of a term or expression in the Terms and Conditions and elsewhere in this Prospectus, the definition in the Terms and Conditions will prevail.

THE PAYMENT OF PRINCIPAL OF AND, DUE TO POTENTIAL PRINCIPAL REDUCTIONS, INTEREST ON THE NOTES IS CONDITIONAL UPON THE PERFORMANCE OF THE REFERENCE CLAIMS AS SET OUT IN SECTION 8 (LOSS ALLOCATION) AND SECTION 9 (UNJUSTIFIED LOSS ALLOCATION).

THERE IS NO GUARANTEE THAT THE NOTEHOLDERS SHALL RECEIVE THE FULL PRINCIPAL AMOUNT OF THE NOTES AND INTEREST THEREON AND ULTIMATELY THE OBLIGATIONS OF THE ISSUER TO PAY PRINCIPAL UNDER THE NOTES COULD EVEN BE REDUCED TO EUR 1 PER NOTE AS A RESULT OF LOSSES INCURRED IN RESPECT OF THE REFERENCE CLAIMS.

NEITHER THE NOTEHOLDERS NOR THE ISSUER SHALL HAVE ANY RIGHT TO OR INTEREST IN ANY REFERENCE CLAIM EVEN IN THE CASE THAT A REALISED LOSS IN RESPECT OF SUCH REFERENCE CLAIM HAS BEEN ALLOCATED TO THE NOTES IN ACCORDANCE WITH THE LOSS ALLOCATION.

THE NOTES REPRESENT OBLIGATIONS OF THE ISSUER ONLY, AND DO NOT REPRESENT AN INTEREST IN OR OBLIGATIONS OF THE LEAD MANAGER, THE TRUSTEE, ANY OF THE AGENTS, ANY OF THE SERVICERS, THE BANK OR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR AFFILIATES OR ANY AFFILIATE OF THE ISSUER OR ANY OTHER THIRD PERSON OR ENTITY. NEITHER THE NOTES NOR THE REFERENCE CLAIMS WILL BE INSURED OR GUARANTEED BY ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR BY THE LEAD MANAGER, THE TRUSTEE, ANY OF THE AGENTS, ANY OF THE SERVICERS, THE BANK OR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR AFFILIATES OR BY ANY OTHER PERSON OR ENTITY EXCEPT AS DESCRIBED HEREIN. NEITHER THE LEAD MANAGER, NOR THE TRUSTEE, NOR ANY OF THE AGENTS, NOR ANY OF THE SERVICERS, NOR THE BANK, NOR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR AFFILIATES, NOR ANY AFFILIATE OF THE ISSUER, NOR ANY OTHER THIRD PERSON OR ENTITY, ASSUMES ANY LIABILITY TO THE NOTEHOLDERS IF THE ISSUER FAILS TO MAKE A PAYMENT DUE UNDER THE NOTES.

1. NOTES

1.1 Principal Amounts; Definitions

CoCo Finance 2006-1 PLC, incorporated under the laws of Ireland as a public limited company with its registered office at Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland (the "**Issuer**") will issue on June 30, 2006 (the "**Issue Date**") the following classes of credit linked notes in bearer form (each a "**Class**", and collectively, the "**Notes**") pursuant to these terms and conditions (the "**Terms and Conditions**"):

- (a) Class A+ Floating Rate Credit Linked Notes (the "**Class A+ Notes**") which are issued in an initial aggregate principal amount of EUR 500,000 and divided into 10 Class A+ Notes, each having an initial principal amount of EUR 50,000,
- (b) Class A Floating Rate Credit Linked Notes (the "**Class A Notes**") which are issued in an

initial aggregate principal amount of EUR 58,500,000 and divided into 585 Class A Notes, each having an initial principal amount of EUR 100,000,

- (c) Class B Floating Rate Credit Linked Notes (the "**Class B Notes**") which are issued in an initial aggregate principal amount of EUR 72,000,000 and divided into 720 Class B Notes, each having an initial principal amount of EUR 100,000,
- (d) Class C Floating Rate Credit Linked Notes (the "**Class C Notes**") which are issued in an initial aggregate principal amount of EUR 45,000,000 and divided into 450 Class C Notes, each having an initial principal amount of EUR 100,000,
- (e) Class D Floating Rate Credit Linked Notes (the "**Class D Notes**") which are issued in an initial aggregate principal amount of EUR 40,500,000 and divided into 405 Class D Notes, each having an initial principal amount of EUR 100,000, and
- (f) Class E Floating Rate Credit Linked Notes (the "**Class E Notes**") which are issued in an initial aggregate principal amount of EUR 65,700,000 and divided into 657 Class E Notes, each having an initial principal amount of EUR 100,000.

Terms used but not defined in these Terms and Conditions have the same meaning as in Appendix A (The Trust Agreement), Appendix B (Reference Pool Provisions) or Appendix C (Servicing Principles) attached hereto, each of which forms an integral part of the Terms and Conditions.

The holders of the Notes are referred to as the "**Noteholders**".

1.2 Global Notes

Each Class of Notes is initially represented by a temporary global bearer note (each a "**Temporary Global Note**") without interest coupons. The Temporary Global Notes shall be exchangeable, as provided in Section 1.3 (Notes – Exchange of Temporary Global Notes) for permanent global bearer notes (each a "**Permanent Global Note**") without interest coupons representing each such Class. Each Permanent Global Note shall be kept in custody by Citibank, N.A., London Branch, 21st Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, or any successor as common depositary (in such capacity, the "**Common Depositary**") for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**"), Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), until all obligations of the Issuer under the Class represented by it have been satisfied. Definitive Notes and interest coupons shall not be issued.

Each Permanent Global Note and each Temporary Global Note is also referred to herein as a "**Global Note**".

1.3 Exchange of Temporary Global Notes

The Temporary Global Notes shall be exchanged for the Permanent Global Notes on a date (the "**Exchange Date**") not earlier than 40 calendar days after the date of issue of the Temporary Global Notes upon delivery by the relevant accountholders (each a "**Euroclear Participant**" or a "**Clearstream, Luxembourg Participant**") of certificates in the form which forms part of the Temporary Global Notes and are available from the Principal Paying Agent for such purpose, to the effect that the beneficial owner or owners of the Notes represented by the relevant Temporary Global Note is not a U.S. person or are not U.S. persons other than certain financial institutions or certain persons holding through such financial institutions. Each Permanent Global Note delivered in exchange for the relevant Temporary Global Note shall be delivered only outside of the United States. "**United States**" means, for the purposes of this Section 1.3,

the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Any exchange of a Temporary Global Note pursuant to this Section 1.3 shall be made free of charge to the Noteholders.

1.4 Execution

Each Global Note is manually signed on behalf of the Issuer.

2. RIGHTS AND OBLIGATIONS UNDER THE NOTES

2.1 Status of the Notes

The Notes constitute direct and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and at least *pari passu* with all other current and future unsubordinated obligations of the Issuer, subject to Loss Allocation, Unjustified Loss Allocation and the Collateral pursuant to Section 3 (Collateral) and the redemption of the Notes in accordance with Section 10.1 (Redemption – Amortisation of the Notes) and Section 10.2 (Redemption – Scheduled Maturity and Legal Maturity), if applicable.

2.2 Obligations under the Notes

The Notes represent obligations of the Issuer only, and do not represent an interest in or obligations of the Lead Manager, the Trustee, any of the Agents, any of the Servicers, the Bank or any of their respective subsidiaries or affiliates or any affiliate of the Issuer or any other third person or entity. Neither the Notes nor the Reference Claims will be insured or guaranteed by any governmental agency or instrumentality or by the Lead Manager, the Trustee, any of the Agents, any of the Servicers, the Bank or any of their respective subsidiaries or affiliates or by any other person or entity except as described herein. Neither the Lead Manager, nor the Trustee, nor any of the Agents, nor any of the Servicers, nor the Bank, nor any of their respective subsidiaries or affiliates, nor any affiliate of the Issuer, nor any other third person or entity, assumes any liability to the Noteholders if the Issuer fails to make a payment due under the Notes.

The payment of principal of and, due to potential principal reductions, interest on the Notes is conditional upon the performance of the Reference Claims as set out in Section 8 (Loss Allocation) and Section 9 (Unjustified Loss Allocation). There is no guarantee that the Noteholders shall receive the full principal amount of the Notes and interest thereon and ultimately the obligations of the Issuer to pay principal under the Notes could even be reduced to EUR 1 per Note as a result of losses incurred in respect of the Reference Claims.

2.3 Limited Recourse

The Issuer's ability to satisfy its payment obligations under the Notes in full is dependent upon its receiving in full the amounts payable to it under the Eurohypo Pfandbriefe and the Issuer Guarantee or the amount of the proceeds resulting from enforcement of the security granted by the Issuer to the Trustee over the Collateral pursuant to the Trust Agreement. If the Trustee enforces the claims under the Notes, such enforcement will be limited to those assets of the Issuer over which the Trustee was granted security. To the extent that such assets, or the proceeds of the realisation thereof, prove ultimately insufficient to satisfy the claims of all Noteholders in full, then any shortfall arising shall be extinguished and neither any Noteholder nor the Trustee shall have any further claims against the Issuer, *provided that* the foregoing shall be without prejudice to any termination or early redemption rights. Such assets and

proceeds shall be deemed to be "ultimately insufficient" at such time when, in the reasonable opinion of the Trustee, no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of the Noteholders, and neither assets nor proceeds will be so available thereafter.

2.4 No Interest in Reference Claims

Neither the Noteholders nor the Issuer shall have any right to or interest in any Reference Claim even in the case that a Realised Loss in respect of such Reference Claim has been allocated to the Notes in accordance with the Loss Allocation.

3. COLLATERAL

3.1 Collateral

The Issuer shall:

- (i) pledge (*verpfänden*) to the Trustee the following securities:
 - (a) EUR 500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series A+ Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A+ Notes,
 - (b) EUR 58,500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series A Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A Notes,
 - (c) EUR 72,000,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series B Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class B Notes,
 - (d) EUR 45,000,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series C Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class C Notes,
 - (e) EUR 40,500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series D Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class D Notes, and
 - (f) EUR 65,700,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series E Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class E Notes;
- (ii) pledge (*verpfänden*) all its present and future claims and rights under the Transaction Documents (other than the Corporate Administration Agreement, the Irish Security Agreement, the Senior Guarantee and the First Pledge Agreement) to the Trustee to secure the Trustee Claim under the Trust Agreement. The Trustee Claim entitles the Trustee to demand that all present and future obligations of the Issuer under the Notes be fulfilled, as set out in Appendix A to the Terms and Conditions; and
- (iii) assign by way of security all its present and future claims, rights, title and interest in and to the corporate administration agreement (the "**Corporate Administration Agreement**") between the Issuer, the Trustee and Structured Finance Management (Ireland) Limited, Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland as

corporate administrator of the Issuer (the "**Corporate Administrator**") dated June 28, 2006 (together with the collateral referred to under (i) above and the claims and rights pledged as set out under (ii) above, the "**Collateral**") to the Trustee as security for the Trustee Claim (*Treuhänderanspruch*) pursuant to an Irish security agreement (the "**Irish Security Agreement**") between the Issuer and the Trustee dated June 30, 2006.

The pledges over the Eurohypo Pfandbriefe will be subject and rank junior to first ranking pledges (*Pfandrecht*) for the benefit of the Bank as security for the obligations of the Issuer under the Issuer Guarantee towards the Bank.

3.2 Collateral, Interest and Principal

Notwithstanding the Collateral, the amount of principal of and, due to potential principal reductions, interest on the Notes may be reduced as a result of Realised Losses incurred with respect to the Reference Claims and only the obligations of the Issuer to pay any amount of principal and interest determined to be due to the Noteholders in accordance with the Terms and Conditions, which may be reduced by such Realised Losses, shall have the benefit of the Collateral.

4. TRUSTEE

4.1 Trust Agreement

For the benefit of the Noteholders and the Senior Guarantee Counterparty, the Issuer has entered into a trust agreement dated June 30, 2006 (the "**Trust Agreement**") with Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Arnulfstrasse 126, 80636 Munich, Germany (the "**Trustee**") and the Bank. The text of the Trust Agreement (excluding the Schedules thereto) is attached as Appendix A to the Terms and Conditions and constitutes an integral part of the Terms and Conditions. The Notes, including the Terms and Conditions, the Trust Agreement, the Cash Administration Agreement, the Transaction Account Agreement, the Corporate Administration Agreement, the Custody Agreement, the Agency Agreement, the Subscription Agreement, the Securities Purchase Agreement, the Issuer Guarantee, the Senior Guarantee, the Irish Security Agreement and the First Pledge Agreement, as amended from time to time, are referred to as the "**Transaction Documents**". The Transaction Documents together with the conclusion and performance of the Transaction Documents as well as all other acts, undertakings and activities connected therewith are referred to as the "**Transaction**".

4.2 Obligation to Maintain a Trustee

As long as any Notes are outstanding the Issuer shall ensure that a trustee is appointed at all times who has undertaken substantially the same functions and obligations as the Trustee pursuant to the Notes, including the Terms and Conditions and the Trust Agreement.

5. REFERENCE POOL

The payment of principal of and, due to potential principal reductions, interest on the Notes is conditional upon the performance of a reference pool of certain claims (the "**Reference Pool**") as set out in Section 8 (Loss Allocation) and Section 9 (Unjustified Loss Allocation). The Reference Pool is constituted in accordance with and must comply with certain requirements and conditions (the "**Reference Pool Provisions**") set out in Appendix B attached to the Terms and Conditions. The Reference Pool Provisions constitute an integral part of the Terms and Conditions.

6. PAYMENTS

6.1 General

Payments in respect of the Notes shall be made by wire transfer of same day funds to, or to the order of, the Principal Paying Agent for on-payment to Euroclear and Clearstream, Luxembourg, as relevant, for credit to the accounts held by the relevant Euroclear Participants and Clearstream, Luxembourg Participants upon due certification as provided in Section 1.3 (Notes – Exchange of Temporary Global Notes) for subsequent transfer to the Noteholders.

6.2 Payments of Interest on Temporary Global Notes

Payments of interest in respect of any Notes represented by a Temporary Global Note shall be made to Euroclear and Clearstream, Luxembourg, as relevant, for credit to the accounts held by the relevant Euroclear Participants and Clearstream, Luxembourg Participants upon due certification as provided in Section 1.3 (Notes – Exchange of Temporary Global Notes) for subsequent transfer to the Noteholders.

6.3 Discharge

All payments in respect of any Note made by or on behalf of the Issuer to Euroclear and Clearstream, Luxembourg, as relevant, shall discharge the liability of the Issuer under such Note to the extent of the sums so paid.

The Issuer and the Principal Paying Agent may call and, except in the case of manifest error, shall be at liberty to accept and place full reliance on as sufficient evidence thereof a certificate or letter of confirmation issued on behalf of any clearing system or any form of record made by any of them to the effect that at any particular time or throughout any particular period any particular person is, was, or will be shown in the records as a Noteholder of a particular Note.

6.4 Business Day

If the date for any payment in respect of any Note is not a Business Day, such payment shall not be made until the next succeeding day which is a Business Day unless it would thereby fall into the next calendar month, in which case the payment shall be made on the immediately preceding Business Day. "**Business Day**" means a day which is a TARGET Settlement Day and a London Business Day. "**TARGET Settlement Day**" means a day on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system) settles payments. "**London Business Day**" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) and foreign exchange markets settle payments in London, United Kingdom, and on which TARGET settles payments.

7. PAYMENTS OF INTEREST

7.1 Accrual Basis

The Note Principal Amount shall bear interest from June 30, 2006 (the "**Issue Date**") until the close of the day (both days inclusive) preceding the day on which such amount has been redeemed in full or reduced to EUR 1 by allocation of Realised Losses pursuant to the Loss Allocation. "**Note Principal Amount**" of any Note means with respect to any date an amount (rounded, if necessary, to the nearest EUR 0.01, with EUR 0.005 being rounded upwards) equal to the initial principal amount of such Note as, on or before such date, (i) reduced by any Realised Losses allocated to such Note, (ii) increased as a result of any Unjustified Loss

Allocation procedure, and (iii) reduced by any amounts paid on such Note in respect of principal. "**Class Principal Amount**" means, with respect to each Class, the aggregate of the Note Principal Amounts of such Class.

7.2 Payment Dates

Without prejudice to Section 13 (Taxes), third paragraph, and Section 11.2 (Early Redemption for Default – Method and Amount), payments of interest on the Notes to the Noteholders shall become due and payable quarterly in arrear, on the 15th calendar day of March, June, September and December of each year, subject to Section 6.4 (Payments – Business Day) (each an "**Payment Date**"). The first Payment Date shall be September 15, 2006.

7.3 Interest Amount

- (i) The amount of interest payable in respect of each Note on any Payment Date (the "**Interest Amount**") shall be calculated by applying the Interest Rate for the relevant Interest Accrual Period to its Deemed Note Principal Amount outstanding as of the immediately preceding Payment Date or the Issue Date (in the case of the first Payment Date), multiplying the result by the actual number of days in the relevant Interest Accrual Period divided by 360 (Actual/360 International Swaps and Derivatives Association, Inc. (ISDA)), and rounding the result to the nearest EUR 0.01 (with EUR 0.005 being rounded upwards).

"**Deemed Note Principal Amount**" of any Note means with respect to any date, the Note Principal Amount of such Note as of such date, as reduced by any Deemed Losses allocated to such Note on the immediately preceding Payment Date or such date, in case such date is a Payment Date.

"**Deemed Loss**" means, with respect to any Reference Claim with respect to which a Credit Event has occurred but the Bank has not yet delivered a notice pursuant to Section 8.3 (Notice to the Trustee), an amount equal to the Outstanding Nominal Amount of such Reference Claim as of the end of the Collection Period during which such Credit Event had occurred.

"**Deemed Recovery**" means, with respect to any Reference Claim with respect to which a Realised Loss is on any Payment Date allocated to any Class of Notes, an amount equal to the excess, if any, of the amount of Deemed Loss with respect to such Reference Claim, over the amount of such Realised Loss.

- (ii) On each Payment Date after any Loss Allocation, increase due to the Unjustified Loss Allocation procedure and any payment of principal on the Notes on such Payment Date, the aggregate amount of any Deemed Losses shall be allocated as follows (the "**Deemed Loss Allocation**"):

first, to reduce the Deemed Threshold Amount,

second, after the Deemed Threshold Amount has been reduced to zero, to reduce equally the Deemed Note Principal Amounts of the Class E Notes,

third, after the Deemed Note Principal Amount of each Class E Note has been reduced to EUR 1 per Note, to reduce equally the Deemed Note Principal Amounts of the Class D Notes,

fourth, after the Deemed Note Principal Amount of each Class D Note has been reduced to EUR 1 per Note, to reduce equally the Deemed Note Principal Amounts

of the Class C Notes,

fifth, after the Deemed Note Principal Amount of each Class C Note has been reduced to EUR 1 per Note, to reduce equally the Deemed Note Principal Amounts of the Class B Notes,

sixth, after the Deemed Note Principal Amount of each Class B Note has been reduced to EUR 1 per Note, to reduce equally the Deemed Note Principal Amounts of the Class A Notes,

seventh, after the Deemed Note Principal Amount of each Class A Note has been reduced to EUR 1 per Note, to reduce equally the Deemed Note Principal Amounts of the Class A+ Notes to EUR 1 per Note, *provided that* only the product of the Deemed Losses and the A+ Reduction Factor shall be allocated to reduce the Deemed Note Principal Amount of the Class A+ Notes on such Payment Date.

"Deemed Threshold Amount" means, in respect of any date, the Outstanding Threshold Amount as of such date, as reduced by any Deemed Losses allocated to the Deemed Threshold Amount on the immediately preceding Payment Date or such date, in case such date is a Payment Date.

- (iii) If on any Payment Date Realised Loss in respect of a Reference Claim is allocated to the Notes and the amount of such Realised Loss is lower than the amount of Deemed Loss (such difference amount, the **"Excess Deemed Loss"**) allocated to the Notes in respect of such Reference Claim, the Issuer shall pay in respect of each Payment Date since the Payment Date on which the Deemed Loss in respect of such Reference Claim was allocated to the Notes until the Payment Date on which such Realised Loss was allocated in respect of the relevant Notes the amount of interest that would have been payable on such Notes but for the allocation of such Excess Deemed Loss at a rate based upon an interpolation of the Interest Rate with respect to such Class of Notes, taking into account the time value of money, as determined in the reasonable discretion of the Bank and verified to be reasonable by the Trustee (such amount of interest, the **"Make-Whole Interest Amount"**).

7.4 Interest Accrual Periods

"Interest Accrual Period" means, in respect of the first Payment Date, the period commencing on (and including) the Issue Date and ending on (but excluding) the first Payment Date and in respect of any subsequent Payment Date, the period commencing on (and including) the immediately preceding Payment Date and ending on (but excluding) such Payment Date.

7.5 Interest Rates

The interest rate payable on the Notes for each Interest Accrual Period (each an **"Interest Rate"**) shall be

in the case of the Class A+ Notes, EURIBOR plus 0.05% per annum,
in the case of the Class A Notes, EURIBOR plus 0.20% per annum,
in the case of the Class B Notes, EURIBOR plus 0.32% per annum,
in the case of the Class C Notes, EURIBOR plus 0.60% per annum,
in the case of the Class D Notes, EURIBOR plus 0.95% per annum, and
in the case of the Class E Notes, EURIBOR plus 3.25% per annum,

"EURIBOR" for each Interest Accrual Period means the rate for deposits in euro for a period of three months (*provided that* with respect to the first Interest Accrual Period, such rate shall

be interpolated between 2 and 3 months and *provided further that* with respect to the Interest Accrual Period preceding the Legal Maturity Date, any Final Redemption Date or any date of final redemption pursuant to Section 11.2(b), such rate shall be with respect to a period of four months) which appears on Moneyline Telerate Page 248 of the Associated Press-Dow Jones Telerate Service (or such other page as may replace such page on that service for the purpose of displaying Brussels interbank offered rate quotations of major banks) as of 11:00 a.m. (Brussels time) on the second TARGET Settlement Day immediately preceding the commencement of such Interest Accrual Period (each a "**EURIBOR Determination Date**"), all as determined by the Principal Paying Agent.

If Moneyline Telerate Page 248 is not available or if no such quotation appears thereon, in each case, as at such time, the Principal Paying Agent shall request the principal Euro-zone office of the Reference Banks selected by it to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for three-month deposits in euro at approximately 11:00 a.m. (Brussels time) on the relevant EURIBOR Determination Date to prime banks in the Euro-zone inter-bank market for the relevant Interest Accrual Period and in an amount that is representative for a single transaction in that market at that time. If two or more of the selected Reference Banks provide the Principal Paying Agent with such offered quotations, EURIBOR for such Interest Accrual Period shall be the arithmetic mean of such offered quotations (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards). If on the relevant EURIBOR Determination Date fewer than two of the selected Reference Banks provide the Principal Paying Agent with such offered quotations, EURIBOR for such Interest Accrual Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the rates communicated to (and at the request of) the Principal Paying Agent by major banks in the Euro-zone, selected by the Principal Paying Agent, at approximately 11:00 a.m. (Brussels time) on such EURIBOR Determination Date for loans in euro to leading European banks for such Interest Accrual Period and in an amount that is representative for a single transaction in that market at that time. "**Reference Banks**" means four major banks in the Euro-zone inter-bank market. "**Euro-zone**" means the region comprising member states of the European Union that have adopted the single currency, the euro, in accordance with the EC Treaty. "**EC Treaty**" means the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended from time to time, including by the Treaty on European Union (signed in Maastricht on February 7, 1992).

In the event that the Principal Paying Agent is on any EURIBOR Determination Date required but unable to determine EURIBOR for the relevant Interest Accrual Period in accordance with the above, EURIBOR for such Interest Accrual Period shall be the EURIBOR as determined on the previous EURIBOR Determination Date.

This Section 7 shall be without prejudice to the application of any higher interest under applicable mandatory law.

7.6 DETERMINATIONS; NOTIFICATIONS

On each EURIBOR Determination Date the Interest Amount, the aggregate of the Interest Amounts for all Notes of each Class and the Interest Rates in each case for the immediately following Interest Accrual Period shall be determined by the Principal Paying Agent and notified, together with the Payment Date immediately following such Interest Accrual Period, by the Principal Paying Agent to the Irish Paying Agent and the Irish Stock Exchange not later than on the first day of such Interest Accrual Period.

8. LOSS ALLOCATION

8.1 Order and Conditions

On each Payment Date the aggregate amount of any Realised Losses shall be allocated as follows (the "**Loss Allocation**"):

first, to reduce the Outstanding Threshold Amount,

second, after the Outstanding Threshold Amount has been reduced to zero, to reduce equally the Note Principal Amounts of the Class E Notes,

third, after the Note Principal Amount of each Class E Note has been reduced to EUR 1 per Note, to reduce equally the Note Principal Amounts of the Class D Notes,

fourth, after the Note Principal Amount of each Class D Note has been reduced to EUR 1 per Note, to reduce equally the Note Principal Amounts of the Class C Notes,

fifth, after the Note Principal Amount of each Class C Note has been reduced to EUR 1 per Note, to reduce equally the Note Principal Amounts of the Class B Notes,

sixth, after the Note Principal Amount of each Class B Note has been reduced to EUR 1 per Note, to reduce equally the Note Principal Amounts of the Class A Notes,

seventh, after the Note Principal Amount of each Class A Note has been reduced to EUR 1 per Note, to reduce equally the Note Principal Amounts of the Class A+ Notes to EUR 1 per Note, *provided that* only the product of the Realised Losses and the A+ Reduction Factor shall be allocated to reduce the Class Principal Amount of the Class A+ Notes on such Payment Date, whereby "**A+ Reduction Factor**" means 500,000 divided by 4,126,500,000;

provided that (i) the Bank has duly notified the Trustee pursuant to Section 8.3 (Loss Allocation – Notice to Trustee) and (ii) such Loss Allocation shall be made in accordance with the terms of the Trustee's confirmation pursuant to Clause 10.4(b) of the Trust Agreement. Realised Losses may not be allocated pursuant to the Loss Allocation if and for as long as the Issuer or, failing the Issuer pursuant to Clause 26.4 of the Trust Agreement, the Bank is in breach of its obligation to maintain a trustee pursuant to Section 4 (Trustee) of the Terms and Conditions or any condition for the Loss Allocation which is to be fulfilled by the Bank is not complied with or the Bank or the Issuer is in breach of its obligations under the Trust Agreement and such breach of or non-compliance with the Trust Agreement may affect the exercise of the Trustee's rights and obligations under the Trust Agreement to the detriment of the Transaction Creditors, *provided that* such Realised Losses may be allocated pursuant to the Loss Allocation once such breach has been remedied but only to the extent that such breach has not resulted in or increased any such Realised Loss, and *provided further that*, if it can be established to the satisfaction of the Trustee that any such breach of the Trust Agreement adversely affects one or more Reference Claims only (including a breach of reporting requirements in respect of a portion of Reference Claims), the Loss Allocation in respect of all other Reference Claims shall not be affected by such breach.

Reference Claims in respect of which any of the Eligibility Criteria, Replenishment Conditions, Servicing Standards or, if relevant, requirements for transfer of such Reference Claim pursuant to Provision 8 (Transfers) of the Reference Pool Provisions is not complied with shall not qualify for allocation of Realised Losses pursuant to the Loss Allocation, subject to certain limited exceptions, as set out in Provision 9 (Non-compliance) of the Reference Pool Provisions.

The allocation of Realised Losses to any Note shall not be affected by the invalidity or unenforceability of any other Note ranking equal or junior to such Note for the purposes of the Loss Allocation. If any Note remains outstanding after any other Note, ranking equal or junior to such outstanding Note for the purposes of the Loss Allocation, has, for any reason, been redeemed, other than in accordance with the Terms and Conditions, in full or in part (as opposed to any reduction of the principal amount by the Loss Allocation), each such redeemed Note shall be deemed to remain outstanding for the purposes of the Loss Allocation in respect of such Note.

"Realised Loss" means, with respect to a Liquidated Reference Claim,

- (a) which is a EUR Reference Claim, the Outstanding Nominal Amount of such Liquidated Reference Claim, the Accrued Interest on such Liquidated Reference Claim and the related Enforcement Costs, each as of the end of the Collection Period during which it became a Liquidated Reference Claim, or
- (b) which is a Non-EUR Reference Claim, the Outstanding EUR Equivalent Amount of such Liquidated Reference Claim, the Accrued Interest on such Liquidated Reference Claim and the related Enforcement Costs, each as of the end of the Collection Period during which it became a Liquidated Reference Claim,

in each case of (a) and (b), not otherwise recovered from Collections (including any net enforcement proceeds) as allocated pursuant to Provision 4 (Allocation of Payments and Enforcement Proceeds) of the Reference Pool Provisions. For the avoidance of doubt, Realised Losses shall include or (where there are no other losses with respect to such Liquidated Reference Claim) consist entirely of any amount of principal foregone after the Cut-off Date or the Replenishment Date, as relevant, as part of payment rescheduling or debt restructuring of such Reference Claim in accordance with the Servicing Standards (but without prejudice to Provision 9 (Non-compliance) of the Reference Pool Provisions).

For the avoidance of doubt, the Realised Loss shall not include any undrawn portion of a Contingent Reference Claim remaining as of the end of the Collection Period during which such Reference Claim became a Liquidated Reference Claim.

"EUR Reference Claim" means a Reference Claim which is denominated in euro.

"Non-EUR Reference Claim" means a Reference Claim which is denominated in a currency other than euro.

"Outstanding Nominal Amount" means,

- (a) with respect to a Reference Claim that is not a Contingent Reference Claim, the initial principal amount of such Reference Claim as of the Cut-off Date or the Replenishment Date on which it was added to the Reference Pool, as reduced by the Collections in respect of such Reference Claim, and in the case of a Non-EUR Reference Claim, such amount as converted into euro at the related Exchange Rate (such amount with respect to a Non-EUR Reference Claim, the **"Outstanding EUR Equivalent Amount"**), and
- (b) with respect to a Contingent Reference Claim that is (i) not a Defaulted Reference Claim or Liquidated Reference Claim, the sum of the Drawn Amount and the Undrawn Amount of such Reference Claim, in the case of a Non-EUR Reference Claim, the Outstanding EUR Equivalent Amount of such sum, and (ii) that is a Defaulted Reference Claim or Liquidated Reference Claim, the Drawn Amount of such Reference Claim, in the case of a Non-EUR Reference Claim, the Outstanding EUR Equivalent Amount thereof,

provided that, in each case, any amount of principal foregone as part of payment rescheduling

or debt restructuring of such Reference Claim in accordance with the Servicing Standards (but without prejudice to Provision 9 (Non-compliance) of the Reference Pool Provisions) shall be deemed not to reduce the Outstanding Nominal Amount of such Reference Claim and if after any forgiveness of principal the remaining principal amount of such Reference Claim has been satisfied in full, such Reference Claim shall be deemed to exist in an amount equal to the amount of principal foregone in respect of such Reference Claim. For the avoidance of doubt, any Collections received with respect to a Non-EUR Reference Claim will not be converted into euro and will reduce directly the outstanding principal amount of such Reference Claim pursuant to the underlying Reference Loan documentation, Reference Facility documentation or Reference Guarantee documentation, as applicable.

"Drawn Amount" means, as of any date with respect to a Contingent Reference Claim, the aggregate outstanding principal amounts of all drawings made until such date, as reduced by the sum of Collections received until such date, *provided that* the Drawn Amount of a Contingent Reference Claim shall not at any time exceed the initial Outstanding Nominal Amount of such Contingent Reference Claim, as specified in the initial Reference Claim List or the related Replenishment Report, if such Contingent Reference Claim was included into the Reference Pool through Replenishment, as applicable.

"Undrawn Amount" means, with respect to a Contingent Reference Claim at any time, the amount equal to the excess of (i)(a) the initial Outstanding Nominal Amount of such Contingent Reference Claim as specified in the initial Reference Claim List or the related Replenishment Report, if such Contingent Reference Claim was included into the Reference Pool through Replenishment, as applicable, or (b) if such initial Outstanding Nominal Amount has been reduced by repayments under a Reference Guarantee underlying such Contingent Reference Claim, such reduced Outstanding Nominal Amount, over (ii) the Drawn Amount of such Contingent Reference Claim as of such date.

"Accrued Interest" means, with respect to a Reference Claim, unpaid interest at the Contractual Rate of Interest or any applicable contractual or statutory default interest accrued, including, for the avoidance of doubt, any capitalised interest (if any), *provided that* in connection with payment rescheduling or debt restructuring of a Reference Claim in accordance with the Servicing Standards (i) interest on any amount of principal foregone as part thereof shall be deemed to accrue as if such amount had not been forgiven and (ii) any amount of interest foregone as part thereof shall be included in the Accrued Interest with respect to such Reference Claim, and *provided further that* for the purpose of the determination of Realised Loss, in the case of a Non-EUR Reference Claim, Accrued Interest shall mean such unpaid interest or such contractual or statutory default interest accrued as converted into euro at the related Exchange Rate.

"Contractual Rate of Interest" means the rate of interest applicable to a Reference Claim under the relevant Reference Loan agreement.

"Enforcement Costs" means in relation to a Reference Claim all reasonable fees, disbursements, costs and expenses (excluding internal costs and expenses of the Bank and the Servicer) payable or incurred in connection with the enforcement of such Reference Claim, including foreclosure on the related Reference Collateral, *provided that* for the purpose of the determination of Realised Loss, in the case of a Non-EUR Reference Claim, Enforcement Costs shall mean such reasonable fees, disbursements, costs and expenses as converted into euro at the related Exchange Rate.

"Collections" means, with respect to a Reference Claim, all payments (including prepayments and enforcement proceeds) allocable to the principal amount of such Reference Claim pursuant to Provision 4 (Allocation of Payments and Enforcement Proceeds) of the Reference Pool Provisions, and any other reductions of the principal amount, including by way of set-off, of

such Reference Claim, *provided that* each direct debit (the "**Direct Debit**") (*Lastschriftinzugsverfahren*) shall constitute a Collection at the time it is made, *provided that* if such Direct Debit is claimed back (*Lastschriftrückbelastung*) thereafter, (i) it shall cease to constitute a Collection and the Outstanding Nominal Amount of the relevant Reference Claim shall be reincreased by the amount claimed back (the "**Direct Debit Increase**" and the amount so claimed back, the "**Direct Debit Increase Amount**") or (ii) if the Direct Debit Increase occurs in a Collection Period other than the Collection Period in which the Direct Debit occurred, such Direct Debit Increase Amount shall be deducted from the aggregate Collections obtained since the beginning of the Collection Period in which the relevant Direct Debit Increase occurred. If as a result of a Direct Debit Increase the Aggregate Principal Balance would exceed the Replenishment Cap, the Reference Claims added to the Reference Pool pursuant to Provision 6 (Replenishment) of the Reference Pool Provisions after such Direct Debit has been made shall be removed (in whole or in part) in the reverse chronological order from the Reference Pool, *provided that* if only some but not all of the Reference Claims added to the Reference Pool at the same time need to be so removed, the Bank may, at its sole discretion, choose among such Reference Claims the Reference Claims (or portion thereof) to be removed.

"**Collection Period**" means with respect to the first Payment Date, the period from the Cut-off Date until the 15th calendar day of the calendar month preceding the month in which the first Payment Date occurs (both days inclusive) and with respect to any subsequent Payment Date, the period from the calendar day immediately following the last day of the previous Collection Period until the 15th calendar day of the calendar month immediately preceding the month in which the relevant Payment Date occurs (both days inclusive) and "**Related Collection Period**" means, in connection with a Payment Date or a Determination Date, the Collection Period immediately preceding such Payment Date or Determination Date.

"**Outstanding Threshold Amount**" means, in respect of any date, EUR 91,800,000 (i) as reduced on or before such date by any Realised Losses allocated to the Outstanding Threshold Amount pursuant to this Section 8.1 and (ii) as increased on or before such date as a result of the Unjustified Loss Allocation procedure.

"**Determination Date**" means the 10th Business Day following the end of the Related Collection Period and "**Relevant Determination Date**" means the Determination Date immediately following a given Collection Period.

"**Liquidated Reference Claim**" means a Reference Claim:

- (i) in respect of which a Credit Event had occurred and was not remedied before a Credit Event Notice has been given pursuant to (ii) below,
- (ii) in respect of which a Credit Event Notice has been given regarding such Credit Event, and
- (iii) in respect of which the Bank has notified the Trustee as set out in Section 8.3 (Loss Allocation – Notice to Trustee).

"**Defaulted Reference Claim**" means a Reference Claim, other than a Liquidated Reference Claim:

- (i) in respect of which a Credit Event had occurred and was not remedied before a Credit Event Notice has been given pursuant to (ii) below, and
- (ii) in respect of which a Credit Event Notice has been given regarding such Credit Event.

"Credit Event" means with respect to a Reference Claim the occurrence, after the Issue Date, of (i) Bankruptcy or (ii) Failure to Pay. Without prejudice to the Eligibility Criteria and Replenishment Conditions, the occurrence of Bankruptcy or Failure to Pay will constitute a Credit Event whether or not such occurrence arises directly or indirectly from (a) any lack or alleged lack of authority or capacity of a Debtor to enter into any Reference Loan, Reference Facility or Reference Guarantee, as applicable, underlying a Reference Claim and (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Reference Claim, however described. For the avoidance of doubt, in the case of a Contingent Reference Claim, Bankruptcy constitutes a Credit Event only if the relevant Drawn Amount is an amount greater than zero. For the further avoidance of doubt, with regard to any Reference Guarantee, such Bankruptcy shall constitute a Credit Event regardless of whether such Drawn Amount is made prior to or following such Bankruptcy.

"Bankruptcy" means the Debtor: (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it proceedings seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceedings or petition (i) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained, in each case, within 30 calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case, within 30 calendar days thereafter; (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified under clauses (a) to (g) (inclusive); or (i) takes any formal action in indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"Failure to Pay" means, with respect to a Reference Claim, that a due payment in an aggregate amount of not less than EUR 1,000,000, or, if lower, not less than 10% of the Outstanding Nominal Amount of such Reference Claim, has not been made when due within 90 calendar days from the relevant due date (after giving effect to any grace period applicable on the Issue Date or the Replenishment Date on which such Reference Claim was added to the Reference Pool, as relevant, but irrespective of any extension thereof after the Issue Date or the relevant Replenishment Date, as the case may be), *provided that* a payment of any amount shall be deemed to have been made if the related payment obligation of the Debtor pursuant to the underlying Reference Loan, Reference Facility or Reference Guarantee has been fully satisfied in such amount, *provided further that* any failure to pay a guarantee fee pursuant to the underlying Reference Guarantee shall not constitute a Failure to Pay.

"Credit Event Notice" means an irrevocable notice by the Bank to the Trustee, in a form agreed between the Bank and the Trustee, that a Credit Event has occurred and was not remedied. A Credit Event Notice must be given by the Bank as soon as practicable, but not later than 120 calendar days, after the Bank or the Servicer (if different) has become aware of the occurrence of the Credit Event, and, where relevant, must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred and specify the date when the Credit Event occurred and the Reference Claim in respect of which the Credit

Event occurred. A Credit Event Notice may be delivered between 9:00 a.m. and 4:00 p.m. (London time) on any Business Day by mail, facsimile or e-mail in accordance with the Trust Agreement. If a Credit Event Notice is delivered to the Trustee after 4:00 p.m. (London time) on a Business Day or on a day which is not a Business Day, such Credit Event Notice shall be deemed delivered on the immediately following Business Day.

"**Aggregate Principal Balance**" means the aggregate Outstanding Nominal Amount of all Reference Claims including (A) the Outstanding Nominal Amount of any Reference Claim which is either a Defaulted Reference Claim or a Liquidated Reference Claim and (B) the Outstanding Nominal Amount of Reference Claims added to the Reference Pool pursuant to Provision 6 (Replenishment) of the Reference Pool Provisions, but, for the avoidance of doubt, excluding the Outstanding Nominal Amounts of any Reference Claims removed from the Reference Pool pursuant to Provision 8 (Transfers), Provision 9 (Non-compliance) or Provision 6.2 (Substitution) of the Reference Pool Provisions.

8.2 Determinations

Any Realised Losses in respect of a Collection Period and their allocation on the related Payment Date shall be determined in accordance with these Terms and Conditions by the Bank.

The Trustee is obliged under the Trust Agreement duly to protect the interests of the Transaction Creditors subject to and in accordance with Clause 2.1. of the Trust Agreement.

8.3 Notice to Trustee

It is a condition for the Loss Allocation under the Trust Agreement that the Bank gives notice to the Trustee in writing including (i) a statement to the effect that all amounts expected to be recovered in respect of any Defaulted Reference Claim and allocable to its principal amount, and the Accrued Interest in respect thereof, have been received by the Bank, (ii) the time when the last such amount was received and (iii) the amount of the Realised Losses with respect to such Defaulted Reference Claim.

9. UNJUSTIFIED LOSS ALLOCATION

9.1 Reversal of Realised Loss

On the Payment Date following the determination of an Unjustified Loss Allocation:

- (i) the amount of such Unjustified Loss Allocation shall be allocated to reverse previous Loss Allocations in an order which is the reverse of the order of the Loss Allocation set forth in Section 8.1 (Loss Allocation – Order and Conditions). Accordingly, the amount of such Unjustified Loss Allocation shall be allocated, in such reverse order, to increase equally each Note Principal Amount of the relevant Class or Classes of Notes, *provided that*, only the product of the A+ Reduction Factor and the amount of such Unjustified Loss Allocation allocable to the Class A+ Notes shall be allocated; and
- (ii) the Issuer shall, in respect of each Payment Date since the Payment Date on which the Unjustified Loss Allocation was made, pay the amount of interest which would have been payable on any Class of Notes on such Payment Date if such Unjustified Loss Allocation had not occurred, increased in each case by default interest at a rate of 2% per annum on the amount by which the Note Principal Amounts of each relevant Class of Notes are increased in accordance with Section 9.1(i) above as a result of such Unjustified Loss Allocation.

Noteholders shall have no rights with respect to an Unjustified Loss Allocation after the final

redemption of their Notes.

"Unjustified Loss Allocation" means any Loss Allocation or any part thereof which was not made in compliance with Section 8 (Loss Allocation).

9.2 Collections

For the avoidance of doubt, any payment or other reduction of the principal amount (in accordance with Provision 4 (Allocation of Payments and Enforcement Proceeds) of the Reference Pool Provisions) of a Reference Claim for which an Unjustified Loss Allocation has been determined shall constitute a Collection on such Reference Claim.

9.3 Determinations

Unjustified Loss Allocation for a given Collection Period, if any, shall be determined and the re-instatement of the Note Principal Amount of any Note and/or the Outstanding Threshold Amount shall be calculated by the Bank in accordance with the Trust Agreement not later than on the Relevant Determination Date.

10. REDEMPTION

10.1 Amortisation of the Notes

On each Payment Date following the occurrence of the Replenishment Termination Event (as defined in Provision 6.1 (Replenishment) of the Reference Pool Provisions) and on or prior to the end of the Replenishment Period, the Notes shall be redeemed in an amount equal to the Excess Amount as follows:

- (i) the Class A+ Notes shall be redeemed up to an amount or in an amount, as applicable, equal to the product of the Excess Amount and the A+ Reduction Factor;
- (ii) after the Class A+ Notes have been redeemed in full, the Class A, the Class B, the Class C, the Class D and then the Class E Notes, in this order sequentially, shall be redeemed up to an amount or in an amount, as applicable, in aggregate equal to the Excess Amount,

provided that the redemption amount allocated to each Class of Notes (including for the purposes of the definition of Excess Amount) will be, in each case, calculated (a) after the reduction of the Class Principal Amount(s) and/or the Outstanding Threshold Amount by allocation of Realised Losses, if any, and (b) the increase of the Class Principal Amount(s) and/or the Outstanding Threshold Amount as a result of the Unjustified Loss Allocation procedure, if any, in each case, on the relevant Payment Date pursuant to Section 8 (Loss Allocation) and Section 9 (Unjustified Loss Allocation), respectively.

"Excess Amount" means, in respect of each Payment Date, the excess, if any, of (A) the Outstanding Threshold Amount together with the aggregate of the Class Principal Amounts of all Classes of Notes (multiplied in the case of the Class A+ Notes by the A+ Increase Factor) as of the day immediately preceding such Payment Date, as reduced by allocation of Realised Losses pursuant to Section 8 (Loss Allocation), if any, and increased as a result of allocation of Unjustified Loss Allocation pursuant to Section 9 (Unjustified Loss Allocation), if any, in each case, on such Payment Date, divided, in the case of Class A+ Notes, by the A+ Reduction Factor, over (B) the aggregate Outstanding Nominal Amounts of all Reference Claims other than Liquidated Reference Claims in respect of which Realised Losses have been allocated prior or will be allocated on such Payment Date pursuant to Loss Allocation (and, for the avoidance of doubt, excluding any Reference Claims removed from the Reference Pool prior to or on such Payment Date pursuant to Provision 8 (Transfers), Provision 9 (Non-compliance)

and/or Provision 6.2 (Substitution) of the Reference Pool Provisions, but including any Reference Claims added to the Reference Pool prior to such Payment Date pursuant to Provision 6 (Replenishment) of the Reference Pool Provisions) as of the end of the Collection Period immediately preceding such Payment Date, *provided that* if the Excess Amount, multiplied in the case of (i) above by the A+ Reduction Factor, exceeds the Class Principal Amount of the relevant Class of Notes (such excess amount, the "**Class Excess**"), (x) such Class shall be redeemed only in the amount of such Class Principal Amount and (y) the Class Excess, divided, if such Class Excess results from the application of (i) above, by the A+ Reduction Factor, shall constitute the "Excess Amount" for the purposes of calculating the redemption amount for the Class of Notes next to be redeemed pursuant to the order set out in (i) and (ii) above.

10.2 Scheduled Maturity and Legal Maturity

The Notes shall be redeemed on the Payment Date falling in June 2016 (the "**Scheduled Maturity Date**") at their Note Principal Amount as of the Scheduled Maturity Date. If any Reference Claims (other than Liquidated Reference Claims or Non-qualifying Reference Claims) are overdue and outstanding or in respect of which Bankruptcy has occurred (each an "**Overdue Reference Claim**", which term shall include for the avoidance of doubt, any Defaulted Reference Claim) as of the end of the Collection Period immediately preceding the Scheduled Maturity Date, and the aggregate of the Outstanding Nominal Amounts of such Overdue Reference Claims exceeds the Outstanding Threshold Amount as of the Scheduled Maturity Date, then the redemption of the Notes shall be subject to the following:

- (a) the redemption of those Notes, to which the Outstanding Nominal Amount of each Overdue Reference Claim as of the end of the Collection Period immediately preceding the Scheduled Maturity Date would be allocated pursuant to the Loss Allocation if such amounts were Realised Losses, shall be deferred so that the aggregate of the Note Principal Amounts of such Notes (multiplied in the case of Class A+ Notes by the A+ Increase Factor) immediately after the Scheduled Maturity Date is in an amount equal to the aggregate of the Outstanding Nominal Amounts of such Overdue Reference Claims as of the end of the Collection Period immediately preceding the Scheduled Maturity Date minus the Outstanding Threshold Amount as of the Scheduled Maturity Date; and
- (b) the Issuer shall procure that Appraised Losses in respect of all Overdue Reference Claims as of the Termination Date are determined within 120 calendar days of the Scheduled Maturity Date. Each such Appraised Loss shall constitute a Realised Loss to be allocated pursuant to the Loss Allocation. On the Legal Maturity Date: (A) each such Realised Loss shall be allocated pursuant to the Loss Allocation, and (B) the Issuer shall redeem the remaining outstanding Notes at the then outstanding Note Principal Amounts following such Loss Allocation and (C) the Issuer shall pay accrued interest on each Note in respect of the Note Principal Amount outstanding as of the Scheduled Maturity Date for the period commencing on (and including) the Scheduled Maturity Date and ending on (but excluding) the Legal Maturity Date,

provided that the Legal Maturity Date shall be the only Payment Date that shall occur as from the Scheduled Maturity Date.

"**A+ Increase Factor**" means 1 divided by the A+ Reduction Factor.

"**Appraised Loss**" means, with respect to any Reference Claim, the excess of (A) the Outstanding Nominal Amount and the Accrued Interest in respect of such Reference Claim at any time over (B) its Appraised Value at such time.

"**Appraised Value**" means, with respect to a Reference Claim, the aggregate amount of the expected future recoveries allocable to such Reference Claim (including, for the avoidance of doubt, to the Accrued Interest) in accordance with the Reference Pool Provisions and the Servicing Standards, determined by an independent expert appointed for this purpose by the Trustee in accordance with the Trust Agreement.

"**Legal Maturity Date**" means October 13, 2016.

11. EARLY REDEMPTION FOR DEFAULT

11.1 Default Events

Each Noteholder may declare due the Notes held by it by delivery of a written notice to the Issuer with a copy to the Trustee if a Default Event with respect to any Note held by it occurred, *provided that* the right to declare the Notes due in respect of any Default Event shall cease to exist if such Default Event has been cured before the right is exercised;

"**Default Event**" means any of the following:

- (i) the Issuer fails to make any payment due to be made under the Notes within 30 Business Days from the relevant due date,
- (ii) the Issuer or its assets become subject to bankruptcy, examinership, insolvency, moratorium or similar proceedings, which affect or prejudice the performance of obligations under the Notes, or there is a refusal to institute such proceedings for lack of assets, or
- (iii) the expiration of the 30th Business Day (the "**Trustee Resignation Effective Date**") following the delivery of a notice (the "**Trustee Resignation Notice**") by the Trustee to the Noteholders pursuant to Section 15 (Form of Notices) that it will resign as Trustee pursuant to the Trust Agreement for good cause (*aus wichtigem Grund*) unless a notice to the Noteholders pursuant to Section 15 (Form of Notices) has been given on or before the 28th Business Day following the delivery of the Trustee Resignation Notice that the cause for such resignation has been remedied to the Trustee's satisfaction or a successor trustee has been appointed in accordance with the Trust Agreement.

11.2 Method and Amount

In the event that any Noteholder exercises its right pursuant to Section 11.1 (Early Redemption for Default – Default Events) the Issuer shall (i) redeem all of the Notes (but not some only) within 10 Business Days following the Termination Date in the amount equal to the Note Principal Amounts as of the Termination Date as reduced by Realised Losses to be determined and allocated pursuant to the Loss Allocation as of the Termination Date and as increased as a result of the Unjustified Loss Allocation procedure as if such date were a Payment Date (with the Related Collection Period ending on the Termination Date) and (ii) pay accrued interest on each Note, (x) for the period commencing on (and including) the Payment Date immediately preceding the Termination Date and ending on (but excluding) the Termination Date in respect of the Note Principal Amount outstanding as of such Payment Date and (y) for the period commencing on (and including) the Termination Date and ending on (but excluding) the date on which all, or in the case of (a) below some, of the Notes are redeemed pursuant to (i) above (such date, the "**Termination Redemption Date**"), in respect of the Note Principal Amount outstanding as of the Termination Date (as reduced by Realised Losses allocated pursuant to (i) above); *provided that*, if the aggregate of the Outstanding Nominal Amounts of all Defaulted Reference Claims as of the Termination Date exceeds the Outstanding Threshold Amount as of

the Termination Date, then the obligation of the Issuer to redeem the Notes shall, if the Issuer so elects, be subject to the following:

- (a) the redemption of those Notes, to which the Outstanding Nominal Amounts of such Defaulted Reference Claims as of the Termination Date would be allocated pursuant to the Loss Allocation if such amounts were Realised Losses, shall be deferred so that the aggregate of the Note Principal Amounts of such Notes (multiplied in the case of the Class A+ Notes by the A+ Increase Factor) immediately after the Termination Date is in an amount equal to the aggregate of the Outstanding Nominal Amounts of such Defaulted Reference Claims as of the Termination Date minus the Outstanding Threshold Amount as of the Termination Date; and
- (b) the Issuer shall procure that Appraised Losses in respect of all Defaulted Reference Claims as of the Termination Date are determined within 120 calendar days of the Termination Date. Each such Appraised Loss shall constitute a Realised Loss to be allocated pursuant to the Loss Allocation. Not later than on the fifth Business Day following the expiry of such 120 calendar day period: (A) each such Realised Loss shall be allocated pursuant to the Loss Allocation, and (B) the Issuer shall redeem the remaining outstanding Notes at the then outstanding Note Principal Amounts following such Loss Allocation and (C) the Issuer shall pay accrued interest on each Note in respect of the Note Principal Amount outstanding as of the Termination Redemption Date for the period commencing on (and including) the Termination Redemption Date and ending on (but excluding) the date of redemption pursuant to (B) above,

provided that, for the purpose of this Section 11.2, such date of redemption pursuant to (b)(B) above shall be the only Payment Date that shall occur as from the Termination Date.

"Termination Date" means the date on which the first early redemption notice from a Noteholder pursuant to Section 11.1 (Early Redemption for Default – Default Events) is received by the Issuer.

12. EARLY REDEMPTION BY THE ISSUER

12.1 Issuer Guarantee Termination

The Issuer shall redeem the Notes (the "**Early Redemption**") on the date on which the Issuer Guarantee Termination occurs, in each case, at the then current Note Principal Amount as of the relevant Payment Date (the "**Early Redemption Date**") in accordance with, (i) in respect of paragraph (A) of the definition of Issuer Guarantee Termination, the provisions of Section 10.2 (Redemption – Scheduled Maturity and Legal Maturity), except that references to the Scheduled Maturity Date shall be deemed to be references to the Early Redemption Date and references to the Legal Maturity Date shall be deemed to be references to the Final Redemption Date for the purpose of this Section 12.1(i), or (ii) in respect of paragraph (B) of the definition of Issuer Guarantee Termination Section 11.2 (Early Redemption for Default – Method and Amount), except that (a) the redemption pursuant to Section 11.2 shall be made on the Early Redemption Date, and (b) references to the Termination Date shall be deemed to be references to the Early Redemption Date for the purpose of this Section 12.1(ii).

"Issuer Guarantee Termination" occurs on the Payment Date:

- (A) as of which the Issuer Guarantee is terminated by the Bank at its option (i) following the Collection Period during which a Regulatory Event occurred, or (ii) following the Collection Period during which the aggregate Outstanding Nominal Amount of the Reference Claims has been reduced to 10% of the Replenishment Cap, or (iii) falling in or after June 15, 2011; or

- (B) immediately following the Collection Period during which the termination of the Issuer Guarantee occurred because of the occurrence of an Issuer Event of Default.

"Regulatory Event" means any enactment or establishment of or supplement or amendment to, or change in, (A) the laws of the Federal Republic of Germany or Ireland, or an official communication of previously not existing or not publicly available official interpretation of such laws or a change in the official interpretation, implementation or application of such laws, or (B) any accord, standard or recommendation of the Basel Committee on Banking Supervision or an official communication of previously not existing or not publicly available official interpretation of any such accord, standard or recommendation, or a change in the official interpretation, implementation or application of any such accord, standard or recommendation, in each case, that becomes effective on or after the Issue Date, as a result of which, in the determination of the Bank, subject to the professional judgement of the Trustee, for reasons outside their control, and after taking reasonable measures (such measures not involving any material additional payment by, or capital or other expenses for, the Bank or the Issuer), (i) the Bank would be materially restricted from complying with the conditions for the Loss Allocation and/or the Bank and/or the Issuer would be materially restricted from performing any of their obligations under any of the Notes, the Issuer Guarantee, the Senior Guarantee and/or the Trust Agreement, (ii) either by a voluntary submission or by applicable law, the Bank would be subject to less favourable capital adequacy treatment with respect to the Transaction, the Reference Claims (taking into account any capital relief from the Notes, the Issuer Guarantee or the Senior Guarantee) and/or the amount of regulatory capital freed up in respect of any Reference Claim, including as a result of a reduction of the risk weighting factor for such Reference Claim, and/or the costs of obtaining capital relief from the Notes, the Issuer Guarantee or the Senior Guarantee are increased, in each case by comparison to the situation that existed on the Issue Date immediately after the issue of the Notes or (iii) the Bank and/or the Issuer would be required to pay any additional amounts on account of taxes resulting from a change in the Issuer's status for Irish tax purposes and/or to make any tax withholding or deduction in respect of any payments on the Notes, the Eurohypo Pfandbriefe, the Issuer Guarantee, the Senior Guarantee or any other agreement relating to the Transaction. For the avoidance of doubt, the occurrence of a Regulatory Event shall not be excluded by the fact that, prior to the Issue Date (a) the event constituting such Regulatory Event was announced or contained in any proposal for a change in the official interpretation, implementation or application of the laws of the Federal Republic of Germany or Ireland or any accord, standard or recommendation of the Basel Committee on Banking Supervision (including any document or other communication in draft form) or expressed in any statement by any official of the competent authority in expert meetings or other discussions in connection with such change or (b) the competent authority has taken any decision or expressed any view with respect to any individual transaction other than the Transaction. Accordingly, such proposals, statements, decisions or views shall not be taken into account when assessing the capital adequacy treatment to which the Bank is subject on the Issue Date immediately after the issue of the Notes.

"Issuer Event of Default" means that the Issuer Guarantee Bankruptcy occurs in respect of the Issuer.

"Issuer Guarantee Bankruptcy" means that a party to the Issuer Guarantee: (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgement of insolvency or bankruptcy or the

entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, examiner, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive).

"Final Redemption Date" means the 120th calendar day following the Early Redemption Date.

12.2 Bank Event of Default

In the event that the termination of the Issuer Guarantee occurs as a result of a Bank Event of Default, the Issuer shall redeem all of the Notes (but not some only) in accordance with the provisions of Section 11.2 (Early Redemption for Default – Method and Amount), except that references to the Termination Date shall be deemed to be references to the Bank Default Termination Date for the purpose of this Section 12.2.

"Bank Event of Default" means (i) the Bank defaults in the payment of any amount due under the Issuer Guarantee and such default continues for 3 Business Days following delivery by the Issuer to the Bank of a notice under the Issuer Guarantee requiring the same to be remedied, (ii) Issuer Guarantee Bankruptcy occurs in respect of the Bank, or (iii) the Issuer Guarantee is terminated by operation of law or under mandatory provisions of law.

"Bank Default Termination Date" means the date on which any Bank Event of Default occurs.

12.3 Reference Pool

For the avoidance of doubt, the redemption pursuant to Section 12 (Early Redemption by the Issuer) shall not result in the exclusion of any Reference Claim from the Reference Pool.

13. TAXES

Payments in respect of the Notes shall only be made after deduction and withholding of current or future taxes, levies or governmental charges, regardless of their nature, which are imposed, levied or collected (collectively, "**taxes**") under any applicable system of law or in any country which claims fiscal jurisdiction by, or for the account of, any political subdivision thereof or government agency therein authorised to levy taxes, to the extent that such deduction or withholding is required by law. The Issuer shall account for the deducted or withheld taxes with the competent government agencies.

The Issuer is not obliged to pay any amounts as compensation for deduction or withholding of taxes in respect of payments on the Notes.

If on any Payment Date any withholding or deduction on account of taxes is imposed with respect to payments under the Eurohypo Pfandbriefe, the amount payable by the Issuer under any Note of a particular Class on such Payment Date shall be reduced by the amount of such withholding or deduction made with respect to the Eurohypo Pfandbriefe (divided by the

number of Notes of the Class of Notes relating to such Series of Eurohypo Pfandbriefe).

14. INVESTOR NOTIFICATIONS

14.1 Regular

With respect to each Payment Date, the Issuer, or the Principal Paying Agent on its behalf, shall, not later than the Business Day preceding the Payment Date, (i) notify the holders of Notes of each Class in accordance with Section 15 (Form of Notices) of, (ii) notify each of the Rating Agencies of and (iii) as long as any Class is listed on the regulated market of the Irish Stock Exchange, notify the Irish Stock Exchange of and make available upon request at the offices of the Irish Paying Agent, the following information prepared by the Bank and verified by the Trustee pursuant to the Trust Agreement (each a "**Regular Notification**"):

- (a) the Note Principal Amount of each Note of such Class on which interest shall be paid on such Payment Date;
- (b) the applicable Interest Accrual Period, the Interest Rate and the Interest Amount to be paid on each Note of such Class on such Payment Date;
- (c) the amount of principal to be paid on each Note of such Class on such Payment Date;
- (d) the aggregate Outstanding Nominal Amount of the Reference Claims or portions thereof, as relevant, (i) added to the Reference Pool pursuant to Replenishment and (ii) removed from the Reference Pool pursuant to Provision 8 (Transfers), Provision 9 (Non-compliance) and Provision 6.2 (Substitution) of the Reference Pool Provisions, in each case, during the Related Collection Period;
- (e) allocation of Realised Losses, if any, to the Notes of each Class and the Note Principal Amounts outstanding after such allocation on such Payment Date;
- (f) allocation of Realised Losses to the Outstanding Threshold Amount and the Outstanding Threshold Amount outstanding after such allocation on such Payment Date;
- (g) re-instatement, if any, of the Note Principal Amounts of such Class on account of previous Unjustified Loss Allocations and any allocation thereof to the Outstanding Threshold Amount and/or the Notes pursuant to Section 9 (Unjustified Loss Allocation), and any Collections in respect of the Reference Claims for which Unjustified Loss Allocation has been determined;
- (h) determination of Appraised Losses, if applicable;
- (i) in the event of final payment on such Class, the fact that such is the final payment;
- (j) the aggregate of the Outstanding Nominal Amounts and the aggregate amount of the overdue payments in respect of all Reference Claims in the Reference Pool which are Defaulted Reference Claims as of the end of the Related Collection Period, if any;
- (k) the number of Reference Claims as of the beginning and as of the end of the Related Collection Period and the Aggregate Principal Balance as of the beginning and as of the end of the Related Collection Period; and
- (l) information on each Re-set made, together with the relevant new Exchange Rate, as applicable, during the Related Collection Period.

"**Rating Agencies**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") and Moody's Investors Service Limited ("**Moody's**").

14.2 Early Redemption

In connection with the early redemption pursuant to Section 11 (Early Redemption for Default) or the Early Redemption pursuant to Section 12 (Early Redemption by the Issuer), the Issuer, or the Principal Paying Agent on its behalf, shall, not later than the Business Day prior to the date of the redemption or the Early Redemption Date, as applicable, notify (i) the holders of Notes of each Class in accordance with Section 15 (Form of Notices), (ii) each of the Rating Agencies and (iii) *provided that* any Notes are then listed on the regulated market of the Irish Stock Exchange, the Irish Stock Exchange, of the following information prepared by the Bank and verified by the Trustee pursuant to the Trust Agreement (the "**Early Redemption Notification**"):

- (a) the Termination Date and the date of the redemption or the Early Redemption Date, as applicable; and
- (b) other matters specified in Section 14.1 (Investor Notifications – Regular) to the extent applicable to such Class.

15. FORM OF NOTICES

All notices to the Noteholders shall be either

- (A) delivered to Euroclear and Clearstream, Luxembourg for communication by it to the Noteholders or
- (B) made available for a period of not less than 30 calendar days on a web site, the address of which has been notified to the Noteholders in the manner set out in (i) and (ii)(A) and to the Irish Paying Agent on or before the date on which the relevant notice is given in accordance with (ii)(B).

Any notice referred to under (A) above shall be deemed to have been given to all Noteholders on the seventh calendar day after the day on which the said notice was delivered to Euroclear and Clearstream, Luxembourg. Any notice referred to under (B) above shall be deemed to have been given to all Noteholders on the day on which it is made available on the web site, *provided that* if so made available after 4:00 p.m. (London time) it shall be deemed to have been given on the immediately following calendar day.

For as long as any Notes are listed on the regulated market of the Irish Stock Exchange and to the extent the rules of that stock exchange so require, notices shall be forwarded to the Companies Announcement Office of the Irish Stock Exchange no later than the date of despatch of such notice to the Noteholders.

16. AGENTS

16.1 Appointment of Agents

The Issuer has appointed Citibank, N.A., London Branch, 21st Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom as the principal paying agent and interest determination bank (in such capacity, the "**Principal Paying Agent**" which term shall also include any successor Principal Paying Agent appointed pursuant to Section 16.2 (Agents – Replacement)). The Issuer has appointed Citibank International plc, 1 North Wall

Quay, Dublin 1, Ireland as the initial Irish paying agent (the "**Irish Paying Agent**" which term shall include any substitute Irish Paying Agent appointed in accordance with the Transaction Documents). The Issuer has appointed Goodbody Stockbrokers, Corporate Finance, Ballsbridge Park, Dublin 4, Ireland as the initial Irish listing agent (the "**Irish Listing Agent**" which term shall include any substitute Irish Listing Agent appointed in accordance with the Transaction Documents). The Irish Paying Agent, the Irish Listing Agent and the Principal Paying Agent are together referred to as the "**Agents**".

The Irish Paying Agent shall act as intermediary between the Issuer and the holders of the Notes listed on the regulated market of the Irish Stock Exchange. The Irish Paying Agent shall, among others, make available documents and information as specified in the Terms and Conditions and deliver copies of the Prospectus and the published financial statements of the Issuer and the Bank upon request.

The Principal Paying Agent (including any successor Principal Paying Agent) shall act solely as agent for the Issuer and shall not have any agency or trustee relationship with the Noteholders.

16.2 Replacement

The Issuer shall procure (a) that for as long as any Notes are outstanding there shall always be a Principal Paying Agent to perform the functions assigned to it in the Transaction Documents, and (b) that for as long as any Notes remain listed on the regulated market of the Irish Stock Exchange there shall always be a paying agent in Ireland to perform the functions assigned to it in the Transaction Documents.

The Issuer may with the prior written consent of the Bank, by giving not less than 30 calendar days' notice to the Noteholders and the Principal Paying Agent, replace the Principal Paying Agent with regard to some or all of its functions by one or more other banks or other financial institutions which assume such functions.

The Issuer may with the prior written consent of the Bank by giving not less than 30 calendar days' notice to the Noteholders, replace the Irish Paying Agent with regard to some or all of its functions by one or more other banks or other financial institutions which assume such functions.

In the event that the short term rating of the Principal Paying Agent is withdrawn or falls below A-1 by S&P and/or P-1 by Moody's, and the long term rating of the Principal Paying Agent is withdrawn or falls below A1 by Moody's, the Issuer or, if the Issuer fails to do so, the Trustee on behalf of the Issuer, shall within 30 calendar days upon becoming aware thereof terminate the appointment of the Principal Paying Agent by giving not less than 5 calendar days' prior notice to the Principal Paying Agent and appoint another bank or financial institution as Principal Paying Agent *provided that* such successor Principal Paying Agent or any of its affiliates shall be rated at least A-1 by S&P and/or P-1/A1 by Moody's.

16.3 Determinations Binding

All Interest Rates, Interest Amounts determined and other calculations and determinations made by the Principal Paying Agent for the purposes of the Transaction Documents shall, in the absence of manifest error, be final and binding.

17. SUBSTITUTION OF THE ISSUER

17.1 General

The Issuer may, without the further consent of the Noteholders, at any time upon written

request of the Bank substitute in its place another entity (the "**New Issuer**") as debtor in respect of all obligations arising under or in connection with the Notes and the Transaction Documents *provided that*:

- (i) the New Issuer assumes all rights and duties of the Issuer in respect of the Notes and under the Transaction Documents and the Collateral is, upon the Issuer's substitution, held by the Trustee to secure the obligations of the New Issuer under the Notes or, as applicable, the Trustee Claim in respect thereof;
- (ii) the New Issuer has obtained all necessary authorisations, governmental approvals in the country in which it has its registered office and is in a position to fulfil all its obligations in respect of the Notes without discrimination against the Noteholders in their entirety;
- (iii) the New Issuer may pay in the currency required hereunder and without being obliged to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the New Issuer has its domicile or tax residence all amounts required for the fulfilment of the payment obligations arising under the Notes and the substitution shall not result in any withholding or deduction of taxes on the amounts payable under the Notes and/or the Eurohypo Pfandbriefe which would not arise if there was no such substitution;
- (iv) there shall have been delivered to the Trustee, the Bank and the Principal Paying Agent one legal opinion for each jurisdiction affected by the substitution of a law firm of recognised standing to the effect that paragraphs (i) through (iii) above have been satisfied and that no additional expenses or legal disadvantages of any kind arise for the Noteholders from the substitution;
- (v) the substitution, in the professional judgement of the Trustee, will not adversely affect the interests of the Transaction Creditors and each Rating Agency has given a written confirmation that the substitution shall not adversely affect its rating of the Notes; and
- (vi) the Issuer and the New Issuer enter into such agreements and execute such documents as the Trustee considers necessary for the effectiveness of the substitution.

Upon fulfilment of the above conditions the New Issuer shall in every respect substitute the Issuer and the Issuer shall be released vis-à-vis the Noteholders from all its obligations as issuer of the Notes and party to the Transaction Documents.

17.2 Notice of Substitution

The New Issuer shall give notice of the substitution to the Noteholders pursuant to Section 15 (Form of Notices) with a copy to the Irish Stock Exchange. Upon the substitution, the New Issuer shall prepare a supplement to the Prospectus in accordance with the rules of the Irish Stock Exchange and, with respect to such supplement, take all measures required by the rules of the Irish Stock Exchange.

17.3 Effects of Substitution

Upon the substitution, each reference to the Issuer in the Terms and Conditions shall from then on be deemed to be a reference to the New Issuer and any reference to the country in which the Issuer has its registered office, domicile or residency for tax purposes, as relevant, shall from then on be deemed to be a reference to the country in which the New Issuer has its registered office, domicile or residency for tax purposes, as relevant.

18. MISCELLANEOUS

18.1 Presentation Period

The presentation period for a Global Note provided in § 801(1), sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) shall end five years after the date on which the last payment in respect of the Notes represented by such Global Note was due.

18.2 Replacement of Global Notes

If a Global Note is lost, stolen, damaged or destroyed, it may be replaced by the Issuer upon payment by the claimant of the costs arising in connection therewith. As a condition of replacement, the Issuer may require the fulfilment of certain conditions, the provision of proof regarding the existence of indemnification and/or the provision of adequate collateral. In the event of a Global Note being damaged, such Global Note shall be surrendered before a replacement is issued. In the event of a Global Note being lost or destroyed, the foregoing shall not limit any right to file a petition for the annulment of such Global Note pursuant to the statutory provisions.

18.3 Place of Performance

Place of performance of the Notes shall be Frankfurt am Main.

18.4 Severability

Should any of the provisions hereof be or become invalid in whole or in part, the other provisions shall remain in force.

18.5 Relation to the Senior Guarantee Counterparty

Any reference in the Terms and Conditions to the Senior Guarantee Counterparty (including by reference to the Transaction Creditors) shall not entitle any Noteholder to invoke any of the rights of the Senior Guarantee Counterparty under the Trust Agreement or the Senior Guarantee or to rely on or enforce any breach thereof and shall not limit the right of the Senior Guarantee Counterparty to exercise or to waive any of these rights.

18.6 Relation to the Bank

Unless expressly stated in the Trust Agreement, the Bank does not assume any obligation or duty in connection with the Notes.

Any reference in the Terms and Conditions to the Bank shall not entitle any Noteholder to rely on any obligation or duty of the Bank assumed pursuant to the Trust Agreement or enforce any breach thereof.

19. GOVERNING LAW AND PLACE OF JURISDICTION

19.1 Governing Law

The Notes and all of the rights and obligations of the Noteholders and the Issuer under the Notes shall be governed by the laws of the Federal Republic of Germany.

19.2 Jurisdiction

The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of

or in connection with the Notes shall be the District Court (*Landgericht*) in Frankfurt am Main. The German courts shall have exclusive jurisdiction over the annulment of the Global Notes in the event of their loss or destruction.

19.3 Service of Process

For service of process relating to any judicial disputes in connection with the Notes, the Issuer has appointed Heussen Rechtsanwaltsgesellschaft mbH, with its seat on the Issue Date at Platz der Einheit 2 (Pollux, 28th floor), 60327 Frankfurt am Main, Germany, Facsimile: +49 69 15242 111, Telephone: +49 69 15242 188 (Attention: Sven Reckwerth / Ulrich Keunecke), as its authorised agent for service of process (the "**Process Agent**") in relation to any legal proceedings before a German court. The Issuer undertakes to maintain an agent for service of process in the Federal Republic of Germany as long as any Note remains outstanding.

THE TRUST AGREEMENT

The following is the text of the Trust Agreement. The text is attached as Appendix A to the Terms and Conditions and constitutes an integral part of the Terms and Conditions. In the case of any overlap or inconsistency in the definition of a term or expression in the Trust Agreement and elsewhere in this Prospectus, the definition in the Trust Agreement will prevail. Any statement elsewhere in this Prospectus relating to the Trust Agreement or any matter described therein is qualified in its entirety by the text of the Trust Agreement set forth below.

This Trust Agreement is entered into as of June 30, 2006 between Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Arnulfstrasse 126, 80636 Munich, Germany (the "**Trustee**"), CoCo Finance 2006-1 PLC, Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland (the "**Issuer**") and Commerzbank Aktiengesellschaft, Kaiserplatz, 60261 Frankfurt am Main, Germany (the "**Bank**") and sets out the rights and obligations of the Trustee which govern the performance of its functions under this Trust Agreement in connection with:

- (i) the issue on the Issue Date by the Issuer of the following classes of credit linked notes:
 - (a) Class A+ Floating Rate Credit Linked Notes in an initial principal amount of EUR 500,000,
 - (b) Class A Floating Rate Credit Linked Notes in an initial principal amount of EUR 58,500,000,
 - (c) Class B Floating Rate Credit Linked Notes in an initial principal amount of EUR 72,000,000,
 - (d) Class C Floating Rate Credit Linked Notes in an initial principal amount of EUR 45,000,000,
 - (e) Class D Floating Rate Credit Linked Notes in an initial principal amount of EUR 40,500,000, and
 - (f) Class E Floating Rate Credit Linked Notes in an initial principal amount of EUR 65,700,000;
- (ii) a loss guarantee agreement (the "**Issuer Guarantee**") between the Issuer as protection seller and the Bank as protection buyer effective as of June 30, 2006. Pursuant to the Issuer Guarantee, the Issuer will pay to the Bank amounts equal to all Realised Losses incurred in the Reference Pool and allocated to the Notes pursuant to the Loss Allocation.

In addition, the Bank will enter into a loss guarantee agreement (the "**Senior Guarantee**") between a counterparty as protection seller (the "**Senior Guarantee Counterparty**") and the Bank as protection buyer effective as of June 30, 2006. Pursuant to the Senior Guarantee, the Senior Guarantee Counterparty will pay to the Bank amounts equal to a specified multiple of the amounts by which the Class Principal Amount of the Class A+ Notes is reduced as a result of any Loss Allocation.

Each amount payable as a result of Realised Losses under the Issuer Guarantee and the Senior Guarantee, is referred to as a "**Cash Settlement Amount**". The Noteholders and the Senior Guarantee Counterparty are jointly referred to as "**Transaction Creditors**".

Terms used but not defined herein have the same meaning as in the Terms and Conditions, or, if not defined therein, in the Senior Guarantee. With respect to Realised Losses giving rise to the payment

of any Cash Settlement Amount under the Senior Guarantee, references to Loss Allocation (or allocation of Realised Losses) and Unjustified Loss Allocation shall be deemed to be references to "**Cash Settlement**" and "**Unjustified Cash Settlement**", respectively.

NOW THEREFORE, the parties agree as follows:

1. DUTIES OF THE TRUSTEE

- 1.1 This Trust Agreement *inter alia* sets out the rights and obligations of the Trustee and the conditions for the Loss Allocation to be fulfilled by the Bank.
- 1.2 Unless otherwise stated in this Trust Agreement, the Trustee is not obliged to supervise the discharge by the Issuer or the Bank of their respective payment and other obligations arising from the Transaction Documents or to carry out duties which are the responsibility of the Issuer or the Bank.
- 1.3 Except as otherwise stated below, the requirements to be met by the Bank as set out herein, including, without limitation, the requirements set forth in Clause 9.1, 9.2, 9.3, 9.4, 9.8, Clause 10.6, Clause 12.1, Clause 14.5 and Clause 18.1, are conditions for the Loss Allocation, subject to and in accordance with Section 8.1 (Loss Allocation – Order and Conditions) of the Terms and Conditions, *provided that* there shall be against the Issuer or the Bank no recourse for or other legal effect of any non-compliance with any such requirements.

2. POSITION OF THE TRUSTEE

- 2.1 The Trustee shall carry out the duties (the "**Trustee Duties**") hereunder and shall perform the tasks and functions set out in the Terms and Conditions (this Trust Agreement and the Terms and Conditions together, the "**Trustee Documents**") as a trustee for the benefit of, and with particular regard to the interests of, the Transaction Creditors. In case of a conflict of interest among the interests of the Senior Guarantee Counterparty and the Noteholders, the Trustee shall give priority to the interests of the Senior Guarantee Counterparty and the Class A+ Noteholders and then, among the other Noteholders, to the interests of the Noteholders of the Class or Classes of Notes which then rank most senior for the allocation of Realised Losses.
- 2.2 This Trust Agreement grants the Transaction Creditors the right to demand that the Trustee perform the Trustee Duties (contract for the benefit of a third party (*echter Vertrag zugunsten Dritter*) pursuant to § 328(1) of the German Civil Code (*Bürgerliches Gesetzbuch*)). The Bank and the Issuer shall also have the right to demand that the Trustee perform the Trustee Duties.

3. TRUSTEE CLAIM; ACCOUNTS

- 3.1 The Issuer hereby grants the Trustee a separate claim (the "**Trustee Claim**") (*Treuhänderanspruch*), entitling the Trustee to demand from the Issuer:
 - (i) that any present or future obligations of the Issuer under the Notes be fulfilled, and
 - (ii) if a Foreclosure Event has occurred or, the occurrence thereof is, in the professional judgement of the Trustee, imminent, and insolvency proceedings have not been instituted against the assets of the Trustee that any payment in respect of amounts owed under the Notes will be made to, and at all times prior to the on-payment to the Noteholders held in, a trust account (*Treuhandkonto*) of the Trustee for on-payment to the relevant Noteholders. The Trustee shall on-pay any amount so received to the Noteholders

without undue delay.

The obligations of the Issuer to make payments to the relevant Noteholders shall remain unaffected. The Trustee Claim may be enforced separately from the Noteholders' claim in respect of the same payment obligation of the Issuer. In the case of a payment pursuant to (ii) above, the Issuer and each Noteholder shall have a claim against the Trustee for payment on to the relevant Noteholders. The relevant obligation of the Issuer under the Notes shall only be fulfilled once the on-payment to the relevant Noteholders by the Trustee has occurred. For the avoidance of doubt, upon on-payment by the Trustee to the Noteholders the liability of the Issuer under the Notes in respect of the same payment obligation shall be discharged to the extent of the sums so on-paid and if the Trustee makes such on-payment through Euroclear or Clearstream, Luxembourg, Section 6.3 (Payments – Discharge) of the Terms and Conditions shall apply in respect of such on-payment and the discharge of the Issuer in respect of the related payment obligation under the Notes. Similarly, upon payment by the Issuer to the Noteholders the right of the Trustee to request a payment pursuant to (ii) above in respect of the same payment obligation of the Issuer shall cease to exist to the extent of the sums so paid by the Issuer.

For the avoidance of doubt, the obligation of the Trustee to on-pay any amounts received under (ii) above without undue delay to the Noteholders shall not be affected by the Trustee's resignation or other termination of its appointment as a trustee for the purposes of the Transaction. In particular, on or promptly after the Trustee Resignation Effective Date, the Trustee shall on-pay to the Noteholders any amounts standing to the credit of any trust account pursuant to (ii) above.

3.2 The Issuer has opened and shall maintain for the purposes of the Transaction the following accounts:

- (i) a current account in EUR (the "**Transaction Account**") with Citigroup Global Markets Deutschland AG & Co. KGaA, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main, Germany as account bank (in such capacity, the "**Transaction Account Bank**" which term shall also include any replacement Transaction Account Bank pursuant hereto) opened pursuant to an agreement between the Issuer, the Trustee and the Transaction Account Bank dated June 30, 2006 (the "**Transaction Account Agreement**"); and
- (ii) an account (the "**Cash Collateral Account**") with the Transaction Account Bank opened pursuant to the Transaction Account Agreement.

3.3 The Issuer may, for good cause (*aus wichtigem Grund*), with the prior written consent of the Trustee (which shall not be unreasonably withheld), (i) open a new Transaction Account and a new Cash Collateral Account with another Transaction Account Bank, (ii) transfer the funds credited to the Transaction Account and the Cash Collateral Account to such new Transaction Account and such new Cash Collateral Account, respectively, and (iii) close the Transaction Account and the Cash Collateral Account with the former Transaction Account Bank. In such case the Issuer shall within 30 calendar days after receiving such written consent (i) open a new Transaction Account and a new Cash Collateral Account with another Transaction Account Bank having at least the Required Ratings from each of the Rating Agencies, (ii) transfer the funds credited to the Transaction Account and the Cash Collateral Account to such new Transaction Account and such new Cash Collateral Account, respectively, and (iii) close the Transaction Account and the Cash Collateral Account with the former Transaction Account Bank.

In the event that the rating of the Transaction Account Bank or an affiliate of the Transaction Account Bank, the rating of which was taken into account at the appointment of the Transaction Account Bank, by any of the Rating Agencies is withdrawn or falls below the relevant

Transaction Account Bank Required Rating, the Issuer shall within 30 Business Days, or if the Issuer fails to do so, the Trustee on behalf of the Issuer as soon as it becomes aware of such downgrading but in any event not later than 30 Business Days after having become aware of such downgrading shall (i) open a new Transaction Account and a new Cash Collateral Account with another Transaction Account Bank having at least the Transaction Account Bank Required Ratings from each of the Rating Agencies, (ii) transfer any amounts standing to the credit of the Transaction Account and the Cash Collateral Account to such new Transaction Account and such new Cash Collateral Account, respectively, and (iii) close the Transaction Account and the Cash Collateral Account with the former Transaction Account Bank.

"Transaction Account Bank Required Rating" means the following ratings: A-1 (short term) by S&P and P-1 (short term) and A1 (long term) by Moody's.

- 3.4 The Issuer shall ensure that unless otherwise provided herein or instructed by the Trustee pursuant to this Trust Agreement, all payments made by or to the Issuer be made by way of a bank transfer to or deposit in the Transaction Account. Should any amounts payable to the Issuer be paid in any way other than by bank transfer to or deposit in the Transaction Account, the Issuer shall promptly credit such amounts to the Transaction Account.
- 3.5 If, at any time, the rating of the short-term unsecured and unsubordinated debt obligations of the Transaction Account Bank is less than A-1+ but not less than A-1 by S&P and an amount exceeding 20% of the sum of the Class Principal Amounts of all Classes of Notes rated AA- or higher by S&P as of the day immediately preceding any Payment Date (or any other date on which any amount under the Eurohypo Pfandbriefe is payable) is to be paid in respect of the sum of (a) the Eurohypo Pfandbriefe securing such Classes of Notes and (b) the excess, if any, of (A) the aggregate Interest Amount and any Make-Whole Interest Amount payable by the Issuer on the Notes on such Payment Date, over (B) the aggregate amount of the interest amounts due to the Issuer under the Eurohypo Pfandbriefe on such Payment Date (such excess, the **"Spread Amount"**), to the Transaction Account or the Cash Collateral Account on such date, the Bank shall notify S&P in writing prior to such date, and the Issuer or, if the Issuer fails to do so, the Trustee on behalf of the Issuer, shall open a new Transaction Account and Cash Collateral Account with another Transaction Account Bank having an A-1+ rating from S&P and at least the Required Rating from the other Rating Agency and provide an instruction to the Custodian within a reasonable time prior to a Payment Date (or such other date on which any amount under the Eurohypo Pfandbriefe is payable), with the consent of the Trustee, if applicable, to make the payments due under the Eurohypo Pfandbriefe and/or the Spread Amount on such date to such new Transaction Account or Cash Collateral Account.
- 3.6 In the event that
- (i) the rating of the Bank falls below A-2 (short term) by S&P, or A3 (long term) or P-1 (short term) by Moody's, or
 - (ii) the Bank ceases to be rated by S&P or Moody's (each of (i) and (ii), a **"Bank Rating Event"**);

the Issuer shall within 5 Business Days of such Bank Rating Event, or if the Issuer fails to do so, the Trustee on behalf of the Issuer as soon as it becomes aware of such Bank Rating Event but in any event not later than 30 Business Days after having become aware of such Bank Rating Event shall (i) cause an account (the **"A-1+ Cash Collateral Account"**) to be opened with a bank which has the A-1+ Cash Collateral Account Bank Required Rating from each of the Rating Agencies (the **"A-1+ Cash Collateral Account Bank"**) pursuant to an agreement between the Issuer, the Trustee and the Cash Collateral Account Bank (the **"A-1+ Cash Collateral Account Agreement"**), (ii) transfer any amounts standing to the credit of the Cash Collateral Account to the A-1+ Cash Collateral Account, and (iii) close the Cash Collateral

Account with the Transaction Account Bank.

In the event that the rating of the A-1+ Cash Collateral Account Bank by any of the Rating Agencies is withdrawn or falls below the relevant A-1+ Cash Collateral Account Bank Required Rating, the Issuer shall within 5 Business Days, or if the Issuer fails to do so, the Trustee on behalf of the Issuer as soon as it becomes aware of such downgrading but in any event not later than 30 Business Days after having become aware of such downgrading shall (i) open a new A-1+ Cash Collateral Account with another A-1+ Cash Collateral Account Bank having at least the A-1+ Cash Collateral Account Bank Required Rating from each of the Rating Agencies, (ii) transfer any amounts standing to the credit of the A-1+ Cash Collateral Account to such new A-1+ Cash Collateral Account, and (iii) close the A-1+ Cash Collateral Account with the former A-1+ Cash Collateral Account Bank.

"**A-1+ Cash Collateral Account Bank Required Rating**" means the following ratings: A-1+ (short term) by S&P and P-1 (short term) and/or Aa3 (long term) by Moody's.

The Transaction Account Bank and the A-1+ Cash Collateral Account Bank are together referred to as the "**Account Banks**" and the Transaction Account and the Cash Collateral Account or A-1+ Cash Collateral Account are together referred to as the "**Accounts**".

4. EUROHYPO PFANDBRIEFER; PLEDGES

4.1 On or before the Issue Date the Issuer has purchased pursuant to a securities purchase agreement dated June 30, 2006 (the "**Securities Purchase Agreement**") from Eurohypo AG the securities set forth under (i) through (vi) below:

- (i) EUR 500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series A+ Collateral**"),
- (ii) EUR 58,500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series A Collateral**"),
- (iii) EUR 72,000,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series B Collateral**"),
- (iv) EUR 45,000,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series C Collateral**"),
- (v) EUR 40,500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series D Collateral**"), and
- (vi) EUR 65,700,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series E Collateral**").

Each of the Series of Collateral under (i) through (vi) is referred to as a "**Series**". The Series A+ Collateral, Series A Collateral, the Series B Collateral, the Series C Collateral, the Series D Collateral and the Series E Collateral are collectively referred to as the "**Eurohypo Pfandbriefe**".

Each Series will be represented by a global certificate deposited with the Clearstream Banking AG, Frankfurt am Main ("**Clearstream Frankfurt**"). The Eurohypo Pfandbriefe will be held in the securities account no. 21463800 (the "**Custody Account**") of the Issuer with Citigroup Global Markets Deutschland AG & Co. KGaA, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main, Germany (in such capacity and each successor custodian, the "**Custodian**").

pursuant to a custody agreement between the Issuer, the Trustee and Citibank, N.A., London Branch dated June 13, 2006 (the "**Custody Agreement**").

- 4.2 Pursuant to the terms of the first pledge agreement between the Issuer and the Bank dated June 30, 2006 (the "**First Pledge Agreement**"), the Issuer has pledged (*verpfänden*) the Eurohypo Pfandbriefe to the Bank as security for the obligations of the Issuer under the Issuer Guarantee towards the Bank to make payments with respect to Realised Losses allocated to the Notes. The right of the Bank to foreclose on the Eurohypo Pfandbriefe shall be limited to the portion of the Eurohypo Pfandbriefe the aggregate nominal amount of which is equal to such amount of Realised Losses. The pledge under the First Pledge Agreement ranks senior to the pledge pursuant to Clause 4.3 below.
- 4.3 The Issuer hereby pledges (*verpfänden*) pursuant to §§ 1293, 1204 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch*) the Eurohypo Pfandbriefe, subject to the condition subsequent (*auflösende Bedingung*) as set out in the following sentence, to the Trustee as trustee (*Treuhänder*) for the security purposes set forth in Clause 4.4 below. The pledge referred to in the preceding sentence shall be automatically extinguished upon receipt by the Issuer of the amounts equal to the Strike Price on the date of receipt of such amounts with respect to such number of notes constituting the Eurohypo Pfandbriefe the aggregate nominal amount of which is equal to such amount in EUR. The Trustee hereby accepts such pledges. For the purpose of constituting such pledges, the Issuer hereby assigns to the Trustee all of its present and future claims and rights against the Bank for delivery of the Eurohypo Pfandbriefe (including, but not limited to, the claim for re-delivery of the Eurohypo Pfandbriefe pursuant to § 1223(1) of the German Civil Code (*Bürgerliches Gesetzbuch*)).
- 4.4 The pledges pursuant to Clause 4.3 shall serve to secure the Trustee Claim as follows:
- (i) the pledge over the Series A+ Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A+ Notes,
 - (ii) the pledge over the Series A Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A Notes,
 - (iii) the pledge over the Series B Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class B Notes,
 - (iv) the pledge over the Series C Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class C Notes,
 - (v) the pledge over the Series D Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class D Notes, and
 - (vi) the pledge over the Series E Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class E Notes.

5. OTHER COLLATERAL

- 5.1 The Issuer hereby pledges (*verpfänden*) pursuant to §§ 1204, 1273 and 1279 of the German Civil Code (*Bürgerliches Gesetzbuch*) to the Trustee for the collateral purposes set out in Clause 5.2 below the following claims and rights:
- (i) all its present and future claims and rights arising from:
 - (a) the Transaction Account Agreement, including all its present and future claims and rights under the Transaction Account and all its present and future claims and

rights under the Cash Collateral Account,

- (b) the agency agreement between the Issuer, the Trustee and the Principal Paying Agent dated June 28, 2006 (the "**Agency Agreement**"),
 - (c) the subscription agreement for the Notes between the Issuer and Commerzbank Aktiengesellschaft (in such capacity, the "**Lead Manager**") dated June 30, 2006 (the "**Subscription Agreement**"),
 - (d) the Securities Purchase Agreement,
 - (e) the Issuer Guarantee,
 - (f) the cash administration agreement between the Issuer, the Trustee and Citibank, N.A., London Branch, 21st Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. (in such capacity, the "**Cash Administrator**" which term shall also include any replacement Cash Administrator) dated June 30, 2006 (the "**Cash Administration Agreement**"), and
 - (g) the Custody Agreement; and
- (ii) all its present and future claims and rights against the Trustee arising under this Agreement.

The Trustee hereby accepts such pledges.

- 5.2 The pledges pursuant to Clause 5.1 serve to secure the Trustee Claim.
- 5.3 The parties hereby acknowledge that the Issuer has, pursuant to the Irish Security Agreement, charged and assigned by way of security in favour of the Trustee all its present and future claims, right, title and interest in and to the Corporate Administration Agreement as security for the Trustee Claim.
- 5.4 The Issuer hereby gives notice to the Bank of the pledge pursuant to Clause 5.1(i)(e) and the Bank hereby confirms receipt of such notice. The Issuer shall give written notice to the other debtors of the claims pledged pursuant to Clause 5.1(i) and shall provide a written confirmation to the Trustee that it has received a confirmation of receipt of such notice from each such debtor.
- 5.5 So long as the Trustee does not take any action pursuant to this Clause 5 the Issuer (or the Cash Administrator on its behalf) shall be entitled to administer the Collateral pledged to the Trustee pursuant to Clause 5.1.
- 5.6 The Trustee hereby authorises the Issuer and the Cash Administrator on the Issuer's behalf to administer the Transaction Account and the Cash Collateral Account and deal in the ordinary course of business with the claims and rights pledged to the Trustee pursuant to Clause 5.1.
- 5.7 The authorisation pursuant to Clause 5.6 may be withdrawn by the Trustee upon the occurrence of a Foreclosure Event or if, in the professional judgement of the Trustee such withdrawal is desirable or expedient to protect the interests of the Noteholders. The Trustee shall promptly give notice to the Issuer and the Transaction Account Bank of its withdrawal of the authorisation pursuant to Clause 5.6 and upon the receipt of such notice the Transaction Account Bank shall make payments only as instructed by the Trustee.
- 5.8 Following the opening of the A-1+ Cash Collateral Account with the A-1+ Cash Collateral Account Bank pursuant to Clause 3.5, the Issuer shall pledge (*verpfänden*) all its present and

future claims and rights under the A-1+ Cash Collateral Account Agreement to the Trustee to secure the Trustee Claim pursuant to Clause 3.

6. CASH COLLATERAL

- 6.1 Pursuant to the Issuer Guarantee, on the Issue Date, the Bank shall deposit an amount into a separate account with the Transaction Account Bank having the Transaction Account Bank Required Rating (such account, the "**Cash Collateral Account**") for the benefit of the Issuer sufficient to cover any one and one-half Guarantee Fees payable by the Bank (such amount, the "**Cash Collateral**"), *provided that* on each Payment Date, the Cash Collateral shall be reduced (by way of payment by the Issuer from the Cash Collateral Account to the Bank) or increased (by way of payment by the Bank to the Cash Collateral Account of the Issuer) in an amount commensurate with any reduction or increase in the Guarantee Fee expected to be payable on the following Payment Date. In the event of any default in payment of the Guarantee Fee by the Bank, the Issuer shall be entitled to employ the Cash Collateral towards its payment obligation of any Interest Amount due or outstanding on the Notes.

"**Guarantee Fee**" means the amount payable by the Bank to the Issuer calculated by the Bank as the sum of (i) the costs and expenses of the Issuer and (ii) the excess, if any, of (A) the aggregate Interest Amount and any Make-Whole Interest Amount payable by the Issuer on the Notes, over (B) the aggregate amount of the interest amounts due (for the avoidance of doubt, prior to any withholding or deduction on account of taxes) to the Issuer under the Eurohypo Pfandbriefe on the relevant Payment Date.

- 6.2 Pursuant to the Issuer Guarantee, in the event that the ratings of the Bank are upgraded to A-1+ (short term) by S&P and P-1 (short term) by Moody's, the obligation of the Bank to maintain the Cash Collateral shall terminate and the Issuer shall on the Payment Date following such upgrading pay to the Bank from the Cash Collateral Account or the A-1+ Cash Collateral Account, as applicable, an amount equal to the amount of the Cash Collateral on such Payment Date.
- 6.3 Pursuant to the Issuer Guarantee, in the event that, subsequent to any upgrading pursuant to Clause 6.2 above, the ratings of the Bank are downgraded below A-1+ (short term) by S&P and/or P-1 (short term) by Moody's, the Bank shall on the Payment Date following such downgrading deposit an amount equal to the Cash Collateral on such Payment Date in the Cash Collateral Account.

7. FORECLOSURE ON COLLATERAL

- 7.1 If and to the extent any Notes become due and subject to early redemption (each such Note, a "**Foreclosure Note**") upon the occurrence of a Foreclosure Event the Trustee shall, if in its professional judgement the payments due and payable under the Collateral on the date on which the Foreclosure Notes become due have not been made, foreclose or cause foreclosure on the Collateral (including the relevant Series of the Eurohypo Pfandbriefe). In foreclosing on the Collateral pursuant to this Clause 7, the Trustee shall not exercise its pledge over the Collateral but shall act on behalf of the Issuer on the basis of an authorisation which is hereby granted by the Issuer. Only if such authorisation is revoked by the Issuer or ceases to be effective for any other reason, the Trustee shall exercise such pledge and foreclose on the Collateral in accordance with the applicable statutory provisions.

"**Foreclosure Event**" means any of the following events:

- (i) a Default Event, or

- (ii) the Notes become due and subject to early redemption by operation of insolvency or other mandatory laws.

7.2 Eurohypo Pfandbriefe

In case of the Eurohypo Pfandbriefe, the following shall apply:

- (i) as soon as reasonably practicable but not before the Early Redemption Report has been delivered to the Trustee with respect to payments due under the Notes pursuant to Section 11.1 and Section 11.2 of the Terms and Conditions, respectively, or, in the case of (ii) under the definition "Foreclosure Event" later than three Business Days after the Trustee becomes aware of a Foreclosure Event with respect to the relevant Class of Notes (whether by notification from the Issuer or the Bank pursuant to Clause 7.6 below or otherwise), it shall organise or have organised for each Series of Eurohypo Pfandbriefe a panel of at least 3 Dealers to bid for the purchase of such Series of Eurohypo Pfandbriefe on a day selected by the Trustee having regard to the market conditions as well as the interest of the Noteholders in a prompt redemption of the Foreclosure Notes. If the Trustee receives:
 - (a) 3 or 2 bids for the Series of Eurohypo Pfandbriefe which equal or exceed the relevant Foreclosure Amount, the Trustee shall sell and transfer such Series of Eurohypo Pfandbriefe to the Dealer who offered the highest of such bids (in case of more than one highest bid, the Trustee shall, at its discretion, select one of the Dealers who offered the highest bid);
 - (b) only 1 bid for the Series of Eurohypo Pfandbriefe which is equal or exceeds the relevant Foreclosure Amount, the Trustee shall sell and transfer such Series of Eurohypo Pfandbriefe to the Dealer who offered such bid;
 - (c) only 1 bid for the Series of Eurohypo Pfandbriefe which is lower than the relevant Foreclosure Amount or no bid, the Trustee shall (subject to paragraph (ii) below) select another panel of Dealers and repeat the procedure pursuant to this Clause 7.2.

"Foreclosure Amount" means, in respect of each Class of Foreclosure Notes, the sum of (i) the Class Principal Amount of such Foreclosure Notes and (ii) the accrued interest thereon.

"Dealer" means a dealer in bonds (or syndicate of such dealers) of recognised standing operating in the Eurobond market selected by the Trustee to bid for the Series of Eurohypo Pfandbriefe pursuant to this Clause 7.

- (ii) If, with respect to any Series of Eurohypo Pfandbriefe, the Trustee is not able to effect foreclosure pursuant to this Clause 7.2, including, for the avoidance of doubt, the receipt of the proceeds thereof at least equal to the relevant Foreclosure Amount, within ten Business Days after the selection of the first panel of Dealers, or earlier, if, in the professional judgement of the Trustee, the relevant Foreclosure Amount cannot be achieved, it shall proceed in accordance with Clause 7.3 with respect to such Series of Eurohypo Pfandbriefe.

- 7.3 In the event that any Series of Eurohypo Pfandbriefe is not realised in accordance with Clause 7.2 above, the Trustee shall, in accordance with the written instructions of the relevant Noteholders delivered to the Principal Paying Agent and specifying the relevant transfer details, transfer and deliver in book-entry form or cause to be transferred and delivered in book-entry form such Series of Eurohypo Pfandbriefe to the Noteholders of the Class of the Foreclosure Notes secured by such Series of Eurohypo Pfandbriefe in exchange for, and upon surrender of,

the Notes of such Class held by such Noteholders, and in full satisfaction of all obligations for the payment of principal of and accrued interest on such Class of the Foreclosure Notes, *provided that* the Trustee will in each case transfer and deliver or cause to be transferred and delivered such number of Eurohypo Pfandbriefe, as applicable, representing such Series of Eurohypo Pfandbriefe that the total principal amount of the Eurohypo Pfandbriefe delivered to any Noteholder of such Class is equal to the aggregate Note Principal Amount of the Notes of such Class held by such Noteholder of such Class as of the date of such transfer (rounded upwards to the nearest euro).

- 7.4 Without prejudice to the instructions given by the Noteholders pursuant to Clause 7.3 above, the Trustee shall give notice to the Noteholders specifying in reasonable detail, with respect to each Class of the Foreclosure Notes, the relevant Foreclosure Amount, and (i) the enforcement procedure and the amounts and time of payment of the proceeds of foreclosure on the Eurohypo Pfandbriefe, and (ii) the time and precise manner in which it shall deliver the relevant Series of Eurohypo Pfandbriefe to the Noteholders of such Class.

7.5 Other Collateral

The Trustee shall foreclose on the other Collateral by collecting payments owed on such Collateral unless in the professional judgement of the Trustee another method of foreclosure is desirable or expedient to protect the interests of the Noteholders.

- 7.6 Each of the Issuer and the Bank shall notify the Trustee without delay of the occurrence of a Foreclosure Event and shall provide reasonable details thereof. After it becomes aware of the occurrence of a Foreclosure Event the Trustee shall without delay give notice to the Noteholders, the Bank and the Rating Agencies of the same.
- 7.7 The Trustee shall apply the proceeds of any foreclosure (i) first, to the Noteholders of the Class of Foreclosure Notes secured by such Series of Eurohypo Pfandbriefe in redemption of such Class of the Foreclosure Notes in accordance with the Terms and Conditions, (ii) second, after all claims under (i) have been fully satisfied, to reimburse the Trustee for all its claims against the Issuer under this Agreement, if any, and (iii) finally, after all claims under (i) and (ii) have been fully satisfied, to transfer the remaining proceeds, if any, to the Issuer. The Issuer shall apply any remaining proceeds it so receives in accordance with the Priority of Payments set out in Clause 30.2(d).
- 7.8 The Trustee shall promptly notify each of the Rating Agencies about the selection of panel(s) of Dealers and all determinations pursuant to this Clause 7.
- 7.9 Upon the occurrence of a Foreclosure Event, the Trustee shall be obliged towards the Noteholders to effect the foreclosure on the Eurohypo Pfandbriefe and on the other Collateral pursuant to this Clause 7 regardless of whether the Issuer performs its obligations under this Agreement, including in particular its obligations under Clauses 22 and 24.

8. REPRESENTATIONS OF THE ISSUER

- 8.1 The Issuer hereby represents to the Trustee that:
- (i) it is the creditor of the Collateral and it has not previously transferred, assigned, pledged or otherwise charged the Collateral in whole or in part to any third party, except in accordance with the First Pledge Agreement; and
 - (ii) no third-party rights (other than under the First Pledge Agreement) to or in relation to the Collateral have been created by it or, to the best of its knowledge, exist.

8.2 In the event that any of the Collateral proves to be invalid the Bank shall promptly, but not later than 15 calendar days after it becomes aware of the same, provide full remedy thereof or other collateral for the Notes acceptable to the Rating Agencies, as reasonably required by the Trustee in each case.

9. REPORTS; DOCUMENTS; INFORMATION

9.1 With respect to each Collection Period not later than on the 3rd Business Day preceding the relevant Payment Date (the "**Reporting Date**"), the Bank will provide the Trustee with a report on the performance of the Reference Pool (each a "**Pool Report**") including, *inter alia*:

- (i) details on the status of repayments and amounts outstanding on each Reference Claim, including details on each Direct Debit claimed back and corresponding Direct Debit Increase, as of the end of such Collection Period;
- (ii) unless the Bank has given the Non-compliance Notice pursuant to Clause 12.1 in respect of the relevant Reference Claim(s), information on each Non-complying Reference Claim, on each Non-qualifying Reference Claim and each removal of a Reference Claim or a portion thereof, as relevant, from the Reference Pool pursuant to Provision 9 (Non-compliance) of the Reference Pool Provisions;
- (iii) information on each transfer of a Reference Claim and each removal of a Reference Claim from the Reference Pool pursuant to Provision 8 (Transfers) of the Reference Pool Provisions;
- (iv) information on the determination of each Liquidated Reference Claim and determination of the Realised Losses and their allocation, including the amount of each Realised Loss;
- (v) the aggregate Outstanding Nominal Amount of all Liquidated Reference Claims and Defaulted Reference Claims as well as of all Reference Claims which are overdue for more than 90 calendar days as of the end of such Collection Period;
- (vi) information on Reference Claims with respect to which a Credit Event (irrespective of any waiver thereof) has occurred including the identification numbers or other identifiers assigned to such Reference Claim in the Reference Claim List, Outstanding Nominal Amount, frequency of payments and repayments in arrears;
- (vii) information on each Replenishment during the Collection Period, information on the characteristics of the Reference Pool and other information necessary for the Trustee to monitor compliance with the Replenishment Conditions;
- (viii) information on individual Unjustified Loss Allocations and their distribution and allocation;
- (ix) in respect of each Non-EUR Reference Claim, the Outstanding EUR Equivalent Amount(s) and the applicable Exchange Rate(s), as well as the outstanding nominal amount in the currency of the Reference Claim;
- (x) information on each Re-set with respect to the Collection Period;
- (xi) a computation of any Cash Settlement Amounts due from the Issuer and the Senior Guarantee Counterparty, respectively;
- (xii) information on debt restructuring and payment rescheduling commenced and/or concluded during the Collection Period with respect to any Reference Claim in respect of

which (A) a Credit Event has occurred, or (B) any amount of principal has been foregone under the corresponding Reference Loan due to such payment rescheduling or debt restructuring;

(xiii) information it has received on the occurrence of a Default Event; and

(xiv) the amounts of principal (if any) payable on each Note on the related Payment Date.

9.2 In connection with the redemption of the Notes, the Bank will provide the Trustee with the Scheduled Maturity Report, each Replenishment Report and, if applicable, the Legal Maturity Report or the Early Redemption Report at the time specified below for each such report.

"Scheduled Maturity Report" means the Pool Report to be delivered to the Trustee by the Bank on the Reporting Date immediately before the Scheduled Maturity Date which includes in addition to the information pursuant to Clause 9.1, *inter alia*, the following:

- (i) details with respect to the Overdue Reference Claims for the purposes of Section 10.2 (Redemption – Scheduled Maturity and Legal Maturity) of the Terms and Conditions;
- (ii) information on determination of Appraised Losses, if applicable; and
- (iii) redemption amounts with respect to each Note to be redeemed on the Scheduled Maturity Date.

"Legal Maturity Report" means the Pool Report to be delivered to the Trustee by the Bank on the Reporting Date immediately before the Legal Maturity Date which includes in addition to the information pursuant to Clause 9.1, *inter alia*, the following:

- (i) determination of Appraised Losses; and
- (ii) redemption amounts with respect to each Note then outstanding.

"Early Redemption Report" means a report in connection with early redemption of the Notes pursuant to Section 11 (Early Redemption for Default) or Section 12 (Early Redemption by the Issuer) of the Terms and Conditions to be delivered to the Trustee by the Bank not later than on the 5th Business Day prior to the actual date of redemption of the Notes in accordance with Section 11 (Early Redemption for Default) of the Terms and Conditions or the Early Redemption Date, as relevant, and including, *inter alia*:

- (i) the date of the actual redemption of the Notes, the Early Redemption Date or the Termination Redemption Date, as relevant;
- (ii) relevant information pursuant to Clause 9.1;
- (iii) the determination of the Appraised Losses and any other determinations pursuant to the Terms and Conditions for the purposes of the early redemption, as relevant;
- (iv) the reasons for the early redemption and determinations for the purposes of Section 11.2 (Early Redemption for Default – Method and Amount) or Section 12.1 (Early Redemption by the Issuer – Issuer Guarantee Termination) of the Terms and Conditions, if relevant;
- (v) details with respect to the Overdue Reference Claims for the purposes of Section 12.1 (Early Redemption by the Issuer – Issuer Guarantee Termination) of the Terms and Conditions;

- (vi) details with respect to the Defaulted Reference Claims for the purposes of Section 11.2 (Early Redemption for Default – Method and Amount) of the Terms and Conditions; and
- (vii) redemption amounts with respect to each Note to be redeemed on the date of the actual redemption of the Notes, the Termination Redemption Date, the Early Redemption Date or any Payment Date following the Early Redemption Date, as relevant.

"**Replenishment Report**" means a report in connection with each Replenishment Date to be delivered to the Trustee by the Bank not later than the 10th Business Day following the relevant Replenishment Date which includes *inter alia*:

- (i) information on each Reference Claim forming part of the Reference Pool on such Replenishment Date, including the total number of such Reference Claims;
- (ii) information on the characteristics of the Reference Pool and other information necessary for the Trustee to monitor compliance with the Replenishment Conditions; and
- (iii) stratification tables profiling the Reference Pool as of such Replenishment Date in agreed form.

The Pool Reports, the Scheduled Maturity Report, the Legal Maturity Report, the Early Redemption Report and the Replenishment Report are together referred to as the "**Reports**".

- 9.3 The Bank confirms that the initial Reference Claim List as of the Cut-off Date as provided for in Provision 2.1 of the Reference Pool Provisions (Reference Claims – Identification) has been delivered to the Trustee.
- 9.4 Subject to applicable law, regulations and contractual obligations of the Bank and/or the Servicers, in particular data protection laws and regulations and statutory, regulatory and contractual bank secrecy obligations of the Bank and/or the Servicers, and subject to Clause 18.1(ii), the Bank shall provide the Trustee with such additional information, documents and facilities as the Trustee may reasonably require for the performance of the Trustee Duties.
- 9.5 The Trustee shall take delivery of the Reports and all other documents delivered to it pursuant to this Trust Agreement and shall:
- (a) keep such documents for one year after the termination of this Trust Agreement and, at the discretion of the Bank, thereafter either destroy such documents or deliver the same to the Bank; or
 - (b) forward the documents to the successor Trustee if the Trustee is replaced in accordance with Clause 26.
- 9.6 In addition, subject to applicable law, regulations and contractual obligations of the Bank and/or the Servicers, in particular data protection laws and regulations and statutory, regulatory and contractual bank secrecy obligations of the Bank and/or the Servicers, the Bank shall grant the independent auditors of the Trustee the right to inspect, after having received reasonable notice and during normal business hours, all books, documents and data which affect the Reference Claims or the Reference Collateral.
- 9.7 Without prejudice to the provisions of Clause 29, the Trustee shall comply with the applicable data protection laws and regulations and statutory, regulatory and contractual bank secrecy

obligations of the Bank and/or the Servicers and shall not disclose any Report, document or other information obtained from the Bank and/or the Servicers pursuant to this Trust Agreement to any third party without prior written consent of the Bank or the Servicers, as relevant, except to an Expert duly appointed pursuant to Clause 14 or a Value Expert duly appointed pursuant to Clause 15 or a vicarious agent (*Erfüllungsgehilfe*) duly appointed pursuant to Clause 20, *provided that* applicable data protection laws and regulations and statutory, regulatory and contractual bank secrecy obligations of the Bank and/or the Servicers are observed.

- 9.8 Unless otherwise specified or agreed with the Trustee, the Bank and/or the Servicers, as relevant, shall provide the Trustee with all Reports, documents and information in accordance with Clause 31. All Reports, documents and information provided to the Trustee shall be true, accurate and complete in all material respects.

10. VERIFICATION; CONFIRMATION OF LOSS ALLOCATION; INITIATION OF PROCEDURES

- 10.1 The Trustee shall check the acceptability of the Reports and other documents delivered and information otherwise provided to it pursuant to this Trust Agreement (*Plausibilitätsprüfung*), other than the documents provided pursuant to Clause 18.1(i). If these checks by the Trustee do not reveal that there is any breach of the conditions and requirements for Loss Allocation or any other risk for the Transaction Creditors due to any failure of the Issuer or the Bank duly to discharge its obligations under the Trustee Documents, the Trustee is not obliged to examine such Reports, documents or information any further. If, on the basis of such check, the Trustee comes to the conclusion that there is a breach of the conditions and requirements for Loss Allocation or any other risk for the Transaction Creditors due to any failure of the Issuer or the Bank duly to discharge its obligations under the Trustee Documents, the Trustee shall promptly notify the Issuer and the Bank and shall conduct such further reviews and take such other actions, including the specific procedures set out in Clauses 11 through 13, as applicable, within the scope of the Trustee Duties and subject to Clause 16 as it, in its professional judgement, considers desirable or expedient to protect the interests of the Transaction Creditors.
- 10.2 (a) In addition to the checks pursuant to paragraph 10.1 above, the Trustee shall on a quarterly basis, prior to Loss Allocation on any Payment Date, verify the determination and allocation of Realised Losses in respect of each Reference Claim for which Realised Losses are to be allocated to the Notes as of the immediately following Payment Date, in each case, including whether the Eligibility Criteria and the Replenishment Conditions were met and whether the Servicing Standards were complied with in connection with the related Reference Claim, *provided that* the Trustee has received from the Bank such information and/or documents, subject to applicable law and contractual obligations of the Bank, necessary to perform such check. If, on the basis of such check, the Trustee comes to the conclusion that the requirements for the Loss Allocation in respect of such Realised Loss have not been complied with, the Trustee shall promptly notify the Issuer, the Bank and the Rating Agencies and take such other actions, including the specific procedures set out in Clauses 11 through 13, as applicable, within the scope of its Trustee Duties and subject to Clause 16 as it, in its professional judgement, considers desirable or expedient to protect the interests of the Transaction Creditors.
- (b) The Trustee shall only be obliged to carry out the verifications pursuant to this paragraph 10.2 if the conditions of Clause 16.2 are met.
- 10.3 The Trustee shall verify the accuracy of each Regular Notification and each Early Redemption Notification, if any, to be provided to (i) the Noteholders pursuant to Section 14 of the Terms and Conditions and (ii) the Senior Guarantee Counterparty pursuant to the provisions of the

Senior Guarantee (each, an "**Investor Notification**"), in each case, provided to the Trustee pursuant to Clause 18, by reference to the corresponding data contained in the related Reports delivered to it by the Bank pursuant to Clause 9 in respect of the relevant Collection Period.

- 10.4 (a) The Trustee shall, within three Business Days after delivery of the relevant Investor Notifications pursuant to paragraph 10.3, give a written confirmation to the Issuer and to the Bank to the effect that (i) it has performed the check (*Plausibilitätsprüfung*) of the Reports referred to in paragraph 10.1, (ii) such check does not reveal any indication of breach of related conditions and requirements for Loss Allocation nor any other risk for the Transaction Creditors due to any failure of the Issuer or the Bank duly to discharge its obligations under the Trustee Documents, (iii) on the basis of its verification pursuant to paragraph 10.3 the relevant Investor Notification is accurate or (iv) whether, on the basis of such check and verification, it has come to the conclusion that there is a breach of any related condition or requirement for Loss Allocation or any other risk for the Transaction Creditors due to any failure of the Issuer or the Bank duly to discharge its obligations under the Trustee Documents and/or any proposed Loss Allocation or payment to any Transaction Creditor may not be made in whole or in part.
- (b) If the Trustee, on the basis of the check performed in accordance with paragraph 10.2(a), has not identified any non-compliance with any requirements for the Loss Allocation in respect of any Realised Loss, the Trustee shall promptly confirm by written notification to the Issuer and the Bank the determination and allocation of such Realised Loss. If procedures pursuant to Clauses 11 to 13 have been initiated and have been finalised to the satisfaction of the Trustee, the Trustee shall promptly confirm that such procedures have been finalised to its satisfaction and to the extent that, pursuant to the findings of the Expert in the written certificate delivered to the Trustee in accordance with Clause 14.6, a Realised Loss is to be determined and allocated to the Notes in accordance with the Terms and Conditions, the Trustee shall confirm in addition such determination and allocation by written notification to the Issuer and the Bank.
- 10.5 The Trustee shall deliver to the Issuer and the Bank as soon as possible a notice (the "**Notice**") initiating the procedure, if any, (each, a "**Procedure**") pursuant to Clauses 10.1, 10.2(a), 11, 12, 13 and/or 16. Such Notice shall provide reasonable details with respect to (i) a summary of the relevant facts and circumstances, (ii) the extent of the Trustee's disagreement with the relevant determination or calculation or other action (failure to act) of the Bank or the Issuer, if applicable, and (iii) the Trustee's reasons for such disagreement.
- 10.6 The Trustee may request, and the Bank shall provide to the Trustee, subject to Clause 18.1(ii), such further information, access to its facilities and documentation, subject to applicable law and contractual obligations of the Bank, in particular, data protection laws and regulations and statutory, regulatory and contractual bank secrecy obligations of the Bank and/or the Servicers, as the Trustee and its advisors shall require to facilitate the Procedures.

11. LOSS ALLOCATION PROCEDURE

- 11.1 In the event that the Trustee has reason to believe, on the basis of its checks pursuant to Clauses 10.1, 10.2 and 10.3, that a determination of a Defaulted Reference Claim or Overdue Reference Claim, if relevant, or allocation of Realised Losses may be unjustified in whole or in part because of the determination thereof or the allocation thereof to a particular Transaction Creditor being erroneous the Trustee shall promptly give the Issuer and the Bank notice thereof and shall proceed in accordance with Clause 14. The determination and/or allocation of Realised Losses shall be erroneous if, *inter alia*:
- (i) a Reference Claim has been determined to be a Liquidated Reference Claim without proper enforcement of such Reference Claim, including by foreclosure (*Verwertung*) on

Reference Collateral, if relevant, in accordance with the Servicing Standards;

- (ii) a Reference Claim has been determined as a Liquidated Reference Claim at a time when further proceeds could still be reasonably expected to be received on such Reference Claim; or
 - (iii) Reference Collateral securing a Reference Claim which became a Liquidated Reference Claim has been previously released in breach of the Reference Pool Provisions.
- 11.2 In the event that the Trustee has reason to believe, on the basis of its checks pursuant to Clauses 10.1, 10.2 and 10.3, that an Unjustified Loss Allocation or Unjustified Cash Settlement (as defined in the Issuer Guarantee and the Senior Guarantee, respectively) has occurred, it shall notify the Issuer and the Bank accordingly. In the event that the Bank declines to confirm the occurrence of an Unjustified Loss Allocation or Unjustified Cash Settlement, the Trustee shall appoint an Expert pursuant to Clause 14 to determine whether an Unjustified Loss Allocation or Unjustified Cash Settlement has occurred, which Transaction Creditors have been affected thereby, and details of the re-instatement of the relevant Note Principal Amount of the affected Notes or reimbursement of the amounts of the Unjustified Cash Settlement.

12. REFERENCE CLAIM REMOVAL PROCEDURE

- 12.1 The Bank shall give notice (each, a "**Non-compliance Notice**") to the Trustee if any of the Eligibility Criteria, the Replenishment Conditions, the Servicing Standards or the requirements for transfer of a Reference Claim pursuant to Provision 8 (Transfers) of the Reference Pool Provisions have not been complied with in respect of a Reference Claim (each such Reference Claim, a "**Non-complying Reference Claim**"), unless such non-compliance has been reported in the Pool Report. The Non-compliance Notice shall include the details of the non-compliance.
- 12.2 Without limitation to the requirements under Provision 9(a)(ii) (Non-compliance) of the Reference Pool Provisions, on or after the delivery date of any Non-compliance Notice, the Bank may request from the Trustee a confirmation to the effect that in the professional judgement of the Trustee:
- (i) the conditions under Provision 9(a)(A) of the Reference Pool Provisions (Non-compliance) are met;
 - (ii) the conditions under Provision 9(a)(B) of the Reference Pool Provisions (Non-compliance) are met;
 - (iii) the relevant non-compliance affects only a part of the relevant Reference Claim;
 - (iv) the relevant non-compliance has not resulted in or contributed to the Realised Loss; or
 - (v) the conditions under Provision 9(b) or Provision 9(c) (Non-compliance) of the Reference Pool Provisions are met.

Such confirmation of the Trustee shall be binding in the absence of manifest error for the purposes of the Loss Allocation. The Trustee shall provide a copy of such confirmation to the Issuer. In the event the Trustee refuses to deliver such confirmation, the Trustee shall upon request of the Bank proceed in accordance with Clause 14.

- 12.3 Any removal of a Reference Claim or portion thereof, as relevant, from the Reference Pool pursuant to Provision 8 (Transfers) or Provision 9 (Non-compliance) of the Reference Pool Provisions will become effective as of the last day of the Collection Period immediately preceding the Pool Report in which the Bank has declared removal of such Reference Claim or

portion thereof, as relevant.

- 12.4 Any removal of a substituted Reference Claim or portion thereof, as relevant, from the Reference Pool pursuant to Provision 6.2 (Substitution) of the Reference Pool Provisions will become effective as of the Replenishment Date immediately preceding the Replenishment Report in which the Bank has declared such Substitution.

13. REDEMPTION PROCEDURES; RE-SET PROCEDURES

- 13.1 In the event that the Trustee has reason to believe on the basis of its checks pursuant to Clauses 10.1, 10.2 and 10.3 that a determination pursuant to Section 10 (Redemption), Section 11 (Early Redemption for Default) or Section 12 (Early Redemption by the Issuer) of the Terms and Conditions has not been made in accordance with the Terms and Conditions, it shall promptly give Notice to the Issuer and the Bank thereof and shall proceed in accordance with Clause 14. Any such determination shall be erroneous if, *inter alia*:
- (i) any Appraised Loss is determined in breach of the applicable provisions of the Terms and Conditions; or
 - (ii) the determination of the aggregate Outstanding Nominal Amount of the Overdue Reference Claims or Defaulted Reference Claims, as relevant, is erroneous.
- 13.2 If the Notice is received by the Bank before the Determination Date preceding the relevant redemption date the redemption will be deferred until the next Payment Date or, if later, final determination of the matter(s) in respect of which the Notice was given pursuant to the procedures under Clause 14 shall take place. Without prejudice to any applicable Unjustified Loss Allocation procedure, but subject to the last sentence of the first paragraph of Section 9.1 (Unjustified Loss Allocation – Reversal of Realised Loss) of the Terms and Conditions, if the Notice is received by the Bank on or after the Relevant Determination Date, the determinations in respect of which the Notice was given will be binding for the given redemption date.
- 13.3 In the event that the Trustee has reason to believe on the basis of its checks pursuant to Clauses 10.1, 10.2 and 10.3 that any determination in connection with the Non-EUR Reference Claims was erroneous, the Trustee shall promptly give the Bank and the Issuer Notice thereof and shall proceed in accordance with Clause 14. A determination in connection with the Non-EUR Reference Claims shall be erroneous if, *inter alia*, a Re-set is made in breach of Provision 2.3 (Reference Claims – Non-EUR Reference Claims – Conversion; Re-sets) of the Reference Pool Provisions.
- 13.4 If a Notice is received by the Bank that a Re-set is erroneous, such Re-set and all other Re-sets of the Non-EUR Reference Claims denominated in the same Re-set Currency on the given Re-set Date shall not be effected and the Outstanding EUR Equivalent Amounts of the relevant Non-EUR Reference Claims shall be as last determined in accordance with Provision 2.3 (Non-EUR Reference Claims – Conversion; Re-sets) of the Reference Pool Provisions until and unless the disputed Re-set is determined pursuant to Clause 14.

14. EXPERT FOR THE PROCEDURES

- 14.1 Without prejudice to the provisions of Clause 14.4 below, upon giving a Notice pursuant to Clause 10.5 or Clause 13.3 or receipt of a reasoned request pursuant to Clause 12.2, the Trustee shall appoint a disinterested third party that is an auditing firm of recognised standing which is not an affiliate of either the Issuer, the Bank, or the Trustee (the "**Expert**") to resolve the disputed matter. For the avoidance of doubt, the appointment of each Expert is for the purposes of obtaining an expert opinion (*Schiedsgutachten*) and not for arbitration (*Schiedsvertrag*).

- 14.2 Such Expert shall be selected by the Trustee in its reasonable discretion after consultation with the Bank, if practicable, having regard to the nature of the dispute and interest of the Transaction Creditors in the timely determination of the disputed issue. The Trustee shall ensure that Clause 29.2 is complied with.
- 14.3 The Trustee shall promptly notify the Issuer, the Bank and each of the Rating Agencies of such appointment and the nature of the dispute.
- 14.4 Prior to the appointment of the Expert pursuant to paragraph 14.1, the Trustee may, at its sole discretion but having due regard to the interests of the Transaction Creditors, seek an amicable solution of the matter of disagreement by negotiation with the Bank.
- 14.5 Each of the Bank and the Trustee shall, upon request of the Expert, provide the Expert with such information, documents and access as the Expert may reasonably require for the performance of its duties hereunder. The Bank may limit the access of any Expert to any of its information, facilities and documentation to the extent that the Bank, based on advice of in-house legal counsel, determines that such limitation is necessary in order to avoid a violation of applicable law, regulations and/or contractual obligations of the Bank, in particular data protection laws and regulations and statutory, regulatory and contractual bank secrecy obligations of the Bank and/or the relevant Servicer.
- 14.6 Any determination by way of a written certificate of the Expert will, in the absence of manifest error, be final and binding. The Expert shall deliver such written certificate to the Trustee, with a copy to the Issuer and the Bank. To the extent that, pursuant to the findings of the Expert in such written certificate, a Realised Loss is to be determined and allocated to the Outstanding Threshold Amount and/or the Notes in accordance with the Terms and Conditions, the Trustee shall confirm such determination and allocation by written notification to the Issuer and the Bank.

15. EXPERT FOR DETERMINATION OF APPRAISED VALUE

- 15.1 Promptly upon receipt of the notice from the Issuer or the Bank, as the case may be, that determination of Appraised Value is necessary for the purposes of the Transaction, including a notice of the time frame available under this Transaction for making such determination, the Trustee shall appoint a disinterested third party expert which is an auditing firm of recognised standing but which is not an affiliate of either the Issuer, the Bank or the Trustee or has been involved as an Expert in connection with the same Reference Claim (the "**Value Expert**") to determine the Appraised Values. For the avoidance of doubt, the appointment of the Value Expert is for the purposes of obtaining an expert opinion (*Schiedsgutachten*) and not for arbitration (*Schiedsvertrag*).
- 15.2 The Value Expert shall be selected by the Trustee in its reasonable discretion having regard to the interests of the Transaction Creditors in professional determination of the Appraised Values in timely manner. The Trustee shall ensure that Clause 29.2 is complied with and shall use all reasonable efforts to provide for a timely determination of the Appraised Values.
- 15.3 The Trustee shall promptly notify the identity of the Value Expert to the Bank, the Issuer and each of the Rating Agencies.
- 15.4 Upon request by the Trustee and/or the Value Expert, the Bank shall provide the Value Expert with such information and documents regarding the Overdue Reference Claims or Defaulted Reference Claims and access as the Value Expert may reasonably require for the determination of the Appraised Values. The Bank may limit the access of the Value Expert to any of its information, facilities and documentation of the Bank to the extent that the Bank, based on

advice of in-house legal counsel, determines, that such limitation is necessary in order to avoid a violation of applicable law, regulations and contractual obligations of the Bank, in particular data protection laws and regulations and statutory, regulatory and contractual bank secrecy obligations of the Bank.

- 15.5 Any determination by way of a written certificate of the Value Expert shall, in the absence of manifest error, be a final and binding determination of the Value Expert for the purposes of determination of the Appraised Value as defined in Section 10.2 (Redemption – Scheduled Maturity and Legal Maturity) of the Terms and Conditions. The Value Expert shall deliver such written certificate to the Trustee with a copy to the Bank and the Issuer.

16. OBLIGATION OF THE TRUSTEE TO ACT

- 16.1 If the Trustee becomes aware on the basis of its checks pursuant to Clauses 10.1, 10.2 and 10.3 that the interests of the Transaction Creditors are at risk due to any failure by the Issuer or the Bank duly to discharge its obligations under the Trustee Documents, the Trustee shall promptly give Notice to the Issuer and the Bank thereof and, at its discretion and subject to paragraph 16.2, take or initiate any of the Procedures under this Trust Agreement, appoint an Expert (pursuant to Clause 14) or a Value Expert (pursuant to Clause 15) or take such other action which the Trustee, in its professional judgement, considers desirable or expedient to protect the interests of the Transaction Creditors.

- 16.2 Subject to Clause 7.9, the Trustee shall only be obliged to perform its Trustee Duties if, and to the extent that:

- (a) it is convinced (on reasonable grounds) that its fees pursuant to Clause 22.1 will be paid and it will be indemnified to its satisfaction (either by reimbursement of costs or in any other way it deems appropriate) against all costs and expenses resulting from its activities pursuant to Clause 22.2 (including fees for retaining an Expert, the Value Expert or an Advisor as well as fees and expenses of any third party retained in accordance with Clause 20) and against all liability, obligations and attempts to bring any action in or out of court, (the claim for such fees and indemnification, the "**Indemnification Claim**"); or
- (b) the Issuer or, failing whom, the Bank has, upon the Trustee's request, paid an adequate advance for the Trustee's Indemnification Claim,

provided that any Indemnification Claim which shall be incurred or requested by the Trustee (i) in connection with or for a period of 120 calendar days following the occurrence of a Foreclosure Event and/or (ii) after the Termination Date, shall be deemed to have been satisfied in full by the amounts previously paid or advanced to the Trustee hereunder, except with respect to any fees, costs or expenses relating to the determination of Realised Losses (including the determination of Appraised Losses and Appraised Values).

17. REPRESENTATIONS AND UNDERTAKINGS OF THE TRUSTEE

- 17.1 The Trustee represents to the Issuer and the Bank that it is legally competent and in a position to perform the duties ascribed to it under the Trustee Documents and that, as at the time of concluding this Trust Agreement, a reason for terminating this Trust Agreement pursuant to Clause 26.1 has neither occurred nor to its best knowledge is foreseeable.
- 17.2 The Trustee undertakes without delay to provide the Issuer and the Bank with a copy of each notice it receives from a Noteholder pursuant to Section 11.1 (Early Redemption for Default – Default Events) of the Terms and Conditions.

- 17.3 The Trustee hereby acknowledges, having regard to the provisions of Clause 16.2, that the occurrence of a Default Event specified under (ii) of Section 11 (Early Redemption for Default – Default Events) of the Terms and Conditions will not, as such, give the Trustee the right to terminate this Trust Agreement under Clause 26.1, *provided that* it cannot be excluded that, with regard to all other circumstances and events, a good cause (*wichtiger Grund*) which would give the Trustee such right might occur when such Default Event occurs.
- 17.4 The Trustee undertakes neither to assign, in whole or in part, the Trustee Claim. The Trustee undertakes not to transfer, assign, pledge or otherwise charge the Collateral except in accordance with the Transaction Documents.
- 17.5 The Trustee undertakes, in connection with its resignation pursuant to Clause 26.1, (i) to give the Issuer and the Bank a reasonable advance notice of its intention to give notice to the Noteholder pursuant to Section 11.1(iii) (Early Redemption for Default - Default Events) of the Terms and Conditions and, if relevant, (ii) to give notice to the Noteholders pursuant to Section 11.1(iii) (Early Redemption for Default - Default Events) of the Terms and Conditions.
- 17.6 The Trustee hereby confirms that a copy of the Terms and Conditions and the Senior Guarantee is available to it and that it is familiar with the terms of the Senior Guarantee and the Terms and Conditions.

18. UNDERTAKINGS OF THE BANK AND THE ISSUER

- 18.1 For as long as any of the Notes are outstanding the Bank shall:
- (i) as soon as practicable after publication, provide the Trustee with two copies of its latest annual report and make its latest published annual report available to the Transaction Creditors at the specified offices of the Bank and the Principal Paying Agent, if different;
 - (ii) subject to applicable law, regulations and contractual obligations of the Bank and/or the Servicers, in particular data protection laws and regulations, and subject to statutory, regulatory and contractual bank secrecy obligations of the Bank and/or the Servicers, and internal business secrecy practice of the Bank and/or the Servicers, permit the Trustee, which is an auditing firm, or if the Trustee is not an auditing firm, its auditors, an Expert and a Value Expert to inspect books and records of the Bank and/or the Servicers for the purposes of performance of the Trustee Duties and the duties under Clause 14 to give any information necessary for such purposes and to make the relevant records available for inspection;
 - (iii) subject to applicable law, regulations and contractual obligations of the Bank and/or the Servicers, in particular data protection laws and regulations, and subject to statutory, regulatory and contractual bank secrecy obligations of the Bank and/or the Servicers, and internal business secrecy practice of the Bank and/or the Servicers, execute such additional documents and take such further action as the Trustee may reasonably consider necessary or appropriate to give effect to this Trust Agreement and to ensure the validity, binding effect and enforceability of the Terms and Conditions;
 - (iv) notify the Trustee immediately of any information received that (i) the Issuer cannot discharge in full any obligation to make payments of principal and interest on the Notes pursuant to the Terms and Conditions with respect to any Payment Date, or (ii) the Bank or the Issuer is in breach of any other obligations under the Transaction Documents;
 - (v) subject to applicable law, regulations and contractual obligations of the Bank and/or the Servicers, in particular data protection laws and regulations, and subject to statutory, regulatory and contractual bank secrecy obligations of the Bank and/or the Servicers, and

internal business secrecy practice of the Bank and/or the Servicers, notify the Trustee if the interests of the Transaction Creditors with respect to the Reference Claims are impaired or jeopardised by any action of a third party, by sending a copy of any document on which the claim of the third party is based, as well as all further documents which are required or useful to enable the Trustee to file proceedings and take other actions in defence of the rights of the Transaction Creditors;

- (vi) provide the Trustee without undue delay (after all amounts expected to be recovered in respect of any Defaulted Reference Claim and allocable to its principal amount have been received by the Bank) with the notices pursuant to Section 8.3 (Loss Allocation - Notice to Trustee) of the Terms and Conditions;
- (vii) provide the Trustee with a copy of each Investor Notification in draft form when the related Report is delivered by the Bank to the Trustee pursuant to Clause 9 on the Reporting Date, Replenishment Date or the date determined pursuant to the definition of "Early Redemption Report", immediately preceding the delivery of such Investor Notification, and
- (viii) after the Trustee has given its confirmation pursuant to Clause 10.4(a), promptly, but not later than the Business Day following the receipt thereof, (a) prepare the relevant Investor Notifications in final forms, adjusting the draft forms, as necessary, based on the Trustee's confirmation, and (b) distribute the final form of the Investor Notifications (i) to the Issuer with a copy to the Rating Agencies, (ii) to the Noteholders pursuant to the Terms and Conditions or, if relevant, to the Principal Paying Agent for communication to the Noteholders pursuant to the Terms and Conditions and (iii) to the Senior Guarantee Counterparty.

18.2 The Bank shall send or have sent, as long as no insolvency, bankruptcy, receivership, examinership, winding-up or liquidation in respect of the Bank has occurred, to the Senior Guarantee Counterparty as long as the Senior Guarantee has not been terminated, a copy of each notice to be given to the Noteholders in accordance with the Terms and Conditions not later than on the day of the delivery of such notice to the Noteholders.

18.3 For as long as any of the Notes are outstanding, the Issuer shall:

- (i) as soon as practicable after publication, provide the Trustee with two copies of its latest annual financial statements and make its latest annual published financial statements available for inspection by the Transaction Creditors at the specified offices of the Bank and the Principal Paying Agent, if different;
- (ii) execute such additional documents and take such further action as the Trustee may reasonably consider necessary or appropriate to give effect to this Trust Agreement and to ensure the validity, binding effect and enforceability of the Terms and Conditions;
- (iii) notify the Trustee immediately if (a) it cannot discharge in full any obligation to make payments of principal or interest on the Notes pursuant to the Terms and Conditions with respect to any Payment Date, (b) it is in breach of any other obligations under the Transaction Documents, or becomes aware of a breach of any obligation of the Bank hereunder, or (c) the occurrence of (a) or (b) is imminent;
- (iv) without delay provide the Bank and the Trustee with a notice if the Notes become due and subject to early redemption by operation of insolvency or other mandatory laws or the occurrence thereof is imminent,
- (v) give the Bank, if different from the Principal Paying Agent, and the Trustee at least 30 calendar days' notice of its replacement of the Principal Paying Agent; and

- (vi) not agree to any amendment of any Transaction Document to which it is a party unless each Rating Agency has confirmed that such amendment will not adversely affect the rating of the Notes.

18.4 For as long as any of the Notes are outstanding, the Issuer shall not be entitled without the Trustee's prior written consent (except as otherwise contemplated by the Transaction Documents) to:

- (a) engage in any business or any other activities other than:
 - (i) the performance of its obligations under this Trust Agreement, the Notes and the other Transaction Documents;
 - (ii) the enforcement of its rights;
 - (iii) the performance of any acts which are necessary or desirable in connection with (i) or (ii) above; and
 - (iv) the execution of all further documents and undertaking of all other actions, at any time and to the extent permitted by law, which, in the professional judgement of the Trustee, are necessary or desirable having regard to the interests of the Transaction Creditors in order to ensure that the Trustee Documents are always valid and effective,
- (b) hold subsidiaries (except in the case of a substitution of the Issuer pursuant to the Terms and Conditions),
- (c) dispose of any assets, including the Collateral, or any part thereof or interest therein, except as otherwise provided in (a) above,
- (d) alienate, or create or permit to subsist any pledge or other security interest in, any assets or any part thereof or interest therein, unless permitted under (a) above,
- (e) incur further indebtedness or give any guarantee or indemnity in respect of any obligation of any person,
- (f) have any employees,
- (g) amend any of the Transaction Documents or its Memorandum and Articles of Association except as required by applicable law or requested by the Trustee,
- (h) acquire the obligations or securities of its shareholders,
- (i) commingle its assets with those of any other entity,
- (j) issue or repurchase shares or reduce its share capital or declare or pay dividends or any other distributions of any kind whatsoever, except as contemplated by the Transaction Documents,
- (k) open any bank account (except as contemplated by the Transaction Documents),
- (l) lease or otherwise acquire any real property (including office premises or like facilities),
- (m) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person, and

- (n) make any loans or advances to any entity.

18.5 The Issuer shall, except as contemplated in the Transaction Documents:

- (a) conduct its own business in its own name and hold itself out as a separate entity from any other person or entity,
- (b) pay its own liabilities out of its own funds,
- (c) observe all corporate formalities and other formalities required by its constitutional documents; and
- (d) maintain its status as a qualifying company in the meaning of Section 110 of the Irish Taxes Consolidation Act, 1997.

19. ACTIONS REQUIRING CONSENT

If the Issuer or the Bank requests that the Trustee grants its consent pursuant to the Trustee Documents or otherwise under the Transaction Documents, the Trustee may grant or withhold the requested consent at its discretion, taking into account the interests of the Transaction Creditors.

20. RETAINING OF THIRD PARTIES

- 20.1 The Trustee may delegate the performance of its Trustee Duties, in whole or in part, to vicarious agents (*Erfüllungsgehilfen*, § 278 of the German Civil Code (*Bürgerliches Gesetzbuch*)). A more extensive delegation of the Trustee Duties is not permitted.
- 20.2 The Trustee shall promptly notify the Rating Agencies, the Bank and the Issuer of every instruction of a third party made pursuant to paragraph 20.1.
- 20.3 For the purposes of appointment of the Expert or Value Expert, the Trustee shall only be liable for the exercise of due care in the selection of the Expert and/or Value Expert. The Trustee shall not be liable for the performance of the Expert and/or Value Expert.

21. ADVISORS

- 21.1 The Trustee is authorised, in connection with the performance of the Trustee Duties, at its own discretion, to seek information and advice from legal counsel, financial consultants, banks and other experts (each an "**Advisor**") at market prices (if appropriate, after obtaining several offers).
- 21.2 The Trustee may rely on such written information and advice without having to make its own investigations. The Trustee shall not be liable for any damages or losses caused by its acting reasonably in reliance on information or advice of the Advisors. The Trustee shall not be liable for any negligence of the Advisors. The Trustee shall only be liable for the exercise of due care in the selection of any Advisor.

22. FEES AND REIMBURSEMENT OF THE TRUSTEE

- 22.1 For the performance of the Trustee Duties, the Issuer will pay the Trustee a fee which shall be

separately agreed between the Issuer and the Trustee with the consent of the Bank.

- 22.2 The Issuer shall bear all reasonable costs and disbursements (including costs incurred in obtaining legal advice and the costs of other Advisors) incurred, and, after reasonable consultation, if practicable, with the Bank pay all reasonable advances requested, by the Trustee in connection with the performance of the Trustee Duties, including the costs and disbursements in connection with the Procedures and appointment of any Expert or Value Expert.

23. FEES AND EXPENSES OF THE EXPERT

The Issuer shall reimburse the Trustee for all reasonable fees, costs and disbursements (including costs of the Expert's and the Value Expert's advisors) payable by the Trustee to any Expert and/or Value Expert.

24. RIGHT TO INDEMNIFICATION

The Issuer shall indemnify the Trustee against all losses, liabilities, obligations (including any taxes other than taxes on the Trustee's overall income or gains, which are imposed in the future on the services under this Trust Agreement), actions in and out of court and costs and disbursements incurred by the Trustee in connection with this Trust Agreement, unless such losses, liabilities, obligations, actions, costs and disbursements are incurred by the Trustee due to a breach of the standard of care provided for in Clause 27.

25. TAXES

- 25.1 The Issuer shall pay all stamp duties, registration or other taxes to which any of the Transaction Documents or any part of the Transaction may at any time be subject.
- 25.2 All payments of fees and reimbursements of expenses to the Trustee shall be increased by the amount of any turnover taxes, value added taxes or similar taxes, other than taxes on the Trustee's overall income or gains, which are imposed in the future on the services under this Trust Agreement.

26. TERMINATION; REPLACEMENT

- 26.1 Without prejudice to Clause 26.5, the Trustee may resign as Trustee for good cause (*aus wichtigem Grund*) at any time.
- 26.2 Subject to Clause 26.3, the Issuer shall be authorised and obliged to revoke the appointment of the Trustee as trustee under this Trust Agreement and give immediate notice thereof to the Bank and the Rating Agencies (A) for good cause (*aus wichtigem Grund*), (B) upon the written instruction of the Senior Guarantee Counterparty upon the occurrence of good cause (*aus wichtigem Grund*), (C) after having been (i) so instructed in writing by Noteholders representing at least 50% of the aggregate Note Principal Amount of the Notes then outstanding upon the occurrence of good cause (*aus wichtigem Grund*) or (ii) informed by any of the Rating Agencies that the continued appointment of the Trustee in its capacity hereunder would adversely affect the then current rating of any Class of Notes by such Rating Agency.
- 26.3 In the case of insolvency, bankruptcy, receivership, examinership, winding-up or liquidation of the Issuer, the Trustee shall be obliged to resign, and shall give immediate notice thereof to the Bank, the Rating Agencies and the Issuer, if (A) so instructed in writing (i) by the Senior

Guarantee Counterparty upon the occurrence of good cause (*aus wichtigem Grund*), (ii) by Noteholders representing at least 50% of the aggregate Note Principal Amount of the Notes then outstanding upon the occurrence of good cause (*aus wichtigem Grund*) or (B) informed by any of the Rating Agencies that the continued appointment of the Trustee in its capacity hereunder would adversely affect the then current rating of any Class of Notes by such Rating Agency.

- 26.4 Notwithstanding the provisions of paragraphs (1) through (3) above, in the event that the Issuer does not comply with its obligation pursuant to Section 4.2 (Trustee – Obligation to Maintain a Trustee) of the Terms and Conditions or such non-compliance, in the reasonable opinion of the Bank, is imminent, the Bank shall appoint a successor trustee.
- 26.5 Any resignation by the Trustee in accordance with Clause 26.3(A)(ii) or (B), any revocation of the appointment of the Trustee in accordance with Clause 26.2(C) and any appointment of the Trustee in accordance with Clause 26.4 shall become effective only upon (i) the appointment by the Issuer or, in case of Clause 26.3, the Trustee on behalf of the Transaction Creditors or, in the case of Clause 26.4, the Bank, of a successor trustee, which must be a bank, financial services institution, auditing firm or law firm of recognised standing which has its principal office in Germany and with respect to which each of the Rating Agencies that had assigned ratings to the Notes prior to such resignation or replacement confirms that the appointment of such successor trustee will not adversely affect the rating of the Notes, (ii) the transfer to such successor trustee of all authorities, powers and Collateral, granted to the Trustee under this Trust Agreement and the other Transaction Documents, and (iii) the acceptance by such successor trustee of such appointment and of the rights and obligations under the Trust Agreement. In the case of Clause 26.1, the Trustee shall use all best efforts to appoint a successor trustee not later than on the 2nd Business Day prior to the Trustee Resignation Effective Date and for so long as no successor trustee has been appointed, the Issuer and the Bank shall have the right, in consultation with each other and the Trustee, to appoint a successor trustee and each of them shall use all reasonable efforts to appoint a successor trustee not later than the 2nd Business Day prior to the Trustee Resignation Effective Date. In the case of Clause 26.2(i) and (ii) and Clause 26.3(i), respectively, the Bank and the Issuer shall use all reasonable efforts to appoint a successor trustee which meets the requirements set forth in Clause 26.5(i) not later than on the date on which the termination becomes effective.
- 26.6 The costs incurred in connection with replacing the Trustee pursuant to Clauses 26.1 through 26.4 shall be borne by the Issuer. If the replacement pursuant to Clause 26.2 or 26.3 is due to the Trustee's conduct and such conduct does not meet the standard of care pursuant to Clause 27, the Issuer shall be entitled, without prejudice to any additional rights, to demand from the Trustee the payment of an amount equal to such costs.
- 26.7 The successor trustee appointed in accordance with Clause 26.5 shall give notice of the appointment, including its address, without delay to the Issuer, the Bank and the Rating Agencies, as relevant, in accordance with this Trust Agreement, and to the Noteholders in accordance with the Terms and Conditions, or, if this is not possible, in any other appropriate way, to the Senior Guarantee Counterparty pursuant to the Senior Guarantee.
- 26.8 The Trustee shall provide the successor trustee with a reasonably detailed report regarding its activities under or in connection with this Trust Agreement.
- 26.9 Upon the effectiveness of any replacement of the Trustee pursuant to Clause 26.4, the Trustee shall be released from the Trustee Duties but shall continue to be entitled to payments due to it under this Trust Agreement and outstanding as of the date of the effective replacement of the Trustee. For the avoidance of doubt, the replacement of the Trustee shall not release the Trustee from its obligations under this Trust Agreement arising prior to or in connection with the replacement. In the case of a replacement of the Trustee, all references herein to the Trustee shall be deemed to be references to the successor trustee.

26.10 Notwithstanding the resignation of the Trustee pursuant to Clause 26.1, the Trustee:

- (i) shall be obliged to hold and transfer and assign to a successor trustee, if any, appointed in accordance with Clause 26 its Trustee Claim together with any Collateral then existing and held by the Trustee, and
- (ii) upon the occurrence of the Trustee Resignation Effective Date shall, for as long as no successor trustee is appointed, exercise its rights in respect of the Collateral and the payment of principal and interest on the Notes in accordance with Section 11 (Early Redemption for Default) of the Terms and Conditions to the extent that this is reasonably required to protect the interests of the Noteholders.

27. STANDARD OF CARE

The Trustee shall be liable for breach of its obligations under this Trust Agreement only if and to the extent that it fails to meet the standard of care of a prudent merchant (*Sorgfaltspflicht eines ordentlichen Kaufmanns*).

28. EXTENT OF LIABILITY

Without prejudice to the provisions of Clause 27, the Trustee shall not be liable for: (i) any action of the Issuer or any failure to act by the Issuer, (ii) the Notes, the Collateral or the Reference Claims being legal, valid, binding or enforceable, or for the fairness of the provisions of the Terms and Conditions, (iii) a loss of documents related to the Reference Pool and the Reference Claims not attributable to negligence of the Trustee, and (iv) the Bank's breach of its obligations to submit any Report and any other document, information or to provide access and facilities to the Trustee or an Expert or Value Expert.

29. CONFIDENTIALITY

- 29.1 The Trustee shall ensure that its auditors, each Expert and Value Expert and their respective auditors, if relevant, and each Advisor as well as each third party retained in accordance with Clause 20 shall treat as confidential any information concerning the Debtors and the providers of the Reference Collateral and the business operations of the Bank and the Servicers obtained in connection with the performance of their respective duties for the purposes of this Trust Agreement. The Trustee shall only disclose such information (i) to its auditors, an Expert or a Value Expert duly appointed under this Trust Agreement and/or their respective auditors, if relevant, or an Advisor or a third party retained in accordance with Clause 20, in each case, to the extent that disclosure of such information is necessary for the performance of their duties for the purposes of this Trust Agreement, (ii) if such information is or becomes generally known in a manner not attributable to the Trustee, (iii) if the Trustee is legally required to disclose such information or requested to do so by a competent public authority or (iv) if the disclosure of such information by the Trustee is legally permitted and necessary to enforce any rights arising from the Notes or the other Transaction Documents.
- 29.2 The Trustee shall ensure that each Expert and Value Expert appointed under this Trust Agreement, prior to its appointment taking effect, each auditor of the Trustee and each Advisor of the Trustee and each third party retained by the Trustee in accordance with Clause 20 which is to perform any duty pursuant to this Trust Agreement, prior to the commencement thereof, signs a confidentiality undertaking in such form as the Trustee may, in its professional judgement require having regard to the nature of the relevant matter, for the benefit of the Trustee and the Bank to the effect that the Expert, Value Expert, the auditor, the Advisor or the

third party retained as relevant, shall treat as confidential any information concerning the Debtors and the providers of the Reference Collateral and the business operations of the Bank and the Servicers obtained in connection with the performance of its duties in connection with this Trust Agreement.

- 29.3 Notwithstanding paragraph 29.2 above, the Bank may, at its sole discretion and at any time, request each Expert and Value Expert appointed under this Trust Agreement and each auditor of the Trustee and each Advisor of the Trustee and each third party retained by the Trustee in accordance with Clause 20 which is to perform any duty pursuant to this Trust Agreement to sign a confidentiality undertaking in such form as the Bank may, in its professional judgement require to the effect that the Expert, Value Expert or auditor, as relevant, shall treat as confidential any information concerning the Debtors and the providers of the Reference Collateral and the business operations of the Bank obtained in connection with the performance of its duties in connection with this Trust Agreement.

30. LIMITED RECOURSE; NON-PETITION AND PRIORITY OF PAYMENTS

- 30.1 Notwithstanding any other provision of this Trust Agreement, the Trustee and the Bank shall have recourse in respect of any claim against the Issuer hereunder or otherwise only in accordance with the priority of payments set out in Clause 30.2 (the "**Priority of Payments**"). The obligations of the Issuer under this Trust Agreement shall not be obligations or responsibilities of, or guaranteed by, any other person or entity. The Issuer shall have no assets available for payment of its obligations hereunder other than the amounts received under the Transaction Documents and other assets of the Issuer (but excluding, with respect to all obligations hereunder other than the Trustee Claim, the amounts received under the Eurohypo Pfandbriefe) and such assets shall be applied in accordance with the Priority of Payments. Claims in respect of any shortfall shall be extinguished and, without prejudice to any termination rights, the failure to make any payment in respect of any such shortfall shall in no circumstances constitute default by the Issuer. Neither the Trustee nor the Bank may take steps against the Issuer to recover any sum so unpaid and, in particular, each of the Trustee and the Bank, shall not petition or take any other step or action for the winding-up, examinership, liquidation or dissolution of the Issuer nor for the appointment of a liquidator, examiner, receiver or other person in respect of the Issuer or its assets.
- 30.2 (a) Any amounts received by the Issuer under the Collateral, including the proceeds from the foreclosure thereof, shall be applied to satisfy the payment obligations of the Issuer towards the Bank under the Issuer Guarantee to the extent so required by the first ranking pledge of the Bank over such Collateral.
- (b) Any amounts received by the Issuer under the Collateral, including the proceeds from the foreclosure thereof, and not applied pursuant to (a) above as well as the guarantee fee received by the Issuer from the Bank under the Issuer Guarantee shall be applied to satisfy the payment obligations of the Issuer under the Notes in the Order of Seniority, *provided that* any amount applied to a particular Class of Notes shall be applied *first*, to interest and *second*, to principal on such Class.
- (c) Any credit available on the Transaction Account and not applied pursuant to paragraphs (a) and (b) above (but excluding the transaction fee payable to the Issuer under the Issuer Guarantee, which shall only be retained by the Issuer and/or paid as a dividend to its shareholders) shall be applied by the Issuer on any Payment Date to pay all fees, costs, charges, indemnities, losses, damages, claims, liabilities and expenses due and payable on such date in the following order of priority:
- (i) *first, pro rata*, any annual return or company fees and any other amounts of the Issuer then due and payable to governmental authorities in Ireland or elsewhere;

- (ii) *second*, any fees, costs and disbursements (including any fees, costs and disbursements of any Expert and/or Value Expert) due and payable to the Trustee in accordance with this Trust Agreement;
 - (iii) *third, pro rata*, any amounts of regular fees and expenses then due and payable to the directors and the auditors, legal advisors of the Issuer, the Agents, the Cash Administrator, the Corporate Administrator, the Custodian, the Account Banks, the agent for the service of process, the Irish Stock Exchange, the Rating Agencies and other operational creditors of the Issuer;
 - (iv) *fourth, pro rata*, any other amounts then due and payable by the Issuer (including, without limitation, any indemnification claims of the Issuer's directors, auditors or legal advisors, the Trustee, the Agents, the Common Depositary, the Cash Administrator, the Corporate Administrator, the Custodian or the Account Banks).
- (d) The proceeds of any foreclosure on the Collateral by the Trustee shall be applied in accordance with Clause 7.7 and the Issuer shall apply any proceeds it receives pursuant to Clause 7.7(iii) in accordance with paragraph (c).

"**Order of Seniority**" means *first*, Class A+, *second*, Class A, *third*, Class B, *fourth*, Class C, *fifth*, Class D and *sixth*, Class E Notes.

31. COMMUNICATIONS

- 31.1 All notices to Noteholders under this Trust Agreement shall be given in accordance with Section 15 (Form of Notices) of the Terms and Conditions. All communications under this Trust Agreement shall be made by e-mail, mail or fax, *provided that* notices regarding termination of this Trust Agreement or the replacement of the Trustee given by e-mail or fax shall promptly be confirmed by mail.
- 31.2 Any communication under this Trust Agreement shall be in English.
- 31.3 Subject to written notification of any change of address, all notices under this Trust Agreement to the parties set out below shall be directed to the following addresses:

- (a) if to the Trustee:

Ernst & Young AG Wirtschaftsprüfungsgesellschaft
Arnulfstrasse 126
80636 Munich
Germany

Attn.: Dr. Karl Hamberger; Dr. Alexander Aberger
Telephone: (+49) 89 14 331 13662; (+49) 89 14 331 13714
Facsimile: (+49) 89 14 331 13199
E-mail: karl.hamberger@de.ey.com; alexander.aberger@de.ey.com

(b) if to the Issuer:

CoCo Finance 2006-1 PLC
Trinity House
Charleston Road
Ranelagh
Dublin 6
Ireland

Attn.: The Directors
Telephone: +353 1 491 4055
Facsimile: +353 1 491 4056
Email: directors@sfmilimited.com

(c) if to the Bank:

Commerzbank Aktiengesellschaft
Kaiserplatz
60261 Frankfurt am Main
Germany

Attn.: Securitisation
Telephone: (+49) 69 136 41681
Facsimile: (+49) 69 136 43057
Email: securitisation@commerzbank.com

(d) if to the Senior Guarantee Counterparty (if any):

as identified to the Trustee in a side letter to the Trustee

(e) if to S&P:

Standard & Poor's Ratings Services
20 Canada Square
Canary Wharf
London E14 5LH
United Kingdom

Attn.: European Surveillance
Facsimile: +44 20 7176 3090
Email: europeansurveillance@standardandpoors.com

(f) if to Moody's:

Moody's Investors Service Limited
2 Minister Court
Mincing Lane
London EC3R 7XB
United Kingdom

Attn.: SFG CDO Monitoring
Facsimile: +44 20 7772 5400
Email: monitor.cdo@moodys.com

32. SEVERABILITY CLAUSE

If any provision of this Trust Agreement is or becomes invalid in whole or in part, the remaining provisions shall remain unaffected thereby.

33. AMENDMENTS

33.1 This Trust Agreement (including this Clause 33) may only be amended by agreement of all parties hereto in writing, *provided that* any amendment shall also require the prior Rating Agency confirmation that such amendment will not adversely affect the rating of any Class of Notes.

33.2 For the avoidance of doubt standard business terms and conditions of the Bank as well as of the Trustee shall not apply with respect to the Transaction.

34. GOVERNING LAW; PLACE OF PERFORMANCE; JURISDICTION

34.1 This Trust Agreement shall be governed by the laws of the Federal Republic of Germany.

34.2 Place of performance for the obligations of all parties is Frankfurt am Main.

34.3 The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with this Trust Agreement shall be the District Court (*Landgericht*) in Hamburg. The Issuer hereby submits to the jurisdiction of such court. The Issuer has appointed Heussen Rechtsanwalts-gesellschaft mbH, with its seat on the Issue Date at Platz der Einheit 2 (Pollux, 28th floor), 60327 Frankfurt am Main, Germany, Facsimile: +49 69 15242 111, Telephone: +49 69 15242 188 (Attention: Sven Reckewerth / Ulrich Keunecke), as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court. The Issuer undertakes to maintain an agent for service of process in the Federal Republic of Germany until all of its obligations under this Trust Agreement have been fulfilled.

35. CONDITION PRECEDENT

This Trust Agreement and the rights and obligations hereunder are subject to the condition precedent that the Notes will be issued and that the Issuer's claim for the payment of the subscription monies for the Notes will be satisfied pursuant to the Subscription Agreement.

36. COUNTERPARTS

This Trust Agreement may be executed in one or more counterparts. Each signed counterpart shall constitute an original. Schedules attached hereto constitute an integral part of this Trust Agreement.

DESCRIPTION OF THE REFERENCE POOL

The Reference Pool is constituted in accordance with and must comply with the Reference Pool Provisions. The following is the text of the Reference Pool Provisions which are attached as Appendix B to the Terms and Conditions and constitute an integral part of the Terms and Conditions. In case of any overlap or inconsistency in the definition of a term or expression in the Reference Pool Provisions and elsewhere in this Prospectus, the definition in the Reference Pool Provisions will prevail.

Reference Pool Provisions

1. General

The Reference Pool shall consist of certain claims for the payment of principal and interest and certain other payment claims, in each case, including partial claims, and denominated in various currencies, held by or for the benefit of Commerzbank Aktiengesellschaft, including its branches ("**Commerzbank**" or the "**Bank**") or any subsidiary or affiliate of Commerzbank, arising from (a) certain loans, including fixed or floating rate, amortising, bullet or annuity loans, syndicated loans, participations and sub-participations (each, a "**Reference Loan**"), (b) certain revolving credit facilities, including syndicated revolving credit facilities (each, a "**Reference Facility**") and (c) certain guarantees, including syndicated guarantees and letters of credit (each, a "**Reference Guarantee**") (each such claim arising from a Reference Facility or a Reference Guarantee, a "**Contingent Reference Claim**"), in each case, to corporate entities (including financial institutions) and certain other entities, and originated, including by way of acquisition from a third party, by the Bank or a subsidiary of the Bank pursuant to its credit and collection policies applicable to corporate loans consistently applied and as in effect at the time of origination, which are included in the Reference Pool as of the Cut-off Date or from time to time thereafter in accordance with Provision 2.1 (Reference Claims - Identification) and Provision 6 (Replenishment) of the Reference Pool Provisions and not removed from the Reference Pool pursuant to Provision 8 (Transfers), Provision 9 (Non-compliance) and/or Provision 6.2 (Substitution) of the Reference Pool Provisions. On any Re-set Date, the Bank may re-set the Outstanding EUR Equivalent Amount of any Non-EUR Reference Claim by a new Outstanding EUR Equivalent Amount determined by application of a current Bank Exchange Rate, *provided that* certain Re-set Conditions are met.

Any interest in respect of a Reference Claim capitalised since the inclusion of such Reference Claim in the Reference Pool shall not be included in the principal amount of such Reference Claim but, for the avoidance of doubt, such capitalised interest may be added to the Reference Pool as a separate Reference Claim in accordance with Provision 6 (Replenishment) of the Reference Pool Provisions.

The aggregate Outstanding Nominal Amount of the Reference Claims included in the initial Reference Pool as of the beginning of business (in Frankfurt am Main) on April 30, 2006 (the "**Cut-off Date**") was approximately EUR 4.5 billion (the "**Initial Aggregate Principal Balance**").

2. Reference Claims

2.1 Identification

- (A) Each Reference Claim forming part of the initial Reference Pool as of the Cut-off Date has been identified and each Reference Claim which is subsequently added to the Reference Pool as of any Replenishment Date will be identified to the Trustee in a notice in the form set out as

Schedule 1 to the Trust Agreement in a list delivered to the Trustee on or before the Issue Date and on each Replenishment Date (each such list, the "**Reference Claim List**"), by reference to:

- (i) the account number and sub-account number, the identification number or any other relevant identifier attributed in the records of the Bank to the Reference Claim,
 - (ii) the Outstanding Nominal Amount of the Reference Claim as of the Cut-off Date or the relevant Replenishment Date and with respect to the Non-EUR Reference Claims, the outstanding principal amount of each such Non-EUR Reference Claim in the currency of such Reference Claim as of the Cut-off Date or the relevant Replenishment Date and the Initial Exchange Rate or Exchange Rate, as applicable, and
 - (iii) the remaining term to maturity of the Reference Claim as of the Cut-off Date or the relevant Replenishment Date.
- (B) Starting on the first Reporting Date, the Bank shall provide the Trustee on a quarterly basis with a notice identifying the Reference Claims currently forming part of the Reference Pool and the Reference Claims removed from the Reference Pool during the immediately preceding Collection Period by reference to the account number and sub-account number, identification number or any other relevant identifier attributed in the records of the Servicers to the Reference Claim.

Further details regarding each Reference Claim are contained in the related records of the Bank. Such records are attributable to the relevant Reference Claim by reference to the account number, the relevant sub-account number or any other relevant identifier referred to in (A)(i) above.

The account number, the sub-account number, identification number or any other relevant identifier attributed to a particular Reference Claim may change *provided that* the Reference Claim remains identifiable in the records of the Bank.

The Bank may maintain records and documentation relating to the Reference Claims in paper or electronic form or in any other commercially reasonable manner.

2.2 *Replacement in Debt Restructuring and Payment Rescheduling*

If, as a result of debt restructuring or payment rescheduling in compliance with the Servicing Standards, any Reference Claim is replaced by a new claim by way of novation, refinancing or consolidation with one or more other claims (the "**New Claim**")

- (i) such Reference Claim shall be substituted by a portion of the New Claim (such portion, the "**New Reference Claim**") the principal amount of which as of the date of such replacement, shall be equal to the Outstanding Nominal Amount of the relevant Reference Claim immediately prior to such replacement;
- (ii) for the purposes of allocating payments received on such New Reference Claim, any fees, disbursements, costs and expenses in respect of the New Claim, including as a result of such replacement, any such amounts shall be allocated to the New Reference Claim in the same proportion as the principal amount of the New Reference Claim bears to the principal amount of the New Claim; and
- (iii) the New Reference Claim shall be treated, as from the substitution, for all purposes as if it were such Reference Claim and therefore, a Credit Event which had occurred in respect of such Reference Claim prior to the substitution shall be deemed to have occurred on the New Reference Claim, any Loss Allocation with respect to the New Reference Claim shall be subject to the compliance of the previous Reference Claim with

the Eligibility Criteria as of the Cut-off Date or the Replenishment Conditions as of the relevant Replenishment Date, if applicable, and the Servicing Principles, in accordance with Provision 9 (Non-compliance) of the Reference Pool Provisions, and, if relevant, a Realised Loss in respect of such New Reference Claim shall include or, as the case may be, consist entirely of any amount of principal of and interest on such Reference Claim foregone in accordance with the Servicing Standards.

2.3 *Non-EUR Reference Claims - Conversion; Re-sets*

- (a) The Bank shall specify in the relevant Reference Claim List in respect of each Non-EUR Reference Claim the Bank Exchange Rate as of the Cut-off Date or, in the case of a Non-EUR Reference Claim which is added to the Reference Pool on any Replenishment Date, the Bank Exchange Rate prevailing on or about such Replenishment Date (each such rate, the "**Initial Exchange Rate**").

"**Bank Exchange Rate**" means, with respect to a Non-EUR Reference Claim and at any time, the mid-market foreign exchange rate for the conversion from the relevant currency into euro fixed by the Bank for its own foreign exchange transactions pursuant to its standard internal regulations, expressed as a ratio between (i) one euro and (ii) an equivalent of one euro in such currency.

- (b) On any Replenishment Date (each such date, a "**Re-set Date**") the Bank may re-set the then Outstanding EUR Equivalent Amounts of the Non-EUR Reference Claims denominated in the same currency (the "**Re-set Currency**") by new Outstanding EUR Equivalent Amounts to be specified (together with the relevant new Exchange Rate) in the Re-set Notice (each a "**Re-set**"), subject to the following conditions (the "**Re-set Conditions**"):
- (i) Provision 6.1 (Replenishment) shall apply to each Re-set as if it constituted a Replenishment;
 - (ii) Re-set shall be made for all (but not some only) Non-EUR Reference Claims denominated in the Re-set Currency other than the Non-EUR Reference Claims with respect to which a Credit Event has occurred;
 - (iii) the new Outstanding EUR Equivalent Amounts of the respective Non-EUR Reference Claims must be determined on the basis of the Bank Exchange Rate on the Re-set Date; and
 - (iv) the Bank (or a Servicer on its behalf) shall provide the Trustee with each new Outstanding EUR Equivalent Amount in the relevant Re-set Notice pursuant to paragraph (e) below.

"**Exchange Rate**" means at any time in respect of a Non-EUR Reference Claim, the foreign exchange rate which was last specified in the Reference Claim List or the relevant Re-set Notice in respect of such Non-EUR Reference Claim pursuant to paragraph (a) above or paragraph (e) below;

- (c) Each Re-set made in accordance with paragraph (b) shall become effective as of 12:00 a.m. (London time) on the Re-set Date, and upon such effectiveness, the new Outstanding EUR Equivalent Amounts determined with respect to the relevant Non-EUR Reference Claims shall replace the previous Outstanding EUR Equivalent Amounts of such Non-EUR Reference Claims.
- (d) If in respect of a Re-set of the Outstanding EUR Equivalent Amount of a Non-EUR Reference Claim, any of the Re-set Conditions (other than the condition relating to the delivery of the Re-

set Notice) is not complied with as of the Re-set Date, all Re-sets as of such Re-set Date of the Reference Claims denominated in the same Re-set Currency as the Reference Claim in respect of which the non-compliance occurred shall have no effect and the Outstanding EUR Equivalent Amounts of the relevant Reference Claims shall not be affected by such purported Re-sets.

- (e) Not later than the 3rd Business Day following each Re-set Date, the Bank shall notify the Trustee of each Re-set effected on the immediately preceding Re-set Date pursuant to this Provision 2.3 (each such notice, a "**Re-set Notice**") by reference to (i) the identification number and, if relevant, other identifiers attributed to such Non-EUR Reference Claim, (ii) the new applicable Exchange Rate and (iii) the Outstanding EUR Equivalent Amount of each Non-EUR Reference Claim with respect to which a Re-set was effected as of such Re-set Date.
- (f) The Outstanding EUR Equivalent Amount and the Exchange Rate with respect to each Non-EUR Reference Claim, as well as reasonable details of the determination thereof, shall be available in the records of the Bank and/or the relevant Servicer.
- (g) Any Collections received with respect to a Non-EUR Reference Claim will not be converted into euro and will reduce directly the outstanding principal amount of such Reference Claim pursuant to the underlying Reference Loan documentation, Reference Facility documentation or Reference Guarantee documentation, as applicable.

3. Reference Collateral

3.1 Allocation

A Reference Claim may be secured by collateral (or portions thereof) as determined by the Bank in accordance with the standard procedure of the Bank for application of collateral as in effect from time to time, and which may from time to time be held or acquired by the Bank for its own benefit, or by a third party for the benefit of the Bank (the "**Reference Collateral**"). The Reference Collateral shall not include collateral (or a portion thereof) held for the benefit of third parties and not the Bank. Together with such Reference Claim, such Reference Collateral may from time to time secure also (i) any other payment claims (including other Reference Claims) of the Bank, and/or (ii) payment claims transferred from time to time by the Bank, together with a *pro rata* benefit from such Reference Collateral.

3.2 Release

The Bank may at any time release, or cause to be released, any Reference Collateral which does not relate to Reference Claims arising from syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees, if it either (i) in its professional judgement concludes that it is required to do so by applicable law or contractual arrangements, or (ii) does so in the ordinary course of its business and in accordance with the Credit and Collection Policies. The Reference Collateral relating to Reference Claims arising from syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees shall be released pursuant to the underlying Reference Loan documentation, syndicated Reference Facility documentation or syndicated Reference Guarantee documentation, as applicable.

4. Allocation of Payments and Enforcement Proceeds

4.1 Allocation of Payments with respect to non-syndicated Reference Claims

Subject to any binding allocation of a payment to a particular claim by the relevant payer or by applicable law and subject to Provisions 4.3 below, in the event that the Bank receives a

payment on a Reference Loan, Reference Facility or Reference Guarantee which is not a syndicated Reference Loan, a syndicated Reference Facility or a syndicated Reference Guarantee, respectively, or a payment on any other payment claim against the Debtor of such Reference Loan, Reference Facility or Reference Guarantee, as applicable, and such payment is less than the total amount then due under such Reference Loan, Reference Facility or Reference Guarantee, as applicable, and such other claims, the payment received shall be allocated for the purpose of Loss Allocation (including, for the avoidance of doubt, any payments received on Accrued Interest and Enforcement Costs incurred with respect to such Reference Loan, Reference Facility or Reference Guarantee) in accordance with the Bank's standard business practice.

"**Debtor**" means with respect to a Reference Claim, the main debtor under such Reference Claim identified as such in the records of the Bank which is the counterparty of the Bank under the relevant Reference Loan, Reference Facility or Reference Guarantee, as relevant.

4.2 *Allocation of Payments with respect to syndicated Reference Claims*

With respect to syndicated Reference Loans, syndicated Reference Facilities and syndicated Reference Guarantees, any payments received by the Agent Bank with respect to a Reference Loan, Reference Facility or Reference Guarantee shall, to the extent not superseded by any contractual arrangements or applicable provisions of law, be allocated by such Agent Bank to the related Reference Claim pursuant to the related Reference Loan documentation, Reference Facility documentation or Reference Guarantee documentation, as applicable. Such allocation by the Agent Bank of any payment to a Reference Loan will be binding on the Bank for the purpose of Loss Allocation. Such amounts received by the Bank shall be allocated for the purpose of Loss Allocation (including, for the avoidance of doubt, any payments received on Accrued Interest and Enforcement Costs incurred with respect to such syndicated Reference Loan, syndicated Reference Facility or syndicated Reference Guarantee) in accordance with the Bank's standard business practice.

4.3 *Allocation of enforcement proceeds with respect to non-syndicated Reference Claims*

For the purpose of the Loss Allocation, any (x) proceeds of any Reference Collateral securing one or more Reference Claims or (y) payments to the Bank made to redeem any Reference Collateral, in each case, which do not arise from syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees, shall be allocated to reduce the Accrued Interest, the Enforcement Costs and the outstanding principal amount of such Reference Claims as follows:

- (i) if, pursuant to the records of the Bank or any contractual or legal obligations of the Bank, any Reference Collateral is allocated to any particular claim or claims or such Reference Collateral, at any time after the Issue Date, is relevant for the calculation of regulatory capital and reserves of the Bank or other regulatory purposes with respect to such claim or claims under the applicable capital adequacy laws and regulations, in particular, pursuant to Principle I (*Grundsatz I*) of the German Principles concerning Own Funds and Liquidity of Institutions (*Grundsätze über die Eigenmittel und die Liquidität der Kreditinstitute*) of January 20, 1969, as amended or replaced from time to time, the net proceeds of such Reference Collateral or the payments made to redeem such Reference Collateral, as applicable, shall be allocated in accordance with such records of the Bank, contractual or legal obligations of the Bank or regulatory requirements, as applicable, and
- (ii) with respect to any Reference Collateral also securing claims other than Reference Claims and not allocated pursuant to (i) above, a portion of (x) the net proceeds from such Reference Collateral or (y) the payments made to redeem such Reference Collateral, as applicable, shall be allocated to the relevant Reference Claim(s); such portion shall

represent the ratio between:

- (A) the Outstanding Nominal Amount at such time of the relevant Reference Claim(s) secured by such Reference Collateral; and
- (B) the actual outstanding principal amount, at such time of all payment claims (including contingent claims) secured by such Reference Collateral.

4.4 *Allocation of enforcement proceeds with respect to syndicated Reference Claims*

Any proceeds received with respect to any Reference Collateral securing a Reference Claim arising from a syndicated Reference Loan, syndicated Reference Facility or syndicated Reference Guarantee shall, to the extent not superseded by any contractual arrangements or applicable provisions of law, be allocated to the Reference Claim pursuant to the underlying Reference Loan documentation, Reference Facility documentation or Reference Guarantee documentation, as applicable. Such allocation by the Agent Bank of any payment to a Reference Loan will be binding on the Bank for the purpose of Loss Allocation.

4.5 *Non-compliance with Allocation Rules*

In the event that Provisions 4.1 to 4.5, as applicable, are not complied with in relation to the actual allocation of the relevant payments or enforcement proceeds, such allocation shall, for the purpose of allocation hereunder and the determination of Realised Losses, be deemed to have been effected in compliance with such Provisions, excluding any other recourse against the Bank for such non-compliance.

5. **Eligibility Criteria**

The following criteria (the "**Eligibility Criteria**") shall be met (i) as of the Cut-off Date in respect of each Reference Claim and (ii) as of each Replenishment Date, in respect of each Reference Claim added to the Reference Pool on such date, subject to the conditions in Provision 6.1:

- (i) the Bank is the sole legal and beneficial creditor of such Reference Claim or if the underlying Reference Loan, Reference Facility or Reference Guarantee is syndicated, such Reference Claim and related Reference Collateral are such portions of the syndicated claim and the related collateral, respectively, as have been allocated to the Bank under the terms and conditions of the related syndicated Reference Loan, syndicated Reference Facility or syndicated Reference Guarantee, as applicable, *provided that* in the case of a Contingent Reference Claim, this clause (i) shall be subject only to the relevant credit guarantee being drawn;
- (ii) such Reference Claim is free of third party rights other than (a) rights to re-transfer excess Reference Collateral and (b) in the case of participations or sub-participations in syndicated loans, rights shared with other sub-participants or syndicate members or granted to a trustee on behalf of the syndicate, *provided that* the Bank ranks on a pari-passu basis with other syndicate members;
- (iii) such Reference Claim has been originated, including by way of acquisition from a third party, by the Bank or a subsidiary of the Bank in compliance with all applicable legal provisions and the Credit and Collection Policies in effect at the time of origination and all required consents, approvals and authorisations have been obtained in respect thereof, and in respect of the ability of the Bank and the relevant subsidiary to undertake such business;

- (iv) such Reference Claim is legally valid and enforceable in accordance with its terms and applicable provisions of law;
- (v) such Reference Claim constitutes an unsubordinated, irrevocable, binding and enforceable obligation of the Debtor to pay the amount of principal as specified to the Trustee in the relevant Reference Claim List and is not subject to any defence, dispute, counterclaim or enforcement order,

"**Debtor**" means with respect to a Reference Claim, the main debtor under such Reference Claim identified as such in the records of the Bank which is the counterparty of the Bank under the relevant Reference Loan, Reference Facility or Reference Guarantee, as relevant;

- (vi) the Bank has proper documentation in place for such Reference Claim, indicating, in particular, the amounts outstanding thereunder from time to time and the related Reference Collateral;
- (vii) no payment on such Reference Claim is overdue (irrespective of any applicable grace period);
- (viii) no litigation is pending with respect to such Reference Claim nor, to the best knowledge of the Bank is any such litigation threatened;
- (ix) the final maturity of such Reference Claim falls on or before the last day of the Collection Period immediately preceding the Scheduled Maturity Date;
- (x) the Debtor of such Reference Claim is not subject to any bankruptcy proceedings and, to the best knowledge of the Bank, such Debtor is not in moratorium nor any other similar proceedings exist with respect to such Debtor;
- (xi) the information provided in respect of the Reference Claims in the prospectus (the "**Prospectus**") dated June 28, 2006 published in relation to the issue of the Notes and in the relevant Reference Claim List is true, accurate and complete in all material respects,
- (xii) such Reference Claim and the related Reference Collateral can be identified in the files of the Bank on the basis of the relevant Reference Claim List,
- (xiii) no agreement has been concluded for such Reference Claim according to which its repayment of principal or interest would be suspended;
- (xiv) the Bank has not commenced enforcement proceedings against the Debtor of such Reference Claim;
- (xv) neither the Bank, nor its subsidiaries, nor any company affiliated with Commerzbank pursuant to Section 15 et seq. of the German Stock Companies Act (*Aktiengesetz*) carries direct or indirect obligations of liability for the performance of the Reference Claims;
- (xvi) the Debtor of such Reference Claim has a Commerzbank Rating between 1.0 and 3.8 (inclusive);

"**Commerzbank Rating**" means the internal financial rating assigned at any time to any Debtor by the Bank. As of the Cut-off Date, the Bank's ratings range from the highest rating "1.0" (i.e. lowest risk category) to the lowest rating "6.5" (i.e. highest risk category) (the "**Commerzbank Master Scale**"). In the event that the Bank should replace the Commerzbank Master Scale by any other internal rating system, the Bank may with the consent of the Rating Agencies and the Trustee adjust the Eligibility

Criteria, Replenishment Conditions and conditions for Substitution relating to such new rating system;

- (xvii) the Debtor of such Reference Claim is not a special purpose vehicle established for the purpose of a structured finance transaction.

Compliance with the Eligibility Criteria as of the Cut-off Date is, subject to Provision 9 (Non-compliance) of the Reference Pool Provisions, a condition for the Loss Allocation and does not constitute an obligation of the Bank, any of the Servicers or the Issuer.

6. Replenishment

6.1 *Replenishment*

The Bank may, without the consent of the Trustee, add new Reference Claims to the Reference Pool (in each case, a "**Replenishment**") on the 15th calendar day of any month (each such day, a "**Replenishment Date**") during the period from (and including) the Issue Date until (and including) June 15, 2011 (such period, the "**Replenishment Period**"), if the following conditions (the "**Replenishment Conditions**") are met as of the relevant Replenishment Date:

- (i) all replenishments on the Replenishment Date, taken together, may not cause the Aggregate Principal Balance to exceed the Replenishment Cap;

"**Replenishment Cap**" means, in respect of any date, EUR 4,500,000,000.

- (ii) in respect of each such new Reference Claim the Eligibility Criteria (other than the Eligibility Criterion set out in Provision 5(ix) and (xi) of the Reference Pool Provisions) must be met;

- (iii) no Replenishment Termination Event has occurred;

"**Replenishment Termination Event**" means the failure to satisfy either the Moody's CDOROM Test or the S&P SROC Test.

"**Moody's CDOROM Test**" means, on any Replenishment Date, a test that is satisfied for a given Class of Notes if the Moody's Metric of the Reference Portfolio (including any new Reference Claims) on the Replenishment Date and as determined by the Arranger using the Moody's CDOROM, is less than or equal to Hurdle Moody's Metric.

"**Moody's CDOROM**" means a dynamic, analytical computer programme developed by Moody's and used to determine the expected loss of the Reference Pool and provided to the Arranger by Moody's on or before the Issue Date, as such programme may be modified by Moody's from time to time.

"**Moody's Metric**" means, in respect of any Replenishment Date, a numerical equivalent of a rating deduced from the expected loss, determined by the Arranger using Moody's CDOROM on such date. The Moody's Metric measure is time independent and all else being constant will not change over the life of the Notes.

"**Hurdle Moody's Metric**" means, in respect of a Class of Notes, on any Replenishment Date, the initial rating hurdle expressed as a Moody's Metric as shown in the table below in respect of such Class:

<i>Class of Notes</i>	<i>Hurdle Moody's Metric</i>
<i>Class A+</i>	<i>1</i>
<i>Class A</i>	<i>1</i>
<i>Class B</i>	<i>3</i>
<i>Class C</i>	<i>6</i>
<i>Class D</i>	<i>9</i>
<i>Class E</i>	<i>12</i>

"**S&P SROC CDO Evaluator Test**" means, on any Replenishment Date, a test that is satisfied for a given Class of Notes if the S&P SROC is a positive figure greater than or equal to 100% (including any new Reference Claims), as determined by the Arranger using the S&P CDO Evaluator.

"**S&P SROC**" means, at any time, the SROC percentage calculated as follows:

$$\text{SROC Test} = \left(\frac{A - (AB)}{A - C} \right)$$

A = the aggregate of the Outstanding Nominal Amount of the Reference Claims;

B = The S&P Scenario Loss Rate relating to the relevant Class of Notes (expressed as a percentage);

C = the greater of (a) the Subordination Amount minus the aggregate of the Defaulted Reference Claims multiplied by the S&P Loss Rate relating to the relevant Class of Notes and (b) zero.

"**S&P CDO Evaluator**" means a dynamic analytical computer programme developed by S&P and used to determine the credit risk of the Reference Pool and provided to the Arranger by S&P on or before the Issue Date, as such programme may be modified by S&P from time to time.

"**S&P Scenario Loss Rate**" means, as of any date, an estimate of the current cumulative loss rate, for the Reference Pool and as amended from time to time, consistent with the initial rating by S&P with respect to the Notes, determined by the application of the S&P CDO Evaluator.

"**Subordination Amount**" means, with respect to any Class of Notes on any date, the sum of (a) the Outstanding Threshold Amount on such date and (b) the aggregate Class Principal Amounts of all Classes of Notes that rank junior to such Class of Notes for the purposes of the Loss Allocation.

"**S&P Loss Rate**" means the assumptions made by S&P, as at the time of the initial rating of the Notes, for the amount (expressed as a percentage) of a Defaulted Reference Claim that constitutes a Realised Loss.

- (iv) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 3.8 to exceed EUR 20,000,000;
- (v) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 3.6 to exceed EUR 20,000,000;
- (vi) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts

- of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 3.4 to exceed EUR 20,000,000;
- (vii) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 3.2 to exceed EUR 50,000,000;
 - (viii) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 3.0 to exceed EUR 85,000,000;
 - (ix) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 2.8 to exceed EUR 100,000,000;
 - (x) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 2.6 to exceed EUR 100,000,000;
 - (xi) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 2.4 to exceed EUR 100,000,000;
 - (xii) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 2.2 to exceed EUR 110,000,000;
 - (xiii) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 2.0 to exceed EUR 120,000,000;
 - (xiv) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 1.8 to exceed EUR 120,000,000;
 - (xv) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 1.6 to exceed EUR 120,000,000;
 - (xvi) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 1.4 to exceed EUR 120,000,000;
 - (xvii) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 1.2 to exceed EUR 120,000,000;
 - (xviii) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims with respect to a single Debtor that has a Commerzbank Rating of 1.0 to exceed EUR 120,000,000;
 - (xix) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims, the Debtors of which have a Commerzbank Rating between 3.0 and 3.8, to exceed 20% of the Aggregate Principal Balance;
 - (xx) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts

of all Reference Claims, the Debtors of which are domiciled in Germany, to exceed 50% of the Aggregate Principal Balance;

- (xxi) the maturity of such new Reference Claim does not exceed 10 years;
- (xxii) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims, the Debtors of which are domiciled in the United Kingdom, to exceed 50% of the Aggregate Principal Balance;
- (xxiii) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims, the Debtors of which are domiciled in countries other than Germany or the United Kingdom, to exceed 15% of the Aggregate Principal Balance;
- (xxiv) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims, the Debtors of which belong to the financial intermediaries industry, to exceed 15% of the Aggregate Principal Balance;
- (xxv) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims, the Debtors of which belong to the telecommunications industry, to exceed 15% of the Aggregate Principal Balance;
- (xxvi) such new Reference Claim may not cause the aggregate Outstanding Nominal Amounts of all Reference Claims, the Debtors of which belong to a single industry other than the financial intermediaries industry or the telecommunications industry, to exceed 12% of the Aggregate Principal Balance.

For the avoidance of doubt, if a claim does not meet any of the Replenishment Conditions on a given Replenishment Date, it can be added to the Reference Pool pursuant to this Provision 6.1 as of any subsequent Replenishment Date on which such claim meets the Replenishment Conditions.

Compliance with the Replenishment Conditions as of any Replenishment Date is, subject to Provision 9 (Non-compliance) of the Reference Pool Provisions, a condition for the Loss Allocation and does not constitute an obligation of the Bank, any of the Servicers or the Issuer.

6.2 *Substitution*

On any Replenishment Date, the Bank may, without the consent of the Trustee, substitute any Reference Claim or any portion thereof, the Debtor of which has a Commerzbank Rating between 1.0 and 2.8 (inclusive), with a new Reference Claim or new Reference Claims, or any portion thereof (each, a "**Substitution**"). Each Substitution shall be effected in accordance with the Terms and Conditions and the Trust Agreement and shall be subject to the following conditions:

- (i) Provision 6.1 (Replenishment) shall apply to each Substitution as if it constituted a Replenishment; and
- (ii) the Bank (or a Servicer on its behalf) shall provide the Trustee with the Outstanding Nominal Amount of such substituted Reference Claim in the relevant Replenishment Notice.

7. **Servicing Standards**

The administration, collection and enforcement of each Reference Claim, including the foreclosure on any related Reference Collateral, will be carried out (i) by the Bank (including

its branches) or any subsidiary or affiliate of the Bank (each, a "**Servicer**" which term shall include any substitute Servicer appointed in accordance with the Servicing Principles) or (ii) in the case of certain syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees, by a third party agent bank (each, an "**Agent Bank**"). Each Servicer will

- (a) service the Reference Claims in accordance with the Credit and Collection Policies (in the case of Reference Claims arising under syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees, subject to the servicing conditions under such Reference Loan documentation, Reference Facility documentation or Reference Guarantee documentation, as applicable, and to the extent it is or becomes responsible for servicing of such Reference Claims) and with the Servicing Principles; and
- (b) monitor in accordance with the Credit and Collection Policies and the Servicing Principles that the Reference Claims serviced by Agent Banks are serviced in accordance with the documentation governing the relevant Reference Loan, Reference Facility or Reference Guarantee,

provided that in case of any inconsistency between the Servicing Principles and the Credit and Collection Policies, the Servicing Principles shall prevail. The Servicing Principles constitute an integral part of the Terms and Conditions.

"**Credit and Collection Policies**" means the respective standard credit and collection policies of any Servicer applicable to corporate loans and collateral as in effect from time to time in accordance with the Servicing Principles, consistently applied by such Servicer.

The Credit and Collection Policies (as subject to the servicing conditions under the syndicated Reference Loan documentation, Reference Facility documentation or Reference Guarantee documentation) and the servicing principles set forth in Appendix C to the Terms and Conditions (the "**Servicing Principles**") are referred to together as the "**Servicing Standards**".

Compliance with the Servicing Standards is, subject to Provision 9 (Non-compliance) of the Reference Pool Provisions, a condition to the Loss Allocation and does not constitute an obligation of the Bank, any Servicer (if different) or the Issuer.

8. Transfers

Notwithstanding any assignment of a Reference Claim for security purposes, any Reference Claim may be transferred after the Issue Date to:

- (A) a third party (other than a consolidated banking affiliate of the Bank), *provided that* (without prejudice to any substitution of any Servicer in accordance with the Servicing Principles):
 - (i) the relevant Servicer remains responsible for the servicing of the relevant Reference Claim or, in the case of a Reference Claim arising from a syndicated Reference Loan, syndicated Reference Facility or syndicated Reference Guarantee, remains responsible for acting towards the relevant Agent Bank servicing the relevant Reference Claim, in accordance with the Servicing Standards and the Bank remains responsible for the determination and allocation of Realised Losses in respect of such Reference Claim in accordance with the Terms and Conditions,
 - (ii) the standards of servicing and the determination and allocation of Realised Losses remain unchanged upon such transfer,

- (iii) the obligations of the Bank under the Transaction Documents continue to be complied with, and
 - (iv) in the professional judgement of the Trustee such transfer shall not adversely affect the interests of the Transaction Creditors; or
- (B) any consolidated banking affiliate of the Bank, *provided that* the requirements under (A)(i) through (iii) are met.

The Rating Agencies will receive notice of any transfer pursuant to this Provision 8 from a Servicer. Any Reference Claim transferred in accordance with the requirements set out under (A) above may be removed from the Reference Pool in accordance with the procedures set out in the Trust Agreement. Except in the case of the preceding sentence, the Reference Pool and the rights and obligations under the Terms and Conditions including the Loss Allocation shall not be affected by a transfer of a Reference Claim in accordance with this Provision 8.

9. Non-compliance

- (a) If in respect of a Reference Claim (i) any of the Eligibility Criteria as of the Cut-off Date or (ii) any of the Replenishment Conditions as of the relevant Replenishment Date or (iii) at any time on or after the Cut-off Date or the Replenishment Date on which such Reference Claim was added to the Reference Pool, as relevant, any Servicing Standard, or (iv) any requirement for transfer of such Reference Claim pursuant to Provision 8 (Transfers) of the Reference Pool Provisions is not complied with in any material respect with regard to the interests of the Transaction Creditors at the relevant time in relation to any Reference Claim, the Bank may remove such Reference Claim from the Reference Pool in accordance with the procedures set out in the Trust Agreement. Any such Reference Claim shall not qualify for the allocation of Realised Losses pursuant to the Loss Allocation unless:

- (A) the Trustee has confirmed in writing to the Bank that in its professional judgement it concludes that such non-compliance could not cause, or increase the likelihood of the occurrence of, a Realised Loss (whether actual or potential) with respect to such Reference Claim which would otherwise not arise,

or, in each case, (if the non-compliance can be fully remedied)

- (B) such non-compliance (and any adverse effects of such non-compliance on the interest of the Transaction Creditors) is fully remedied (i) within 30 calendar days after the Bank has become aware of such non-compliance (whether by notification from the Trustee or otherwise) and (ii) prior to the occurrence of a Credit Event;

provided that:

- (i) if the Eligibility Criteria, Replenishment Conditions or Servicing Standards are not met in part only in respect of such Reference Claim, the Bank may remove such portion of such Reference Claim from the Reference Pool which is necessary to cure such partial non-compliance and the remaining portion of the Reference Claim shall continue to qualify for the Loss Allocation; for the avoidance of doubt, the Outstanding Nominal Amount of such Reference Claim shall be reduced by an amount equal to the portion of the Reference Claim removed,
- (ii) even where the conditions set out in (A) and/or (B) above do not apply, a Realised Loss (or any portion thereof) may nevertheless be allocated to the Notes to such extent that the Trustee has confirmed in writing to the Bank that it concludes that the relevant non-compliance has not resulted in or contributed to such Realised Loss, and

- (iii) in the case of breach of the Eligibility Criterion under Provision 5(ix) (Eligibility Criteria – Reference Claim final maturity criterion) of the Reference Pool Provisions or the Servicing Principles related to the extension of the maturity of the Reference Claims, the relevant Reference Claim shall qualify for the Loss Allocation if the Credit Event in respect of such Reference Claim occurred on or before the end of the Collection Period immediately preceding the Scheduled Maturity Date.
- (b) If any of the Eligibility Criteria or Replenishment Conditions is not complied with in respect of the Reference Pool (as opposed to a specific Reference Claim) the above shall apply to all Reference Claims affected by such non-compliance. If such non-compliance can be fully remedied by removing one or more Reference Claims, the addition of which to the Reference Pool resulted in such non-compliance from the Reference Pool, the Bank may effect such removal in accordance with the Terms and Conditions and the Trust Agreement and such removal shall constitute full remedy of such non-compliance pursuant to (a)(B) above. The relevant Reference Claims will be removed from the Reference Pool based on their respective contribution to the non-compliance, beginning with the Reference Claim which, in the opinion of the Bank, contributed to the non-compliance to the greatest extent so that the removal of such Reference Claim in the opinion of the Bank cures such non-compliance in the most efficient manner.
- (c) If (i) under any Eligibility Criterion or Replenishment Condition the Outstanding Nominal Amount or number of Reference Claims is required not to exceed a given amount or number as of a given time, (ii) such Eligibility Criterion or Replenishment Condition is not complied with, (iii) such non-compliance is not remedied pursuant to paragraph (A) or (B) above, and (iv) a Realised Loss occurs in respect of one or more of such Reference Claims (each an "**Affected Reference Claim**"), then an Affected Reference Claim shall not qualify for the Loss Allocation to the extent that the removal of such Affected Reference Claim (or any portion thereof) together with all other then existing Affected Reference Claims from the Reference Pool immediately after the Issue Date or the relevant Replenishment Date, as relevant, would not have remedied the non-compliance of such Eligibility Criterion or Replenishment Condition.
- (d) Except as set out in this Provision 9, there shall be no recourse against the Bank, any Servicer or the Issuer for any non-compliance with the Eligibility Criteria, Replenishment Conditions, Servicing Standards and/or requirements for transfer of a Reference Claim pursuant to Provision 8 (Transfers) of the Reference Pool Provisions. To the extent that a Realised Loss in respect of any Reference Claim may not be allocated to the Notes pursuant to paragraphs (a) through (c), such Reference Claim shall be referred to as a "**Non-qualifying Reference Claim**".
- (e) The Bank shall notify the Noteholders pursuant to Section 14.1 (Investor Notifications – Regular) of the Terms and Conditions of the aggregate principal amount of all Reference Claims removed from the Reference Pool pursuant to paragraph (a) or (b) above during a given Collection Period.

Information Tables regarding the Initial Reference Pool

The following tables (the "**Information Tables**") set out, as of the Cut-off Date, the number, the current Outstanding Nominal Amounts, the term to maturity and other characteristics of the Reference Claims. (The sum of the Outstanding Nominal Amounts and the percentages in the following tables may not equal the totals due to rounding). The Outstanding Nominal Amounts are denominated in EUR.

A Reference Claim may be removed from the Reference Pool or a substitution may be made for certain Reference Claims prior to the Issue Date. In addition, the Bank may add new Reference Claims to the Reference Pool in accordance with the Replenishment Conditions and effect Re-sets of the Outstanding EUR Equivalent Amounts of the Non-EUR Reference Claims for the first time on the 15th calendar day of month following the Issue Date. See "DESCRIPTION OF THE REFERENCE POOL – Reference Pool Provisions – Eligibility Criteria", "– Replenishment" and "– Non-EUR Reference Claims – Conversion; Re-sets". This may result in changes to certain of the Reference Pool characteristics as of the Issue Date in comparison with the description of the Reference Pool set out in this Prospectus. In the event that any of the characteristics of the Reference Pool on the Issue Date vary materially from those described herein, revised information regarding the Reference Pool will be made available to the purchasers of the Notes on or before the Issue Date.

The Bank has selected the Reference Claims set out in the following tables, and will select Reference Claims to be removed, substituted or added to the Reference Pool, from loans included in its portfolio meeting the Eligibility Criteria. Reference Claims will be selected in accordance with the Reference Pool provision and there can be no assurance, and the Bank makes no representation, that the Reference Claims included in the Reference Pool from time to time will be of better quality or will perform in the same manner as the remaining eligible loans in the Bank's portfolio. The Reference Pool may perform in a manner better or worse than the Bank's remaining portfolio.

The actual characteristics of the Reference Pool will change over time primarily as a result of amortisation in the Reference Pool and during the Replenishment Period as a result of Replenishments in the Reference Pool. During the Replenishment Period the Bank may add new Reference Claims to the Reference Pool in accordance with the Replenishment Conditions and substitute certain Reference Claims. See "DESCRIPTION OF THE REFERENCE POOL – Reference Pool Provisions – Eligibility Criteria" and "– Replenishment".

Mapping of Internal Ratings to S&P/Moody's Ratings

Commerzbank Internal Rating	S&P Mapping	Moody's Mapping
1	AA-	Aa2
1.2	AA-	Aa2
1.4	A+	Aa2/Aa3
1.6	A	A1/A2
1.8	BBB+	A2/A3
2	BBB+	Baa1
2.2	BBB	Baa1/Baa2
2.4	BBB	Baa2
2.6	BBB	Baa3
2.8	BBB-	Baa3/Ba1
3	BB+	Ba1/Ba2
3.2	BB+	Ba2/Ba3
3.4	BB	Ba3/B1
3.6	BB	B1
3.8	BB-	B2
4	B+	B2/B3
4.2	B	B3
4.4	B	B3
4.6	B-	B3
4.8	B-	Caa1
5	CCC+	Caa2
5.2	CCC	Caa3
5.4	CC	Caa3
5.6	CC	Caa3
5.8	C	Caa3
6.1	D	Ca

Jurisdiction of Reference Claim

Jurisdiction	Percentage of Reference Pool
Germany	31.48%
United Kingdom	30.39%
Netherlands	4.85%
Switzerland	4.49%
Italy	4.34%
Spain	3.90%
France	3.35%
USA	3.09%
Czech Republic	2.67%
Bermuda	2.49%
Singapore	1.52%
Hong Kong	1.37%
Russia	1.03%
Other	5.05%
	<hr/> 100.02%

Distribution by Moody's industry

Telecommunications	12.84%
Finance	11.10%
Insurance	9.62%
Buildings and Real Estate	9.16%
Automobile	7.31%
Utilities	6.96%
Cargo Transport	6.54%
Chemicals, Plastics, and Rubber	5.79%
Diversified Conglomerate / Service	5.46%
Diversified Natural Resources, Precious Metals and Minerals	3.56%
Beverage, Food and Tobacco	2.60%
Banking	2.52%
Oil and Gas	2.43%
Containers, Packaging and Glass	2.27%
Leisure, Amusement, Entertainment	2.23%
Electronics	2.23%
Retail Stores	1.70%
Mining, Steel, Iron and non-precious metals	1.38%
Printing and Publishing	1.22%
Hotels, Motels, Inns and Gaming	1.09%
Other	1.99%
	<hr/>
	100.00%

Distribution by Standard & Poor's industry

Industry	Percentage of Reference Pool
Telecommunications	12.84%
Financial intermediaries	11.10%
Insurance	9.62%
Building & Development	9.16%
Automotive	7.31%
Utilities	6.96%
Chemicals & plastics	5.79%
Business equipment & services	5.46%
Surface transport	4.56%
Nonferrous metals/minerals	3.36%
Brokers, Dealers & Investment houses	2.52%
Oil & gas	2.43%
Containers & glass products	2.27%
Leisure goods/activities/movies	2.23%
Electronics/electrical	2.23%
Beverage & Tobacco	1.63%
Retailers (except food & drug)	1.53%
Steel	1.38%
Publishing	1.22%
Rail industries	1.14%
Lodging & casinos	1.09%
Other	4.18%
	<hr/>
	100.00%

Distribution by maturity of Reference Claims

Maturity	Percentage of Reference Pool
1-6m	28.51%
6-12m	11.13%
1-2y	8.31%
2-3y	7.75%
3-4y	19.08%
4-5y	14.26%
5-6y	4.06%
6-7y	2.54%
7-8y	1.99%
8-9y	1.29%
9-10y	1.08%
	<hr/>
	100.00%

Distribution by obligor rating

Internal Rating	S&P Mapping	Moody's Mapping	Percentage of Reference Pool
1	AA-	Aa2	0.17%
1.2	AA-	Aa2	1.11%
1.4	A+	Aa2/Aa3	0.81%
1.6	A	A1/A2	4.23%
1.8	BBB+	A2/A3	17.08%
2	BBB+	Baa1	14.57%
2.2	BBB	Baa1/Baa2	24.88%
2.4	BBB	Baa2	10.59%
2.6	BBB	Baa3	14.89%
2.8	BBB-	Baa3/Ba1	6.26%
3	BB+	Ba1/Ba2	2.55%
3.2	BB+	Ba2/Ba3	1.70%
3.4	BB	Ba3/B1	0.00%
3.6	BB	B1	1.16%
			100.00%

Distribution by obligor size

Size of Exposure to Obligor (€m)	Number of Obligors
>= 1 < 10	118
>= 10 < 20	42
>= 20 < 30	25
>= 30 < 40	17
>= 40 < 50	6
>= 50 < 60	7
>= 60 < 70	3
>= 70 < 80	6
>= 80 < 90	0
>= 90 < 100	2
>= 100 < 110	4
>= 110 < 120	1
120	2
<hr/>	
	233

Overview top 10 obligors

Internal Rating	S&P Mapping	Moody's Mapping	Size of Obligor	Reference Pool %	S&P Industry	Jurisdiction
1.8	BBB+	A2/A3	120,000,000	2.67%	Insurance	Switzerland
2	BBB+	Baa1	120,000,000	2.67%	Automotive	Germany
2.2	BBB	Baa1/Baa2	110,000,000	2.44%	Telecommunications	Netherlands
2	BBB+	Baa1	106,410,026	2.36%	Nonferrous metals/minerals	Germany
2.2	BBB	Baa1/Baa2	105,922,808	2.35%	Telecommunications	Spain
2.2	BBB	Baa1/Baa2	102,188,889	2.27%	Containers & glass products	France
2.8	BBB-	Baa3/Ba1	100,000,000	2.22%	Financial intermediaries	Italy
2	BBB+	Baa1	92,468,665	2.05%	Telecommunications	Italy
1.8	BBB+	A2/A3	90,976,875	2.02%	Surface transport	Germany
2.2	BBB	Baa1/Baa2	78,170,203	1.74%	Utilities	United Kingdom
				22.80%		

REFERENCE POOL SERVICING

Each Servicer will service the Reference Claims, and in case of certain Reference Claims arising from syndicated loans, syndicated revolving credit facilities and syndicated credit guarantee claims serviced by Agent Banks, act towards the Agent Banks in accordance with the Credit and Collection Policies (in the case of Reference Claims arising under syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees, subject to the servicing conditions under such Reference Loan documentation, Reference Facility documentation or Reference Guarantee documentation, as applicable) and the following Servicing Principles. The Servicing Principles are attached as Appendix C to the Terms and Conditions and constitute an integral part of the Terms and Conditions.

Servicing Principles

1. Common Principles

1.1 *General*

The administration, collection and enforcement of each Reference Claim, including the foreclosure on any related Reference Collateral, will be carried out by the Bank (including its branches) or any subsidiary or affiliate of the Bank (each, a "**Servicer**" which term shall include any substitute servicer appointed in accordance with these Servicing Principles) and, in the case of certain syndicated Reference Loans, syndicated Reference Facilities or syndicated Reference Guarantees, by the Agent Banks. In administering, collecting and enforcing the Reference Claims and/or foreclosing on the Reference Collateral (collectively the "**servicing**" and to "**service**") the relevant Servicer will at all times act (in the case of a syndicated Reference Loan, syndicated Reference Facility or syndicated Reference Guarantee, to the extent permissible under the relevant Reference Loan documentation, Reference Facility documentation or Reference Guarantee documentation, as applicable) as a reasonable creditor in the protection of its own interests acting reasonably in accordance with the Credit and Collection Policies.

The relevant Servicer will take all measures it deems necessary or appropriate in its due, professional judgement to service the Reference Claims which are necessary to comply with supervisory requirements and will refrain from acting when so required by applicable law, court decisions, regulations or a competent regulator.

Unless otherwise provided herein, the relevant Servicer will perform its duties in the course of servicing the Reference Claims in compliance with the Credit and Collection Policies.

For the avoidance of doubt, the Servicing Principles do not require any Servicer to take any measure (or refrain from acting) in the course of servicing of the Reference Claim when doing so could jeopardise the Loss Allocation.

Compliance with the Servicing Standards as from the Cut-off Date or the relevant Replenishment Date, as relevant, is, subject to Provision 9 (Non-compliance) of the Reference Pool Provisions, a condition to the Loss Allocation and does not constitute an obligation of any Servicer, the Issuer or the Bank.

1.2 *Amendments*

The Bank and the Trustee may agree at any time to amend or supplement the Servicing Principles, *provided that* any such amendment or supplement does not adversely affect the interests of any Transaction Creditor in a material manner, unless otherwise required by mandatory provisions of law, and the Rating Agencies receive notice thereof from the Bank.

The Bank may amend or supplement the Credit and Collection Policies in its sole discretion from time to time, *provided that* (A) if any such amendment or supplement is inconsistent with the Servicing Principles, it will not be applied with respect to the Reference Pool, (B) if such amendment or supplement may, in the professional judgement of the Bank, adversely affect the determination of the Realised Losses, Credit Events, or Appraised Values from the perspective of any of the Transaction Creditors, it will not be applied to the Reference Claims without prior consent of the Trustee, unless in the case of each of (A) or (B) otherwise required by mandatory provisions of law and (C) to the extent such amendment or supplement, in the professional judgement of the Bank, affects or may affect the interests of the Transaction Creditors, the Rating Agencies receive notice thereof from the Bank.

2. Payments in Arrears from Debtors, Payment Rescheduling and Debt Restructuring

If a Debtor is in arrears with a payment due, the relevant Servicer will proceed in accordance with the Credit and Collection Policies. If these do not generally provide for the specific case at hand, the relevant Servicer will handle the case as would a reasonable creditor in the protection of its own interests.

The Trustee will allow a Servicer to exercise reasonable discretion in handling such cases of a Debtor's default within the scope of the Credit and Collection Policies. Each Servicer will exercise this discretion as would a reasonable creditor in the protection of its own interests.

In accordance with the Credit and Collection Policies and subject to the following paragraphs of this Section 2, each Servicer is authorised to agree on payment rescheduling or debt restructuring with a Debtor. In doing so, the relevant Servicer may in particular (i) forego the repayment of a portion of the relevant Reference Claim or (ii) subordinate all or a portion of a Reference Claim if the Servicer is convinced, in its reasonable judgement, that in such case the aggregate amount of collections on such Reference Claim will be higher than the aggregate amount it would collect thereon had it not agreed to forego or subordinate such portion of the Reference Claim. For the avoidance of doubt, the Servicer is not required to (i) forego the repayment of a portion of the relevant Reference Claim or (ii) subordinate all or a portion of a Reference Claim as part of any payment rescheduling or debt restructuring before a Credit Event with respect to such Reference Claim has occurred.

In case any Debtor falls in arrears on a payment due in a minimum amount (if any) and for a minimum period (if any), each as set forth in the credit and collection policies of the relevant Servicer, and no payment rescheduling or debt restructuring agreement has been entered into, the relevant Servicer will commence legal proceedings against the Debtor which are required to enforce the Reference Claim, and/or foreclose on the related Reference Collateral, unless the relevant Servicer concludes, in its professional judgement, that such enforcement or foreclosure would not be justified in view of the expenses and expected proceeds thereof.

With respect to any Reference Claim included in the Reference Pool as of the Cut-off Date, each Servicer will only agree to payment rescheduling or debt restructuring of such Reference Claim if the principal amount of such Reference Claim, under the altered repayment schedule or as restructured, is due to be repaid in full before the end of the Collection Period immediately preceding the Scheduled Maturity Date at the latest.

3. Other Changes in the Conditions of the Reference Loans, Reference Facilities and Reference Guarantees

In addition to the cases provided for in Section 2, the relevant Servicer will be authorised to take action in the context of servicing the Reference Claims (in particular to amend contractual

provisions of the underlying Reference Loan, Reference Facility or Reference Guarantee), which in the relevant Servicer's professional judgement may affect the terms of the Reference Claims, only if doing so will, in the due and reasonable professional judgement of the relevant Servicer neither adversely affect the validity and enforceability of the Reference Claims nor reduce the value of the Reference Loans, Reference Facilities or Reference Guarantees nor result in Realised Losses or otherwise materially adversely affect the Transaction Creditors.

4. Accounting

Each Servicer will keep accounting records regarding the Reference Claims serviced by it, which will show, *inter alia*:

- (i) the identification number and any other identifiers attributed to each Reference Claim in the Reference Claim List,
- (ii) the Outstanding Nominal Amount of the Reference Claim as of the Cut-off Date or the relevant Replenishment Date, as applicable,
- (iii) the applicable nominal rate of interest per annum and any overdue interest (other than default interests),
- (iv) the repayment and interest characteristics of such Reference Claim, and
- (v) the remaining term to maturity of the Reference Claim as of the Cut-off Date or the relevant Replenishment Date, as applicable.

Accounting records, journals, daily accounts and portfolio inventories for the annual financial statements will be kept in safekeeping for a period of 4 years after the relevant accounting period, or for such longer or shorter period as required from time to time by applicable law. The accounting records with respect to the Reference Claims will be kept current and will not fall behind for more than 180 calendar days.

The relevant Servicer may maintain records and documentation relating to the Reference Claims in paper or electronic form or any other commercially reasonable manner.

5. Vicarious Agents; Consultants

Any Servicer may delegate the performance of its duties in the context of enforcing the Reference Claims and foreclosing on the Reference Collateral, in whole or in part, to vicarious agents (*Erfüllungsgehilfen*) pursuant to § 278 of the German Civil Code (*Bürgerliches Gesetzbuch*). A more extensive delegation of duties by the relevant Servicer in the context of servicing the Reference Claims is not permitted without the consent of the Trustee and confirmation from each of the Rating Agencies that such delegation will not adversely affect the rating of the Notes.

In connection with servicing the Reference Claims any Servicer may retain outside consultants and experts to the extent it deems necessary in its due, professional judgement. The relevant Servicer will select and monitor such consultants and experts with the care reasonably to be expected of a bank (*bankübliche Sorgfalt*).

6. Reporting

The Bank will deliver to the Trustee, its auditors, an Expert or a Value Expert such reports and

information and provide such access and facilities at such times as specified in the Terms and Conditions and/or the Trust Agreement.

The Servicer, if different from the Bank, will provide the Bank with such information and will provide to the Bank such access and facilities at such time as is necessary for the purposes of the preceding sentence.

7. Change in Servicer

Any Servicer may be substituted in its function as Servicer of a Reference Claim by any banking institution or servicing company specialised in the servicing and administration of loans, *provided that*:

- (i) the standard of the servicing as set out in the Servicing Standards and the determination and allocation of Realised Losses remain unchanged,
- (ii) the obligations under the Transaction Documents remain to be complied with, and
- (iii) in the professional judgement of the Bank, such substitution will not adversely affect the interests of the Transaction Creditors.

In the case of any substitution pursuant to this Section 7, all references in the Terms and Conditions, including the Reference Pool Provisions, to the Servicers shall be deemed to include such new servicer.

8. Reference Claims Serviced by an Agent Bank

Monitoring Agent Banks

The Bank, as a syndicate bank under a syndicated Reference Loan, syndicated Reference Facility or syndicated Reference Guarantee serviced by an Agent Bank, or the relevant Servicer shall monitor the compliance with the servicing requirements under the applicable documentation governing the relevant Reference Loan, Reference Facility or Reference Guarantee by the servicing Agent Bank.

Enforcement

The Bank, as a syndicate bank under a syndicated Reference Loan, syndicated Reference Facility or syndicated Reference Guarantee serviced by an Agent Bank, or the relevant Servicer shall take all actions necessary, in its professional judgement, to ensure that the relevant Agent Bank complies with its respective servicing obligations under the documentation governing the relevant Reference Loan, Reference Facility or Reference Guarantee. Such actions shall include enforcement of the Bank's rights as a syndicate bank under the relevant Reference Loan, Reference Facility or Reference Guarantee.

Servicing

If, in respect of a Reference Claim under a syndicated Reference Loan, syndicated Reference Facility or syndicated Reference Guarantee serviced by an Agent Bank, the Bank becomes responsible for collecting, maintaining, enforcing of or any other servicing activity in connection with the Reference Claim, the Bank or the relevant Servicer shall carry it out in accordance with the Servicing Standards, subject only to the documentation of the relevant syndicated Reference Loan, Reference Facility or Reference Guarantee.

CREDIT AND COLLECTION POLICIES

The following is a summary of the standard credit and collection policies of the Bank in its capacity as a Servicer and of the affiliates of the Bank acting as Servicers for corporate lending in effect as of the Issue Date.

Overview and Organisation

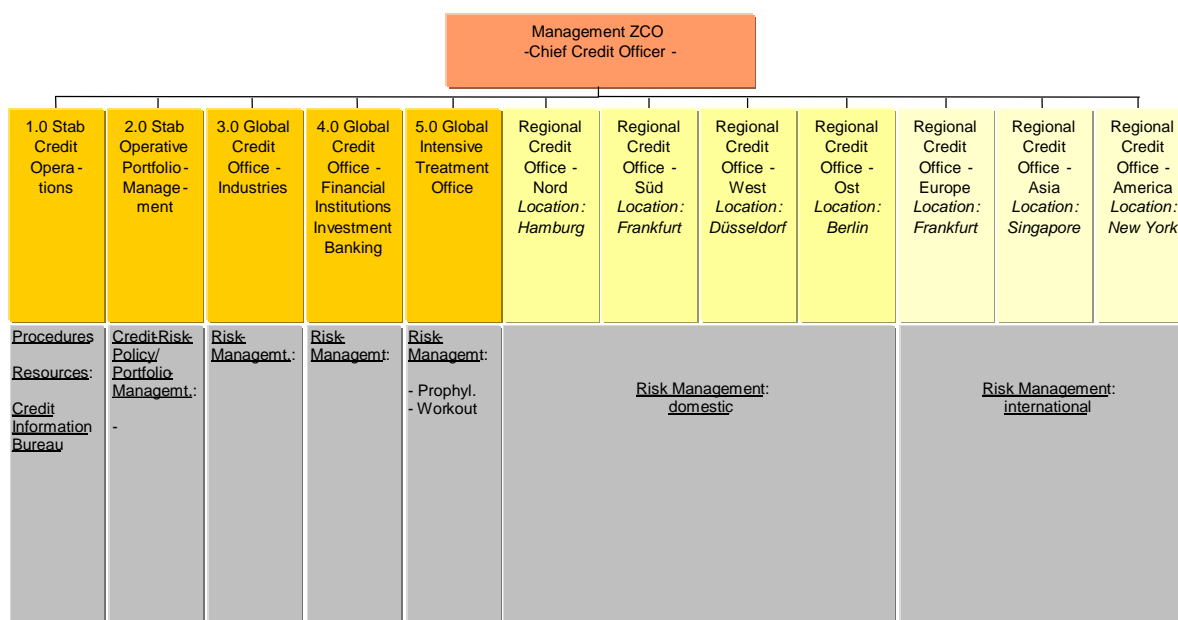
The credit policies and procedures described below are applied to corporate loans originated and held by Commerzbank AG. The Bank defines a corporate loan as a loan advanced to a company with a turnover in excess of €2,500,000.

Loan origination of corporate customer business is decentralised and executed at the level of the branch that is responsible for the relationship with the borrower.

Credit risk in the corporate lending business is assessed, monitored and controlled by the central Global Credit Operations (*Zentrales Geschäftsfeld Global Credit Operations*) ("**ZCO**") of the Bank. Separate divisions within ZCO deal with the Bank's various loan portfolios; these include:

- Industry-focused sector divisions for all-domestic and foreign credit management with a rating equal or better to 4.6 (see "Internal Rating Systems" below),
- loans representing a higher level of potential default risk,
- loans in restructuring or in liquidation,
- other group-wide credit related tasks.

ZCO is structured as below. Beneath the regional offices, several local credit offices exist on the main branch level.



Credit Process

Credit Application

Credit applications are prepared at branch level by credit officers in accordance with the applicable credit policies. To ensure objectivity of the credit process within each branch, the credit department has a management and reporting structure independent from the corporate customer department originating the loans. The credit application summarises the rationale of the submitted lending operation and evaluates its credit risk, including, *inter alia*:

- the intention for the proposed transaction;
- the expected profitability of the loan to the Bank and cross-selling opportunities;
- a summary of the relationship history;
- the key covenants (if applicable);
- key figures from the review of the annual report;
- the Commerzbank internal ratings assigned to the borrower (i.e. a financial rating and a credit rating); and
- a conclusion / recommendation.

All loan applications are assessed in the context of the total exposure of the Bank towards the borrower (under German banking regulation guidelines, all affiliated or otherwise related entities are considered as a single risk toward the borrower concerned).

Lending Authorities

Depending on the borrower's exposure size and its assigned internal rating, credit limit approval in corporate lending takes place at the level of the branch and its local credit office, the regional credit committee or the Global Credit Office, in each case by its head office credit committee. Lending authorities may then be comprised of:

- local sub-credit committees;
- regional sub-credit committees;
- sub-credit committee corporates involving the chief credit officer, as well as heads of the corporate customer department (*Zentrales Geschäftsfeld Corporate Banking*) and the capital markets department (*Zentrales Geschäftsfeld Corporates & Markets*). In addition, a regional board member (*Regional Vorstand*) or a member of the board of managing directors has to give his agreement;
- Commerzbank's credit committee including two members of the board of managing directors (one of whom being the chief risk officer), a regional board member and the chief credit officer;
- the board of managing directors;
- under special circumstances, the supervisory board of the Bank may review credit decisions.

Internal Rating Systems

To evaluate the financial and credit risk of borrowers and counterparties, the Bank has developed three fully integrated internal rating systems:

- (i) "**Rating Corporates Germany**" for German medium sized businesses with an annual turnover of €2.5 million to €750 million,
- (ii) "**Rating Corporates Large Companies**" for multinationals and large companies bankwide with an annual turnover of over €750 million, and

- (iii) "**Rating Corporates International**" for international medium-sized businesses with an annual turnover up to €750 million EUR.

Each internal rating system generates two separate ratings for each borrower: a Financial Rating and a Credit Rating. Both ratings range on a scale from 1.0 to 5.8 and 6.1 to 6.5.

The "**Financial Rating**" is an assessment of the Probability of Default ("**PD**") of each borrower on the basis of:

- financial analysis of annual accounts (statistic rating models),
- financial analysis of interim figures,
- analysis of qualitative risks (market, management, value creation, notes analysis),
- early warning indicators,
- group integration, and
- limited manual override.

The "**Credit Rating**" incorporates an assessment of loss severity based on an analysis of:

- Loss given Default ("**LGD**") (credit imputation factor, value of collateral, capital recovery factor),
- Exposure at Default ("**EaD**") (utilisation and unutilised limits), and
- qualitative risks (maturity, covenants, liquidity of assets).

The Credit Rating constitutes the main driver of the lending authorities.

The Rating Corporates Germany rating system is based on:

- a rating model of 8 financial ratios and industry information (logistic regression);
- assessment of the future performance of the borrower based on both current and historical information;
- an analysis of qualitative risk factors (market, management, value creation, notes analysis) early warning indicators (e.g. payment history, customer behaviour, decrease in equity, strong regressive demand trend);
- the degree to which the borrower, if it is a subsidiary, is integrated into its parent group;
- limited manual override for specific factors that are not covered by the standard rating form (e.g. pending litigation, substantial off balance sheet financing, etc.).

The structure of the Rating Corporates Large Companies rating system is nearly similar to Rating Corporates Germany. Differences include the financial analysis annual accounts (shadow rating model) and several qualitative factors.

The structure of the Rating Corporates International rating system is nearly similar to Rating Corporates Germany. Differences include the financial analysis annual accounts (rating models from Moody's RiskCalcTM) and several qualitative factors.

Return on Equity

The credit guidelines require the calculation of return on equity ("**RoE**") as part of the decision process for any new and incremental corporate lending business as well as the extension of existing credit exposures.

The RoE calculation is adjusted by standard risk costs ("**SRCs**") that quantify the Expected Loss

("EL") with respect to each borrower. EL is a function of the PD, the EaD and the LGD. The SRCs reflect, *inter alia*, the type of lending operation, the PD of the borrower (depending on the Financial Rating, industry and turnover size), the collateral position and maturity period.

The efficiency of the credit process and rating system is further enhanced by an internal remuneration policy, which partly links the compensation of a relationship officer to SRCs and actual provisions.

Collateral

Depending on the overall credit risk assumed and the margin charged on a certain loan, Commerzbank demands collateral prior to making a loan or, in case the internal rating deteriorates, asks for additional collateral during the lifetime of a loan.

Any collateral requested by the Bank as security for one or more credit exposures is valued on the basis of the most realistic value (*Sicherheitenwert*). Such collateral value is defined as the conservatively estimated value, which is highly likely to be realised in case an exposure falls into default. The collateral value must be recorded in a system and kept up-to-date. This also requires that certain collateral for which there is a market price (e.g. securities) is valued based on its current market price. In all other cases, the collateral value is reviewed upon the extension of exposure (but in any event, annually) or in case of certain other events (e.g. market or borrower events).

Monitoring and Problem Loan Procedures

Monitoring Individual Credit Exposures

The credit officer is responsible for the credit application and the subsequent credit reviews. All internal ratings are reviewed at least annually on receipt of the borrower's annual report and accounts are adjusted, if necessary. Internal credit ratings equal to or worse than 4.6 for exposures greater than €50,000 are reviewed at least every six months. The branch relationship manager is responsible for preparing regular call reports on the client and an annual overview of the credit relationship. The Global Intensive Treatment Office ("**GIO**") controls the review process.

Monitoring Loan Payments

All loans, including amortising, annuity and bullet structures, are recorded on an electronic system. This automated system initiates the payment process for interest and principal payments.

In case of a non-payment, the system automatically launches a reminder-process. Both the credit officer and the relationship manager receive copies of the reminder and are required to contact the borrower immediately. The system will send the client up to two further reminders at three-week intervals. After the expiration of the third reminder, the total outstanding amount on the loan is declared to be due. In case of late payments, the Financial Ratings and Credit Ratings are reviewed immediately and the exposure to the relevant borrower is assessed as to its probability of default.

Problem Loan Management

The Bank subdivides problem loans or loans for which provisions are to be made into three classes:

- Pre-workout Accounts (*Prophylaxeengagements*) with an internal credit rating of 4,6 to 5,8;
- Reporting Accounts (*Berichtskonten*) with an internal credit rating of 6,1 to 6,3;
- Work-out Accounts (*Abwicklungskonten*) with an internal credit rating of 6.4 and 6.5; these accounts are considered unlikely to repay loans in whole or in part.

The workout process is carried out at branch level by the relevant main branch and the proper Local Intensive Treatment Office ("**LIO**") and by a workout team within GIO. The LIOs assume exclusive responsibility for exposures with an internal credit rating equal to or worse than 4.6. They also act as an advisory capacity for exposures with an internal rating better than 4.6. Exposures exceeding €12 million are usually in the responsibility of GIO. However, the operational work continues to be

carried out by the LIOs.

For any problem loan, the risk exposure of the Bank is evaluated. This includes a thorough analysis of any collateral in place. The loan will either be restructured and rated 6.1 to 6.3 or liquidated and rated 6.4. To recover on the loans, the steps taken by the LIO or GIO teams (sometimes with the support from external advisors) include all kinds of credit enhancements (such as additional collateral, repayment, setting up of collateral, credit pools, etc.), enforcement measures, seizure, distressed sale of collateral and application to initiate insolvency proceedings.

THE ISSUER GUARANTEE

On June 30, 2006 the Bank and the Issuer will enter into a loss guarantee agreement (the "**Issuer Guarantee**") between the Issuer as protection seller and the Bank as protection buyer.

Payments

Pursuant to the Issuer Guarantee, the Issuer will pay to the Bank on each Payment Date (or such other day on which Realised Losses are allocated to the Notes pursuant to the Terms and Conditions) the aggregate amount of all Realised Losses allocated to the Notes as of such date.

The Issuer will receive the funds necessary for the payments under the Issuer Guarantee by liquidation of the Eurohypo Pfandbriefe. In addition, if relevant, the Issuer will on each Payment Date pay the Bank any Positive Spread Amounts. "**Positive Spread Amount**" means with respect to each Interest Accrual Period, the difference (if positive number) between (i) the periodic payments received under the Eurohypo Pfandbriefe and (ii) the amounts of interest payable in respect of the Notes.

The Bank will pay under the Issuer Guarantee, *inter alia*, the Guarantee Fee to the Issuer in advance on each Guarantee Fee Payment Date. The "**Guarantee Fee**" will be an amount calculated by the Bank as the sum of (i) the costs and expenses of the Issuer and (ii) the excess, if any, of (A) the aggregate Interest Amount and any Make-Whole Interest Amount payable by the Issuer on the Notes, over (B) the aggregate amount of the interest amounts due (for the avoidance of doubt, prior to any withholding or deduction on account of taxes) to the Issuer under the Eurohypo Pfandbriefe on the relevant Payment Date.

Cash Collateral

- (1) Pursuant to the Issuer Guarantee, on the Issue Date, the Bank shall deposit an amount into a separate account with the Transaction Account Bank having the Transaction Account Bank Required Rating (such account, the "**Cash Collateral Account**") for the benefit of the Issuer sufficient to cover any one and one-half Guarantee Fees payable by the Bank (such amount, the "**Cash Collateral**"), *provided that* on each Payment Date, the Cash Collateral shall be reduced (by way of payment by the Issuer from the Cash Collateral Account to the Bank) or increased (by way of payment by the Bank to the Cash Collateral Account of the Issuer) in an amount commensurate with any reduction or increase in the Guarantee Fee expected to be payable on the following Payment Date. In the event of any default in payment of the Guarantee Fee by the Bank, the Issuer shall be entitled to employ the Cash Collateral towards its payment obligation of any Interest Amount due or outstanding on the Notes.
- (2) Pursuant to the Issuer Guarantee, in the event that the ratings of the Bank are upgraded to A-1+ (short term) by S&P and P-1 (short term) by Moody's, the obligation of the Bank to maintain the Cash Collateral shall terminate and the Issuer shall on the Payment Date following such upgrading pay to the Bank from the Cash Collateral Account or the A-1+ Cash Collateral Account, as applicable, an amount equal to the amount of the Cash Collateral on such Payment Date.
- (3) Pursuant to the Issuer Guarantee, in the event that, subsequent to any upgrading pursuant to paragraph (2) above, the ratings of the Bank are downgraded below A-1+ (short term) by S&P and/or P-1 (short term) by Moody's, the Bank shall on the Payment Date following such downgrading deposit an amount equal to the Cash Collateral on such Payment Date in the Cash Collateral Account.

Termination

The Issuer Guarantee will terminate when none of the Notes are outstanding, unless terminated earlier in accordance with Early Termination Option or as a result of the occurrence of a Bank Event of Default or an Issuer Event of Default.

Early Termination Option

Pursuant to the terms of the Issuer Guarantee, the Bank will have the right (but not the obligation) (each, an "**Early Termination Option**") to terminate the Issuer Guarantee for any of the reasons set out under Section 12.1(A) (Early Redemption by the Issuer – Issuer Guarantee Termination) of the Terms and Conditions as of any Payment Date (the "**Optional Termination Date**") by giving the Issuer at least 12 Business Days prior notice.

The Bank may waive any of its rights to terminate the Issuer Guarantee by notice to the Issuer and upon delivery of such notice, the right of the Bank to terminate the Issuer Guarantee shall cease to exist to the extent specified in such notice and/or subject to limitations specified in such notice.

If the Bank exercises any of its Early Termination Options, the Issuer will pay to the Bank an amount equal to the Realised Losses (included deemed Realised Losses and Realised Losses, if relevant) determined in accordance with the Terms and Conditions, *provided that* the Issuer Guarantee may remain outstanding if and to the extent necessary for the purposes of any deferred redemption in accordance with Section 12.1 (Early Redemption by the Issuer – Issuer Guarantee Termination) of the Terms and Conditions.

The Issuer will receive the funds necessary for such payment from the amounts received under the Eurohypo Pfandbriefe.

Early Termination Events

Pursuant to the terms of the Issuer Guarantee, the Issuer Guarantee will be subject to early termination upon the occurrence of an Issuer Event of Default or a Bank Event of Default.

Upon the occurrence of such early termination the Issuer will pay the Bank an amount equal to the amount by which the Class Principal Amount of such Class of Notes is reduced as a result of an allocation of Realised Losses to any Class of Notes, in case of an Issuer Event of Default determined in accordance with Section 12.1 (Early Redemption by the Issuer – Issuer Guarantee Termination) of the Terms and Conditions and in case of an Bank Event of Default determined in accordance with Section 12.2 (Early Redemption by the Issuer – Bank Event of Default) of the Terms and Conditions.

The Issuer Guarantee will not be subject to an early termination in circumstances relating to defaults under other transactions applicable to the Issuer or the Bank or mergers, consolidations or similar transactions of the Issuer or the Bank.

Redemption of the Notes

Early termination of the Issuer Guarantee will result in redemption of the Notes as described under "THE NOTES – Early Redemption by the Issuer".

THE COLLATERAL

Senior Security Interest of the Bank

The security interest under the First Pledge Agreement as security for the obligations of the Issuer under the Issuer Guarantee will rank senior to any security interest in respect of the Eurohypo Pfandbriefe in accordance with the Trust Agreement for the benefit of the Noteholders. The rights of the Bank as pledgee under the First Pledge Agreement will have priority over the rights of the Trustee as pledgee under the Trust Agreement.

See "THE FIRST PLEDGE AGREEMENT".

Collateral and Loss Allocation

Notwithstanding the Collateral, the amount of principal of and, due to potential principal reductions, interest on the Notes may be reduced as a result of Realised Losses incurred with respect to the Reference Claims and only the obligations of the Issuer to pay any amount of principal and interest determined to be due to the Noteholders in accordance with the Terms and Conditions, which may be reduced by such Realised Losses, will have the benefit of the Collateral.

EUROHYPO PFANDBRIEFE

On the Issue Date, the Issuer will pledge to the Bank the Eurohypo Pfandbriefe as security for its obligations under the Issuer Guarantee pursuant to the First Pledge Agreement. The pledge will extend to the principal but not income to be earned on the Eurohypo Pfandbriefe (see "COLLATERAL").

Pursuant to the Trust Agreement the Issuer will pledge (*verpfänden*) to the Trustee:

- (a) EUR 500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series A+ Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A+ Notes,
- (b) EUR 58,500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series A Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A Notes,
- (c) EUR 72,000,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series B Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class B Notes,
- (d) EUR 45,000,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series C Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class C Notes,
- (e) EUR 40,500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series D Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class D Notes, and
- (f) EUR 65,700,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series E Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class E Notes.

Each Series will be represented by a global certificate deposited with the Clearstream Frankfurt. The Eurohypo Pfandbriefe will be held in the securities account no. 21463800 (the "**Custody Account**") of the Issuer with Citigroup Global Markets Deutschland AG & Co. KGaA, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main, Germany (in such capacity and each successor custodian, the "**Custodian**") pursuant to the Custody Agreement.

The Issuer does not intend to provide post-issuance information regarding the Eurohypo Pfandbriefe.

TERMS AND CONDITIONS OF THE EUROHYPO PFANDBRIEFE

Issuer:	Eurohypo AG
Ratings:	Aaa (Moody's) / AAA (S&P) / AAA (Fitch)
Status:	Senior / Secured (<i>Pfandbrief</i>)
Type of Pfandbrief:	Public
Principal Amount:	EUR 500,000 / ISIN DE000EH0EEQ6 / WKN EH0EEQ (the " Series A+ Collateral "), EUR 58,500,000 / ISIN DE000EH0EER4 / WKN EH0EER (the " Series A Collateral "), EUR 72,000,000 / ISIN DE000EH0EES2 / WKN EH0EES (the " Series B Collateral "), EUR 45,000,000 / ISIN DE000EH0EET0 / WKN EH0EET (the " Series C Collateral "), EUR 40,500,000 / ISIN DE000EH0EEU8 / WKN EH0EEU (the " Series D Collateral "), and EUR 65,700,00 / ISIN DE000EH0EEV6 / WKN EH0EEV (the " Series E Collateral "); collectively, the " Eurohypo Pfandbriefe ".
Currency:	EUR
Issue Date:	June 30, 2006
Maturity Date:	October 13, 2016
Issue Price:	100%
Interest Payments:	March 15, June 15, September 15, December 15
Day Count Fraction:	Actual/360 adjusted basis
Business Days:	TARGET, London
Interest Rate:	3 month EURIBOR minus 0.025%
Redemption:	Linked to the Notes
Amortisation:	Linked to the Notes
Denominations:	Series A+ Collateral: EUR 50,000; Series A Collateral, Series B Collateral, Series C Collateral, Series D Collateral and Series E Collateral: EUR 100,000
Form:	EMTN Programme
Listing:	None
Governing Law:	German

OTHER COLLATERAL

Pursuant to the Terms of the Trust Agreement, the Issuer pledges (*verpfänden*) pursuant to §§ 1204, 1273 and 1279 of the German Civil Code (*Bürgerliches Gesetzbuch*) to the Trustee for the collateral purposes set out below the following claims and rights:

- (i) all its present and future claims and rights arising from:
 - (a) the Transaction Account Agreement, including all its present and future claims and rights under the Transaction Account and all its present and future claims and rights under the Cash Collateral Account,
 - (b) the agency agreement between the Issuer, the Trustee and the Principal Paying Agent dated June 28, 2006 (the "**Agency Agreement**"),
 - (c) the subscription agreement for the Notes between the Issuer and Commerzbank Aktiengesellschaft (in such capacity together, the "**Lead Manager**") dated June 30, 2006 (the "**Subscription Agreement**"),
 - (d) the Securities Purchase Agreement,
 - (e) the Issuer Guarantee,
 - (f) the cash administration agreement between the Issuer, the Trustee and Citibank, N.A., London Branch, 21st Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom (in such capacity, the "**Cash Administrator**" which term shall also include any replacement Cash Administrator) dated June 30, 2006 (the "**Cash Administration Agreement**"), and
 - (g) the Custody Agreement; and
- (ii) all its present and future claims and rights against the Trustee arising under the Trust Agreement.

The Trustee thereby accepts such pledges.

Such pledges serve to secure the Trustee Claim.

ACCOUNTS AND CASH ADMINISTRATION

Accounts

In connection with the Transaction the Issuer will maintain the following bank accounts:

- (i) the Transaction Account, which is an interest bearing account in EUR. The Issuer will open the Transaction Account with Citigroup Global Markets Deutschland AG & Co. KGaA, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main, Germany, as the initial Transaction Account Bank, before the Issue Date; and
- (ii) the Cash Collateral Account, which is an interest bearing account in EUR, with the Transaction Account Bank, on or before the Issue Date.

In addition, the Issuer may open and maintain the A-1+ Cash Collateral Account in accordance with the Transaction Documents.

Pursuant to the Trust Agreement all of the Issuer's rights and claims in respect of the Accounts open as of the Issue Date and the related account agreements are pledged to the Trustee.

Pursuant to the Trust Agreement the Trustee has authorised the Issuer and the Cash Administrator on the Issuer's behalf to administer the Accounts. Such authorisation may be withdrawn by the Trustee upon the occurrence of a Foreclosure Event or if, in the professional judgement of the Trustee, such withdrawal is desirable or expedient to protect the interests of the Noteholders. See "TRUST AGREEMENT".

Consideration

As consideration for the performance of its services and functions under the respective Account Agreements, the Issuer will pay each Account Bank a fee as separately agreed by each Account Bank with the Issuer with the consent of the Bank. Recourse of each Account Bank against the Issuer is limited.

Set-off Waiver

Pursuant to the Account Agreements, the Account Banks will waive, for the benefit of the Trustee and the Issuer, any right to set-off and similar rights on the basis of which the Account Banks would be entitled to refuse payment to the Issuer or the Trustee, as relevant, and will agree to certain non-petition provisions in relation to the Issuer.

Cash Administration

Pursuant to the Cash Administration Agreement, Citibank, N.A., London Branch, 21st Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom will act as the initial Cash Administrator for the Issuer. The Cash Administrator will provide professional services to the Issuer with respect to, *inter alia*, the management of the Accounts.

As consideration for the performance of its services and functions under the Cash Administration Agreement, the Issuer will pay the Cash Administrator a fee as separately agreed with the Issuer with the consent of the Bank. Recourse of the Cash Administrator against the Issuer is limited.

CORPORATE ADMINISTRATION

Pursuant to the Corporate Administration Agreement governed by Irish law, the Corporate Administrator has agreed to provide book-keeping and other corporate and administrative services to the Issuer. The Issuer has a right to replace the Corporate Administrator at any time upon notice to the Corporate Administrator.

Description of the Corporate Administrator

Structured Finance Management (Ireland) Limited, a private limited liability company incorporated under the laws of Ireland, as corporate services provider to the Issuer in accordance with the terms of the Corporate Administration Agreement through its offices at Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland (registered no. 331206).

The principal activity of the company is to provide corporate services, independent directors and management of special purpose vehicle companies.

The information under "Description of the Corporate Administrator" has been provided by the Corporate Administrator, and neither the Issuer nor the Bank assumes any responsibility for its contents.

Consideration

As consideration for the performance of its services and functions under the Corporate Administration Agreement, the Issuer will pay the Corporate Administrator a fee as separately agreed with the Issuer with the consent of the Bank. Recourse of the Corporate Administrator against the Issuer is limited accordingly.

Termination of the Corporate Administration Agreement

The following is the text of the clause of the Corporate Administration Agreement regarding termination and appointment of a substitute Corporate Administrator:

6.1 If any of the following events shall occur:

- (a) material default is made by SFMI in the performance or observance of any of its covenants and obligations under this Agreement, which in the opinion of the Trustee is materially prejudicial to the interests of the Secured Parties and which, in the case of a default that is in the sole opinion of the Trustee remediable, continues unremedied for a period of 30 days after written notice by the Trustee requiring the same to be remedied;
- (b) an order is made or an effective resolution passed for winding up SFMI;
- (c) SFMI ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of any amounts due to its creditors generally or becomes unable to pay its debts as they fall due or otherwise becomes insolvent; or
- (d) (other than in the case of a reorganisation the terms of which have been approved by the Trustee and where SFMI is solvent) an order is made against SFMI under any applicable liquidation, insolvency, composition, reorganisation, examinership or other similar laws, or an administrative or other receiver, examiner or other similar official is appointed in relation to SFMI or in relation to the whole or any substantial part of the undertaking or assets of SFMI or an encumbrancer shall take possession of the whole or any substantial

part of the undertaking or assets of SFMI, and in any of the foregoing cases it shall not be discharged within 15 days; or if SFMI shall initiate or consent to judicial proceedings relating to itself under any applicable liquidation, insolvency, examinership, composition, reorganisation or other similar laws or shall make a conveyance or assignment for the benefit of its creditors generally;

then the Issuer (with the prior written consent of the Trustee) or the Trustee may by notice in writing to SFMI terminate the arrangements with SFMI hereunder, but without prejudice to any then existing rights and liabilities of the parties hereto. Each party shall forthwith notify the other parties in writing on the happening or possible occurrence of any such event.

- 6.2 The Issuer may at any time and without cause terminate SFMI from its office as corporate administrator by giving SFMI and the Trustee not less than 30 calendar days' prior notice.
- 6.3 Any termination of this Agreement under Clause 6.1 or Clause 6.2 shall be without liability or penalty on the part of the Issuer for so doing.
- 6.4 Such termination shall not take effect until a successor has been duly appointed in accordance with Clause 6.7 and previously approved in writing by the Trustee and notice of such appointment has been given to the Noteholders.
- 6.5 The Issuer shall pay to SFMI any amount due and outstanding in respect of the Administration Fees calculated up to the date of effectiveness of such termination but SFMI shall not be entitled to compensation in respect of such termination.
- 6.6 Forthwith after service of a notice of termination pursuant to Clause 6.1 or Clause 6.2, SFMI shall deliver to (and in the meantime hold on trust for and to the order of) the Issuer, as it shall direct, all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belonging to the Issuer, any original contracts and/or the Transaction Documents, any monies then held by SFMI on behalf of the Issuer and any other assets of the Issuer and shall take such further action as the Issuer may reasonably direct.
- 6.7 The Issuer shall, at any time after the service of notice of termination pursuant to Clause 6.1 or Clause 6.2, appoint as administrator any person to succeed SFMI or any successor administrator previously appointed (a "**Substitute Administrator**"), on the condition in each case that the Substitute Administrator agrees with the Issuer to perform the duties and obligations of SFMI pursuant to and in accordance with the terms of this Agreement. Prior to the appointment of a Substitute Administrator, the Issuer shall seek the consent of the Trustee to any such appointment and no such appointment shall be made without its consent. Following the appointment of a Substitute Administrator, SFMI shall, notwithstanding that the date of termination of its appointment as specified in the relevant notice may not at such time have occurred, be discharged from performing further the obligations set out in this Agreement, without prejudice to the Issuer's or the Trustee's right to sue SFMI or make any other claim or take any other action with respect to a breach by SFMI of its obligations prior to the termination of its appointment as administrator hereunder.

THE ISSUER

The Issuer was incorporated in Ireland under registered number 419977 as a public company limited by shares under the Irish Companies Acts 1963 to 2005 under the name of CoCo Finance 2006-1 PLC on May 11, 2006. The registered office of the Issuer is at Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland. The Issuer has been incorporated for an unlimited duration. The authorised share capital of the Issuer is EUR 38,100 divided into 38,100 ordinary shares of EUR 1 each, 38,100 of which are issued and fully paid up (the "**Shares**") and will be held as follows: 38,094 by SFM Corporate Services Limited, one by SFM Nominees Limited, one by Structured Finance Management (Ireland) Limited, one by Structured Finance Management Limited (each a "**Shareholder Trustee**" and together, the "**Shareholder Trustees**") and one each by three nominee shareholders each of whom holds his one share on trust for all of the Shareholder Trustees equally. The Share Trustees hold the Shares on trust for certain charities and charitable institutions according to the terms of declarations of trust signed by the Share Trustees.

The Issuer is not related to the Bank (in any of its respective capacities).

Business of the Issuer

The Issuer has been established as a special purpose vehicle for the purpose of issuing asset-backed securities. The objects and purposes of the Issuer are primarily the issue of securities. The principal objects of the Issuer are set forth in its Memorandum of Association and amongst other things are to carry on the business of securitisation including purchasing, acquiring, holding, collecting, discounting, financing, negotiating, managing, selling, disposing of and otherwise trading or dealing directly or indirectly in real or personal property of whatsoever nature (including, without limitation, securities, instruments or obligations of any nature whatsoever, howsoever described and financial assets of whatsoever nature howsoever described and trade accounts, receivables and book debts of whatsoever nature howsoever described and foreign currencies) and any proceeds arising therefrom or in relation thereto and any participation or interest (whether legal or equitable) therein and any certificates of participation or interest (whether legal or equitable) therein and any agreements in connection therewith. These objects allow the Issuer to issue the Notes and use the proceeds to acquire the Eurohypo Pfandbriefe.

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation under the Irish Companies Acts 1963 to 2005, the authorisation and issue of the Notes, the acquisition of the Eurohypo Pfandbriefe, the execution of the Trust Agreement and of the other documents and matters referred to or contemplated in this Prospectus to which it is or will be a party and matters which are incidental or ancillary to the foregoing. The Issuer has only carried on activities since May 11, 2006, its date of incorporation.

The Issuer has not commenced operations since the date of its incorporation and no financial statements have been made up as at the date of this Prospectus.

The Issuer will covenant to observe certain restrictions on its activities which are detailed in the Trust Agreement. See "THE TRUST AGREEMENT". The principal assets of the Issuer will consist of the Eurohypo Pfandbriefe and, subject to Section 2.3 of the Terms and Conditions, the Eurohypo Pfandbriefe will be the only assets available to meet the claims of the Noteholders. Pursuant to the Issuer Guarantee, the Bank will pay the Issuer the Issuer Costs.

The Issuer has no employees.

The Issuer has entered into a number of contracts in connection with the issue of the Notes and in relation to the provision of administrative, legal, secretarial, audit and tax services to it. See "CORPORATE ADMINISTRATION"

Directors

The directors of the Issuer, all of whom are non-executive and their respective addresses and other principal activities are:

Name	Address	Description
John Gerard Murphy	Trinity House Charleston Road Ranelagh Dublin 6 Ireland	Director
Frank Heffernan	Trinity House Charleston Road Ranelagh Dublin 6 Ireland	Director

John Gerard Murphy, director of the Issuer, is a director of the Corporate Administrator and Frank Heffernan, director of the Issuer, is an officer of the Corporate Administrator.

The Articles of Association of the Issuer do not require that directors of the Issuer hold any shares in the Issuer in order to qualify to act as director. The Articles of Association of the Issuer provide that the remuneration of the directors shall from time to time be determined by the Issuer in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Issuer or in connection with the business of the Issuer.

Corporate Administration

Pursuant to a corporate administration agreement dated June 28, 2006 between the Issuer, the Corporate Administrator and the Trustee (the "**Corporate Administration Agreement**"), the Issuer has appointed Structured Finance Management (Ireland) Limited as corporate administrator (the "**Corporate Administrator**") to provide corporate and secretarial and administrative services to the Issuer, whose business address is Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland.

Secretary

The secretary of the Issuer is Structured Finance Management (Ireland) Limited whose business address is Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland.

Capitalisation and Indebtedness Statement

The capitalisation of the Issuer as at the date of this Prospectus, adjusted for the Notes now being issued on the Issue Date, is as follows:

Share Capital

Share capital

EURO

Authorised:

EUR 38,100 divided into 38,100 ordinary shares of EUR 1 each

Issued:

38,100 ordinary shares of EUR 1 each (fully paid) 38,100

Loan capital:

EUR 500,000 Class A + Floating Rate Credit Linked Notes	500,000
EUR 58,500,000 Class A Floating Rate Credit Linked Notes	58,500,000
EUR 72,000,000 Class B Floating Rate Credit Linked Notes	72,000,000
EUR 45,000,000 Class C Floating Rate Credit Linked Notes	45,000,000
EUR 40,500,000 Class D Floating Rate Credit Linked Notes	40,500,000
EUR 65,700,000 Class E Floating Rate Credit Linked Notes	65,700,000

TOTAL CAPITALISATION

EUR 282,238,100

Save for the foregoing, at the date of this Prospectus, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Financial Statements

Audited financial statements will be published on an annual basis. The Issuer will not prepare interim financial statements. The Issuer's accounting reference date in each year is December 31. The first set of audited financial statements will be in respect of the period up to December 31, 2006. Since the date of its incorporation no statutory financial statements have been prepared.

Auditors

The auditors of the Issuer are PricewaterhouseCoopers, George's Quay, Dublin 2, Ireland. PricewaterhouseCoopers is a member of the Institute of Chartered Accountants of Ireland.

Expenses

It is estimated that preliminary expenses and the expenses (including legal expenses, listing expenses and initial expenses of service providers) associated with the issue of the Notes will not exceed 1% of the initial aggregate principal amount of the Notes and will be payable by the Bank.

Litigation

The Issuer has not been engaged in any governmental, litigation or arbitration proceedings which may have a significant effect on its financial position in the past 12 months, nor, as far as the Issuer is aware, are any such governmental, litigation or arbitration proceedings pending or threatened.

Material Change

Except as may be set out in this Prospectus, there has been no material adverse change in the financial position of the Issuer since the date of its incorporation.

Material Contracts

Apart from the Transaction Documents to which it is a party, the Issuer has not entered into any material contracts other than in the ordinary course of its business.

THE BANK

Summary

Risk Factors relating to Commerzbank Aktiengesellschaft

The Bank is subject to various market- and sector-specific as well as company-specific risks, which - if they materialised - could have a considerable impact on the Bank's net assets, financial position and earnings performance, and consequently on the Bank's ability to meet its commitments arising from the Notes. Such risks include:

- Economic setting
- Intensive competition
- Credit risk
- Market risk
- Liquidity risk
- Lowering of the Commerzbank Group's ratings
- Operational risk
- Strategic risk
- Risk associated with the acquisition of Eurohypo AG
- Risk from equity holdings in other companies
- Regulatory risk

For more information on each of these risks see "Risk Factors relating to Commerzbank Aktiengesellschaft".

Summary relating to Commerzbank Aktiengesellschaft

Commerzbank Aktiengesellschaft is a stock corporation under German law. The Bank's registered office is located in Frankfurt am Main and its head office is at Kaiserplatz, 60261 Frankfurt am Main, Federal Republic of Germany (telephone: +49 (0)69 136-20). The Bank is registered in the commercial register of the lower regional court (*Amtsgericht*) of Frankfurt am Main under the number HRB 32 000.

Commerzbank is a major German private-sector bank. Its products and services for retail and corporate customers extend to all aspects of banking. The Bank is also active in specialised fields – partly covered by its subsidiaries – such as mortgage banking and real-estate business, leasing and asset management. Its services are concentrated on managing customers' accounts and handling payments transactions, loan, savings and investments plans, and also on securities transactions. Additional financial services are offered within the framework of the Bank's "bancassurance" strategy of cooperating with leading companies in finance-related sectors, including home loan savings schemes and insurance products. The operating activities of the Bank together with its consolidated subsidiaries (the "**Commerzbank Group**" or the "**Group**") are bundled into three divisions: Retail Banking and Asset Management, Corporate and Investment Banking, and Commercial Real Estate, Public Finance and Treasury.

Commerzbank's business activities are mainly concentrated on the German market. In corporate business, western, central and eastern Europe and also the United States of America are considered core markets. Additional information regarding the Bank is available in the section "Commerzbank Aktiengesellschaft".

Risk Factors

Risk Factors relating to Commerzbank Aktiengesellschaft

Economic setting

Demand for the products and services offered by the Bank is mainly dependent upon economic performance as a whole. In the area of Corporate and Investment Banking, for example, sluggish economic activity has a direct impact on companies' demand for credit and causes lending to decline and average deterioration of creditworthiness. As there is also a greater likelihood of companies becoming insolvent and consequently defaulting on their loans in a shaky economic environment, higher provisioning is necessary. Moreover, a poorer corporate profit outlook leads to lower evaluations of companies and as a result to less interest in both mergers and acquisitions and such capital-market transactions as initial public offerings, capital increases and takeovers; accordingly, the revenues from advising clients and placing their shares decline when economic activity is sluggish. Furthermore, proprietary trading and the trading profit are also dependent upon the capital-market situation and the expectations of market participants. In the Retail Banking and Asset Management division, lower company evaluations prompt investors to turn to forms of investment entailing less risk (such as money-market funds rather than other fund products), the sale of which generate only weaker commissions.

The Bank's business activities are primarily focused on European markets, and here for the most part on the German market. It is therefore dependent to a particularly high degree on an economic rebound in the European economic and monetary union, and most of all in Germany. Should the overall economic conditions deteriorate further or should the incentives and reforms necessary to boost the German and the European economies fail to materialise, this could have a serious negative impact on the Bank's net assets, financial position and earnings performance.

Intensive competition

Germany's banking sector is characterised by intensive competition. Overcapacity exists in some cases in business involving private investors. In corporate business, especially in the field investment banking, German banks compete with a number of foreign institutions, which have substantially expanded their presence in the German market over the past few years. The intensive competition makes it not always possible to achieve adequate margins in individual business areas, or transactions in one area have to offset weak-margin or zero-margin transactions in others. In addition, due to intensive competition, lending terms and conditions do not always reflect the credit risk properly.

Commerzbank competes not only with other private-sector banks but also with cooperative banks and public-law banks (savings banks and Landesbanks). Whereas private-sector banks have an obligation to their shareholders to increase value and to make a profit, the public-law institutions base their *raison d'être* on their public duty to provide broad sections of the population with banking products and services at a fair price. On account of this commitment to the public good, the desire to make a profit is not the prime goal of the public-law institutions. However, due to the elimination of institutional liability and guarantor liability in July 2005, the competitive advantage of public-law institutions ceases to exist and it is expected that they will be more and more exposed to fierce competition. Still, in some cases they do not offer their products and services at market prices or at prices which reflect the risks involved; private-sector banks could not do this.

Should the Bank not be able to offer its products and services on competitive terms and conditions, thereby achieving margins which at least cover the costs and risks related to its business activities, this could have a serious negative impact on the Bank's net assets, financial position and earnings performance.

Credit risk

Commerzbank is exposed to credit risk, i.e. the risk of losses or lost profits as a result of the default or deterioration in the creditworthiness of counterparties and also the resulting negative changes in the market value of financial products. Apart from the traditional risk, credit risk also covers country risk and issuer risk, as well as counterparty and settlement risk arising from trading transactions.

This can arise, for instance, through customers' lack of liquidity or insolvency, which may be due either to the economic downturn, mistakes made in the corporate management of the relevant customers or competitive reasons. Such credit risks exist in every transaction which a bank conducts with a customer, including the purchase of securities (risk of price losses due to the unexpected deterioration in the creditworthiness of an issuer (= issuer risk)) or, for instance, the hedging of credit risk by means of credit derivatives (= counterparty risk). A credit risk exists to an especially high degree, however, in connection with the granting of credits, since, if this risk is realised, not only is the compensation for the activity lost, but also and above all the loans which have been made available. The Bank believes that adequate provision has been made for all of the Group's recognised potentially or acutely endangered credit commitments. It cannot be ruled out, however, that Commerzbank will have to make further provision for possible loan losses or realise further loan losses, possibly as a consequence of the persistently weak economic situation, the continuing deterioration in the financial situation of borrowers from Commerzbank, the increase in corporate and private insolvencies (particularly in Germany), the decline in the value of collateral, the impossibility in some cases of realising collateral values or a change in the provisioning and risk-management requirements. This could have a serious negative impact on the Group's net assets, financial position and earnings performance.

Market risk

Market risk covers the potential negative change in value of the Bank's positions as a result of changes in market prices – for example, interest rates, currency and equity prices, or parameters which influence prices (volatilities, correlations).

Fluctuations in current interest rates (including changes in the relative levels of short- and long-term interest rates) could affect the results of the Group's banking activities. Changes in the level of both the short- and the long-term interest rates always affect the level of gains and losses on securities held in the Commerzbank Group's financial investments portfolio and the point of time at which these gains and losses were realised. In the Group's financial investments portfolio, the Euro-denominated fixed-income securities have a great weight. As a result, interest-rate fluctuations in the eurozone have a marked impact on the value of the financial investments portfolio. A rise in the interest-rate level could substantially reduce the value of the fixed-income financial investments, and unforeseen interest-rate fluctuations could have a very adverse effect on the value of the bond and interest-rate derivative portfolios held by the Group.

The Group's management of interest-rate risk also influences the treasury result. The relationship of assets to liabilities as well as any imbalance stemming from this relationship causes the revenues from the Group's banking activities to change with different correlations when interest rates fluctuate. Significant for the Group are above all changes in the interest-rate level for different maturity brackets and currencies in which the Group holds interest-sensitive positions. An imbalance between interest-bearing assets and interest-bearing liabilities with regard to maturities can have a considerable adverse effect on the financial position and earnings performance of Commerzbank's banking business in the relevant month or quarter. Should the Group be unable to balance mismatches between interest-bearing assets and liabilities, the consequences of a narrowing of the interest margin and interest income might be a considerable adverse impact on the Group's earnings performance.

Some of the revenues and some of the expenses of the Commerzbank Group arise outside the eurozone. As a result, it is subject to a currency risk. As the Commerzbank Group's consolidated financial statements are drawn up in Euros, foreign-currency transactions and the non-Euro positions

of the individual financial statements of the subsidiary, which are consolidated in the Group's financial statements, are translated into Euros at the exchange rates valid at the end of the respective period. The Commerzbank Group's results are subject, therefore, to the effects of the Euro's fluctuations against other currencies, e.g. the US dollar. If, due to currency fluctuations, the revenues denominated in a currency other than the Euro prove to be lower on translation, while expenses denominated in a currency other than the Euro prove to be higher on translation, this might have an adverse impact on the Commerzbank Group's financial position and earnings performance.

The trading profit of the Commerzbank Group may be volatile and is dependent on numerous factors which lie beyond the Group's control, such as the general market environment, trading activity as a whole, the interest-rate level, currency fluctuations and general market volatility. No guarantee exists, therefore, that the level of the trading profit achieved in the 2005 financial year can be maintained or even improved upon. A substantial decline in the trading profit of the Commerzbank Group or an increase in trading losses may adversely affect the Group's ability to operate profitably.

Liquidity risk

Commerzbank is exposed to liquidity risk, i.e. the risk that the Bank is unable to meet its current and future payment commitments, or is unable to meet them on time (solvency or refinancing risk). In addition, the risk exists for Commerzbank that inadequate market liquidity (market-liquidity risk) will prevent the Bank from selling trading positions at short notice or hedging them, or that it can only dispose of them at a lower price. Liquidity risk can arise in various forms. It may happen that on a given day the Bank is unable to meet its payment commitments and then has to procure liquidity at short notice in the market on expensive conditions. There is also the danger that deposits are withdrawn prematurely or lending commitments are taken up unexpectedly.

Lowering of the Commerzbank Group's ratings

The rating agencies Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service Limited and Fitch Ratings Ltd. use ratings to assess whether a potential borrower will be able in future to meet its credit commitments as agreed. A major element in the rating for this purpose is an appraisal of the company's net assets, financial position and earnings performance. A bank's rating is an important comparative element in its competition with other banks. In particular, it also has a significant influence on the individual ratings of the most important subsidiaries. A downgrading or the mere possibility of a downgrading of the rating of the Bank or one of its subsidiaries might have adverse effects on the relationship with customers and on the sales of the products and services of the company in question. In this way, new business could suffer, the company's competitiveness in the market might be reduced, and its funding costs would increase substantially. A downgrading of the rating would also have adverse effects on the costs to the Group of raising equity and borrowed funds and might lead to new liabilities arising or to existing liabilities being called that are dependent upon a given rating being maintained. It could also happen that, after a downgrading, Commerzbank would have to provide additional collateral for derivatives in connection with rating-based collateral agreements. If the rating of the Bank or one of its major subsidiaries were to fall to within reach of the non-investment grade category, the operating business of the subsidiary in question, and consequently the funding costs of all Group companies, would suffer considerably. In turn, this would have an adverse effect on the Commerzbank Group's ability to be active in certain business areas.

Operational risk

Operational risk is an independent type of risk due to the ever greater complexity of banking activities and also, above all, due to the much more widespread use of sophisticated technologies in banking over the past few years. Large-scale institutional banking business, such as that conducted by the Commerzbank Group, is becoming ever more dependent upon highly developed information technology ("IT") systems. IT systems are subject to a series of problems, such as computer viruses, hackers, impairments of the key IT centres, as well as software or hardware errors. Harmonisation of

the IT systems of the banking and financial subsidiaries of the Commerzbank Group in order to create a single IT architecture represents a special challenge. In addition, IT systems regularly need to be updated in order to meet the changing business and regulatory requirements. In particular, compliance with the Basel II rules will make further large demands on the functioning of the Commerzbank Group's IT systems. It may not prove possible to implement on time the upgrades needed in connection with the introduction of the Basel II rules and they may not function as required. Even if the Commerzbank Group adopts measures to protect itself against the abovementioned problems, they still can represent serious risks for the Group.

Strategic risk

After completing its restructuring measures, which were primarily geared to cutting costs and stabilising revenues in Investment Banking, Commerzbank set itself the following fundamental strategic goals early in 2004: increasing operational profitability, sharpening its business profile and further improving capital and risk management. Commerzbank has made it clear that attaining these goals is essential in order for it to achieve a sustained improvement in both its earnings performance and future growth. A series of factors, including a market decline and market fluctuations, changes in the Commerzbank Group's market position and changed market conditions in the core markets of the Commerzbank Group, i.e. above all in Germany and western Europe, or unfavourable macroeconomic conditions in these markets, might make it impossible for the Commerzbank Group to achieve some or all of the goals which it has set itself. Should the Commerzbank Group be unable to implement completely its published strategic plans, or if the costs of achieving these goals exceed the Commerzbank Group's expectations, the future earnings performance of the Commerzbank Group and also the future share price of Commerzbank and its competitiveness might suffer considerably.

Risk associated with the acquisition of Eurohypo AG

Through the acquisition of the stakes of Deutsche Bank AG and Allianz/Dresdner Bank AG in Eurohypo AG, Commerzbank now holds an interest of more than 98% in Eurohypo AG.

In the event of a material deterioration of Eurohypo AG's business, the market value of the Eurohypo AG common stock held by the Bank may decrease and/or future dividends on the Eurohypo AG common shares may be lower than currently expected or may not be paid at all. If the value of the Eurohypo AG common stock decreases not only temporarily against the price at which such shares were purchased by the Bank, the Bank may be forced to write down the book value of its participation in Eurohypo AG which in turn would adversely affect the Bank's operating results and could have a serious negative impact on the Bank's general financial condition.

Risk from equity holdings in other companies

Commerzbank has various equity holdings in listed and non-listed companies. The efficient steering of a portfolio of listed and non-listed companies calls for high funding costs, which might not be fully compensated for by the dividends that can be realised through the equity holdings. For the most part, Commerzbank also holds only minority stakes in large listed companies in Germany and abroad. This equity holding structure makes it impossible to procure immediately and efficiently adequate information in order to counteract in good time possibly negative equity holdings. It cannot be ruled out that either stock-market developments in the respective home countries of the listed equity holdings or developments specific to individual companies will create the need for further valuation allowances in the equity holdings portfolio in future or that Commerzbank will be unable to dispose of its equity holdings on or off the stock exchange at acceptable prices above the current book value. Should another negative trend for share prices develop, this could have a serious negative impact on the Bank's net assets, financial position and earnings performance.

Regulatory risk

The business activity of the Commerzbank Group is regulated and supervised by the central banks and

supervisory authorities of the countries in which it operates. In each of these countries, the Commerzbank Group has to have a banking licence or at least has to notify the national supervisory authority. Changes may take place in the system of banking supervision of the various countries and changes in the supervisory requirements in one country may impose additional obligations on the companies of the Commerzbank Group. Furthermore, compliance with changes in the supervisory regulations may lead to a considerable increase in operating expenses, which might have an adverse effect on the financial position and earnings performance of the Commerzbank Group. In addition, regulatory authorities could make determinations regarding the Bank or its subsidiaries that could adversely affect their ability to be active in certain business areas.

Commerzbank Aktiengesellschaft

History and Development

Commerzbank Aktiengesellschaft is a stock corporation under German law and was established as Commerz- und Disconto-Bank in Hamburg in 1870. The Bank owes its present form to the re-merger of the post-war successor institutions of 1952 on July 1, 1958. The Bank's registered office is located in Frankfurt am Main and its head office is at Kaiserplatz, 60261 Frankfurt am Main, Federal Republic of Germany (telephone: +49 (0)69 136-20). The Bank is registered in the commercial register (*Handelsregister*) of the lower regional court (*Amtsgericht*) of Frankfurt am Main under the number HRB 32 000.

Business Overview

Principal Activities

Commerzbank is a major German private-sector bank. Its products and services for retail and corporate customers extend to all aspects of banking. The Bank is also active in specialised fields – partly covered by its subsidiaries – such as mortgage banking and real-estate business, leasing and asset management. Its services are concentrated on managing customers' accounts and handling payments transactions, loan, savings and investments plans, and also on securities transactions. Additional financial services are offered within the framework of the Bank's "bancassurance" strategy of cooperating with leading companies in finance-related sectors, including home loan savings schemes and insurance products. The Commerzbank Group's operating activities are bundled into three divisions: Retail Banking and Asset Management, Corporate and Investment Banking, and Commercial Real Estate, Public Finance and Treasury.

Retail Banking and Asset Management

The Retail Banking and Asset Management division comprises both traditional retail operations and support for business customers, the individual service provided for wealthy private clients and portfolio management.

Private and Business Customers

Commerzbank has roughly 5 million private customers in Germany, who are served through a network of almost 800 branches and an extensive online range of services. The product range covers the complete palette of retail business, including payments, investment and securities business as well as home and consumer loans. In combination with the insurance products of the Bank's partner Volksfürsorge from the AMB Generali group, Commerzbank also offers specially tailored solutions for private provision for old age.

The branch of the future project is a systematic continuation of the strengthening of the branch network. Branches of this type are customer-oriented and focus on consulting and distribution. Apart from the use of modern self-service machines, administrative functions are being standardised,

streamlined and centralised.

On the internet, a virtual branch is available, offering practically the entire range of a traditional branch office, including the handling of payments and securities transactions.

The subsidiary comdirect bank AG offers private customers reasonably priced services in banking and above all in securities business. Its subsidiary comdirect private finance AG provides additional financial advisory services on more complex topics such as provision for old age and wealth formation.

Private Banking

In private banking, support in all aspects of wealth management is provided. The private banking services range from individual portfolio and securities management via financial investment and property management to the management of foundations, legacies and wealth. In addition to such traditional forms of investment as equities and bonds, investment funds and certificates, alternative investments such as hedge funds, guarantee products and asset-backed securities are offered.

With its almost 40 locations, Commerzbank currently offers a high density in private banking services in Germany. Internationally, four centres of competence up to now in Zurich, Geneva, Luxembourg and Singapore round off the Bank's services for wealthy private clients directly in leading financial centres and offshore markets.

Asset Management

Most assets under management are concentrated at the companies in Frankfurt, London and Paris. Within an overall multi-boutique approach, these serve as centres of competence for individual markets. Asset management is divided in German Asset Management, comprising the COMINVEST Group, COMSELECT and private portfolio management, International Asset Management, comprising the major participations Jupiter International and Caisse Centrale de Réescompte, and Real Estate with the Commerz Grundbesitz Group.

Corporate and Investment Banking

The two segments of the Corporate and Investment Banking division – *Mittelstand* and Corporates & Markets – maintain business relationships with small, medium-sized and large corporate clients and are responsible for the Bank's customer-based market activities.

Mittelstand

The *Mittelstand* segment looks after small to medium-sized companies with a turnover of between €2.5m and €250m at around 150 larger branches. Furthermore, larger German Corporates are served through specialised larger corporates centres in the five locations Hamburg, Düsseldorf, Frankfurt, Stuttgart and Munich. In the course of the reorganisation realised in May 2006, Financial Institutions will form part of the *Mittelstand* segment in the future. This will strengthen its links with *Mittelstand* business and services relating to foreign commercial business can be tailored even more closely to the needs of the corporate clients and their availability improved even further. In addition to German corporate business, the central and eastern European region and the activities of the Polish subsidiary BRE Bank SA are bundled in this segment.

Corporates & Markets

The Corporates & Markets business line is divided up into the sections Markets, Sales, Corporate Finance and Corporate Relationship Management. In 2005, Corporates & Markets initially underwent a far-reaching strategic repositioning: unprofitable business lines were cast off and altogether some 900 front- and back-office jobs were cut. The integration of multinational corporates with the London

branch and investment banking under the new roof has largely been completed.

Commercial Real Estate, Public Finance and Treasury

This division was newly established in May 2006 in the course of Eurohypo AG's integration into the Commerzbank Group. In this division, the business activities of CommerzLeasing und Immobilien AG and Commerz Real Estate Consulting and Development GmbH will be bundled. Furthermore, Group Treasury is being transferred to this division from Group Management.

Principal Markets

Commerzbank's business activities are mainly concentrated on the German market, where as an integrated provider of financial services, it maintains a nationwide branch network for offering advice and selling products to all its groups of customers. In corporate business, western, central and eastern Europe and also the United States of America are considered core markets.

Organisational Structure

Structure of the Commerzbank Group

BOARD OF MANAGING DIRECTORS				
Corporate divisions				
Group Management	Retail Banking and Asset Management	Corporate and Investment Banking	Commercial Real Estate, Public Finance and Treasury	Services
<ul style="list-style-type: none"> • Strategy and Controlling • Corporate Communications and Economic Research • Human Resources • Legal Services • Accounting and Taxes • Compliance and Security • Financial Controlling • Internal Auditing • Risk Control 	<ul style="list-style-type: none"> • Private Banking • Private and Business Customers • Retail Credit • Credit Operations Private Customers • comdirect bank AG • Asset Management 	<p><i>Mittelstand</i></p> <ul style="list-style-type: none"> • Corporate Banking • Financial Institutions • BRE Bank SA <ul style="list-style-type: none"> • Corporates & Markets <p>Global Credit Operations</p>	<ul style="list-style-type: none"> • Commercial Real Estate • CommerzLeasing und Immobilien AG • CORECD • Group Treasury • Public Finance 	<ul style="list-style-type: none"> • Organization • Information Technology • Transaction Banking
	<p>Domestic and foreign branch network</p>			
	<p>Cooperation in bancassurance area</p>			
Group companies and major holdings				
	<ul style="list-style-type: none"> • Commerzbank International S.A. • Commerzbank (Switzerland) Ltd • COMMERZ PARTNER Beratungsgesellschaft für Vorsorge- und Finanzprodukte mbH • Commerz Service GmbH • COMINVEST Asset Management GmbH • COMINVEST Asset Management Ltd. • COMINVEST Asset Management S.A. • Caisse Centrale de Réescompte, S.A. • Jupiter International Group plc • Commerzbank Europe (Ireland) • Commerz Grundbesitzgesellschaft mbH 	<ul style="list-style-type: none"> • Commerzbank Zrt. • Commerzbank (Eurasija) SAO • Commerzbank (South East Asia) Ltd. • Commerz (East Asia) Ltd. • P.T. Bank Finconesia • Commerzbank Capital Markets Corp. 	<ul style="list-style-type: none"> • EUROHYPO AG • Hypothekenbank in Essen AG • Erste Europäische Pfandbrief- und Kommunalkreditbank AG 	<ul style="list-style-type: none"> • Commerz Business Consulting AG • pdv.com Beratungs-GmbH • SOLTRX Solutions for financial business GmbH

Administrative, Management and Supervisory Bodies

Board of Managing Directors

According to the Articles of Association, the Board of Managing Directors must consist of two or more members. The Board of Managing Directors currently consists of the following members:

Klaus-Peter Müller, Frankfurt am Main, Chairman
Strategy and Controlling, Corporate Communications and Economic Research

Martin Blessing, Frankfurt am Main
Mittelstand, Corporate Banking, Financial Institutions, Information Technology, Transaction Banking

Wolfgang Hartmann, Frankfurt am Main
Risk Control, Credit Operations Private Customers, Global Credit Operations

Dr. Achim Kassow, Frankfurt am Main
Asset Management, Private Banking, Private and Business Customers, Retail Credit, comdirect bank AG

Bernd Knobloch, Frankfurt am Main
Commercial Real Estate Financing, CommerzLeasing und Immobilien AG, CORECD

Klaus M. Patig, Frankfurt am Main
Human Resources, Legal Services, Group Treasury, Public Finance

Dr. Eric Strutz, Frankfurt am Main
Accounting and Taxes, Compliance and Security, Financial Controlling, Internal Auditing, Organisation

Nicholas Teller, Frankfurt am Main
Corporates & Markets

The Bank is legally represented by two members of the Board of Managing Directors or one member of the Board of Managing Directors together with an authorised signatory.

Supervisory Board

According to the Articles of Association, the Supervisory Board consists of twenty members. Ten members are elected at the stockholders' meeting as regulated by the German Stock Corporation Act (*Aktiengesetz*). The additional ten members are elected by the Bank's employees under the rules of the German Co-Determination Act (*Mitbestimmungsgesetz*). The Supervisory Board currently consists of the following members:

Dr. Walter Seipp, Honorary Chairman, Frankfurt am Main

Dr. h.c. Martin Kohlhaussen, Chairman, Frankfurt am Main

Uwe Tschäge, Deputy Chairman, Commerzbank Aktiengesellschaft, Düsseldorf

Hans-Hermann Altenschmidt, Commerzbank Aktiengesellschaft, Essen

Dott. Sergio Balbinot, Managing Director of Assicurazioni Generali S.p.A., Trieste

Herbert Bludau-Hoffmann, Trade Union Secretary, Financial Services, North Rhine-Westphalia of ver.di Essen Branch, Essen

Astrid Evers, Commerzbank Aktiengesellschaft, Hamburg

Uwe Foullong, Member of ver.di National Executive Committee, Berlin

Daniel Hampel, Commerzbank Aktiengesellschaft, Berlin
Dr.-Ing. Otto Happel, Manager of Luserve AG, Lucerne
Dr. jur. Heiner Hasford, Member of the Board of Managing Directors of Münchener Rückversicherungs-Gesellschaft AG, Munich
Sonja Kasischke, Commerzbank Aktiengesellschaft, Brunswick
Wolfgang Kirsch, Commerzbank Aktiengesellschaft, Frankfurt am Main
Werner Malkhoff, Commerzbank Aktiengesellschaft, Frankfurt am Main
Prof. h.c. (CHN) Dr. rer. oec. Ulrich Middelman, Deputy Chairman of the Board of Managing Directors of ThyssenKrupp AG, Düsseldorf
Klaus Müller-Gebel, Lawyer, Bad Soden
Dr. Sabine Reiner, Trade Union Specialist, Economic Policy of ver.di National Administration, Berlin
Dr. Erhard Schipporeit, Member of the Board of Managing Directors of E.ON Aktiengesellschaft, Düsseldorf
Prof. Dr. Jürgen F. Strube, Chairman of the Supervisory Board of BASF Aktiengesellschaft, Ludwigshafen
Dr. Klaus Sturany, Member of the Board of Managing Directors of RWE Aktiengesellschaft, Essen
Dr.-Ing. E.h. Heinrich Weiss, Chairman of the Board of Management of SMS GmbH, Düsseldorf

The Supervisory Board can resolve to form committees (in addition to the committee which must be formed according to § 27 para. 3 of the German Co-Determination Act) and to determine the purpose and scope of each committee including, if allowed by law, its decision-making capability.

The business address of the Bank's members of the Board of Managing Directors and Supervisory Board is the business address of the Bank.

Potential Conflicts of Interest

In the 2005 financial year, members of the Board of Managing Directors and members of the Supervisory Board were involved in no conflicts of interest as defined in sections 4.3 and 5.5, respectively, of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) except for the following:

For reasons of precaution and to avoid a potential conflict of interest arising from his simultaneous membership of the supervisory boards of Eurohypo AG and Commerzbank, Mr Müller-Gebel abstained from voting on the acquisition of the stakes in Eurohypo AG in the risk committee of the Supervisory Board of Commerzbank.

Potential conflicts of interest could occur with the following members of the Board of Managing Directors and of the Supervisory Board due to their membership in supervisory boards of Commerzbank's subsidiaries:

Mr Blessing (BRE Bank SA), Dr. Kassow (comdirect bank AG), Dr. Strutz (comdirect bank AG, Mediobanca - Banca di Credito Finanziario S.p.A.), Mr Teller (BRE Bank SA) and Mr Müller-Gebel (Eurohypo AG, comdirect bank AG).

Currently, there are no signs of such conflicts of interest.

Auditors

The auditors of the Bank for the 2004 and 2005 financial years were PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (formerly PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft), Olof-Palme-Strasse 35, 60439 Frankfurt am

Main, Federal Republic of Germany, who audited the annual and consolidated financial statements of Commerzbank Aktiengesellschaft for the financial years ended December 31, 2004 and 2005, giving each of them their unqualified auditor's report.

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft is a member of the Chamber of Chartered Accountants (*Wirtschaftsprüferkammer*).

Trend Information

Since the consolidated financial statements as of December 31, 2005 and the Commerzbank Group's interim report as of March 31, 2006 (unaudited) were published, no material adverse changes in the prospects nor in the financial position have occurred.

Legal and Arbitration Proceedings

During the previous twelve months, there were no governmental, legal or arbitration proceedings nor is the Bank aware of any such proceedings pending or threatened, which may have, in the recent past significant effects on the Bank's and/or Group's financial position or profitability.

EUROHYPO AG

History and Development of Eurohypo Aktiengesellschaft

Legal name: Eurohypo Aktiengesellschaft
Commercial name: EUROHYPO AG

Eurohypo Aktiengesellschaft is registered in the Commercial Register of the local court of Frankfurt am Main under No. HRB 45701.

The bank in its current form was established on August 13, 2002 as a result of the merger of Rheinhyp Rheinische Hypothekenbank AG (the "**Rheinhyp**") and Eurohypo Aktiengesellschaft Europäische Hypothekenbank der Deutschen Bank (the "**Old Eurohypo**") into Deutsche Hyp Deutsche Hypothekenbank Frankfurt-Hamburg AG (the "**Deutsche Hyp**"), which was founded in 1862. Pursuant to the plan of merger, Old Eurohypo and Rheinhyp, which had the status of pure mortgage banks, were merged into Deutsche Hyp, with Deutsche Hyp as the surviving entity in order to preserve its status as a mixed-status mortgage bank. Simultaneously with the merger, Deutsche Hyp was renamed "Eurohypo AG" to reflect the company's international orientation.

Domicile: Eschborn
Legal form: Aktiengesellschaft
Legislation of operation: Federal Republic of Germany
Country of incorporation: Federal Republic of Germany
Address of the registered office: Helfmann-Park 5,
65760 Eschborn
Telephone No. of the registered office: 0049 69 2548-0

Business Overview

The bank is a specialist provider of financing for the real estate and public sector markets. It engages in real estate and public sector financing activities, both directly and through its subsidiaries.

The Eurohypo Group raises funding for its real estate and public financing and refinancing commitments primarily through the issuance of mortgage and public *Pfandbriefe*. Other bonds are used to fund those parts of the Eurohypo Group's European real estate financing that is not suitable for funding via *Pfandbriefe*. The high proportion of other funding instruments results primarily from the Eurohypo Group's real estate financing business in European countries other than Germany and in the United States of America, which up to this date has not been eligible as cover assets.

Major Shareholders

The bank's major shareholder is Commerzbank Group (98.04%). The remaining 1.96% of the bank's outstanding share capital is in free float.

Securities Listing

In general Eurohypo's securities (excluding, for the avoidance of doubt, the Eurohypo Pfandbriefe (as defined in Clause 4.1 of the Trust Agreement)) are listed and are admitted for trading on the Luxembourg Stock Exchange or on the Frankfurt Stock Exchange.

THE TRUSTEE

Pursuant to the Trust Agreement, the Trustee has agreed to serve in a fiduciary capacity to protect the interests of the Noteholders and the Senior Guarantee Counterparty. In particular, the Trustee will (i) confirm compliance and verify the determination and allocation of Realised Losses, (ii) act in respect of the Collateral, (iii) make required appointments of third party experts, and (iv) perform such other functions as are specified in the Trust Agreement. See "THE TRUST AGREEMENT".

Description of the Trustee

The Trustee, Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Arnulfstrasse 126, 80636 Munich, Germany, is an independent auditing and consulting firm pursuant to the law regulating the profession of certified public accountants in Germany (*Wirtschaftsprüferordnung*) and applicable regulations published thereunder.

Ernst & Young is one of the three largest auditing and consulting firms in Germany and is a member of the Ernst & Young Global network. Ernst & Young employs some 6,200 people in 22 business locations in Germany. Its total operating performance amounted to EUR 948m in fiscal year 2004/2005.

Ernst & Young's services include assurance & advisory business services, tax, corporate finance/transactions and real estate; Luther Rechtsanwalts-gesellschaft mbH provides legal services. The firm is geared toward both large companies and small and medium-sized enterprises. Worldwide Ernst & Young has revenues in excess of USD 16,9 billion in FY 2004/2005 and 106,000 employees.

The foregoing information regarding the Trustee has been provided by the Trustee, and the Issuer assumes no responsibility for its contents.

As compensation of its services under the Trust Agreement, the Issuer will pay the Trustee a fee as separately agreed with the consent of the Bank.

RATING

The Class A+ Notes are expected to be rated AAA by S&P and Aaa by Moody's.

The Class A Notes are expected to be rated AAA by S&P and Aaa by Moody's.

The Class B Notes are expected to be rated AA by S&P and Aa2 by Moody's.

The Class C Notes are expected to be rated A by S&P and A2 by Moody's.

The Class D Notes are expected to be rated BBB by S&P and Baa2 by Moody's.

The Class E Notes are expected to be rated BB by S&P and Ba2 by Moody's.

It is a condition of the issue of the Notes that each Class of the Notes receives the above indicated rating.

The rating of "AAA" is the highest rating that S&P assigns to long term debts and the rating of "Aaa" is the highest rating that Moody's assigns to long term debts.

The ratings assigned by Moody's to each Class of Notes address the expected amount of Realised Losses in proportion to the initial Class Principal Amount of such Class of Notes posed to investors by the Legal Maturity Date.

The rating of each Class of the Notes by S&P addresses the likelihood that the holders of such Class will receive all payments to which they are entitled, as described herein. The rating of each Class of the Notes by S&P also addresses the risk that a Realised Loss will be allocated to such Class pursuant to the Terms and Conditions as described herein. The rating of all Rating Agencies takes into consideration the characteristics of the Reference Claims and the current structural, legal, tax and Issuer-related aspects associated with the Notes. However, the ratings assigned to the Notes do not represent any assessment of the likelihood of principal prepayments. The ratings do not address the possibility that the Noteholders might suffer a lower than expected yield due to prepayments.

The ratings assigned to the Notes should be evaluated independently from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the Rating Agencies at any time.

TAXATION OF THE NOTES IN GERMANY

The following is a general discussion of certain German tax consequences of the acquisition and ownership of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this prospectus, which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS OF GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

Taxation of Noteholders

Tax Residents

Payments of interest on the Notes to persons who are tax residents of Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to German personal or corporate income tax (plus solidarity surcharge (*Solidarit t zuschlag*) at a rate of 5.5% thereon). Such interest may also be subject to trade tax if the Notes form part of the property of a German trade or business.

Upon the disposition of a Note carrying interest, a holder of the Note will also have to include in his taxable income any consideration invoiced separately for such portion of the interest of the current interest payment period which is attributable to the period up to the disposition of the Note ("**accrued interest**"). Accrued interest paid upon the acquisition of the Notes may be declared as negative income if the Note is held as a non-business asset. If for the determination of the issue price of the Note the redemption amount is reduced by a discount or if the redemption amount is increased as compared with the issue price of the Note (as, for example, in the case of a discounted Note or a Note with accrued interest added), the difference between the redemption amount and the issue price of the Note ("**Original Issue Discount**") realised when a Note held as a non-business asset is redeemed to its initial subscriber will be taxable investment income, however, only if the Original Issue Discount exceeds certain thresholds; in such case, the Note qualifies as a financial innovation under German tax law.

If the Note qualifies as a financial innovation (*Finanzinnovation*) (including, among other things, zero coupon Notes or other discounted Notes or Notes with accrued interest added as well as floating rate Notes) and is disposed of while outstanding or redeemed at maturity, such portion of the proceeds from the disposition of the Note or of the redemption amount of the Note which equals the yield to maturity of the Note attributable to the period over which the holder has held such Note, minus interest, including accrued interest, already taken into account, will be subject to income tax (plus solidarity surcharge), provided the holder of the Note is an individual. The yield to maturity is determined by taking into account the Original Issue Discount. If the Notes do not have a predetermined yield to maturity (e.g. in the case of floating rate Notes) or the holder does not give proof thereof, the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price of the Note is subject to income tax (plus solidarity surcharge) in the year of the disposition, assignment, or redemption of the Note. Where the Note is issued in a currency other than euro, such difference will be computed in the foreign currency. Where a Note forms part of the property of a German trade or business, in each fiscal year the yield to maturity of the Note to the extent attributable to such period has to be taken into account as interest income by the initial subscriber of the Note and is subject to personal or corporate income tax (plus solidarity surcharge) and trade tax.

Capital gains from the disposition of Notes, other than income described in the preceding paragraph, are only taxable to a German tax-resident individual if the Notes are disposed of within one year after their acquisition or form part of the property of a German trade or business. In the latter case the capital gains may also be subject to trade tax.

Capital gains derived by German-resident corporate holders of Notes will be subject to corporate income tax (plus solidarity surcharge) and trade tax, even if the Notes do not qualify as financial innovations.

If the Notes are held in a custodial account which the Noteholder maintains with a German branch of a German or non-German bank or financial services institution (the "**Disbursing Agent**") a 30% withholding tax on interest payments (*Zinsabschlag*), plus 5.5% solidarity surcharge on such tax, will be levied, resulting in a total tax charge of 31.65% of the gross interest payment. Withholding tax is also imposed on accrued interest. If the Notes qualify as financial innovations, as explained above, withholding tax at the aforementioned rate will also be withheld from the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price of the Notes if the Note has been kept in a custodial account with such Disbursing Agent since the time of issuance or acquisition, respectively. If the Notes have been transferred into the custodial account of the Disbursing Agent only after such point in time, withholding tax at the aforementioned rate will be levied on a lump-sum basis on 30 % of the proceeds from the disposition, assignment or redemption of the Notes. Where the Note is issued in a currency other than euro, the aforementioned difference will be computed in the foreign currency.

In computing the tax to be withheld, the Disbursing Agent may deduct from the basis of the withholding tax any accrued interest paid by the holder of a Note to the Disbursing Agent during the same calendar year. In general, no withholding tax will be levied if the holder of a Note is an individual (i) whose Note does not form part of the property of a German trade or business nor gives rise to income from the letting and leasing of property, and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the holder of the Note has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office.

The Issuer is not obliged to compensate any tax amounts withheld (see also Section 13 of the Terms and Conditions). Withholding tax and the solidarity surcharge thereon are, however, credited as prepayments against the German personal or corporate income tax and the solidarity surcharge liability of the German resident. Amounts overwithheld will entitle the holder of a Note to a refund, based on an assessment to tax.

Non-Residents

Interest, including accrued interest and (in the case of financial innovations) Original Issue Discount, and capital gains are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of a Note or (ii) the interest income otherwise constitutes German source income (such as income from the letting and leasing of certain German-situs property). If the non-resident of Germany is subject to German taxation with income from the Notes, a tax regime similar to that explained above at "Tax Residents" applies; capital gains from the disposition of Notes are, however, only taxable in the case of (i).

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax is levied as explained above at "Tax Residents".

The Issuer is not obliged to compensate any tax amounts withheld (see also Section 13 of the Terms and Conditions).

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Note will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

EU Savings Tax Directive

On June 3, 2003 the Council of the European Union approved a directive regarding the taxation of savings income in the form of interest payments (the "**EU Savings Tax Directive**"). Accordingly, each EU Member State must require paying agents (within the meaning of such directive) established within its territory to provide to the competent authority of this state details of the payment of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent (within the meaning of the EU Savings Tax Directive) is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria, Belgium and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the EU Savings Tax Directive at a rate of 15% for the first three years from application of the provisions of such directive, of 20% for the subsequent three years, and of 35% from the seventh year after application of the provisions of such directive.

In conformity with the prerequisites for the application of the EU Savings Tax Directive, Switzerland, Liechtenstein, San Marino, Monaco and Andorra have confirmed that from July 1, 2005 they will apply measures equivalent to those contained in such directive, in accordance with agreements entered into by them with the European Community. It has also been confirmed that certain dependent or associated territories (the Channel Islands, the Isle of Man and certain dependent or associated territories in the Caribbean) will apply from that same date an automatic exchange of information or, during the transitional period described above, a withholding tax in the described manner. Consequently, the Council of the European Union noted that the conditions have been met to enable the provisions of the EU Savings Tax Directive to enter into force as from July 1, 2005.

By legislative regulations dated January 26, 2004 the German Federal Government enacted the provisions for implementing the EU Savings Tax Directive into German law. These provisions apply as from July 1, 2005.

Taxation of the Issuer

The Issuer will derive (i) interest and, potentially, capital gains from the Eurohypo Pfandbriefe and, in addition thereto (ii) Guarantee Fees under the Issuer Guarantee. The latter should not constitute taxable income in Germany. Pursuant to the German/Irish Double Taxation Treaty, neither the interest payments under nor (potential) capital gains from the Eurohypo Pfandbriefe will be subject to German taxation. The income and gains (including Guarantee Fees) derived by the Issuer would

hence only be subject to German tax if the Issuer were to have its place of effective management and control, were to maintain a permanent establishment, or were to appoint a permanent representative, for its business in Germany. It is expected that the Issuer will not be treated as having its place of effective management and control, as maintaining a permanent establishment or as having appointed a permanent representative in Germany.

Application of the German Investment Tax Act

It is expected that a German resident Noteholder will not be viewed as having acquired in substance units of a foreign investment fund, i.e. an asset that represents units in respect of a portfolio of assets within the meaning of the German Investment Act (*Investmentgesetz*).

TAXATION OF THE NOTES IN IRELAND

The following is a summary of certain Irish tax consequences of the purchase, ownership and disposition of the Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary relates only to the position of persons who are the absolute beneficial owners of the Notes and may not apply to certain other classes of persons such as dealers in securities.

The summary is based upon Irish tax laws and the practice of the Irish Revenue Commissioners as in effect on the date of this Prospectus, which are subject to prospective or retroactive change. Prospective investors in the Notes should consult their own advisors as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the Notes including, in particular, the effect of any state or local tax laws.

Income Tax

In general, persons who are resident in Ireland are liable to Irish taxation on their worldwide income whereas persons who are not resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

A Note issued by the Issuer may be regarded as property situate in Ireland (and hence Irish source income) on the grounds that a bearer note is deemed to be situate where it is physically held or a debt is deemed to be situate where the debtor resides. However, the interest earned on such Notes is exempt from income tax if paid to a person who for the purposes of Section 198 of the Taxes Consolidation Act 1997 ("**TCA 1997**") is regarded as being a resident of a relevant territory. A relevant territory for this purpose is a Member State of the European Communities (other than Ireland) or not being such a Member State a territory with which Ireland has entered into a double tax treaty. Ireland has currently ratified a double tax treaty with each of Australia, Austria, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Israel, Italy, Japan, Korea (Rep. of), Latvia, Lithuania, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, Romania, Russia, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, U.S.A. and Zambia.

If the above exemption does not apply there is a long standing unpublished practice whereby no action will be taken to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland except where such persons:

- (a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or
- (b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or
- (c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that this practise will continue to apply.

Withholding Taxes

In general, withholding tax at the rate of 20 per cent. must be deducted from interest payments made by an Irish company. However, Section 246 TCA 1997 ("**Section 246**") provides that this general obligation to withhold tax does not apply in respect of, *inter alia*, interest payments made by the

Issuer to a person, who by virtue of the law of the relevant territory, is resident for the purposes of tax in a relevant territory (see above for details). This exemption does not apply if the interest is paid to a company in connection with a trade or business which is carried on in Ireland by the company through a branch or agency.

Apart from Section 246, Section 64 TCA 1997 ("**Section 64**") provides for the payment of interest on a "**quoted Eurobond**" without deduction of tax in certain circumstances. A quoted Eurobond is defined in Section 64 as a security which:

- (i) is issued by a company;
- (ii) is quoted on a recognised stock exchange (this term is not defined but is understood to mean an exchange which is recognised in the country in which it is established); and
- (iii) carries a right to interest.

There is no obligation to withhold tax on quoted Eurobonds where:

- (a) the person by or through whom the payment is made is not in Ireland, or
- (b) the payment is made by or through a person in Ireland, and
 - (i) the quoted Eurobond is held in a recognised clearing system (Euroclear, Clearstream, Frankfurt and Clearstream, Luxembourg have been designated as recognised clearing systems); or
 - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate written declaration to this effect.

In certain circumstances, Irish encashment tax may be required to be withheld at the standard rate (currently 20 percent) from interest on any quoted Eurobond, where such interest is collected by a person in Ireland on behalf of any holder of Notes.

Capital Gains Tax

A Noteholder will not be subject to Irish taxes on capital gains provided that such Noteholder is neither resident nor ordinarily resident in Ireland and such Noteholder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent representative to which or to whom the Notes are attributable.

Capital Acquisitions Tax

If the Notes are comprised in a gift or inheritance taken from an Irish domiciled, resident or ordinarily resident disposer or if the donee/successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situate in Ireland, the donee/successor may be liable to Irish capital acquisitions tax. As stated above, Notes issued by the Issuer may be regarded as property situate in Ireland. Accordingly, if such Notes are comprised in a gift or inheritance, the donee/successor may be liable to Irish capital acquisitions tax, even though the disposer may not be domiciled in Ireland.

Stamp duty

For as long as the Issuer is a qualifying company within the meaning of Section 110 TCA 1997, no Irish stamp duty will be payable on either the issue or transfer of the Notes, provided that the money raised by the issue of the Notes is used in the course of the Issuer's business.

SUBSCRIPTION AND SALE.

Subscription of the Notes

Pursuant to the Subscription Agreement dated June 30, 2006, the Lead Manager has agreed, subject to certain conditions, to subscribe for the Notes. Conditions as referred to in the previous sentence are customary closing conditions as set out in the Subscription Agreement. There shall be no management and underwriting commission and selling concession payable to the Lead Manager by the Issuer.

In the Subscription Agreement, the Issuer has made certain representations and warranties in respect of its legal and financial matters. The Subscription Agreement entitles the Lead Manager to terminate its respective obligations thereunder in certain circumstances prior to payment of the purchase price of the Notes. The Issuer has agreed to indemnify the Lead Manager against certain liabilities in connection with the offer and sale of the Notes.

The Class A+ Notes will be privately placed.

Other than as provided in the Selling Restrictions and under any applicable law, and subject to the Notes being transferable in book-entry form only, there are no restrictions with respect to the transferability of the Notes.

Selling Restrictions

United States of America and its Territories. (1) The Notes have not been and will not be registered under the Securities Act and may not be offered, or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act. The Lead Manager has represented and agreed that it has offered and sold the Notes, and will offer and sell the Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all the Notes only in accordance with Rule 903 of the Regulation S under the Securities Act. Neither the Lead Manager, its respective affiliates nor any persons acting on its behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. At or prior to confirmation of sale of Notes, the Lead Manager will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from them during the restricted period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the Lead Manager, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them in Regulation S under the Securities Act."

Terms used in this clause have the meaning given to them by Regulation S under the Securities Act.

(2) Further, the Lead Manager has represented and agreed that:

- (a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5 (c)(2)(i)(D) (the "**TEFRA D Rules**"), (i) it has not offered or sold, and during the restricted period will not offer or sell, directly or indirectly, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and will not deliver, directly or indirectly, within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

- (b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;
- (c) if it was considered a United States person, that it is acquiring the Notes for purposes of resale in connection with their original issuance and agrees that if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.63-5 (c)(2)(i)(D)(6); and
- (d) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period that it will either (i) repeat and confirm the representations and agreements contained in sub-clauses (a), (b) and (c); or (ii) obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-clauses (a), (b) and (c).

Terms used in this clause (2) have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA D Rules.

Bahrain. The Lead Manager has represented and agreed that the purchase of the Notes is by invitation only and no offer will be made in Bahrain to the public to purchase the same. This Prospectus is intended to be read only by the addressee.

Belgium. The Lead Manager has represented and agreed that it will not:

- (a) offer for sale, sell or market in Belgium the Notes by means of a public offer within the meaning of the Law of 22nd April, 2003 on the public offer of securities; or
- (b) sell Notes to any person qualifying as a consumer within the meaning of Article 1.7° of the Belgian law of 14th July, 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulation.

France. The Lead Manager agrees that Notes in connection with their initial distribution, have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France, and that, in connection with their initial distribution, it has not distributed and will not distribute or cause to be distributed to the public in France the Prospectus or any other offering material relating to the Notes. Nevertheless, the Notes, in connection with their initial distribution, can be offered or sold and the Prospectus or any amendment, supplement or replacement thereto or any material relating to the Notes may be distributed or caused to be distributed to any French Qualified Investor (*investisseur qualifié*), or to a limited circle of investors (*cercle restreint d'investisseurs*), as defined by article L.411-2-II of the French Monetary and Financial Code (*Code Monétaire et Financier*) and by the French Decree no. 98-880 dated 1 October 1998 and in compliance with all relevant regulations issued from time to time by the French financial market authority (*i.e. Autorité des Marchés Financiers*).

Investors in France are informed that:

- (i) neither the offer and sale of the Notes nor the Prospectus have been submitted for clearance to the French financial market authority (*Autorité des Marchés Financiers*);
- (ii) investors or entities described in article L.411-2-II-4° of the French Monetary and Financial Code (*Code Monétaire et Financier*) can only acquire Notes for their own account and in accordance with the provisions of articles D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code (*Code Monétaire et Financier*); and

the direct and indirect distribution or sale to the public of the Notes acquired by them can only be made in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code (*Code Monétaire et Financier*).

Hong Kong. The Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business it is to buy or sell shares or debentures (whether as principal or agent); (ii) to "professional investors" as defined in the Securities and Future Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Ireland. The Lead Manager has confirmed and agreed that (i) it has not offered or sold, and will not offer or sell, the Notes to the public within Ireland except in circumstances which do not require the prior publication of a prospectus pursuant to Article 3(2) of Directive 2003/71/EC; and (ii) it has not and will not do anything in Ireland in connection with the Notes that might constitute a breach of Section 9(1), 23(1), 23(6) or 23(7) of the Investment Intermediaries Act 1995.

Italy. The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, the Lead Manager has represented and agreed that no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (A) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July 1998, as amended; or
- (B) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 (the "**Financial Services Act**") and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (A) or (B) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**"), as amended;
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and

(iii) in compliance with any other applicable laws and regulations.

Japan. The Lead Manager has acknowledged that it is aware that the Notes have not been and will not be registered under the Securities and Exchange Law of Japan (Law No. 25 of 1948) (as amended) (the "**Securities and Exchange Law**") and are subject to the Special Taxation Measures Law of Japan (Law No. 26 of 1957) (as amended) (the "**Special Taxation Measures Law**"). The Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell Notes in Japan or to any person resident in Japan for Japanese securities law purposes (including any corporation or other entity organised under the laws of Japan), except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan.

Kingdom of Saudi Arabia. By receiving this Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that this Prospectus has not been approved by the Saudi Arabian Monetary Agency, the Saudi Arabian Ministry of Commerce and Industry or any other authority in Saudi Arabia, nor has the Lead Manager received authorisation or licensing from the Saudi Arabian Monetary Agency, the Saudi Arabian Ministry of Commerce and Industry or any other authority in Saudi Arabia to market or sell the notes within Saudi Arabia. Therefore, the Lead Manager has represented and agreed that the Notes will not be marketed or sold in Saudi Arabia and no services relating to the offering, including the receipt of applications or this Prospectus, or both, will be rendered within Saudi Arabia by the Lead Manager or persons representing the Lead Manager.

Kuwait. This Prospectus is being provided upon the request of the recipient and for his convenience. Receipt of this Prospectus does not constitute an offer to sell the securities referred to herein in Kuwait. The Lead Manager has represented and agreed that (i) no private or public offering of the Notes is being made in Kuwait, and no agreement relating to the sale of the Notes will be concluded in Kuwait, (ii) no mass-media means of contact are being used to market the Notes, and (iii) the Notes are being offered for sale only to qualified institutional investors and sophisticated, high-net-worth individuals. Neither the Notes nor the private offering have been licensed by the Ministry of Commerce or any other relevant Kuwaiti Government Agency. Neither the Arranger nor any other party involved in this offering is licensed in the state of Kuwait.

People's Republic of China. The Lead Manager has represented and agreed that no securities shall be offered or sold in the People's Republic of China (excluding Hong Kong and Macau, the "**PRC**") directly or indirectly. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Lead Manager does not represent that this Prospectus may be lawfully distributed, or that any securities may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Lead Manager which would permit a public offering of any securities or distribution of this document in the PRC. Accordingly, no securities may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

Republic of Korea. The Notes have not been and will not be registered under the Securities and Exchange Law of Korea. The Lead Manager represents and agrees that it will not directly or indirectly, sell, offer or deliver any notes in Korea or to, or for the account or benefit of, any resident of Korea, or to others for re-offering or re-sale directly or indirectly in Korea or to, or for the account or benefit of, any resident of Korea except as otherwise permitted under the Securities and Exchange law, the Foreign Exchange Transaction Law and other relevant laws of Korea.

Taiwan. The Lead Manager has represented and agreed that the Notes may not be offered, sold or

delivered, directly or indirectly, in Taiwan or to any resident of Taiwan or to others for reoffering or resale directly or indirectly in Taiwan or to any resident of Taiwan, except as otherwise permitted by applicable laws and regulations in Taiwan.

United Arab Emirates. The Lead Manager has represented and agreed that the Notes have not been and will not be publicly offered, sold, promoted or advertised in the United Arab Emirates other than in compliance with laws applicable in the United Arab Emirates governing the issue, offering and sale of notes. Furthermore, the information contained in this Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended) or otherwise, and is not intended to be a public offer and, the information contained in the Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates. Furthermore, this Prospectus has not been approved by the UAE Central Bank and the Lead Manager has not received any authorisation from the UAE Central Bank to market or sell the Notes within the United Arab Emirates. No services relating to the Prospectus may be rendered in the United Arab Emirates.

The Lead Manager has represented and agreed that the Notes have not been and will not be offered, sold, promoted or advertised in the Dubai International Financial Centre ("**DIFC**") other than in compliance with laws applicable in the DIFC governing the issue, offering and sale of notes.

United Kingdom. The Lead Manager has represented and agreed that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer;
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

As used herein, "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

General. The Lead Manager agrees that it will not offer, sell or deliver any of the Notes, directly or indirectly, or distribute this Prospectus or any other offering material relating to the Notes, in or from any jurisdiction except under circumstances that will to its best knowledge and belief result in compliance with the applicable laws and regulations thereof.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will amount to approximately EUR 282,200,000. The Issuer will use the net proceeds from the issue of the Notes to acquire the Eurohypo Pfandbriefe.

GENERAL INFORMATION

Authorisation

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer on June 7, 2006.

Litigation

The Issuer is not and has not been since its incorporation engaged in any governmental, litigation or arbitration proceedings which may have or have had during such period a significant effect on its respective financial position and, as far as the Issuer is aware, no such governmental, litigation or arbitration proceedings are pending or threatened.

Material Change

Save as disclosed in this Prospectus, there has been no material adverse change in the financial position of the Issuer since its incorporation.

Payment Information

For as long as any of the Notes are listed on the regulated market of the Irish Stock Exchange, the Issuer will notify the Irish Stock Exchange of the Interest Amounts, Interest Accrual Periods and the Interest Rates and the payments of principal on each Class of Notes, in each case, without delay after their determination pursuant to the Terms and Conditions.

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg.

All notices to the Noteholders regarding the Notes shall (i) (A) be published in a leading daily newspaper having general circulation in Ireland (which is expected to be the *Irish Times*), if and to the extent a publication in such form is required by the rules of the Irish Stock Exchange and (ii) either (A) be delivered to Euroclear and Clearstream, Luxembourg for communication by it to the Noteholders or (B) be made available at a web site in accordance with the Terms and Conditions.

Irish Listing

Application has been made to the Irish Financial Services Regulatory Authority (the "**IFSRA**"), as competent authority under Directive 2003/71/EC, for the Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Class A+ Notes, Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes to be admitted to the Official List and trading on its regulated market. The Issuer has appointed Goodbody Stockbrokers, Corporate Finance, Ballsbridge Park, Dublin 4, Ireland, as the initial listing agent for the Irish Stock Exchange in Dublin and Citibank International plc, 1 North Wall Quay, Dublin 1, Ireland as the initial Irish Paying Agent. The Irish Paying Agent will act as intermediary between the Issuer and the holders of the Notes listed on the regulated market of the Irish Stock Exchange. For as long as any of the Notes are listed on the regulated market of the Irish Stock Exchange, the Issuer will maintain an Irish Paying Agent.

Prior to such listing of the Notes, the Memorandum and Articles of Association of the Issuer and legal notices relating to the issue of the Notes will be lodged with Citibank International plc, 1 North Wall Quay, Dublin 1, Ireland, where such documents may be inspected and copies thereof obtained, free of charge, upon request.

Miscellaneous

No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared other than as contained in this Prospectus. The Issuer will not publish interim accounts. The financial year end in respect of the Issuer is December 31. The Issuer will produce non-consolidated audited financial statements in respect of each financial year and will not produce consolidated audited financial statements.

Clearing Codes

Class A+
ISIN XS0257601665
Common Code 25760166
WKN A0GTJR

Class C
ISIN XS0257602630
Common Code 25760263
WKN A0GTJU

Class A
ISIN XS0257602127
Common Code 25760212
WKN A0GTJS

Class D
ISIN XS0257603109
Common Code 25760310
WKN A0GTJV

Class B
ISIN XS0257602473
Common Code 25760247
WKN A0GTJT

Class E
ISIN XS0257603364
Common Code 25760336
WKN A0GTJW

Publication of Documents

This Prospectus will be made available to the public by publication in the electronic form on the website of the Irish Financial Services Regulatory Authority (www.ifsra.ie).

Availability of Documents

Copies of the following documents may be obtained in physical form during customary business hours on any working day from the date hereof (or the date of publication of such document, as relevant) as long as this Prospectus is valid and as long as any of the Notes remain outstanding at the registered office of the Issuer and the head office of the Principal Paying Agent and as long as any of the Notes are listed on the regulated market of the Irish Stock Exchange they will also be available and may be obtained (free of charge) at the specified offices of the Irish Paying Agent:

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the resolution of the board of directors of the Issuer approving the issue of the Notes and the Transaction;
- (iii) this Prospectus, the Trust Agreement dated June 30, 2006, the Corporate Administration Agreement dated June 28, 2006, the Cash Administration Agreement dated June 30, 2006, the Agency Agreement dated June 28, 2006, the Custody Agreement when entered into after the Issue Date pursuant to the Trust Agreement, the Transaction Account Agreement dated June 30, 2006, the Subscription Agreement dated June 30, 2006, the First Pledge Agreement dated June 30, 2006, and the Issuer Guarantee dated June 30, 2006;
- (iv) all future annual financial statements of the Issuer, the annual financial statements of the Bank for the years ending 2003, 2004 and 2005 and all future annual financial statements (consolidated) of the Bank; the Issuer does not publish audited interim financial statements); and

- (v) the Investor Notifications for Noteholders and all other notices given to the Noteholders pursuant to the Terms and Conditions (see "THE NOTES – Notifications").

INDEX OF DEFINED TERMS

€.....	4
1990 Act	26
A+ Increase Factor	44
A+ Reduction Factor	37
A-1+ Cash Collateral Account.....	58
A-1+ Cash Collateral Account Agreement.....	58
A-1+ Cash Collateral Account Bank.....	58
A-1+ Cash Collateral Account Bank Required Rating	59
Account Banks	59
Accounts.....	59
Accrued Interest.....	39
Advisor	77
Affected Reference Claim	98
Agency Agreement.....	61
Agent Bank	96
Agents.....	51
Aggregate Principal Balance	42
Appraised Loss.....	44
Appraised Value.....	45
Arranger	10
Bank	1, 55, 85
Bank Default Termination Date	48
Bank Event of Default	48
Bank Exchange Rate.....	87
Bank Rating Event.....	58
Banking Act.....	150
Bankruptcy	41
Business Day.....	33
Cash Administration Agreement	61
Cash Administrator	61
Cash Collateral.....	62
Cash Collateral Account	57, 62
Cash Settlement	56
Cash Settlement Amount	55
Class	1, 28
Class A Notes.....	28
Class A+ Notes.....	28
Class B Notes	29
Class C Notes.....	29
Class D Notes.....	29
Class E Notes	29
Class Excess	44
Class Principal Amount	34
Clearstream Frankfurt.....	59
Clearstream, Luxembourg.....	2, 29
Clearstream, Luxembourg Participant	29
Collateral	32
Collection Period.....	40
Collections	39
Commerzbank.....	1, 85
Commerzbank Master Scale.....	91
Commerzbank Rating	91
Common Depository	2, 29
Contingent Reference Claim.....	85

Contractual Rate of Interest.....	39
Corporate Administration Agreement	31, 124
Corporate Administrator.....	32, 124
Credit and Collection Policies	96
Credit Event	41
Credit Event Notice	41
Custodian.....	59, 117
Custody Account.....	59, 117
Custody Agreement	60
Cut-off Date.....	85
Dealer	63
Debtor	89, 91
Deemed Loss.....	34
Deemed Loss Allocation	34
Deemed Note Principal Amount.....	34
Deemed Recovery.....	34
Deemed Threshold Amount.....	35
Default Event.....	45
Defaulted Reference Claim	40
Determination Date	40
Direct Debit	40
Direct Debit Increase.....	40
Direct Debit Increase Amount.....	40
Drawn Amount.....	39
Early Redemption.....	46
Early Redemption Date.....	46
Early Redemption Notification.....	50
Early Redemption Report.....	66
EC Treaty	36
Eligibility Criteria.....	90
Enforcement Costs.....	39
EU.....	4
EUR.....	4
EUR Reference Claim	38
EURIBOR.....	35
EURIBOR Determination Date.....	36
euro.....	4
Euroclear	2, 29
Euroclear Participant.....	29
Eurohypo Pfandbriefe.....	59
Euro-zone.....	36
Excess Amount	43
Excess Deemed Loss	35
Exchange Date.....	29
Exchange Rate.....	87
Expert.....	71
Failure to Pay	41
Final Redemption Date	48
Financial Services Act	150
First Pledge Agreement.....	60
Foreclosure Amount	63
Foreclosure Event	62
Foreclosure Note	62
Germany	2
Global Note.....	29
Guarantee Fee	62

Hurdle Moody's Metric.....	92
IFSRA	1, 154
Indemnification Claim	73
Information Tables	99
Initial Aggregate Principal Balance.....	85
Initial Exchange Rate	87
Interest Accrual Period	35
Interest Amount	34
Interest Rate	35
Investor Notification.....	69
Irish Listing Agent.....	51
Irish Paying Agent	51
Irish Security Agreement	32
Issue.....	1
Issue Date.....	1, 28, 33
Issuer	1, 28, 55
Issuer Event of Default.....	47
Issuer Guarantee.....	3, 55
Issuer Guarantee Bankruptcy	47
Issuer Guarantee Termination	46
Lead Manager	1, 10, 61
Legal Maturity Date	45
Legal Maturity Report	66
Liquidated Reference Claim.....	40
London Business Day	33
Loss Allocation	37
Make-Whole Interest Amount.....	35
Moody's.....	4, 50
Moody's CDOROM.....	92
Moodys CDOROM Test.....	92
Moody's Metric	92
New Claim	86
New Issuer	52
New Reference Claim	86
Non-compliance Notice.....	70
Non-complying Reference Claim	70
Non-EUR Reference Claim.....	38
Non-qualifying Reference Claim.....	98
Note Principal Amount	33
Noteholders.....	29
Notes.....	1, 4, 28
Notice	69
Order of Seniority.....	82
Outstanding EUR Equivalent Amount.....	38
Outstanding Nominal Amount	38
Outstanding Threshold Amount	40
Overdue Reference Claim.....	44
Payment Date	34
Permanent Global Note.....	29
Pool Report.....	65
Positive Spread Amount.....	114
Principal Paying Agent	50
Priority of Payments.....	81
Procedure.....	69
Process Agent	54
Prospectus.....	91

quoted Eurobond	147
Rating Agencies.....	4, 50
Realised Loss	38
Reference Banks	36
Reference Claim.....	1
Reference Claim List.....	86
Reference Collateral	88
Reference Facility	1, 85
Reference Guarantee.....	1, 85
Reference Loan	1, 85
Reference Pool.....	1, 32
Reference Pool Provisions.....	32
Regular Notification	49
Regulatory Event	47
Related Collection Period	40
Relevant Determination Date	40
Replenishment.....	92
Replenishment Cap.....	92
Replenishment Conditions	92
Replenishment Date.....	92
Replenishment Period	92
Replenishment Report.....	67
Replenishment Termination Event	92
Reporting Date	65
Reports.....	67
Re-set.....	87
Re-set Conditions	87
Re-set Currency	87
Re-set Date.....	87
Re-set Notice.....	88
S&P	4, 50
S&P CDO Evaluator	93
S&P Loss Rate.....	93
S&P Scenario Loss Rate.....	93
S&P SROC	93
S&P SROC CDO Evaluator Test.....	93
Scheduled Maturity Date	44
Scheduled Maturity Report	66
Section 246.....	146
Section 64.....	147
Securities Act.....	148
SECURITIES ACT.....	2
Securities and Exchange Law	151
Securities Purchase Agreement	59
Security Documents	22
Senior Guarantee	3, 55
Senior Guarantee Counterparty	3, 55
Series	59
Series A Collateral	31, 59, 116
Series A+ Collateral.....	31, 59, 116
Series B Collateral	31, 59, 116
Series C Collateral	31, 59, 116
Series D Collateral	31, 59, 116
Series E Collateral	31, 59, 116
service.....	105
Servicer	96, 105

servicing	105
Servicing Principles	96
Servicing Standards.....	96
Shareholder Trustee	123
Shareholder Trustees.....	123
Shares.....	123
Special Taxation Measures Law.....	151
Spread Amount	58
Subordination Amount.....	93
Subscription Agreement.....	61
Substitution	95
TARGET Settlement Day	33
taxes.....	48
TCA 1997	146
TEFRA D Rules	148
Temporary Global Note	29
Termination Date.....	46
Termination Redemption Date.....	45
Terms and Conditions	28, 55
Transaction.....	32
Transaction Account	57
Transaction Account Agreement.....	57
Transaction Account Bank	57
Transaction Account Bank Required Rating.....	58
Transaction Creditors	55
Transaction Documents.....	32
Trust Agreement.....	32
Trustee	32, 55
Trustee Claim.....	56
Trustee Documents	56
Trustee Duties	56
Trustee Resignation Effective Date.....	45
Trustee Resignation Notice	45
Undrawn Amount	39
United Kingdom.....	152
United States.....	29
Unjustified Cash Settlement	56
Unjustified Loss Allocation.....	43
Value Expert.....	72

ISSUER

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